Income Determination Module 4

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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Special Circumstances

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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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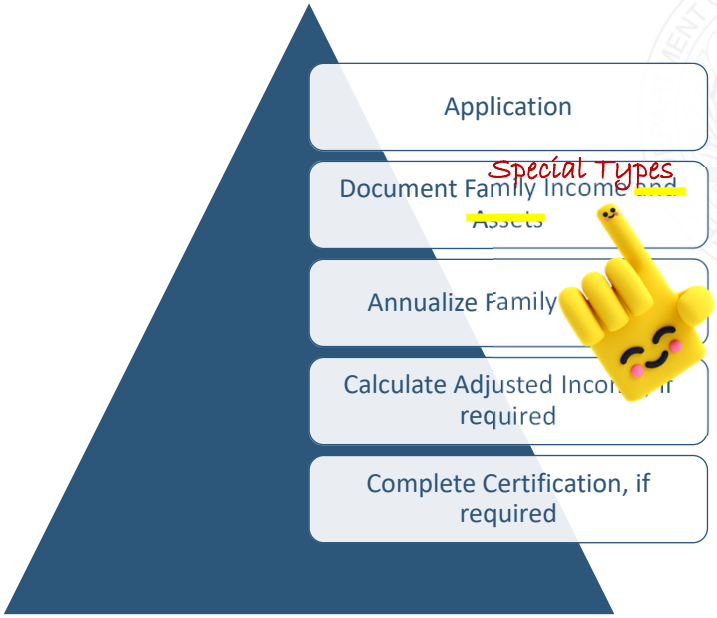
The Qualifying Process: Steps to Eligibility Determination



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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: Special Circumstances

- Student Family Members
- Active-Duty Military Family Members
- Permanently Confined Family Members
- Incarcerated Persons
- Persons Under the Age of 18
- Financial Aid
- Resident Service Stipend
- Section 8 Verification

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Income: Full-Time Student Family Members; Earned Income

- If 18 years of age or older; count only a small amount of the student's earned income – a maximum of $480 per year (to be adjusted annually by HUD) if:
  - The student is not the Head of Household, Spouse or Co-Head
  - The student is a Dependent of the family
- Student Status must be verified with the institution of education
  - Verified by the Registrar's Office
    - If the Registrar's Office will not verify you will use the Student Clearinghouse to verify
  - Full-time student status is determined by the educational institution or technical school
- All income verifications (paystubs, reports, etc.) must be gathered

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Learning Point: Full-Time Student Family Members; Earned Income

Andrea applies with her 19-year-old daughter, Kelsey. Kelsey works part-time at a local sushi restaurant making $6,230 a year.

True or false; only $480 of Kelsey's income should be included in the calculation of income for eligibility?

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Learning Point: Full-Time Student Family Members; Unearned Income

Peter applies with his parents; he is a full-time student at the local college. Peter receives Social Security in the amount of $804 per month.

True or false; only $480 of Peter's income should be included in the calculation of income for eligibility?

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Learning Point: Full-Time Student Family Members; Earned Income-Minor

Samantha applies with their 16-year-old child, Tayler, who is a full-time student. Tayler works part-time at a local electronics retailer making $4,530 a year.

True or false; only $480 of Tayler's income should be included in the calculation of income for eligibility?

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Learning Point: Full-Time Student Family Members; Spouse

Trishia applies with her spouse. Trishia is a full-time student at the local university. Trishia receives earned income in the amount of $36,000 annually.

True or false; only $480 of Trishia's income should be included in the calculation of income for eligibility?

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Income: Family Members; Active-Duty Military

Include Family Members on Active Military Duty in the Household Composition

- Income must be counted if the Military Family Member is the Head, Spouse, or Co-Head
- If the spouse or a dependent of the person on active military duty is a family member of the household the Military Person's income is counted

- Include
  - Regular & Special Pay
  - All Allowances
- Exclude:
  - Hostile Fire Pay
- Only acceptable form of verification is the Leave and Earnings Statement (LES)

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Learning Point: Active-Duty Family Member is Head, Spouse or Co-Head

Nancy applies with her son Kendall. Nancy's application indicates that there are 3 household members and her spouse, Jerry, is away on active-duty in the military.

