

Appendix A

<p><b>SAMPLE FORMAT FOR PFS OTHER INCOME INCENTIVE (SHORT FORM)</b>                  For HAs with Other Income Adjustment Only (Revised 6/97)</p>		
<p>HA Name:</p>		
<p>Fiscal Year (check one)                  96 ___ (12/96,3/97,6/97,9/97)                  97 ___ (12/97,3/98,6/98,9/98)                  98 ___ (12/98,3/99,6/99,9/99)</p>		
<p><i>Note: Line references are to PFS form HUD-52723. Calculate PFS subsidy eligibility and proration before completing this worksheet.</i></p>		
A	Unfunded Portion of Operating Subsidy due to Proration (Line 40 of HUD-52723)*:	\$
B	Estimate of PFS Other Income (Line 20 of HUD-52723 times UMA): NOTE: The PFS Definition of Other Income has not changed. See 24 CFR 990.102.	\$
C	Estimate of Other Income from Excess Utilities, rents billed to dwelling units rented for nondwelling purposes, and rents and charges to other HUD programs:	\$
D	Potential incentive adjustment for Other Income (B minus C):	\$
E	Actual incentive adjustment (Enter smaller of A or D). Enter this amount on Line 37 of HUD-52723.*	\$

\* The amount of the shortfall may increase after year-end adjustments are calculated if the adjustment is due the HA. HAs that have a higher potential incentive adjustment (D) than shortfall (A) may revise this calculation after year-end adjustments by including in A above the unfunded adjustments reported on Line 62 of HUD-52723 (if the adjustment is due the HA). It is not a requirement that HAs submit adjustments to reflect amounts on Line 62 of HUD-52723.

**SAMPLE FORMAT FOR OPTIONAL PFS INCENTIVE ADJUSTMENT (LONG FORM)**  
**For HAs with Optional Earned Income Exclusions/Deductions (Revised 6/97)**

HA Name:

Fiscal Year (check one):        96\_\_ (12/96,3/97,6/97,9/97)  
 97\_\_ (12/97,3/98,6/98,9/98)    98\_\_ (12/98,3/99,6/99,9/99)

*Note: Line references are to PFS form HUD-52723.  
 Do not use for FY with PFS rent roll date before 4/96.  
 Calculate PFS subsidy eligibility and proration before completing this worksheet.*

A	Unfunded Portion of Operating Subsidy due to Proration (Line 40)*:	\$
<b>OTHER INCOME INCENTIVE:</b>		
B	Estimate of PFS Other Income (Line 20 times UMA):	\$
C	Estimate of Other Income from Excess Utilities, rents billed to dwelling units rented for nondwelling purposes, and rents and charges to other HUD programs:	\$
D	Potential incentive adjustment for Other Income (B minus C):	\$
<b>DWELLING RENTAL INCOME INCENTIVE: HA must certify that it is making significant efforts to utilize Optional Earned Income Exclusions/Deductions for current residents.</b>		
E	April 1, 1996 rent roll: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units at rent roll date	PUM
F	From <u>actual</u> rent roll for same month used for the subject year's PFS calculation: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units.(This number reflects the subtraction of any exclusions/deductions).	PUM
G	PUM change in Total Tenant Payment from earned income (F minus E)	PUM
H	Potential incentive adjustment for earned income (G times PFS UMA):	\$
I	Total potential incentive adjustment (If H is positive, enter D + H, If H is negative, enter D.	\$
J	Actual incentive adjustment (Enter the smaller of A or I but not less than zero).DO NOT STOP HERE - COMPLETE K THROUGH M	\$
<b>ADJUSTMENT TO AVOID DOUBLE OFFSET OF OPTIONAL EXCLUSIONS/DEDUCTIONS</b>		
K	Earned income exclusions/deductions in subject year's PFS rent roll month per occupied unit times PFS occupancy percentage and UMAs. This amount must be added to Line 12 of HUD-52723. <i>In description column of Line 37 enter as a comment:"Line K for FY__ = ___"</i>	\$
L	If H is negative, add to K and enter here.If H is positive enter K.	\$
M	Add J + L and enter on Line 37 of HUD 52723 if answer is positive.	\$

\* The amount of the shortfall may increase after year-end adjustments are calculated if the adjustment is due the HA. HAs that have a higher potential incentive adjustment (I) than shortfall (A) may revise this calculation after year-end adjustments by including in A above the unfunded adjustments reported on Line 62 (if the adjustment is due the HA) and entering this revised shortfall in A. This adjustment to reflect Line 62 is not required.

## FOR ILLUSTRATION ONLY

## EXAMPLE OF EARNED INCOME EXCLUSION/DEDUCTION CALCULATIONS

The calculations for this sample HA have been used to complete the three years of Sample Format Worksheets that follow.

