



## **HEART Program Income Guidelines**

**Income Limitation** All clients assisted with HEART Program grant funds must have an annual gross household income that is within the HEART Program Income Guidelines, defined as earning no more than 80% of the area median family income.

These income guidelines mirror the guidelines produced by the U.S. Department of Housing and Urban Development and Texas Department of Housing and Community Affairs, which can be viewed here:

<http://www.gpo.gov/fdsys/pkg/CFR-2014-title24-vol1/xml/CFR-2014-title24-vol1-sec5-609.xml>

**Income Certification** TSAHC and Enterprise Community Partners have created an Income Certification form to be completed by an authorized representative for each household that receives assistance through the HEART grant. The Income Certification Form can be found at the end of this document. The Recipient is not required to use this form if it already utilizes a form that collects the same information.

Income is calculated by taking the Applicant's current gross monthly income, as well as that of any household member 18 years old or older who is expected to live in the residence, and multiplying that amount by 12. Verification of the Applicant's income is performed by the Recipient and reviewed by TSAHC.

**Two Methods of Computation** The method of income computation depends on whether the Applicant is employed or self-employed.

1. Collect enough check stubs to cover at least one full month of work (typically 4-6 check stubs). Add the Gross Income amount from each check stub together and then divide by the number of check stubs collected. That amount will be the average income per pay period. Review the check stubs collected to determine the pay cycle the Applicant is being paid on (monthly, semi-monthly, bi-weekly). Then multiply the average income per pay period by the number of times the applicant gets paid annually. This calculation will give you the gross annual income for the applicant. Sporadic income may be averaged and added to that base figure for a total.

If the Applicant is unable to provide the Recipient with check stubs then a Verification of Employment (VOE) may be used. A VOE is completed by the Applicant's employer. A copy of TSAHC's VOE is available upon request.

2. Income for a self-employed person is computed by annualizing the year-to-date total on a current profit and loss statement and averaging that amount with the net income figures from the two most recent years' federal income tax returns (with depreciation added back in). The Recipient should watch for all types of self-employment (i.e., 1099 income received from employer run through Schedule C, Form 2106, etc.).

In cases that have complicated calculations, the Recipients are encouraged to communicate with TSAHC to ensure calculations are within the Guidelines.

**Certification of No Income** Any person 18 years old or older who will be living in the residence but who does not receive income must be included on the Income Certification Form and must execute a statement saying they earn no income. A Certification of No Income Form can be provided upon request.

## **Sources of Income**

### **1. Gross Income Shall Be Determined Without Deductions for the Following:**

- a. Funds paid into a tax shelter retirement account.
- b. Child support payments made by an Applicant for the benefit of the Applicant's child or children.
- c. Alimony, separate maintenance, or similar periodic payments that an Applicant is required to make to a spouse or former spouse.
- d. Amounts paid to cover any medical insurance costs.

### **2. Gross Income Shall Include, but Not be Limited to, All of the Following:**

- a. The gross amount, before payroll deductions, of wage and salaries, overtime pay, commissions; fees; tips; bonuses; gambling winnings and prizes (even if a one-time occurrence); and other compensation for personal services.

#### **Overtime**

Income earned from overtime will be included.

#### **Bonus**

The gross amount of bonus earnings before any payroll deductions is to be included in the Income calculation. The bonus is to be included in the income if (1) the bonus is part of a collective bargaining agreement and must be paid; **or** (2) the bonus is included in the computation of income by the employer or if there is a history of bonuses.

If there is a history of bonuses but the Applicant does not know if a bonus is planned, nor does the employer divulge its plans for a bonus nor the projected bonus amount, the Recipient is to use an average of the past two years' bonuses to calculate income.

The bonus is not to be included in the income if (1) the bonus is totally discretionary by the employer and there is no previous bonus history; **and** (2) the Applicants cannot anticipate with certainty whether such bonus may be received in the future.