Jerry's income and assets must be considered when determining income eligibility.

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Learning Point: Active-Duty Military Person's Dependent

Sylvia applies with her husband Sam and niece Claire. Sylvia indicates that she is caring for Claire while her sister, Margie, is away on active-duty.

Margie is single and no other permanent housing is identified other than military housing. The income and assets of Margie should be included when determining eligibility.

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Learning Point: Leave and Earnings Statement (LES)

What is the calculation of eligibility based on the LES shown below?

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT

ID	NAME (Last, First,MI)	SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED
	Kirkham, Daniel	***-**-7890	E03	12202024	05	240334	ARNG	5689	December 2024

	ENTITLEMENTS Type	Amount	DEDUCTIONS Type	Amount	ALLOTMENTS Type	Amount	SUMMARY +Amt Fwd	
A	BASIC PAY	1340.10	FICA TAX	102.51			+TOT ENT	1958.04
B	SUBSISTENCE ALWS	230.12	SGLI	31.00			-TOT DED	409.05
C	BAH TYPE II	387.15	DEBT PAYMENT	208.53			-TOT ALMT	
D	MILEAGE PAYMENT	.67	TSP CONTRIBUTION	67.01			=NET AMT	1548.99
E							-CR FWR	
F							=EOM PAY	
G								
H								
I								
J								
K								
L								
M								
N								
O								
	TOTAL	1958.04		409.05			DIEMS	RET PLAN

FED TAXES	Wage Period 1340.10	Wage YTD 8662.94	M/S/H S	Mult Jobs N	Dep 17 Under 01	Other Dep 00	Add'l Tax .00	Other Deds .00	Other Income .00	Tax YTD 1100.00		
FICA TAXES	Wage Period 1340.10	Soc Wage YTD 3662.94	Soc Tax YTD 227.10	Med Wage YTD 3662.94	Med Tax YTD 53.11	STATE TAXES	St TX	Wage Period 1340.10	Wage YTD 8662.94	M/S S	Ex 00	Tax YTD .00
PAY DATA	BAQ Type W/O DEP	BAQ Depn NO DEP	VHA Zip 00000	Rent Amt	Share	Stat	JFTR	Depns	2D JFTR	BAS Type	Charity YTD	TPC A	PACIDN

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Income: Permanently Confined Family Member

Individuals permanently confined to a nursing home or hospital

- **May not be the Head, Spouse, or Co-Head**
- **May continue as a family member at the applicant's discretion**

How to handle income depends on the Applicant, if they…

- **Include as a family member: Count all income**
- **Exclude the family member: Income is not counted**

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Income: Incarcerated Persons

If individual is incarcerated – do not count as a household member but count any income the family receives from the individual.

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Income: Persons under the age of 18

Emancipated Minors

- Include income if:
  - Under the age of 18, who under law, are treated as adults
  - Identified as Head, Spouse, or Co-Head

Adopted Children

- Follow same rules as Dependents
- Adoption assistance payments in excess of $480, annually, are not counted
  - Amount will be adjusted annually by HUD

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Income: Types of Financial Assistance Under Title IV of HEA

- Federal Pell Grants
- Federal early outreach and student services programs
- Federal supplemental educational opportunity grants
- Leveraging Educational Assistance Partnership program
- Special programs for students whose families are engaged in migrant and seasonal farmwork
- Robert C. Byrd Honors Scholarship Program
- Childcare access means parents in school
- Teach grants
- Scholarships for veteran's dependents
- Federal Family Education Loan Programs
- Federal Work-Study Programs
- William D. Ford Federal Direct Loan Program
- Federal Perkins Loans
- Higher Education Relief Opportunities for Students
- Section 134 of the Workforce Innovation and Opportunity Act (WIOA)

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Income: Student Eligibility HAS NOT Changed

Student Eligibility is program based. The eligibility requirements for student family members participating in programs has not been changed. You must ensure that the student eligibility for the family members has been met.

