Multifamily Housing Case Studies
A RHIIP Training Program

Pre-Test

• While you are waiting .... take the pre-training self test  
  — A learning tool for you  
  — Not a test to be graded by others  
• 10 questions related to Module 1 topics  
• Complete without looking at the training materials or handbook.  
• Time required: About 15 minutes

Welcome and Introductions

• Trainers and Facilitators

• Participants
Housekeeping

- Start and ending times
- Breaks
- Rest rooms
- Personal comfort
- To-Do List
- Materials

Reasonable Accommodation

- We are committed to ensuring full access to participation
- If you need accommodation for a disability, please let the trainer/facilitator know

About the Participant Manual

- Designed for multiple purposes:
  - A course book for this class
  - A self-study training manual for individual learners
  - A reference book
- Trainer Manual is available for those who want to conduct training sessions
Training Program Overview

• Training and TA tool provided by Multifamily Housing in support of RHIIP
• Training presented in 6 modules
  – Address key issues identified as problem areas in QC studies

Relationship to 4350.3 REV-1

• Training materials based on 4350.3 REV-1
  – Supplement, not replace, handbook
  – Handbook citations provided to enable user to quickly locate expanded guidance and additional examples

Case Studies Method

• Case Studies enable us to:
  – See the application of policies to individual families
  – Deal with rent calculations as they are done in real life – one family at a time.
• Using case studies means:
  – Not every topic is covered in each module
Training Objectives

• Participants will be able to:
  – Correctly determine income inclusions and exclusions
  – Correctly identify assets and asset income
  – Explain and apply HUD requirements on disclosure of SSNs
  – Explain and apply HUD requirements on Citizenship/Immigration status

Training Objectives

• Participants will be able to:
  – Correctly identify and apply income deductions
  – Verify and document income and rent factors, including consent
  – Develop and use effective verification forms
  – Plan and execute effective interviewing
  – Correctly calculate TTP, UAs, URPs, and Assistance Payments

Technical Topics

• Eligibility
  – Household composition
  – Citizenship
  – Social Security Numbers
  – Consent Forms
• Annual Income
  – Inclusions
  – Exclusions
  – Calculations
• Adjusted Income
  – Dependent deduction
  – Elderly/disabled deduction
  – Disability assistance expenses
  – Child care expenses
  – Medical expenses
Technical Topics

• TTP, Rent and Assistance Payment Calculations
  – Section 8
  – Section 202/811 PRAC
  – Section 202 PAC
• Verification and Documentation

• Interviewing
  – Approaches and tips
  – Questions:
    • Required,
    • Recommended
    • Prohibited
  – Developing your skills as an interviewer

The Six Modules

• Each module covers different topics
  For example:
  Module 1 includes dependents and child care
  (but not the other deductions from income)
• Modules 1 - 5 cover technical issues
• Module 6 is for trainers
• See Appendix 1 for a summary

Ground Rules & Opportunities

• Ground Rules
  – Ask questions, but share the floor with your fellow participants
  – Focus on the topics covered in this module
• Opportunities
  – Get clarifications for those tricky issues
  – Share experiences with your colleagues
What to Expect in Module 1

- Agenda for Module 1
- Lecture, Ideas, Discussion, Case Studies, Resources and Tools
- Assessment
Overview

- Module 1 in a series of 6 RHIIP training modules
- Use of case studies, simple to complex, to practice application of HUD policies
- Module 1 used as self-study tool or in a formal training program

Objectives for Module 1

- Participants will be able to:
  - Identify and classify household members using HUD’s definitions
  - Correctly apply HUD’s policies re:
    - Employment income, alimony and child support, foster care payments
    - Dependent deduction and child care expenses
  - Apply TTP and rent formulas for:
    - Sec. 8, Sec. 202 PAC, Sec. 202/811 PRAC

Organization of Module 1

Basic Information about Income and Rent
- Part I. Household Composition & Definitions
- Part II. Annual Income
- Part III. Adjusted Income
- Part IV. Total Tenant Payment (TTP) Calculations
- Case Studies 1 and 2

