

Chapter 8

TOTAL TENANT PAYMENT AND FAMILY SHARE

[24 CFR Part 5, Subparts E and F; 982.153, 982.551]

SHA will use the methods set forth in this Administrative Plan to determine and verify family income at admission and at annual re-examination. The accurate calculation of annual income and adjusted income will ensure that families do not pay more or less rent than required under the regulations.

This Chapter defines the allowable expenses and deductions to be subtracted from annual income and how the number of household members may affect the Total Tenant Payment (TTP).

Income and TTP are calculated in accordance with 24 CFR Part 5, Subparts E and F, and the instructions set forth in HUD notices and memoranda. SHA's policies in this Chapter address those areas which give SHA discretion to define terms and to develop standards to ensure consistent application of the various factors that relate to the determination of TTP.

A. Income and Allowances [24 CFR 5.609]

“Income” includes all financial assets from any source, monetary or not, that are received by any member of the family. For purposes of calculating the Total Tenant Payment, HUD defines in the federal regulations what is to be counted and what is to be excluded. In accordance with this definition, all income that is not specifically excluded by the regulations is counted.

“Annual income” is the gross income anticipated to be received by all family members in the 12 months following certification or recertification. Gross income is the amount of income prior to any HUD allowed expenses or deductions. Annual income is used to determine whether applicants are within the applicable income limits.

“Adjusted income” is the annual income minus any HUD allowed expenses and deductions. HUD authorizes the following allowable deductions from annual income:

1. Dependent allowance: \$480 for each family member who is a minor, and for family members who are 18 and older who are full-time students or who are disabled (other than head of household, co-head or spouse);
2. Elderly/disabled allowance: \$400 per family for families whose head, co-head or spouse is 62 or over or disabled;
3. Medical and dependent care allowance: The sum of the following, to the extent the sum exceeds 3 percent of annual income:
 - a) Unreimbursed medical expenses of any elderly or disabled family member; and
 - b) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each disabled family member, to the extent necessary to enable any family member to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to

work because of such attendant care or auxiliary apparatus.

4. Child care expenses for children age 12 and under may be deducted from annual income if they enable an adult to work or attend school full-time, or to actively seek employment.

B. Disallowance of Earned Income from Rent Determinations for Persons with Disabilities
[24 CFR 5.617; 982.201 (D) (3)]

For purposes of rent determination, the annual income for qualified disabled families may not be increased as a result of increases in earned income of a family member who is disabled. This exclusion of income shall begin on the date on which the increase in earned income begins and shall continue for a cumulative 12-month period. After the disabled family receives 12 cumulative months of the exclusion, the annual income will include a phase-in of half the increase in earned income previously excluded from annual income.

To qualify for the earned income exclusion a disabled family must be receiving rental assistance under the Housing Choice Voucher Program and must be a family whose annual income increases as a result of:

1. Employment of a family member who is a person with disabilities, and who was previously unemployed for one or more years prior to employment;
2. Increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or
3. New employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for TANF, provided that the total amount over a six-month period is at least \$500.00.

“Previously unemployed” includes a person with disabilities who has earned in the previous 12 months no more than the equivalent earnings for working 10 hours per week for 50 weeks at the state minimum wage.

An economic self-sufficiency program is any program designed to encourage, assist, train or facilitate economic independence of assisted families or to provide work for such families. Such programs may include job training, employment counseling, work placement, basic skills training, education, English proficiency, workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as substance abuse or mental health treatment).

Amounts to be excluded include any increases in earned income of a family member who is disabled during participation in an economic self-sufficiency or job training program, but not increases that occur after participation in the program, unless the program provides assistance, training or mentoring after employment.

The amount of TANF received in the six-month period includes monthly income and such benefits and services as one-time payments, wage subsidies and transportation assistance.

