Income Determination Module 2

2025

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Contact Information

Mailing Address:
TDHCA
PO Box 13941
Austin, TX 78711-3941

Physical Address:
TDHCA
221 East 11th Street
Austin, TX 78701

Website: https://www.tdhca.texas.gov

Department Phone Number: (512) 475-3800
or (800) 525-0657 (toll free in Texas only)

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Announcements

Schedule:

- The training will run from 12 pm until approximately 1:30 pm
- Staff will present the training and allow for questions after each topic is covered

Housekeeping:

- Certificates will NOT be provided after the conclusion of the class
- We suggest you silence your phones and put an "out of office" email response, to help avoid distractions during the training
- Please pose questions and comments in the "Chat Box" or the "Questions Box"

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Resources & Definitions

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General Resources

- **HUD Handbook 4350.3**
  - https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4350.3
  - Chapters 3 and 5 along with corresponding tools and exhibits
- **HUD Notice H 2023–10 and Notice PIH 2023–27**
  - https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf
  - This document replaces Chapters 3 and 5 of the HUD 4350.3 until/unless a revised Handbook is released
  - This document was updated to include further clarifications on February 2, 2024
- **Technical Guide for Determining Income and Allowances for the HOME Program**
  - https://files.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf
- **24 CFR 5.609 – Annual Income**
  - https://www.ecfr.gov/current/title-24/subtitle-A/part-5#5.609
- **Texas Administrative Code**
  - https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1

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Multifamily Compliance Resources

- **Multifamily Compliance Forms**
  - https://www.tdhca.texas.gov/compliance-forms
- **Multifamily Compliance Manuals and Rules**
  - https://www.tdhca.texas.gov/compliance-manuals-and-rules
- **Income and Rent Limits**
  - https://www.tdhca.texas.gov/income-and-rent-limits
- **Multifamily Compliance Training and Presentations**
  - https://www.tdhca.texas.gov/compliance-training
  - https://www.tdhca.texas.gov/compliance-program-training-presentations
- **Contact List**
  - https://www.tdhca.texas.gov/compliance-division-staff
- **TBRA Links**
  - https://www.tdhca.texas.gov/tenant-based-rental-assistance-tbra-program

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Definitions

- **Income**
  - ALL amounts, monetary or not, that go to or are received on behalf of the Head, Spouse, or Co-Head (even if the member is temporarily absent), or any other member
  - ALL amounts anticipated to be received from a source outside the applicant group during the 12-month period following admission or certification
  - Annual Income includes all amounts not specifically excluded by regulation (24 CFR 5.609)
  - For a listing of income exclusions, refer to Notice 2023–10 and Notice 2023–27. (https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf)
- **Assets**
  - Assets are items of value that may be turned into cash
  - Not all items of value are considered an asset
  - Items are not required to be "cashed out" at time of application
  - Income from Assets includes all amounts not specifically excluded by regulation
  - For a listing of asset inclusions and exclusions, refer to Notice 2023–10 and Notice 2023–27. (https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-27pihn.pdf)

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Household versus Family

- **Household**
  - All members of the applicant group
- **Family**
  - All members of the applicant group, or household, that must be included for purposes of eligibility

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Earned Income

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Earned Income: Whose Income Counts?

Family Members	Earned Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult	Yes	Yes
~~Dependents (under 18)~~	~~No~~	Yes
Full-time Student - 18 or older	Yes**	Yes
Household Members	**Earned Income**	**Other Income** (including income from assets)
Live-in Aide	No	No
Foster Adult	No	No
Foster Children (under 18)	No	No

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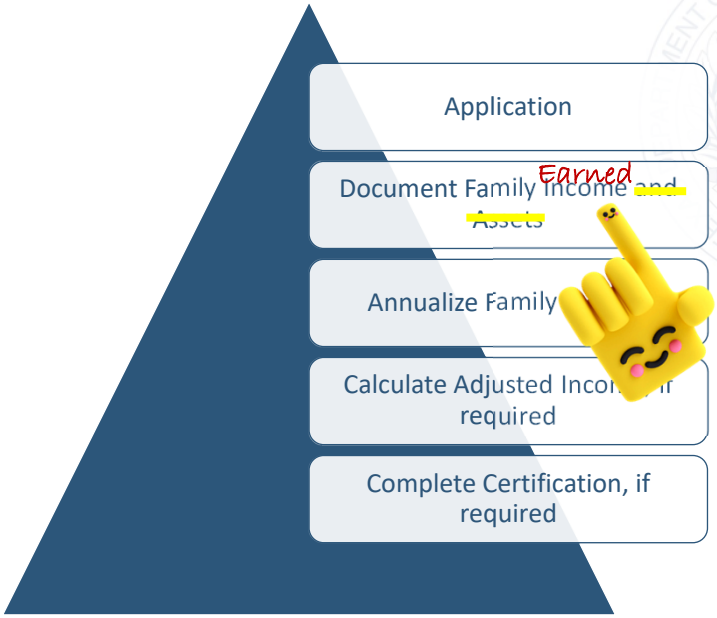
The Qualifying Process: Steps to Eligibility Determination