Part V. Verification Requirements
- Case Study 3

Part VI. Advanced Topics
- Case Study 4
Part I
Household Composition and Definitions

Goal for Part I
• Define the terms
• Identify possible household members

Why Composition Matters
• Eligibility and calculation rules vary based upon characteristics of:
  – Family as a whole
  – Individual household members
• Errors in rent and assistance payment calculations may come from incorrect classification of family members
  – How household composition affects income and rent comes later in the module
Possible Household Members

- Head of Household
- Spouse
- Co-head
- “Other” Adult
- Dependents
- Full-time students
- Elderly Person
- Person with a disability
- Live in Aide
- Foster Child
- Foster Adult

Family vs. Household

- Family = the assisted persons
  - Family is used even when:
    - It is only one person
    - No children are present
- Household = all persons living in unit
  - Household members that are not “family”:
    - Live in aides
    - Foster children and foster adults

Head of Household

- Adult member
  - Designated by the family
  - For eligibility and rent purposes
- Not a conclusion about who is “in charge”
Spouse or Co-head

• An adult family member who is treated the same as head for determining income, eligibility and rent

Other Adult

• Family member 18 and older who is NOT the head, spouse, or co-head

• Temporarily absent “other adult” on active military duty with no spouse or dependent in unit is NOT counted as family member

Minor/Emancipated Minor

• Family member under the age of 18

• Some minors are “emancipated”
  – Permitted under state law to sign contracts
  – Responsible for “adult” decisions

• Do not count the earned income of an emancipated minor that is not the head, spouse, co-head
Elderly Person/Family

- Elderly person is at least 62
- Elderly family has a head, spouse or co-head that is at least 62

Person with Disabilities

- A person with disabilities may have:
  - Physical disability
  - Mental disability
  - Developmental disability
  - [In some cases an alcohol or drug problem]
- Detailed definitions are provided in 4350.3 REV-1, Figure 3-6

Disabled Household

- Has a head, spouse or co-head who is a person with disabilities
- Special rules apply
- Module 1 Case Study family is not a disabled household
- Module 4 covers in detail
Dependents

- Any family member under 18 years of age
- A family member 18 and older who is NOT the head, spouse or co-head AND IS:
  - A full-time student, OR
  - Person with a disability
- **Do not count as dependents:**
  - Foster child or foster adult
  - Unborn child
  - Live-in aide

**Dependents**

- **Do count as a dependent:**
  - Child temporarily absent in foster care
  - Child when parents have joint custody **IF** the child lives in unit 50% of time or more
  - Full-time students away at school **IF** they live in the unit during school breaks
  - Children being adopted **IF** they already live in the unit

**Full-time Student**

- Attends school or vocational training on a full-time basis
  - “Full-time” is defined by the institution
Live-in Aide

- Lives with an elderly, near elderly or person with disabilities
  - Is essential to care and well-being
  - Is not obligated for support of person
  - Would not otherwise live in the unit
- Relatives who meet the definition may be live-in aides

Foster Child/Adult

- Someone living with family who, by age or disability, is placed in the care of the family
- Person is in the legal guardianship or custody of a state, county or private adoption or foster care agency

Remaining Member

- Special eligibility and rent calculation rules apply to “remaining member of tenant family” in some types of projects
- Not the subject of Case Studies in Module 1

NOTE: Live-in aide cannot be a “remaining family member”
Part II

Annual Income

Annual Income Definition

- Monetary and non-monetary
- Anticipated to be received in the "next" 12 months
- Appendix 2 provides complete definition
  - Income Inclusions and Exclusions
- Annual income is compared to income limits and is part of rent formula

Whose Income is Counted?

- All income of adult family members, unless specifically excluded
- Earned income of minors not counted but other benefits and non-earned income are
- Income of live-in aide, foster child/adult not counted
- Income of temporarily absent adult family member is counted
Whose Income?