The amount of income that may be excluded is the amount of the incremental increase in the disabled family member's income. The incremental increase in income is calculated by comparing the amount of the disabled family member's income before beginning the qualifying employment or receiving the increase in earned income with the amount of income after beginning the employment or receiving the increase in earned income.

Initial 12-Month Exclusion

During the cumulative 12-month period beginning on the date a disabled family member in a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, any increase in income received by a disabled family member as a result of employment of that family member will be excluded from the annual income of a qualified family.

Second 12-Month Exclusion and Phase-in

During the second cumulative 12-month period after the expiration of the initial cumulative 12-month period referred to above, 50 percent of any increase in income of a disabled family member as a result of employment of that family member shall be excluded from the annual income of a qualified family. The increase shall be measured from the date immediately prior to the beginning of such employment.

Maximum 4-Year Exclusion

The earned income disallowance is limited to a lifetime 48-month period for each disabled family member; that is, the disallowance applies for a maximum of 12 months of full exclusion of incremental increase, and a maximum of 12 months of phase-in exclusion during the 48-month period starting on the date of the initial exclusion.

If the period of increased income does not last for 12 consecutive months, the disallowance period may be resumed at any time within the 48-month period, and continued until the disallowance has been applied for a total of 12 months of each disallowance (the initial 12-month full exclusion and the second 12-month phase-in exclusion).

No earned income disallowance will be applied after the 48-month period following the initial date the exclusion was applied.

Applicability to Child Care and Disability Assistance Expense Deductions

The amount deducted for child care and disability assistance expenses necessary to permit employment shall not exceed the amount of employment income that is included in annual income. Therefore, for disabled families entitled to the earned income disallowance, the amounts of the full and phase-in exclusions from income shall not be used in determining the cap for child care and disability assistance expense deductions.

Tracking the Earned Income Exclusion

The earned income exclusion will be reported on the HUD Form 50058. Documentation will be included in the family's file to show the reason for the reduced increase in rent. Such documentation will include:

1. Date the increase in earned income was reported by the family;
2. Name of the family member whose earned income increased;
3. Reason (new employment, participation in job training program, within six months after receiving TANF) for the increase in earned income;
4. Amount of the increase in earned income (amount to be excluded);
5. Date the increase in income is first excluded from annual income;
6. Date(s) earned income ended and resumed during the initial cumulative 12-month period of exclusion (if any);
7. Date the family member has received a total of 12 months of the initial exclusion;
8. Date the 12-month phase-in period began;
9. Date(s) earned income ended and resumed during the second cumulative 12-month period (phase-in) of exclusion (if any);
10. Date the family member has received a total of 12 months of phase-in exclusion; and
11. Ending date of the maximum 48-month (4-year) disallowance period (48 months from the date of the initial earned income disallowance).

SHA will maintain a tracking system to ensure correct application of the earned income disallowance.

SHA will apply the earned income disallowance at a family's annual review or with an interim review, conditional on the date the income increase began.

Inapplicability to Admission

The earned income disallowance is only applied to determine the annual income of disabled families who are participants in the Housing Choice Voucher Program, and therefore does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).

C. Exclusion of Income from Qualified Training Programs

In order for SHA to exclude income while a participant is enrolled in a training program, SHA must ascertain that the income is earned from a qualified state or local employment training program. This rule applies to applicants, public housing residents and Section 8 participants. The Department of Housing and Urban Development (HUD) allows for the exemption of income based on very specific guidelines. According to the HUD Code of Federal Regulations 24 CFR 5.609(c), annual income does not include the following:

1. "Amounts received under training programs that are funded by HUD;" or
2. "Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs. Amounts excluded by this provision must be received under employment training programs with clearly defined

goals and objectives and are excluded only for the period which the family member participates in the employment training program.”

In order for the Section 8 Program to exempt training program income:

1. The training program must provide a current statement of goals and objectives to be attained through participation in the program and a specific timeline for such accomplishments; and
2. Ongoing training program participation must be a condition of the job placement. There must be a determination that the participant would not earn the same income in the job placement if he/she did not participate in the training program.