#### **Seasonal/Part-Time/Temporary Income**

Include part-time or seasonal employment in calculating income. For example, if the Applicant worked for three months during the summer and earned \$3,600, then add \$3,600 to the Gross Annual Income.

Include short-term, part-time or seasonal employment in calculating income if the Applicant earned this in the last twelve months. For Example: If the Applicant earned \$1,000 by painting the Applicant's parents' house, this must be included in his or her income.

- b. The net income from the operation of a business or profession or from the rental of real personal property. For this purpose, if this operation results in a loss, the loss may not be used to offset income generated from other sources. For this purpose, any shareholder that owns 10 percent or more of any outstanding class of stock in a corporation, shall also be deemed to have received income in its proportionate share of net earnings not otherwise distributed in salaries or dividends.
- c. All dividends and interest, including otherwise tax-exempt interest. Interest earning from IRAs, VIPs and 401k's need not be included.
- d. The full amount of the periodic payments received from social security, housing assistance payments, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts including any lump sum payment for the delayed start of a periodic payment.
- e. Payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation, and severance pay.
- f. The full amount of public assistance payments.
- g. Periodic and determinable allowances, such as alimony and separate maintenance payments received, housing allowances received, and regular contributions or gifts received from persons not residing in the dwelling, where such sums are received on a current basis and which may be reasonably expected to continue.
- h. The distributive share of partnership income.
- i. Child support payments received by an Applicant for the benefit of the Applicant's child or children.
- j. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household of spouse (or other persons whose dependents are residing in the unit).
- k. Education Grants: for section 8 recipients *only*: financial assistance in excess of the amount received for tuition and any other required fees and charges shall be considered income, unless the recipient is over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income. Financial assistance is not included in gross income for residents not receiving Section 8 assistance.
- l. Car Allowance: income received from employers for car allowance must be included in the income calculation if the Applicant has no accounting responsibility to their company. Example: If the Applicant receives \$300 per month from his employer for car

allowance and is not required to file a mileage/expense report monthly, then this income must be included in the income calculation.

- m. Capital Gains/Losses: both the taxable and non-taxable portions of capital gains are to be included as income if a history of these incomes exists. If the two-year average results in a gain, then it must be added to gross monthly income, and losses are to be disregarded (losses cannot be used to reduce gross monthly income).
- n. Rental Property (not subject property): Net rental income currently being received is to be used to calculate income; Applicants must provide leases and applicable tax forms.

**3. Gross Income Does Not Include:**

- a. Casual, sporadic or irregular gifts.
- b. Amounts which are specifically for, or in reimbursement of, medical expenses.
- c. Lump sum additions to family assets, such as inheritances, re-enlistment bonuses, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal property losses. If the income is received in any other form other than lump sum (i.e., monthly or annual), then it must be treated as permanent income and added to the income calculation.
- d. Amounts of educational scholarships paid directly to the student or the educational institution, and the amount paid by the government to a veteran for use in meeting the cost of tuition.
- e. Special pay to a family member in the Armed Forces who is away from home and exposed to hostile fire.
- f. Relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- g. Foster child care payments.
- h. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977, 7 U.S.C. Section 2011 and 2027, which is in excess of the amount actually charged the eligible household.
- i. Payments to volunteers under the Domestic Volunteer Service Act of 1973.
- j. Payments of allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program.
- k. Payments received from Job Training Partnership Act.
- l. Income from employment of children (including foster children) under the age of 18 years of age unless they are a Co-Applicant.
- m. Income from caring for one or more foster children.

- n. Income of a live-in aide or Nurse.

**4. Military Pay**

- a. For purposes of computing the Applicant's gross monthly income regarding military pay, the monthly income is the "total entitlement" shown on the Applicant's most recent monthly Leave and Earnings Statement. Non-taxed income, such as a housing allowance, is counted as income. Certain categories of pay, which may be revised only sporadically, may need to be considered on a case-by-case basis.