• Count the income of temporarily absent adult family members
  Examples:
  • Adult on a temporary employment assignment out of town
  • Adult in the hospital
• Special rules apply to active military personnel (discussed later)

Whose Income?

• Family members permanently confined to a hospital or nursing home
  The family chooses to:
  – Include the income, and benefit from deductions
  – Exclude the income, and not benefit from deductions for which individual qualifies the family

Earned Income

• Gross amounts before payroll deductions
  – Wages
  – Salaries
  – Overtime
  – Bonus and Commissions
  – Tips
  – Other compensation
• Sporadic income is not counted
Earned Income

- Earned income of minors is **not** counted
- Count only the first $480 of earned income of full-time students
  - This counter-balances the $480 dependent deduction
- Owners must become familiar with special income exclusions

Anticipating Earned Income

- Use current circumstances to project the future
- Incorporate verifiable changes that will take place

Example:
Now: Joe makes 9.50/hour
2 months after recert effective date: Joe will earn $9.75/hour
  - Count $9.50 x 40 hours for 9 weeks
  - Count 9.75 x 40 hours for 43 weeks

Anticipating Earned Income

- If changes are likely but unknown:
  - Use current circumstances
  - Then conduct an interim recertification if needed
Alimony & Child Support

- Count amounts awarded by court or divorce/separation agreement unless family:
  - Certifies amount is not being received
  - Takes “reasonable” legal efforts to collect
- Owner determines “reasonable” efforts
  - Includes requesting assistance of state/county child enforcement services; filing affordable legal actions

Alimony & Child Support

- Some child care expenses can be deducted from income (*discussed in Part III*)
- However…
  - Payments made by a member of the assisted family for the care of a child that does not live in the assisted unit are NOT deducted as child care

Foster Care Payments

- Amounts received by an assisted family for the care of a foster child or foster adult are **not counted**
Part III

Adjusted Income

Adjusted Income Definition

- Adjusted Income = Annual Income minus Deductions for which family qualifies
- The family may not designate a member head, spouse or co-head solely to become eligible for the deduction

Adjusted Income

- All families may qualify for:
  - $480 dependent deduction (this module)
  - Child care expenses (this module)
  - Disability assistance expenses
- Only elderly or disabled households qualify for:
  - Elderly/Disabled household deduction
  - Medical expenses
Dependent Deduction

- **How Many Dependents?**

<table>
<thead>
<tr>
<th>Family Composition</th>
<th>No. of Dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head (26), Spouse (27), 3 Children (3, 5, 6)</td>
<td>3</td>
</tr>
<tr>
<td>Head (42), 3 Children (9, 13, 23 and disabled)</td>
<td>3</td>
</tr>
<tr>
<td>Head (21), Spouse (17), Child (2)</td>
<td>1</td>
</tr>
<tr>
<td>Head (62), Daughter (35), Granddaughter (5)</td>
<td>1</td>
</tr>
<tr>
<td>Head (52), Daughter (30 and disabled), Granddaughter (15), Mother of Head (72 and full-time student)</td>
<td>3</td>
</tr>
<tr>
<td>Head (30), 3 Foster Children (4, 9, 9 and disabled)</td>
<td>0</td>
</tr>
</tbody>
</table>

- **When two assisted families claim the same child as a dependent:**
  - Only one (at a time) can do so
  - The two families should work it out
- **In the case of conflict the owner may have to decide based on:**
  - IRS deductions
  - Other documents

Shared Custody

- **Must be:**
  - For a child under age 13
  - Reasonable
  - Not reimbursed by others
  - Necessary because no family member is available (family decision)
- **Cannot be paid to someone living in the unit**

Child Care Expenses
Limits on Child Care Expenses

- **For Work**
  - Must not exceed the earned income of family member enabled to work
- **Seek work or Further Education**
  - Not limited by family earnings
- **Pro-rations required if:**
  - Some child care is for work and some is for another eligible purpose
  - Some child care is for an eligible person and some is not