D. Minimum Rent [24 CFR 5.630 and SHA Board Resolution 4742, April 2004]

Minimum rent is \$50. Minimum rent refers to the Total Tenant Payment and includes the combined amount a family pays towards rent and/or utilities.

The minimum rent applies to all participants of the SHA Section 8 Housing Choice Voucher Program except residents of certain properties assisted by project-based Section 8 vouchers, as further described in Chapter 5.

Hardship waiver for minimum rents. Any household subject to the minimum rent may petition for a temporary or long-term hardship waiver for one of the following reasons:

1. A recent death in the immediate family has occurred and no income was received into the household the previous month.
2. The out of pocket medical expenses equal or exceed 50% of the gross household income and calculated rent, minus utility allowance if applicable, would be less than \$50.
3. The household has lost federal, state or local government assistance or is waiting for an eligibility determination, and no income was received into the household the previous month.
4. The household income has decreased due to a change in circumstances, such as loss of employment and no income was received into the household the previous month.

Foregone rent for short-term hardship must be repaid. SHA shall promptly make a determination whether the hardship is short-term or long-term. If SHA determines that the hardship is short-term, it may grant a temporary hardship waiver for up to 90 days. At the end of the 90 day period, the family must repay the foregone rent for the previous 90 days as well as begin making payments of \$50 from that point forward. The family may request a payment plan for the deferred rent from the hardship period.

E. Definition of Temporarily/Permanently Absent [24 CFR 982.54(d) (10), 982.551]

SHA must compute all applicable income of every family member who is on the lease, including those who are temporarily absent. SHA must count the income of the spouse or the head of the household if that person is temporarily absent. “Temporarily absent” is defined as away from the unit for less than 180 days.

Income of persons permanently absent will not be counted. If the spouse is temporarily absent and in the military, all military pay and allowances (except hazardous duty pay when exposed to hostile fire and any other exceptions to military pay HUD may define) is counted as income.

It is the responsibility of the head of household to report changes in family composition. SHA will evaluate absences from the unit using this policy.

Absence of Any Member

Any member of the household will be considered permanently absent if he or she is away from the unit for 180 days or more, except as otherwise provided in this Chapter.

Absence Due to Medical Reasons

If any family member leaves the household to enter a facility such as hospital, nursing home, or rehabilitation center, SHA will seek advice from a reliable qualified source as to the likelihood and timing of their return. If the verification indicates that the family member will be permanently confined to a nursing home, the family member will be considered permanently absent. If the verification indicates that the family member will return in less than 180 consecutive days, the family member will not be considered permanently absent.

If the person who is determined to be permanently absent is the sole member of the household, assistance will be terminated in accordance with SHA’s “Absence of Entire Family” policy.

Absence Due to Full-Time Student Status

Full-time students who attend school away from home and live with the family during school recess will be considered temporarily absent from the household.

Absence Due to Incarceration

If the sole member of a household is incarcerated for more than 180 consecutive days, he or she will be considered permanently absent. Any member of the household, other than the sole member, will be considered permanently absent if he or she is incarcerated for 30 consecutive days.

SHA will determine if the reason for incarceration is for drug-related or violent criminal activity.

Absence of Children Due to Placement in Foster Care

If the family includes a child or children temporarily absent from the home due to placement in foster care, SHA will determine from the appropriate agency when the child/children will be returned to the home.

If the time period is to be greater than 12 months from the date of removal of the child/children, the voucher size will be reduced. If all children are removed from the home permanently, the voucher size will be reduced in accordance with SHA's subsidy standards.

Absence of Entire Family

These policy guidelines address situations when the family is absent from the unit, but has not moved out of the unit. In cases where the family has moved out of the unit, SHA will terminate assistance in accordance with appropriate termination procedures contained in this Plan. Families are required both to notify SHA before they move out of a unit and to give SHA information about any family absence from the unit.