All student household family members must be evaluated for student financial aid as we will discuss on the following slides.

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Income: Financial Aid, Included or Excluded

Included

- Only count amount received in excess of tuition, books, fees and room & board charges
- **Obtain documentation** to support the amount in excess of tuition, books & supplies, fees and room & board charges

Excluded

- Applies to **all** student financial assistance received under Title IV of the Higher Education Act (HEA) that is "left over" after applying the assistance to educational expenses

Actual covered costs include: tuition, books, supplies (including supplies and equipment to support students with learning disabilities or other disabilities), room and board, and fees required and charged to a student by an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1087uu)). For a student who is not the head of household, co-head, or spouse, actual covered costs also include the reasonable and actual costs of housing while attending the institution of higher education and not residing in an assisted unit.

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Income: Financial Aid

If the family contains a student:

- **All assistance provided through Title IV HEA must be excluded from income if there is a remaining balance after applying the assistance to the educational expenses**
- **All other assistance should be evaluated for inclusion in family income; any excess assistance must be included in the income after applying the assistance to any remaining educational expenses**

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Learning Point: Student Financial Assistance Example 1

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	$12,850
Title IV HEA Assistance:	$14,590
Other Financial Assistance:	$5,000
Total of Financial Assistance:	$19,590

How much total financial assistance would be used to reduce expenses?

How much should count as regular income?

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Had a balance been left, the other financial assistance would have been applied and anything leftover would be counted as income.

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Learning Point: Student Financial Assistance Example 2

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	$18,000
Title IV HEA Assistance:	$14,590
Other Financial Assistance:	$5,000
Total of Financial Assistance:	$19,590

How much total financial assistance would be used to reduce expenses?

How much should count as regular income?

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance was left, the other financial assistance has been applied and anything leftover will be counted as income.

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Learning Point: Student Financial Assistance Example 3

Calculation of Income from Student Financial Assistance

Qualified Education Expenses:	$18,000
Scholarship from a local entity:	$8,000
Persons outside the household:	$25,000
Total of Financial Assistance:	$33,000

How much total financial assistance would be used to reduce expenses?

How much should count as regular income?

All assistance provided through Title IV HEA must be excluded from income. This exclusion must be taken into account first. Anything remaining after deducting the qualified expenses is not considered income. Since a balance (the gift) was left, the financial assistance has been applied and anything additional will be counted as income.

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Learning Point: Student Financial Assistance Example 3

Other student financial assistance does not include:

- Financial support provided to the student in the form of a fee for services performed (e.g., a work study or teaching fellowship that is not excluded under section 479B of the Higher Education Act HEA); or
- Gifts, including gifts from family or friends.

Note: Other student financial assistance may be paid directly to the student or to the educational institution on the student's behalf. The PHA/MFH Owner must verify that the other student financial assistance is for the student's actual covered costs.

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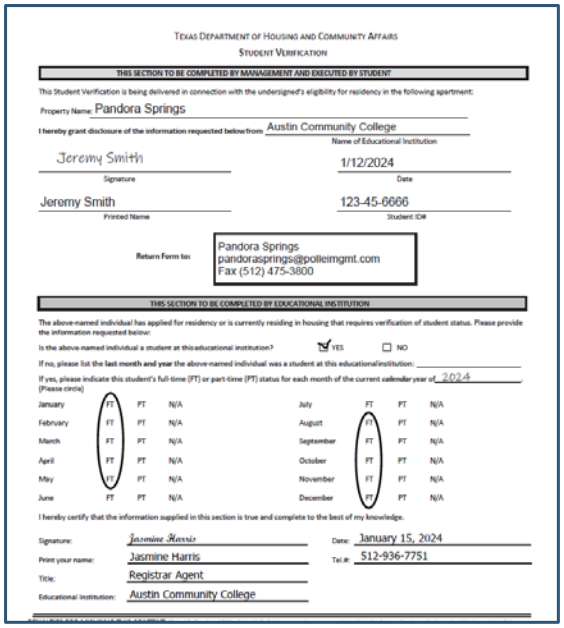
Learning Point: Full-Time Student Financial Assistance