Pro-ration Examples

- $200/week child care for 9 year old daughter and 9 year old neighbor’s daughter
  - Only ½ of the child care would be eligible (assuming the care provider charges equally for the children)
- Head works 8-12 and goes to school 1-5
  - The 4 hours of child care each day is capped by the amount earned
  - But not the 4 hours for education

Part IV

Tenant Rent and Assistance Payments
Project Rents

- HUD approves the unit rent and utility allowance (for tenant-paid utilities)
- Sec. 8 and Sec. 202 PAC:
  - Unit rent is “contract rent”
  - Gross rent = contract rent + UA
- Sec. 202/811 PRAC:
  - Unit rent = operating rent – UA
  - Gross rent is “operating rent”

Total Tenant Payment

- Total Tenant Payment (TTP) is the amount a tenant is expected to contribute toward rent and utilities
- Section 8 formula:
  TTP is the greatest of:
  - 30% of monthly adjusted income
  - 10% of monthly (gross) income
  - Welfare Rent (in as-paid states only)
  - Minimum Rent ($25.00)

Total Tenant Payment

- 202 PAC and 202/811 PRAC formula is the same as Sec. 8 except:
  - The $25 minimum rent does not apply
- In Sec. 8 and 202 PAC projects family TTP must be less than gross rent at admission
- In 202/811 PRAC projects TTP may exceed gross rent
Assistance Payment

- Assistance payment is federal subsidy provided on the tenant's behalf
- Payment is gross rent minus TTP:
  
  \[
  \begin{align*}
  &\text{\$600 Contract Rent} \\
  + &\text{\$75 Utility Allowance} \\
  = &\text{\$675 Gross Rent} \\
  - &\text{\$100 TTP} \\
  = &\text{\$575 Assistance Payment}
  \end{align*}
  \]

Tenant Rent and Utility Allowance

- Tenant Rent is the amount the family pays to the owner
  - Tenant Rent is amount left over, after subtracting family's Utility Allowance from family's TTP
  - In the example on the prior slide, the family would pay the $100 TTP as follows:
    
    \[
    \begin{align*}
    &\text{\$75 allowance to pay for utilities} \\
    &\text{\$25 paid to owner as rent} \\
    = &\text{\$100 TTP}
    \end{align*}
    \]

Utility Reimbursements

- When family's TTP does not cover the utilities, the family receives a utility reimbursement payment (URP)
- HUD provides assistance payment to owner that covers:
  - All of the owner’s rent
  - Additional funds to cover the tenant’s utility reimbursement which the owner must pay the tenant
Utility Reimbursements

An Example:

TTP = the greatest of:

- $0 [30% of mo. Adj. inc.]
- $17 [10% of mo. Gross inc.]
- $0 Welfare Rent
- $25 Minimum Rent

So...

$25 TTP

$500 Contract Rent

$55 Utility Allowance

=$555 Gross Rent

$555 Gross Rent

-$25 TTP

=$530 Assistance Payment

So...

$500 to owner for rent

$30 to tenant for utilities

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Rounding Rules

- Study 4350.3 REV-1, Appendix 8
  - Carry decimals from one step to another until the TRACS entry
  - Round up at $0.50
  - Round down at $0.49

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Rounding Example

Earned Income:

- Mary makes $9.23/hour and works 16 hours/week
- The calculation would be:
  - $9.23 x 16 = $147.68 (do not round)
  - 147.68 x 52 weeks = $7,679.36
  - TRACS entry for employment income would be $7,679 (rounded)
Rounding Example

**Assets:**
- Each type of asset is separately rounded
  - **Savings Account:**
    - $489.23 would be rounded as $489
  - **Checking Account:**
    - $246.89 would be rounded as $247
- **Total Assets calculated using the rounded numbers:**
  \[ 489 + 247 = 736 \]