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Income: Excluded Income Sources

- Insurance Payments and Settlements
- **Employment Income for Students**
- Payments to keep family members with disabilities living at home
- Payments from the U.S. Census Bureau for work on Decennial Census
- Direct Federal/State Payments for Economic Stimulus or Recovery
- **Tax Returns****
- Gifts for holidays, birthdays, or other significant life events
- Lump sum additions to assets like lottery winnings
- Civil Settlements from an action that caused someone to become disabled
- Income or lump sums received from Civil Rights Settlements
- Back-pay received as a result of a Civil Rights Action
- **Workers' Compensation**
- Income received from a retirement account
  - Except for periodic payments
- **Certain Student Financial Assistance**
- VA Benefits for HUD-VASH Voucher Holders (NEW)
- Any other income excluded by 24 CFR 5.609

Any of the Lump Sums outlined on this slide that are placed in an asset, except Tax Returns, will count towards the household assets.

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Income: Earned Income

- Wages & Salaries
- Commissions & Bonuses
- Overtime & Shift Differential Pay
- Tips & Fees Received
- Self-Employment Income
- Any Other Compensation Received

** This list is not exhaustive **

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Verification Hierarchy

- **Enterprise Income Verification (EIV)**
  - For any program that requires the use of EIV
- **Web-based Income Verification**
  - This is the next highest ranking verification type
- **First-Hand (tenant-provided) Documentation**
  - This a high ranked verification type
- **Third-Party Verification**
  - This is a medium ranked verification type
  - Must be sent by the person verifying and returned, the applicant should not handle
- **Oral Clarification/Verification**
  - This type of verification should only be used to clarify missing or incomplete information
- **Self-Certification**
  - This should be used for any income that cannot be verified by other methods and to clarify unclear information

Section 811 PRA requires the use of the EIV system, this will be the preferred method for those programs based on the income source.

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Verification Hierarchy: Paystub Guidelines

HTC/BOND/THTF/TCAP/TCEP (Exchange) and 811 Programs:

- Gather enough paystubs to determine frequency and rate of pay
- No set number of stubs required
- Minimum of 2 stubs are required by HUD

HOME/HOME-ARP/TCAP-RF/NHTF/NSP Programs:

- Must obtain 2 months (60 days) of source documentation for all income

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Income: Wage Calculations

Full-Time Hourly	Wage x 2080 hours or Wage x 40 hours x 52 weeks
Part-Time Hourly	Wage x weekly hours x weeks worked in a year
Weekly	Wage x 52 pay periods
Bi-Weekly	Wage x 26 pay periods
Semi-Monthly	Wage x 24 pay periods
Monthly	Wage x 12 months

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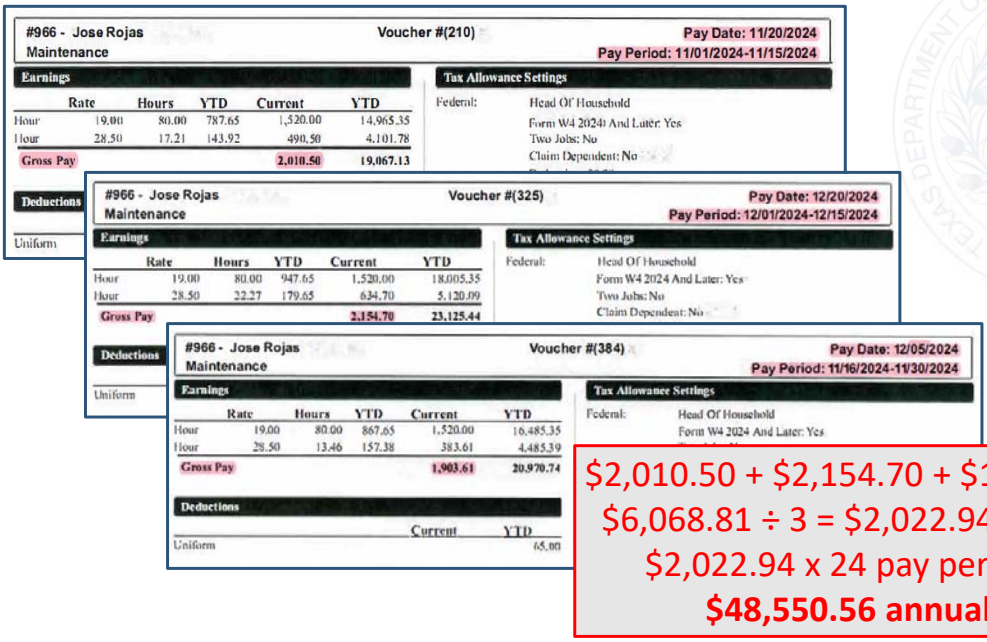
Learning Point: Paystub Average; Semi-Monthly