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
STUDENT VERIFICATION

THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY STUDENT

This Student Verification is being delivered in connection with the undersigned's eligibility for residency in the following apartment:

Property Name: Pandora Springs

I hereby grant disclosure of the information requested below from: Austin Community College (Name of Educational Institution)

Jeremy Smith (Signature) — 1/12/2024 (Date)

Jeremy Smith (Printed Name) — 123-45-6666 (Student ID#)

Return Form to: Pandora Springs, pandoraspringsmgmt.com, Fax (512) 475-3800

THIS SECTION TO BE COMPLETED BY EDUCATIONAL INSTITUTION

The above-named individual has applied for residency or is currently residing in housing that requires verification of student status. Please provide the information requested below:

Is the above-named individual a student at this educational institution? ☑ YES ☐ NO

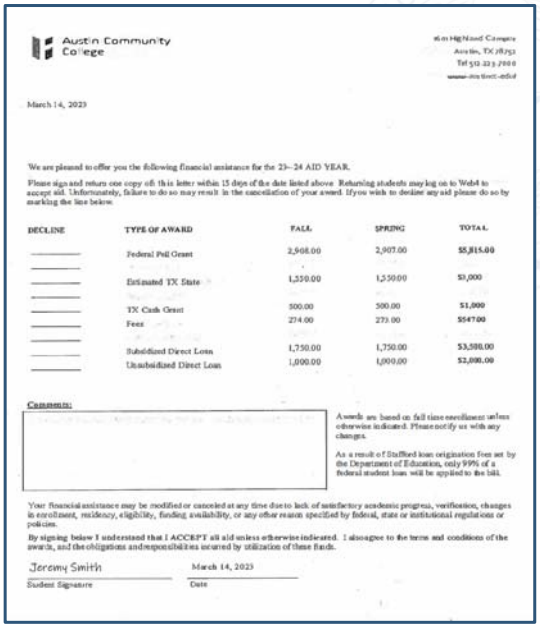
If no, please list the last month and year the above-named individual was a student at this educational institution: _____

If yes, please indicate this student's full-time (FT) or part-time (PT) status for each month of the current calendar year of 2024 (Please circle)

January	FT	PT	N/A	July	FT	PT	N/A
February	FT	PT	N/A	August	FT	PT	N/A
March	FT	PT	N/A	September	FT	PT	N/A
April	FT	PT	N/A	October	FT	PT	N/A
May	FT	PT	N/A	November	FT	PT	N/A
June	FT	PT	N/A	December	FT	PT	N/A

I hereby certify that the information supplied in this section is true and complete to the best of my knowledge.

Signature: Jasmine Harris — Date: January 15, 2024
Print your name: Jasmine Harris — Tel.#: 512-936-7751
Title: Registrar Agent
Educational Institution: Austin Community College



Austin Community College

March 14, 2023

We are pleased to offer you the following financial assistance for the 23– 24 AID YEAR.

Please sign and return one copy of this letter within 15 days of the date listed above. Returning students may log on to WebA to accept aid. Unfortunately, failure to do so may result in the cancellation of your award. If you wish to decline any aid please do so by marking the line below.

DECLINE	TYPE OF AWARD	FALL	SPRING	TOTAL
_____	Federal Pell Grant	2,968.00	2,907.00	$5,875.00
_____	Estimated TX State	1,550.00	1,550.00	$3,000
_____	TX Cash Grant	500.00	500.00	$1,000
_____	Fees	274.00	273.00	$547.00
_____	Subsidized Direct Loan	1,750.00	1,750.00	$3,500.00
_____	Unsubsidized Direct Loan	1,000.00	1,000.00	$2,000.00

Comments:

Awards are based on full time enrollment unless otherwise indicated. Please notify us with any changes.