Rounding Example

**Medical Expenses:**
- Do not round each item
- Round the total for all medical expenses
  - Prescription A costs $98.42/month x 12 months = $1,181.04
  - Prescription B costs $48.36/month x 12 months = $580.32
  - Medical expenses: $1,181.04 + $580.32 = $1,761.36
  - = $1,761 (rounded)

Case Study 1

**Introducing the Bonners**
About the Bonners

- Elizabeth (26)
  - Works at hospital
  - $6.75/hour full-time
- Ronald (8)
- Adam (5)
- Get $5/week for chores

- Elizabeth is:
  - Head of Household
- Ronald and Adam are:
  - Dependents

Elizabeth’s Annual Income

$6.75 per hour
\[ \times 40 \text{ hours per week} \times 52 \text{ weeks per year} \]
\[ = 14,040 \]

Family’s Adjusted Income

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>$14,040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less?</td>
<td>$960</td>
</tr>
<tr>
<td>Adjusted Income</td>
<td>$13,080</td>
</tr>
</tbody>
</table>
Family’s TTP

- 30% of monthly adjusted income: $327
- 10% of monthly gross income: $117
- Welfare Rent: NA
- Minimum Rent: $25
- Total Tenant Payment: $327

Family’s Assistance Payment

- Gross Rent: $925
- TTP: $327
- Assistance Payment to Owner: $598

Sources of Error

- How difficult was the Bonner case study?
- Often annual income calculations are less clear:
  - Multiple members working multiple jobs
  - Part-time, intermittent, seasonal income
  - Tips, overtime, commissions, bonuses
  - Verification documents may not be complete or clear
Sources of Error

- Family relationships may be more complex:
  - Multiple generations, non-related individuals
  - Special rules re: elderly, persons with disabilities, foster children/adults, live-in aides, full-time students
  - Individuals moving in and out; temporarily and permanently

Sources of Error

- Project circumstances can be more complicated:
  - Separately metered utilities require the use of utility allowance
  - Some families may need a utility reimbursement
- Careless mistakes also contribute to errors
- Remaining case studies will address these issues

Case Study 2
The Bonners Revisited
New Family Information

- Elizabeth’s Employment
  - 8 hours every other weekend at $10.28/hour
  - 24 hours/week at $6.85/hour

- Child Care Expenses of $100/week

- Child Support from ex-husband $100/month

Case Study 2: Assignment

- Calculate Ms. Bonner’s Income

- Complete the income and rent calculations on the form on the pages that follow

- Time: 15 minutes

About the Forms

- Not HUD-required forms
  - Owners who make manual calculations use something similar
  - Forms do the same calculations that vendor automated systems do

- Understanding the calculations is essential (even if they are automated)
Form Contents – 5 parts

- Asset Income Calculation
  – Not using this part in Module 1
- Annual Income
  – Family member, source, calculation
- Adjusted Income
- Tenant Rent Calculation
- Assistance Payment Calculation

Case Study 2: Annual Income

<table>
<thead>
<tr>
<th>Family Member</th>
<th>Calculation</th>
<th>Employment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elizabeth</td>
<td>$10.28 x 8 x 26 = $2,138.24</td>
<td>$10,687</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$6.85 x 24 x 52 = $8,548.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elizabeth</td>
<td>$100 x 12 = $1,200</td>
<td>$1,200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Each Source:</td>
<td>$10,687  $1,200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Annual Income:</td>
<td>$11,887</td>
<td></td>
</tr>
</tbody>
</table>

Case Study 2: Adjusted Income

| Total Annual Income: | $11,887 |
| Dependent Deduction: | $960 |
| Child Care Allowance: | $5,200 |
| Elderly Household Deduction: | $0 |
| Medical/Disability Assist. Expense Deduction: | NA |
| Total Allowances: | $6,160 |
| Total Adjusted Income: | $5,727 |
Case Study 2: TTP

- Monthly (gross) Income: $991
- Monthly Adjusted Income: $477
- 30% of Monthly Adjusted Income: $143
- 10% of Monthly (gross) Income: $99
- Welfare Rent: NA
- Minimum Rent: $25
- Total Tenant Payment: $143