#966 - Jose Rojas
Maintenance
Voucher #(210)
Pay Date: 11/20/2024
Pay Period: 11/01/2024-11/15/2024

Earnings

	Rate	Hours	YTD	Current	YTD
Hour	19.00	80.00	787.65	1,520.00	14,965.35
Hour	28.50	17.21	143.92	490.50	4,101.78
Gross Pay				2,010.50	19,067.13

Tax Allowance Settings

Federal: Head Of Household
Form W4 2024 And Later: Yes
Two Jobs: No
Claim Dependent: No

Deductions

Uniform

#966 - Jose Rojas
Maintenance
Voucher #(325)
Pay Date: 12/20/2024
Pay Period: 12/01/2024-12/15/2024

Earnings

	Rate	Hours	YTD	Current	YTD
Hour	19.00	80.00	947.65	1,520.00	18,005.35
Hour	28.50	22.27	179.65	634.70	5,120.09
Gross Pay				2,154.70	23,125.44

Tax Allowance Settings

Federal: Head Of Household
Form W4 2024 And Later: Yes
Two Jobs: No
Claim Dependent: No

Deductions

Uniform

#966 - Jose Rojas
Maintenance
Voucher #(384)
Pay Date: 12/05/2024
Pay Period: 11/16/2024-11/30/2024

Earnings

	Rate	Hours	YTD	Current	YTD
Hour	19.00	80.00	867.65	1,520.00	16,485.35
Hour	28.50	13.46	157.38	383.61	4,485.39
Gross Pay				1,903.61	20,970.74

Tax Allowance Settings

Federal: Head Of Household
Form W4 2024 And Later: Yes

Deductions

	Current	YTD
Uniform		65.00

$2,010.50 + $2,154.70 + $1,903.61 = $6,068.81 ÷ 3 = $2,022.94 average
$2,022.94 x 24 pay periods =
$48,550.56 annually

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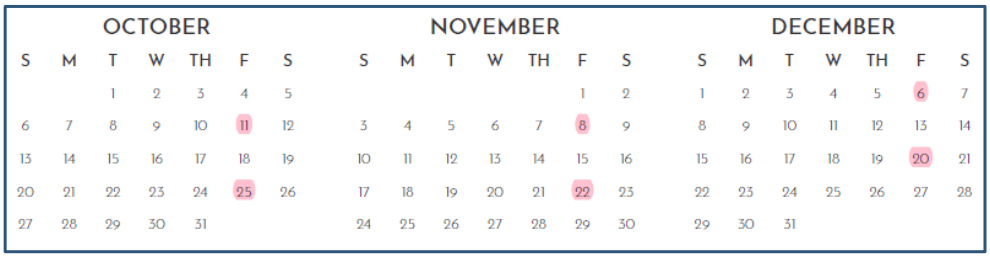
Learning Point: Paystub Average; Bi-Weekly

Jana receives 6 paystubs:

- October 11th: $650
- October 25th: $685
- November 8th: $432
- November 22nd: $719
- December 6th: $103
- December 20th: $724

What is Jana's income to be used for eligibility?

$650 + $685 + $432 + $719 + $103 + $724 = $3,313 total
$3,313 ÷ 6 = $552.17 average
$552.17 x 26 pay periods =
$14,356.42 annually



OCTOBER

S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER

S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

DECEMBER

S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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Learning Point: Salaried Employee

What is Virginia's income to be used for eligibility?

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Virginia Vasterling	Job Title: Cattle Whisperer
Presently Employed: ☑ YES ☐ NO Date First Employed: January 12, 2023 Last Day of Employment:	or
Current Wages/Salary: $ $3,000 (circle one) hourly / weekly / bi-weekly / semi-monthly / (monthly)	
Average # of regular hours per week: salaried	Year-to-date earnings: $ $3,000
Overtime Rate: $ n/a per hour	Average # of overtime hours per we
Shift Differential Rate: $ n/a per hour	Average # of shift differential hours per week: none
Commissions, bonuses, tips, other: $ $10,000 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: per calf	
List any anticipated change in the employee's rate of pay within the next 12 months: none Effective date: none	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): Virginia works full-time	
Additional remark(s): Bonus is paid based on the number of calves born and sold in the year, average is $10,000	

We called the employer to clarify the frequency and amount of the bonus; the employer stated that this is a once-a-year bonus of $10,000.