As a result of Stafford loan origination fees set by the Department of Education, only 99% of a federal student loan will be applied to the bill.

Your financial assistance may be modified or canceled at any time due to lack of satisfactory academic progress, verification, changes in enrollment, residency, eligibility, funding availability, or any other reason specified by federal, state or institutional regulations or policies.

By signing below I understand that I ACCEPT all aid unless otherwise indicated. I also agree to the terms and conditions of the awards, and the obligations and responsibilities incurred by utilization of these funds.

Jeremy Smith (Student Signature) — March 14, 2023 (Date)

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Learning Point: Full-Time Student Financial Assistance, continued

Title IV HEA Assistance

Federal Pell Grant	2,908.00	2,907.00	$5,815.00

Other Assistance

TX Cash Grant	500.00	500.00	$1,000

Loans

Subsidized Direct Loan	1,750.00	1,750.00	$3,500.00
Unsubsidized Direct Loan	1,000.00	1,000.00	$2,000.00

Educational Expenses

TX State Tuition	1,550.00	1,550.00	$3,100
Fees	274.00	273.00	$547.00

Total Qualified Educational Expenses:
$3,100 Tuition
$547 Fees
$300 Books (we confirmed by receipt)
= $3,947.00

Title IV HEA Financial Assistance:
$5,815 (Pell Grant)

Other Financial Assistance:
$1,000 (State Grant)

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Income: Resident Service Stipend

Modest amounts of concessions or money received for performing a service for an owner or management company.

Determination of the amount to include is based on the amount of the stipend received.

- Greater than $200 per month – Include the entire amount.
- $200, or less, per month – Exclude the entire amount.

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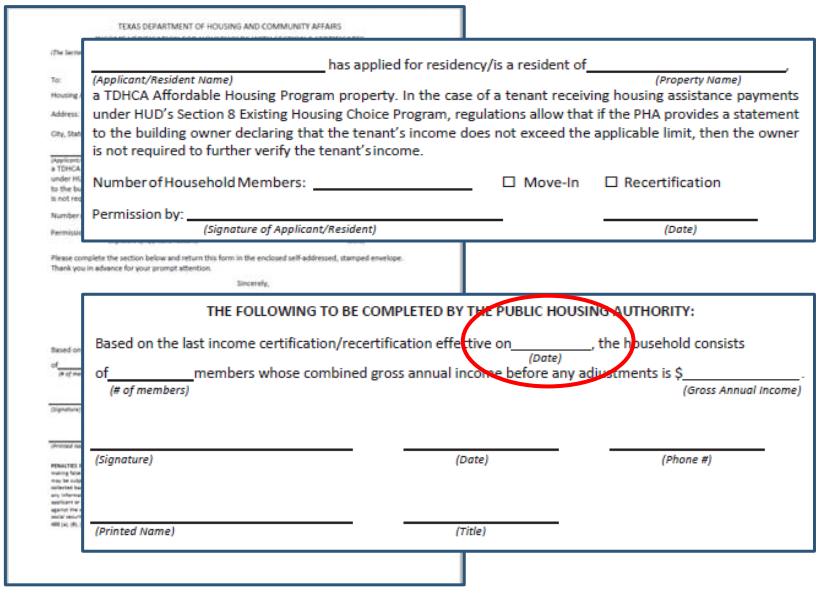
Income: Section 8 Verification



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

_____ has applied for residency/is a resident of _____.
(Applicant/Resident Name) *(Property Name)*
a TDHCA Affordable Housing Program property. In the case of a tenant receiving housing assistance payments under HUD's Section 8 Existing Housing Choice Program, regulations allow that if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable limit, then the owner is not required to further verify the tenant's income.

Number of Household Members: _____ ☐ Move-In ☐ Recertification

Permission by: _____ _____
(Signature of Applicant/Resident) *(Date)*

Please complete the section below and return this form in the enclosed self-addressed, stamped envelope.
Thank you in advance for your prompt attention.