Case Study 2: Tenant Rent

- Total Tenant Payment: $143
- Minus Utility Allowance: $0
- Tenant Rent: $143
- Utility Reimbursement: $0

Case Study 2: Assistance Payment

- Contract Rent: $925
- Utility Allowance: $0
- Gross Rent: $925
- TTP: $143
- Total Assistance Payment: $782
  - Assistance Payment for Rent: $782
  - Assistance Payment for Utility Reimbursement: $0
Part V
Verification Requirements

Verification Basics

• Owners must verify all income, expenses, assets, family circumstances that affect:
  – Eligibility
  – Level of assistance
• Families (and individual family members) must give consent to verification
• Cost of verification cannot be passed on to the family
• Information must be handled in accordance with Privacy Act

Verification Basics

• Handbook 4350.3 REV-1, Chapter 5 provides detailed guidance on verification
• Module 1 will cover “big picture” and verification of specific topics
• Consent is covered in Module 2
• Verification topics will be addressed in each module to come
When to Verify

- Income, assets, expenses, deductions must be verified
  - Prior to initial move-in
  - As part of annual recertification

- Verify changes in income, allowances or family characteristics reported between annual recertifications

Acceptable Verification

- Owners are responsible for determining adequacy and credibility of verification

- Three methods – in order
  1. Third party (written or oral)
  2. Review of documents
  3. Certification

3rd Party Verification

- Written 3rd party, with original signatures, is preferred

- Owner sends form requesting specific information
  - QC studies suggest that some owners are not asking the right questions

- Returned by Mail
  - Also electronic, with telephone follow-up
3rd Party Verification

• Not returned by 3rd party (hand-carried by family)
  – Owner should examine for validity
  – Owner not required to accept

• Oral 3rd party verification is best for:
  – Follow up
  – When the source will not or cannot respond in writing

Review of Documents

• Review of documents used when 3rd party verification:
  – Is not possible
  – Is not necessary (e.g., birth certificates used for age verification)
  – Is delayed beyond two weeks from the owner's request

Review of Documents

• Copies of documents placed in file
  – Where copies cannot be made, viewed documents must be noted in file, listed, dated and initialed

• The documents must be:
  – Current
  – Complete
  – Original and Unaltered
Family Certification

- Family certification should be used only when no other form of verification is possible
- Owner may accept family’s notarized statement regarding veracity of info
- Certification may be helpful in reconciling conflicting information

Verification Sources

- Handbook 4350.3 REV-1, Appendix 3 provides
  - Detailed chart addressing each factor to be verified
  - Acceptable verification sources
  - Acceptable documentation
- Owners may use additional and/or alternative sources and documentation

Verification and Consent

- Adult family members must authorize owner to verify data
- 2 HUD-required forms (covered in Module 2):
  - HUD-9887, Notice and Consent to the Release of Information to HUD and to PHA
  - HUD-9887-A, Applicant/Tenant's Consent to Release of Information …
- Owners also create their own verification forms
Many QC findings related to failure of file documentation to adequately support rent calculation figures

- Owner must explain how numbers used in rent calculations were determined
- Documentation critical when verification information used is:
  - Other than the preferred form
  - Inconsistent or contradictory

Tenant files must document verification process:
- Copies of written 3rd party verification
- Owner notes and documentation of oral information
- Copies of original tenant-provided documents
- Written record of documents viewed

When written 3rd party verification is not available:
- Owners must document efforts to obtain and why it was not obtained
- File includes explanation of why 3rd party not obtained
  - Copy of original request
  - Written documentation of follow-up
Effective Term of Verification

- Verifications valid for **120 days** after receipt by the owner
- Time limits do not apply to items that do not need to be re-verified (e.g., age, disability status)

Verification of Family Composition

- HUD does not require verification of family composition
- The owner may wish to verify:
  - That a child occupies the unit at least 50% of the time
  - New location/address for a family member that has moved out
- Owner’s tenant selection plan (TSP) must specify the family composition factors the owner will verify