$3,000 x 12 months = $36,000 total salary
$36,000 salary + $10,000 bonus = **$46,000 annually**

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Learning Point: Hourly Employee

What is Jeanna's income to be used for eligibility?

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Jeanna Calzada	Job Title: Dog Caregiver an
Presently Employed: ☑ YES ☐ NO Date First Employed: 11/27/2023 Last Day of Employment:	
Current Wages/Salary: $ 19.00 (circle one) (hourly) / weekly / bi-weekly / semi-monthly / mo	
Average # of regular hours per week: 40	Year-to-date earnings: $ 38,760
Overtime Rate: $ 28.50 per hour	Average # of overtime hours per week: 1
Shift Differential Rate: $ 21.00 per hour	Average # of shift differential hours per week: 8
Commissions, bonuses, tips, other: $ 50 tips (circle one) hourly / (weekly) / bi-weekly / semi-monthly / monthly / yearly / other:	
List	
If th	
Add	

We called the employer to clarify the shift differential pay, they indicated that this is $2 extra for those 8 hours.

$19 x 2,080 hours = $39,520 base pay
$28.50 overtime x 1 hour x 52 weeks = $1,482 overtime
$2 shift differential x 8 hours x 52 weeks = $832 shift differential
$50 tips x 52 weeks = $2,600 tips
$39,520 + $1,482 + $832 + $2,600 = **$44,434 annually**

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Learning Point: Paystubs with Extra Pay

What is the applicant's income to be used for eligibility?

Earnings				Pay Date: 11/1/2024
				Pay period begin: 10/16/2024 Pay period end: 10/31/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 16.00	65	$ 1,040.00	$ 7,500.00
Shift Diff.	$ 17.25	15	$ 258.75	$ 258.75
Commission			$ -	$ -
Total			$ 1,298.75	$ 7,758.75

Earnings				Pay Date: 12/1/2024
				Pay period begin: 11/16/2024 Pay period end: 11/30/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 16.00	54	$ 864.00	$ 10,362.75
Shift Diff.	$ 17.25	26	$ 448.50	$ 707.25
Commission	$ 240.00	n/a	$ 240.00	$ 480.00
Total			$ 1,552.50	$ 11,550.00

Earnings				Pay Date: 11/15/2024
				Pay period begin: 11/1/2024 Pay period end: 11/15/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 16.00	80	$ 1,500.00	$ 9,498.75
Shift Diff.			$ -	$ 258.75
Commission	$ 240.00	n/a	$ 240.00	$ 240.00
Total			$ 1,740.00	$ 9,997.50

Earnings				Pay Date: 12/15/2024
				Pay period begin: 12/1/2024 Pay period end: 12/15/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 16.00	70	$ 1,120.00	$ 11,482.75
Shift Diff.	$ 17.25	10	$ 172.50	$ 879.75
Commission			$ -	$ 480.00
Total			$ 1,292.50	$ 12,842.50

$1,298.75 + $1,740.00 + $1,552.50 + $1,292.50 = $5,883.75
$5,883.75 ÷ 4 = $1,470.94 average
$1,470.94 x 24 pay periods= **$35,302.50 annually**

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Learning Point: Incomplete Paystubs

What is the applicant's income to be used for eligibility?

Earnings				Pay Date: 12/13/2024
				Pay period begin: 12/1/2024 Pay period end: 12/7/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 9,345.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$ 12,645.00

Earnings				Pay Date: 12/27/2024
				Pay period begin: 12/15/2024 Pay period end: 12/21/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 10,145.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$ 13,445.00

Earnings				Pay Date: 12/20/2024
				Pay period begin: 12/8/2024 Pay period end: 12/14/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 9,745.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$

Earnings				Pay Date: 1/3/2025
				Pay period begin: 12/22/2024 Pay period end: 12/28/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 10,545.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$ 13,845.00

$400 x 52 pay perio **$20,[illegible]0 annually**

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Learning Point: Paystubs with Clarification

What is the applicant's income to be used for eligibility?

Earnings				Pay Date: 12/13/2024
				Pay period begin: 12/1/2024 Pay period end: 12/7/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 9,345.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$ 12,645.00

Earnings				Pay Date: 12/20/2024
				Pay period begin: 12/8/2024 Pay period end: 12/14/2024
	Pay Rate	Hours	Current Total	Year to Date
Regular	$ 10.00	40	$ 400.00	$ 9,745.00
Shift Diff.				$ 1,800.00
Bonus				$ 1,500.00
Total			$ 400.00	$ 13,045.00

Earnings	Pay Date: 12/27/2024
	Pay period begin: 12/15/2024 Pay period end: 12/21/2024

II. VERIFIED INFORMATION

1. Reason for Clarification: _____

What is the shift differential rate?
How often are shift differential hours received/paid?
How often are bonuses paid and what is the maximum amount?