Families may be absent for brief periods of time. Families must notify SHA at least 30 days before leaving the unit or no more than 10 days after leaving the unit if they are going to be absent from the unit for more than 30 consecutive days. Families leaving their unit under duress may have up to 30 days after leaving the unit to notify SHA.

If the entire family is absent from the assisted unit for more than 180 consecutive days or if SHA otherwise determines that the unit has been vacated or abandoned, the unit will be considered to be vacated and the assistance will be terminated.

If it is determined that the family is absent from the unit, SHA may continue assistance payments for a maximum of six months, not to exceed 180 days. SHA will request written verification from the family to determine if they will be paying rent while absent from the unit, or if they will be permanently absent from the unit.

HUD regulations require SHA to terminate assistance if the entire family is absent from the unit for a period of more than 180 consecutive calendar days.

“Absent” means that no family member is residing in the unit.

In order to determine if the family is absent from the unit, SHA may investigate the situation by taking action, including but not limited to the following:

1. Write letters to the family at the unit;
2. Telephone the family at the unit;
3. Interview neighbors;
4. Verify if utilities are in service; and
5. Check with the post office.

A person with a disability may request an extension of time as an accommodation, provided that the extension does not go beyond the HUD-allowed 180 consecutive calendar days' limit.

Caretaker for Children

If neither parent remains in the household, and the appropriate agency has determined that another adult is to be brought into the assisted unit to care for the children for an indefinite period, SHA will treat that adult as a visitor for the first 30 days.

If by the end of that period, court-awarded custody or legal guardianship has been awarded to the caretaker, the voucher will be transferred to the caretaker.

If the appropriate agency cannot confirm the guardianship status of the caretaker, SHA will review the status at 180-day intervals.

If custody or legal guardianship has not been awarded by the court, but the action is in process, SHA will secure verification from social services staff or the attorney as to the status.

If custody is awarded for a limited time in excess of stated period, SHA will state in writing that the transfer of the voucher is for that limited time or as long as the caretaker has custody of the children. SHA will use discretion as deemed appropriate in determining any further assignment of the voucher on behalf of the children.

The caretaker will be allowed to remain in the unit, as a visitor, until a determination of custody is made.

When SHA approves a person to reside in the unit as caretaker for the child/children, the person's income should be counted pending a final disposition. SHA will work with the appropriate service agencies and the landlord to provide a smooth transition in these cases. If a member of the household is subject to a court order that restricts him or her from the home for more than six months, the person will be considered permanently absent.

Visitors/Unauthorized Adults in Unit

Any adult not included on HUD Form 50058 who has been in the unit more than 14 consecutive days without SHA approval, or a total of 30 days in a 12-month period, will be considered to be living in the unit as an unauthorized household member.

Absence of evidence of any other address may be considered verification that the visitor is a member of the household.

Statements from neighbors and/or the landlord will be considered in making the determination. Use of the unit address as the visitor's current residence for any purpose that is not explicitly temporary shall be construed as permanent residence.

The burden of proof that the individual is a visitor rests on the family. In the absence of such proof, the individual will be considered an unauthorized member of the household and SHA will terminate assistance, since prior approval was not requested for the addition.

Minors and college students who were part of the family but who now live away from home during the school year and are no longer on the lease may visit for up to 150 days per year without being considered a member of the household.

In a joint custody arrangement, if the minor is in the household less than 181 days per year, the minor will be considered to be an eligible visitor and not a family member.

Reporting Additions to Owner and SHA

Reporting changes in household composition to SHA is both a HUD and an SHA requirement. The family obligations require the family to request SHA approval to add any other family member as an occupant of the unit and to inform SHA of the birth, adoption or court-awarded custody of a child. The family must request prior approval of additional household members in writing. If any new family member is added, the income of the additional member will be included in the family income as applicable under HUD regulations.