Verification of Dependents and Full-time Students

- **Age**
  - 3rd party verification of age is not required.
  - See 4350.3 REV-1 Appendix 3 for the permitted documents
- **Full-time students**
  - Needed only when necessary to qualify the person as a dependent.
  - The owner may accept 3rd party verification from school officials or review school records
Verification of Earned Income

- Verification provided directly by employer is best.
- Forms must ask right questions about:
  - Wage rates and time periods
  - Overtime rates and hours
  - Bonuses, tips and commissions
  - Expected changes in rate of pay or hours worked
- Module 3 addresses effective interviewing.

Verification of Earned Income

Multiple and Conflicting Sources:

- Owners may have to collect information from several sources
  - Employers may be reluctant to estimate (promise) overtime.
  - Employer verification plus W-2 and pay stubs may be needed.
- Some 3rd party automated resources are available (for a fee) but do not replace 3rd party verifications.

Verification of Alimony or Child Support

- Divorce/separation agreements and court orders may provide information (if they are current).
- Ex-spouse is a 3rd party source but there may be conflicts.
- Family that is not receiving awarded amounts must certify and make reasonable efforts to collect.
Verification of Alimony or Child Support

• Use the net amount if an agency collects a fee or makes a deduction from the child support

Example:
• Jane was awarded $100/month, but her ex-husband is not paying
• She files with the state enforcement agency
• State agency collects a portion ($25) to compensate for TANF Jane has received
• Count only $75 in annual income

Verification of Child Care Expenses

• For child care for any purpose (work, seek work, or education) owner must verify:
  – Care provider
  – Who is being cared for
  – Rate of pay and hours care is provided,
  – How the charges are assessed (e.g. by the hour or week, by number of children)

Verification of Child Care Expenses

• For child care to enable education owner must confirm that:
  – The hours of school are reasonably related to the hours of care
    • "reasonably related" can include study time
  – The family member actually is enrolled in an educational program
    • enrollment does not have to be full-time
Verification of Child Care Expenses

- For child care to seek work a certification that the individual is seeking work is required
- Owners must specify family reporting requirements in the tenant selection plan (TSP)

Case Study 3
The Bonners: Changes and Challenges

- Welcome Charles
  - Charles is a: Co-head
- Welcome Billy Brown
  - Billy is a: Foster Child
New Family Information

- Charles reports:
  - $12.00/hour employment income
  - Variable hours depending on time of year
- Elizabeth reports:
  - She’s staying home with the children
  - Taking care of Billy B.
- No more child support (shame on George)
- Separate metering of utilities
  - $75 Utility Allowance

Case Study 3: Assignment

- Review the verification forms
- Complete the income and rent calculations using the forms
- Time: 30 minutes

Case Study 3: Annual Income

<table>
<thead>
<tr>
<th>Family Member</th>
<th>Calculation</th>
<th>Employment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles S.</td>
<td>$12.50 x 40 x 52 = $26,000</td>
<td>$29,750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$18.75 x 10 x 20 = $3,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Each Source: $29,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Annual Income: $29,750</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Case Study 3: Adjusted Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Income</td>
<td>$29,750</td>
</tr>
<tr>
<td>Dependent Deduction</td>
<td>2 x $480</td>
</tr>
<tr>
<td>Child Care Allowance</td>
<td>$0</td>
</tr>
<tr>
<td>Child care expenses for work</td>
<td>$0</td>
</tr>
<tr>
<td>Elderly Household Deduction</td>
<td>$0</td>
</tr>
<tr>
<td>Medical/Disability Assist. Expense Deduction</td>
<td>NA</td>
</tr>
<tr>
<td>Total Allowances</td>
<td>$960</td>
</tr>
<tr>
<td>Total Adjusted Income</td>
<td>$28,790</td>
</tr>
</tbody>
</table>