2. Explanation for Clarification Given: _____

The shift differential rate is $15 per hour, $5 extra. Employees average 8 of these hours per week.

Bonuses are paid on a monthly basis, if earned, at a maximum of $100 per month.

3. Additional remark(s): _____

None of these above is guaranteed, but the information is based on current employment information.

$400 x 52 pay periods= $20,800 base pay
$5 shift differential x 8 hours x 52 weeks = $2,080 shift differential
$100 bonus x 12 months = $1,200 bonus potential
$20,800 + $2,080 + $1,200 = **$24,080 annually**

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Income: Irregular Employment – Seasonal or Sporadic

Verified Amounts
Include amounts that can be verified

Reasonable Judgement
Use reasonable judgement, most reliable approach to estimating anticipated income

Verification unavailable
If unable to verify the restrictions/range assume it will continue throughout the certification period

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Learning Point: Irregular Employment – Seasonal or Sporadic

----------EMPLOYER INFORMATION----------

Name: Del Valle SCHOOL DISTRICT

Address: 456 School District STREET

Del Valle, TX 78723

----------EMPLOYEE INFORMATION----------

Name: Cruz-Smith, Rebecca

Address: 123 Ave K

Gun Barrel City, TX 75

----------CHECK DETAIL INFORMATION----------

Check Date: 01/13/2025 Gross Wages: 2,272.22 Check Number: 9000156

Net Amount: 1,954.18

Check Type: Regular

Gross Wage

Minus Deductions that Decrease Ta

Plus Taxable Benefits:

Taxable Gross Wages:	2,133.54	2,133.54	2,222.39	2,222.39
YTD Taxable Gross Wages:	2,133.54	2,133.54	2,222.39	2,222.39

----------PAYS----------

$2,272.22 x 12 = $27,266.64

Is this correct?

No!

CURRENT EMPLOYMENT CONTACT INFORMATION – Household Member #2

Household Member's Name	Occupation	Work Phone
Rebecca Cruz- Smith	teacher's aide	512-202-1256

Name and Street Address of Employer	City	State	Zip Code
456 School District Street	Del Valle	Texas	78723

Date Hired		# of hours worked per week	Last Date of Employment
1/5/2024	☐Hourly ☐Weekly ☐bi-weekly ☐twice a month ☒Monthly ☐Yearly ☐Other	35	summers

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Learning Point: Irregular Employment – Seasonal or Sporadic cont.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TELEPHONE VERIFICATION/CLARIFICATION RECORD

I. THIS SECTION TO BE COMPLETED BY DEVELOPMENT

Development Name: Pandora Springs	TDHCA Number: 12345
Name of Person Receiving Information: Cara Poller	Title: Manager
Development Address: 221 East 11th Street, Austin, TX 78721	Phone: 512-475-3800
RE: (Applicant/Resident Name): Rebecca Smith	

The clarification record is being gathered:

☒ As a source of clarification for a gathered third-party written or first-hand verification. Describe area in which clarification is being sought: _____

Source of clarification: ☒ Phone Conversation ☐ Person to Person ☐ Other: Explain: _____

II. VERIFIED INFORMATION

1. Reason for Clarification: _____

Rebecca Smith is applying for our apartment community, she indicated that is not employed or paid during the summer months, is that correct? What dates are her layoff period?

2. Explanation for Clarification Given: _____

Mrs. Smith has elected to have her pay broken into 9 payments instead of 12, all school teachers and aides are off for the summer months of June, July and August. Monthly pay is only received in the 9 months of the school year.

I certify that the above information is true and correct.

Julie Stater — Signature of Authorized Representative | HR Representative — Representative's Title | 1/8/2024 — Date

Authorized Representative's Printed Name | Phone # | Email

PENALTIES FOR MISUSING THIS CONTENT: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any owner (or any employee of HUD or the owner) may be subject to penalties for unauthorized disclosures or improper uses of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than $5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages and seek other relief, as may be appropriate, against the officer or employee of HUD or the owner responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the Social Security Act at 208 (a) (6), (7), and (8). Violations of these provisions are cited as violations of 42 USC 408 (a), (6), (7), and (8).

Revised January 24, 2022

****Rebecca must be screened for other income/employment during her layoff period.****

$2,272.22 x 9 = $20,449.98

Is this correct?

Yes!