If the family does not obtain prior written approval from SHA, any person the family has permitted to move in will be considered an unauthorized household member.

In the event that a visitor continues to reside in the unit after the maximum allowable time, the family must report it to SHA in writing within 10 business days of the maximum allowable time. Families are required to report any additions to the household in writing to SHA within 10 business days of the move-in date.

An interim reexamination will be conducted for any additions to the household.

In addition, SHA will require the family to obtain prior written approval from the owner when there are changes in family composition other than birth, adoption or court-awarded custody.

Reporting Absences to SHA

Reporting changes in household composition is both a HUD and an SHA requirement.

If a family member leaves the household, the family must report this change to SHA, in writing, within 10 business days of the change and report whether the member is temporarily absent or permanently absent.

SHA will conduct an interim evaluation for changes which affect the Total Tenant Payment in accordance with the interim policy.

F. Averaging Income [24 CFR 5.609 (d)]

When annual income cannot be anticipated for a full 12 months, SHA may average known sources of income that vary to compute an annual income, or annualize current income and conduct an interim re-examination if income changes. If there are bonuses or overtime which

the employer cannot anticipate for the next 12 months, bonuses and overtime received the previous year will be used.

If, by averaging, an estimate can be made for those families whose income fluctuates from month to month, this estimate will be used so as to reduce the number of interim adjustments. The method used depends on the regularity, source and type of income.

Income Manipulations: See Chapter 14 Part C.

G. Minimum Income/Reported Zero Income/Credit Checks

There is no minimum income requirement. Families who report zero income are required to report to SHA in writing any new income within 10 business days of the receipt of the income. SHA will then conduct an interim review for the family.

Families that report zero income (or any income lower than appears necessary to maintain the family) will be required to provide information regarding their means of basic subsistence, such as food, utilities, transportation, etc. If the family's likely expenses exceed their known income, SHA will make inquiry of the head of household as to the nature of the family's accessible resources. SHA may also conduct a credit check for the household, to determine whether the reported income and family composition is consistent with the household's credit relationships and expenditures.

H. Income of Person Permanently Confined to Nursing Home [24 CFR 982.54(d) (10)]

If a family member is permanently confined to a hospital or nursing home and there is a family member left in the household, SHA will calculate the income by using the following methodology and use the income figure which would result in a lower payment by the family:

1. Exclude the income of the person permanently confined to the nursing home and give the family no deductions for medical expenses of the confined family member; or
2. Include the income and deductions of the person permanently confined to the nursing home.

I. Regular Contributions and Gifts [24 CFR 5.609]

Regular contributions and gifts received from persons outside the household are counted as income for calculation of the Total Tenant Payment.

Any contribution or gift received reliably or periodically will be considered a "regular" contribution or gift. This includes rent and utility payments made on behalf of the family and other cash or non-cash contributions provided on a regular basis. It does not include casual contributions or sporadic gifts. (See Chapter 9, Verification Procedures.)

J. Alimony and Child Support [24 CFR 5.609]

Regular alimony and child support payments are counted as income for calculation of Total Tenant Payment.

If the amount of child support or alimony received is less than the amount awarded by the court, SHA will use the amount awarded by the court unless the family can verify that they are not receiving the full amount and verification of item(s) below are provided.

SHA will accept verification that the family is receiving an amount less than the award if:

1. SHA receives verification from the agency responsible for enforcement or collection; or
2. The family furnishes documentation of child support or alimony collection action filed through a child support enforcement/collection agency, or has filed an enforcement or collection action through an attorney.

It is the family's responsibility to supply a certified copy of the Divorce Decree.

K. Lump-Sum Receipts and Income From Trusts [24 CFR 5.609]

Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, are not included in income but may be included in assets.

Any lump-sum additions that are counted as assets will only be counted at a family's annual review, unless the family reported zero income at the time of their last review, in which case the cash value of the lump-sum amount will be added as assets at an interim review.