### Case Study 3: TTP

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly (gross) Income</td>
<td>$2,479</td>
</tr>
<tr>
<td>Monthly Adjusted Income</td>
<td>$2,399</td>
</tr>
<tr>
<td>30% of Monthly Adjusted Income</td>
<td>$720</td>
</tr>
<tr>
<td>10% of Monthly (gross) Income</td>
<td>$248</td>
</tr>
<tr>
<td>Welfare Rent</td>
<td>NA</td>
</tr>
<tr>
<td>Minimum Rent</td>
<td>$25</td>
</tr>
<tr>
<td>Total Tenant Payment</td>
<td>$720</td>
</tr>
</tbody>
</table>

### Case Study 3: Tenant Rent

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Tenant Payment</td>
<td>$720</td>
</tr>
<tr>
<td>Minus Utility Allowance</td>
<td>$75</td>
</tr>
<tr>
<td>Tenant Rent</td>
<td>$645</td>
</tr>
<tr>
<td>Utility Reimbursement</td>
<td>$0</td>
</tr>
</tbody>
</table>
Case Study 3:
Assistance Payment

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Rent</td>
<td>$ 880</td>
</tr>
<tr>
<td>Utility Allowance</td>
<td>$ 75</td>
</tr>
<tr>
<td>Gross Rent</td>
<td>$ 955</td>
</tr>
<tr>
<td>TTP</td>
<td>$ 720</td>
</tr>
<tr>
<td>Total Assistance Payment</td>
<td>$ 235</td>
</tr>
<tr>
<td>Assistance Payment for Rent</td>
<td>$ 235</td>
</tr>
<tr>
<td>Assistance Payment for Utility Reimbursement</td>
<td>$ 0</td>
</tr>
</tbody>
</table>

Case Study 4
Annualizing Income

Part VI
Advanced Topics
Case Study 4: Sam A.

ANSWER:

\[ 600 \times 24 = \text{\$14,400} \]

NOTE:
Multiply bi-weekly (every two weeks) wages by 26
Multiply semi-monthly (twice a month) wages by 24

Case Study 4: Sally B.

ANSWER:

\[
\begin{align*}
450 \times 26 &= \text{\$11,700} \\
11 \times 6 \times 26 &= \text{\$1,716} \\
\text{Annual Income} &= \text{\$13,416}
\end{align*}
\]

NOTE:
Multiply bi-weekly (every two weeks) wages by 26
Multiply semi-monthly (twice a month) wages by 24

Case Study 4: Harry C.

ANSWER:

Count social security income. No income would be counted from Harry’s “chores”. This is “sporadic” income.
Case Study 4
Pro-rating Child Care Expenses

Case Study 4: Juanita D.

ANSWER: Two Issues to address

Issue 1. What are the child care expenses?
- Not eligible for deduction for child care expenses for son Phillip (over age 12)
- $180 per week may need to be prorated
- How much would provider charge for care of Susie alone?

Issue 2. Do child care expenses exceed amount earned?
- Juanita’s earnings: $1,500 x 12 = $18,000
- Total child care for both children: $180 x 52 = $9,360
- Child care expenses will not be capped. Total for both children well under amount earned
Step 1. How much of child care expense is attributable to work, and how much to education?

ANSWER: Two steps

$200 \times 52 = $10,400 child care expenses

69% of child care attributable to work:
- 20 hours work + 9 hours school = 29 hours
- $10,400 \times 69\% = $7,176 attributable to work
- $10,400 - $7,176 = $3,224 attributable to school

Step 2. What child care expenses will you deduct from Jean’s annual income?

5 hours x 4 days x 52 weeks = $6,240 annual income

Child care to enable work ($7,176) capped at $6,240

Allowable Child Care Expenses:
- $6,240 capped amount attributable to work
- $3,224 attributable to school
- $9,464 Total Allowable Child Care Expenses

Post-Test

- For you – to measure what you have learned
- Answers in Attachment E
- Study the 4350.3 REV-1 and the training materials for questions you miss
Evaluation

Please help us improve our training by filling out the evaluation form

Thank you!