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Income: Anticipated Changes

- Anticipated changes can include:
  - Rate of pay
  - Hours worked
  - Benefits (bonus or commission, for example) received
- If the applicant anticipates the increase…
  - Take the anticipated increase into account when determining eligibility
  - If verification is not possible, or employer will not confirm, gather a self-certification
- Paystubs should be reviewed to confirm increases in pay and calculated using the increased pay, if a change occurred during the period for which paystubs were obtained

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Learning Point: Anticipated Changes

What is Christina's income to be used for eligibility if they are moving in on February 4th?

II. THIS SECTION TO BE COMPLETED BY EMPLOYER	
Employee Name: Christina Jones	Job Title: Landscape Technician
Presently Employed: ☑ YES ☐ NO Date First Employed: 08/01/2022 Last Day of Employment: _____ or ☑ Not Applicable	
Current Wages/Salary: $ 9.50 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
Average # of regular hours per week: 40	Year-to-date earnings: $ 19,380 through 12/26/2024
Overtime Rate: $ n/a per hour	Average # of overtime hours per week: none
Shift Differential Rate: $ n/a per hour	Average # of shift differential hours per week: none
Commissions, bonuses, tips, other: $ none (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly / yearly / other: _____	
List any anticipated change in the employee's rate of pay within the next 12 months: $1 Effective date: April 1, 2025	
If the employee's work is seasonal or sporadic, please indicate the layoff period(s): n/a	
Additional remark(s): Raises are given at the start of the busy season	

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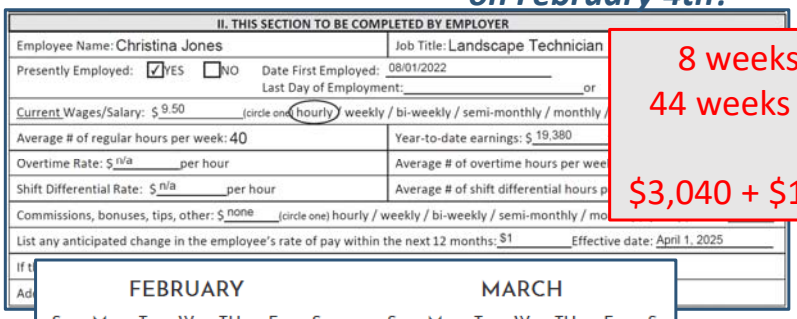
Learning Point: Anticipated Changes continued

What is Christina's income to be used for eligibility if certification is effective on February 4th?



II. THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: Christina Jones	Job Title: Landscape Technician
Presently Employed: ☑ YES ☐ NO	Date First Employed: 08/01/2022 Last Day of Employment: _____ or
Current Wages/Salary: $ 9.50 (circle one) hourly / weekly / bi-weekly / semi-monthly / monthly	
Average # of regular hours per week: 40	Year-to-date earnings: $ 19,380
Overtime Rate: $ n/a per hour	Average # of overtime hours per wee
Shift Differential Rate: $ n/a per hour	Average # of shift differential hours p
Commissions, bonuses, tips, other: $ none (circle one) hourly / weekly / bi-weekly / semi-monthly / mo	
List any anticipated change in the employee's rate of pay within the next 12 months: $1 Effective date: April 1, 2025	
If t	
Ad	

FEBRUARY							MARCH						
S	M	T	W	TH	F	S	S	M	T	W	TH	F	S
				1	2	3						1	2
4	5	6	7	8	9	10	3	4	5	6	7	8	9
11	12	13	14	15	16	17	10	11	12	13	14	15	16
18	19	20	21	22	23	24	17	18	19	20	21	22	23
25	26	27	28	29			24	25	26	27	28	29	30
							31						

8 weeks at $9.50 x 40 = $3,040
44 weeks at $10.50 x 40 = $18,480

$3,040 + $18,480 = **$21,520 annually**

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Income: Self-Employment/Income from Business

- Include the following
  - Net Income from Business
    - Net Income = Gross Income – (Business Expenses, the interest on loans and depreciation computed on a straight-line basis)
    - If Net Income is negative, Count as ZERO
  - Salaries distributed from the business to
    - Any family member in the applicant group
  - Cash or assets withdrawn by family members
    - Exception: Unless withdrawal is a reimbursement of cash or assets invested in the business

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Learning Point: Self-Employment Income

Morgan has a landscaping business. They gross $4,900 per month. Their quarterly expenses (repairs, fuel, supplies, etc.) are $1,600. Morgan has one part-time employee that is paid $1,500 per month.

What is the income to be included for Morgan's self-employment?