Sincerely,

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

Based on the last income certification/recertification effective on _____, the household consists
(Date)
of _____ members whose combined gross annual income before any adjustments is $_____.
(# of members) *(Gross Annual Income)*

_____ _____ _____
(Signature) *(Date)* *(Phone #)*

_____ _____
(Printed Name) *(Title)*

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

This form may not be used if the verifying Housing Authority has any ownership, management, consulting agreement, or any involvement in the property operations.

The effective date (←) shown in the circle must be within 120 days of the certification effective date.

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Income: Section 8 Verification

Before an owner/administrator implements an "other means tested" verification method, the program administrator should be consulted to determine if this is allowed under the program requirements.

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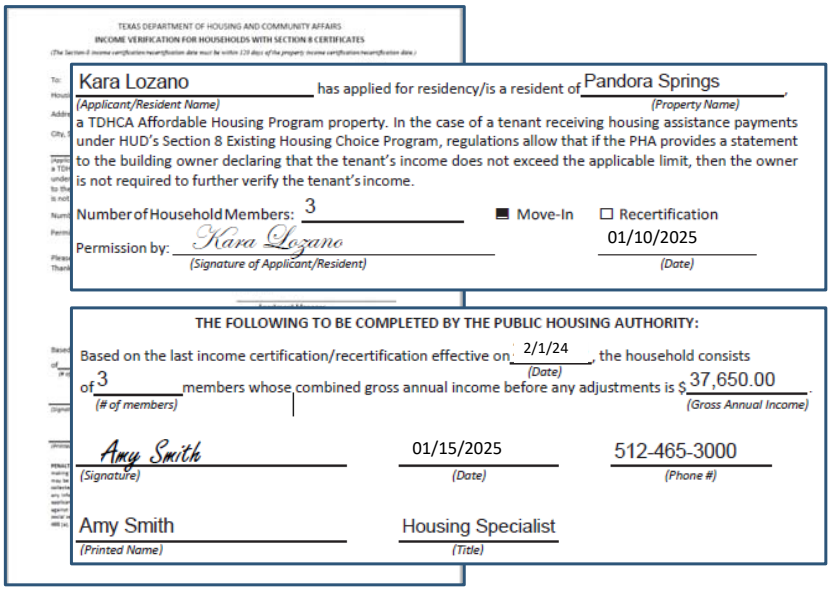
Learning Point: Section 8 Verification



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INCOME VERIFICATION FOR HOUSEHOLDS WITH SECTION 8 CERTIFICATES

Kara Lozano (Applicant/Resident Name) has applied for residency/is a resident of Pandora Springs (Property Name), a TDHCA Affordable Housing Program property. In the case of a tenant receiving housing assistance payments under HUD's Section 8 Existing Housing Choice Program, regulations allow that if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable limit, then the owner is not required to further verify the tenant's income.

Number of Household Members: 3 ■ Move-In ☐ Recertification

Permission by: Kara Lozano (Signature of Applicant/Resident) 01/10/2025 (Date)

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

Based on the last income certification/recertification effective on 2/1/24 (Date), the household consists of 3 (# of members) members whose combined gross annual income before any adjustments is $37,650.00 (Gross Annual Income).

Amy Smith (Signature) 01/15/2025 (Date) 512-465-3000 (Phone #)

Amy Smith (Printed Name) Housing Specialist (Title)

Kara is moving into Pandora Springs on February 10, 2025. The household receives Section 8. The property received the following response with regards to Kara's household annual income.

Is this an acceptable verification of income?

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Special Circumstances: 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 4

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

WWW.TDHCA.TEXAS.GOV

INFO@TDHCA.TEXAS.GOV

221 EAST 11TH STREET
AUSTIN, TEXAS 78701

P.O. BOX 13941
AUSTIN, TX 78711

EQUAL HOUSING OPPORTUNITY

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