## Assumptions:

HA adopts 10% exclusion (choice of 10% is for illustration only)

1,000 units and 12,000 UMA (unit months available)

Baseline of April 1996 - 250 Workers

Total Tenant Payment (TTP) for Workers = \$180.13 PUM

250 X 180.13 = \$45,032 Monthly TTP from Workers

\$45,032 divided by 1,000 units = \$45.03 baseline per unit

TTP from wages

(Line E of Sample Format)

Increase in number of workers each year

No inflation in earnings by workers

Total Tenant Payment = Tenant Rent (no utility Allowance)

PFS Shortfall = \$96,000 (Enter on Line A of Format)

		April 1996	FY 96 PFS	FY 97 PFS	FY 98 PFS
1	Number of Workers	250	255	298	324
2	Total Tenant Payment for Workers without optional earned income exclusion/deduction PUM	\$180.13	\$180.13	\$180.13	\$180.13
3	Optional Exclusion (in this case, 10% of Line 2) PUM	NA	\$ 18.01	\$ 18.01	\$ 18.01
4	New TTP for Workers (Line 2 - Line 3) PUM	\$180.13	\$162.12	\$162.12	\$162.12
5	Annual Cost of Optional Exclusion/Deduction (Line 1 X Line 3 x 12) When PFS rent roll is adjusted, PFS subsidy is reduced by this amount.(Enter on Line K of Format)	0	\$ 55,111	\$ 64,404	\$ 70,023
6	Monthly TTP from Earnings (Line 1 X Line 4)	\$45.033	\$ 41,341	\$ 48,312	\$ 52,527
7	Per Unit TTP from Earnings (Line 6 divided by 1000) PUM (Enter on Line F of Format)	\$45.03	\$ 41.34	\$ 48.31	\$ 52.53
8	PUM Change in TTP from Earnings over Base of \$45.03 (Line 7) (Enter on Line G of Format)	0	-\$ 3.69	+\$ 3.28	+\$ 7.50
9	Annual Change in TTP from Earnings (Line 8 X UMA) (Enter on Line H of Format)	0	-\$44,280	\$ 39,360	\$ 90,000
10	PFS Incentive Adjustment. Amount calculated from Sample Format (Enter on Line M of Format)	NA	\$10,831	\$103,764	\$160,023
11	Bottom Line Impact on HA. PFS Incentive Adjustment amount (Line 10) minus Annual Cost of exclusions/deductions (Line 5).	NA	-\$44,280	\$ 39,360	\$ 90,000

**SAMPLE FORMAT FOR OPTIONAL PFS INCENTIVE ADJUSTMENT (LONG FORM)**  
**For HAs with Optional Earned Income Exclusions/Deductions (Revised 6/97)**

HA Name: **SAMPLE HA**

Fiscal Year (check one):        96 X (12/96,3/97,6/97,9/97)  
 97 \_\_\_ (12/97,3/98,6/98,9/98)    98 \_\_\_ (12/98,3/99,6/99,9/99)

*Note: Line references are to PFS form HUD-52723.  
 Do not use for FY with PFS rent roll date before 4/96.  
 Calculate PFS subsidy eligibility and proration before completing this worksheet.*

A	Unfunded Portion of Operating Subsidy due to Proration (Line 40)*:	<b>\$ 96,000</b>
<b>OTHER INCOME INCENTIVE:</b>		
B	Estimate of PFS Other Income (Line 20 times UMA):	<b>\$ 0</b>
C	Estimate of Other Income from Excess Utilities, rents billed to dwelling units rented for nondwelling purposes, and rents and charges to other HUD programs:	<b>\$ 0</b>
D	Potential incentive adjustment for Other Income (B minus C):	<b>\$ 0</b>
<b>DWELLING RENTAL INCOME INCENTIVE: HA must certify that it is making significant efforts to utilize Optional Earned Income Exclusions/Deductions for current residents.</b>		
E	April 1, 1996 rent roll: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units at rent roll date	<b>45.03</b> PUM
F	From <u>actual</u> rent roll for same month used for the subject year's PFS calculation: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units.(This number reflects the subtraction of any exclusions/deductions).	<b>41.34</b> PUM
G	PUM change in Total Tenant Payment from earned income (F minus E)	<b>-3.69</b> PUM
H	Potential incentive adjustment for earned income (G times PFS UMA):	<b>-\$44,280</b>
I	Total potential incentive adjustment (If H is positive, enter D + H, If H is negative, enter D.)	<b>\$ 0</b>
J	Actual incentive adjustment (Enter the smaller of A or I but not less than zero). DO NOT STOP HERE - COMPLETE K THROUGH M	<b>\$ 0</b>
<b>ADJUSTMENT TO AVOID DOUBLE OFFSET OF OPTIONAL EXCLUSIONS/DEDUCTIONS</b>		
K	Earned income exclusions/deductions in subject year's PFS rent roll month per occupied unit times PFS occupancy percentage and UMAs. This amount must be added to Line 12 of HUD-52723. <i>In description column of Line 37 enter as a comment: "Line K for FY__ = ___"</i>	<b>\$ 55,111</b>
L	If H is negative, add to K and enter here.If H is positive enter K.	<b>\$ 10,831</b>
M	Add J + L and enter on Line 37 of HUD 52723 if answer is positive.	<b>\$ 10,831</b>

\* The amount of the shortfall may increase after year-end adjustments are calculated if the adjustment is due the HA. HAs that have a higher potential incentive adjustment (I) than shortfall (A) may revise this calculation after year-end adjustments by including in A above the unfunded adjustments reported on Line 62 (if the adjustment is due the HA) and entering this revised shortfall in A. This adjustment to reflect Line 62 is not required.