$4,900 x 12 months = $58,800 annual gross income

MINUS

$1,500 payroll x 12 months = $18,000 annual payroll

$1,600 quarterly expenses x 4 quarters = $6,400 annual expenses

$58,800 - $18,000 - $6,400 **= $34,400 annually**

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Income: Peer-To-Peer Payment Applications

Dawn babysits; she gets paid through Venmo	• The income Dawn receives must be included • If Venmo holds a balance it is an asset • If the account does not have a balance, it is not included as an asset
Domanik makes and sells glitter tumblers, she is paid through PayPal	• The income from the sales is income for the household • If PayPal holds a balance of money, then it must be included as an asset • If the account does not have a balance, it is not included as an asset
Amy's roommates pay her back for the home expenses incurred through Zelle	• Zelle is a pass-thru account only, it cannot hold money, so this is not an asset • This is not income, it is a reimbursement • If Amy was receiving money for something like dog-sitting for her roommate, that would be income to include in the calculation of eligibility

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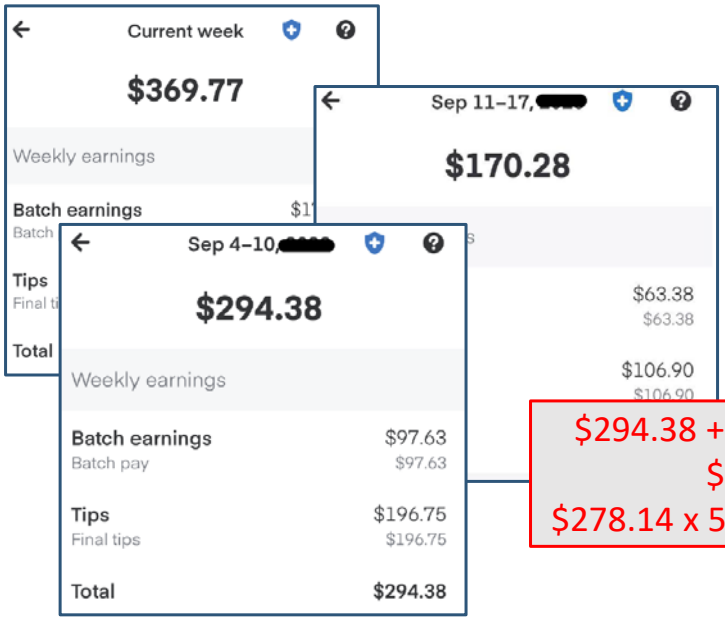
Learning Point: Self-Employment; Gig Income



Josie works for Instacart in addition to her regular employment.

Based on the three (3) most recent weekly statements, what is her income for eligibility?

$294.38 + $170.28 + $369.77 = $834.43
$834.43 ÷ 3 = $278.14
$278.14 x 52 weeks = **$14,463.45 annually**

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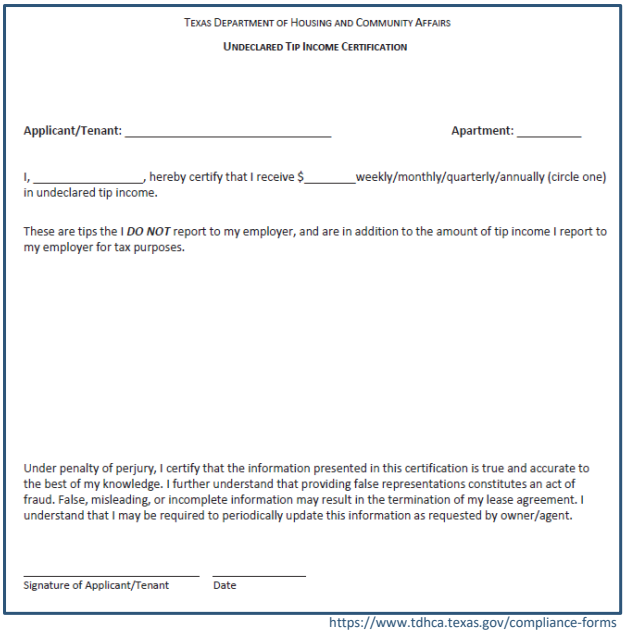
Income: Tip Income



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

UNDECLARED TIP INCOME CERTIFICATION

Applicant/Tenant: _____ Apartment: _____

I, _____, hereby certify that I receive $_____weekly/monthly/quarterly/annually (circle one) in undeclared tip income.

These are tips the I ***DO NOT*** report to my employer, and are in addition to the amount of tip income I report to my employer for tax purposes.

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. I further understand that providing false representations constitutes an act of fraud. False, misleading, or incomplete information may result in the termination of my lease agreement. I understand that I may be required to periodically update this information as requested by owner/agent.

_____ _____
Signature of Applicant/Tenant Date

https://www.tdhca.texas.gov/compliance-forms

Let's talk about tip income…

- Tips are not always reflected on paystubs or verifications
- Obtain a self-certification (←) of anticipated tips
- Tip income is typically earned in service industries
  - Wait Staff & Bartenders
  - Hair Stylists & Nail Technicians
  - Taxi, Delivery and Rideshare Drivers
  - Valet Persons
  - This list is not exhaustive!

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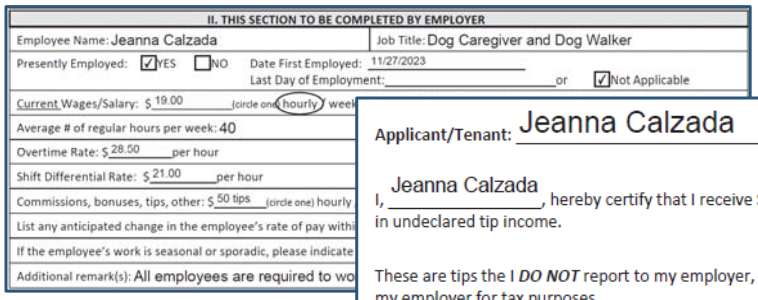
Learning Point: Hourly Employee; Unreported Tips

What is Jeanna's (from slide 20) income to be used for eligibility with the NEW tips?



II. THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: Jeanna Calzada | Job Title: Dog Caregiver and Dog Walker

Presently Employed: ☑ YES ☐ NO | Date First Employed: 11/27/2023 | Last Day of Employment: _____ or ☑ Not Applicable

Current Wages/Salary: $ 19.00 (circle one) hourly / week

Average # of regular hours per week: 40

Overtime Rate: $ 28.50 per hour

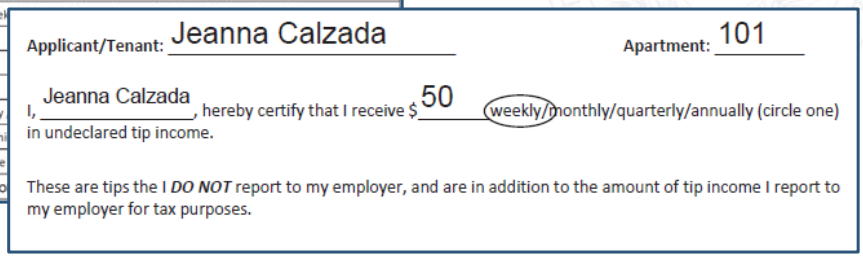
Shift Differential Rate: $ 21.00 per hour

Commissions, bonuses, tips, other: $ 50 tips (circle one) hourly

List any anticipated change in the employee's rate of pay with

If the employee's work is seasonal or sporadic, please indicate

Additional remark(s): All employees are required to wo



Applicant/Tenant: Jeanna Calzada **Apartment:** 101

I, Jeanna Calzada, hereby certify that I receive $ 50 (weekly/monthly/quarterly/annually (circle one)) in undeclared tip income.

These are tips the I ***DO NOT*** report to my employer, and are in addition to the amount of tip income I report to my employer for tax purposes.

$39,520 + $1,482 + $832 + $2,600 = $44,434 annually…
But, during a later conversation with Jeanna we discovered that she receives tips that are not reported but need to be included…
$50 x 52 = $2,600 + $44,434 = **$47,034 annually**

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Income: Social Media Influencer

There are many ways a person can get paid for being a social media influencer. Most are independent contractors and should be treated as self-employed.

Example: Kevin streams for YouTube. He can make anywhere from $1,200 to $4,000, dependent upon his views, ads, etc., per month and receives a statement each month. He also has subscribers and gifts given which must also be included as income. In this case, he can provide the most recent 4-6 statements. To calculate his income, average the statements and count the net income. The taxes paid/owed are not considered an allowable deduction when determining the net income. Please note, not all influencers receive monthly statements; therefore, you will need to work with the applicant and/or prospective resident regarding what they have available to verify their income.

Acceptable forms of verification would include:
- IRS form 1040 schedule C or 4506-T
- Statements showing net income (most recent 4-6 to average)
- Other documentation listed in Appendix 3 of the 4350.3
- Self affidavit as last resort

Citation: HUD 4350.3, 5-6H, page 5-13
Appendix 3 (Acceptable forms of verification)

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Earned Income: Tips to Minimize Challenges

- All verification forms completed in their entirety
- All household income is certified and verified, if required
- Are all verifications/certifications current? (within 120 days)
- Forms are tested for integrity, clarifications present, etc.
- No correction fluid, white-out or evidence of tampering/perfecting
- Peer Review
- 3rd party or compliance file review

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THANK YOU!

Income Determination Module 2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

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