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 97\_X\_ (12/97,3/98,6/98,9/98)    98\_\_ (12/98,3/99,6/99,9/99)

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D	Potential incentive adjustment for Other Income (B minus C):	<b>\$ 0</b>
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F	From <u>actual</u> rent roll for same month used for the subject year's PFS calculation: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units. (This number reflects the subtraction of any exclusions/deductions).	<b>48.31</b> PUM
G	PUM change in Total Tenant Payment from earned income (F minus E)	<b>3.28</b> PUM
H	Potential incentive adjustment for earned income (G times PFS UMA):	<b>\$ 39,360</b>
I	Total potential incentive adjustment (If H is positive, enter D + H, If H is negative, enter D.)	<b>\$ 39,360</b>
J	Actual incentive adjustment (Enter the smaller of A or I but not less than zero). DO NOT STOP HERE - COMPLETE K THROUGH M	<b>\$ 39,360</b>
<b>ADJUSTMENT TO AVOID DOUBLE OFFSET OF OPTIONAL EXCLUSIONS/DEDUCTIONS</b>		
K	Earned income exclusions/deductions in subject year's PFS rent roll month per occupied unit times PFS occupancy percentage and UMAs. This amount must be added to Line 12 of HUD-52723. <i>In description column of Line 37 enter as a comment: "Line K for FY__ = ___"</i>	<b>\$ 64,404</b>
L	If H is negative, add to K and enter here. If H is positive enter K.	<b>\$ 64,404</b>
M	Add J + L and enter on Line 37 of HUD 52723 if answer is positive.	<b>\$103,764</b>

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**SAMPLE FORMAT FOR OPTIONAL PFS INCENTIVE ADJUSTMENT (LONG FORM)**  
**For HAs with Optional Earned Income Exclusions/Deductions (Revised 6/97)**

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 97 \_\_\_ (12/97,3/98,6/98,9/98)    98 **X** (12/98,3/99,6/99,9/99)

*Note: Line references are to PFS form HUD-52723.  
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B	Estimate of PFS Other Income (Line 20 times UMA):	<b>\$ 0</b>
C	Estimate of Other Income from Excess Utilities, rents billed to dwelling units rented for nondwelling purposes, and rents and charges to other HUD programs:	<b>\$ 0</b>
D	Potential incentive adjustment for Other Income (B minus C):	<b>\$ 0</b>
<b>DWELLING RENTAL INCOME INCENTIVE: HA must certify that it is making significant efforts to utilize Optional Earned Income Exclusions/Deductions for current residents.</b>		
E	April 1, 1996 rent roll: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units at rent roll date	<b>45.03</b> PUM
F	From <u>actual</u> rent roll for same month used for the subject year's PFS calculation: <b>Total Tenant Payment</b> from wages and self employment divided by total no. of occupied units.(This number reflects the subtraction of any exclusions/deductions).	<b>52.53</b> PUM
G	PUM change in Total Tenant Payment from earned income (F minus E)	<b>7.50</b> PUM
H	Potential incentive adjustment for earned income (G times PFS UMA):	<b>\$ 90,000</b>
I	Total potential incentive adjustment (If H is positive, enter D + H, If H is negative, enter D.	<b>\$ 90,000</b>
J	Actual incentive adjustment (Enter the smaller of A or I but not less than zero). DO NOT STOP HERE - COMPLETE K THROUGH M	<b>\$ 90,000</b>

**ADJUSTMENT TO AVOID DOUBLE OFFSET OF OPTIONAL EXCLUSIONS/DEDUCTIONS**

K	Earned income exclusions/deductions in subject year's PFS rent roll month per occupied unit times PFS occupancy percentage and UMAs. This amount must be added to Line 12 of HUD-52723. <i>In description column of Line 37 enter as a comment: "Line K for FY ___ = ___"</i>	<b>\$ 70,023</b>
L	If H is negative, add to K and enter here. If H is positive enter K.	<b>\$ 70,023</b>
M	Add J + L and enter on Line 37 of HUD 52723 if answer is positive.	<b>\$160,023</b>

\* The amount of the shortfall may increase after year-end adjustments are calculated if the adjustment is due the HA. HAs that have a higher potential incentive adjustment (I) than shortfall (A) may revise this calculation after year-end adjustments by including in A above the unfunded adjustments reported on Line 62 (if the adjustment is due the HA) and entering this revised shortfall in A. This adjustment to reflect Line 62 is not required.