Lump-sum payments from Social Security or SSI are excluded from income, but any amount remaining will be considered an asset.

Lump-sum payments caused by delays in processing periodic payments such as unemployment or welfare assistance are counted as income.

Deferred periodic payments (excluding SS or SSI benefits), which have accumulated due to a dispute, will be treated the same as periodic payments which are deferred due to delays in processing.

In order to determine the amount of retroactive tenant rent that the family owes as a result of the lump-sum receipt being counted as income, SHA uses a calculation method which calculates retroactively or prospectively, depending on the circumstances.

Prospective Calculation Methodology

To be used at interims being done for previously zero income families, or for families who report the lump-sum receipt for the first time during their annual re-examination. If the payment is

reported on a timely basis, the calculation will be done prospectively and will result in an adjustment calculated as follows:

For annuals:

1. The entire lump-sum payment will be added to the annual income at the time of the annual review.

For interims:

1. SHA will determine the percent of the year remaining until the next annual recertification as of the date of the interim;
2. At the next annual recertification, SHA will apply the percentage balance to the lump-sum and add it to the rest of the annual income; and
3. The lump-sum will be added in the same way for any interims that occur prior to the next annual recertification.

Retroactive Calculation Methodology

To be used for non-zero income families who report the lump-sum receipt at their annual review but where the actual receipt occurred between annual re-exams. SHA will go back to the date the lump-sum payment was received, determine the amount of income for the certification period, including the lump sum, and recalculate the tenant rent for the certification period to determine the amount due SHA.

SHA will enter into a payment agreement with the family, unless the family confirms they are able to pay the retroactive amount with a single payment.

The amount owed by the family is a collectible debt even if the family becomes unassisted.

Attorney Fees

The family's attorney fees may be deducted from lump-sum payments, when computing annual income, if the attorney's efforts have recovered a lump-sum compensation, and the recovery paid to the family does not include an additional amount in full satisfaction of the attorney fees.

Income from Trusts [24 CFR 5.603 (b) (2)]

In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under 24 CFR 5.609. SHA will exclude costs to maintain the trust when determining annual income derived from a trust fund.

Trust distributions that are used solely to pay costs of maintaining the trust shall not be

considered income to the family.

L. Retirement Funds - Assets [24 CFR 5.603 (b)]

Company retirement/pension funds are handled as follows:

1. While an individual is employed, count as assets only amounts the family can withdraw without retiring or terminating employment;
2. After retirement or termination of employment, count as an asset any amount the employee elects to receive as a lump-sum; and
3. Include in annual income any retirement benefits received through periodic payments.

M. Assets Disposed of for Less Than Fair Market Value [24 CFR 5.603 (b) (3)]

SHA must count assets disposed of for less than fair market value during the two years preceding certification or re-examination. SHA will count the difference between the market value and the actual payment received in calculating total assets.

Assets disposed of as a result of foreclosure or bankruptcy are not considered to be assets disposed of for less than fair market value. Assets disposed of as a result of a divorce or separation are not considered to be assets disposed of for less than fair market value.

SHA's minimum threshold for counting assets disposed of for less than fair market value is \$1,000. If the total value of assets disposed of within a one-year period is less than \$1,000, they will not be considered an asset.

N. Child Care Expenses [24 CFR 5.603]

Child care expenses for children age 12 and under may be deducted from annual income if they enable an adult to work or attend school full time, or to actively seek employment.

In the case of a school-age child attending private school, only after-hours care can be counted as child care expenses.

Allowability of deductions for child care expenses is based on the following guidelines:

Child care to work

The maximum child care expense allowed must be less than the amount earned by the person enabled to work. The "person enabled to work" will be the adult member of the household who earns the least amount of income from working.

O. Medical Expenses [24 CFR 5.603, 5.611 (3) (i)]

When it is unclear in the HUD rules as to whether or not to allow an item as a medical expense, IRS Publication 502 will be used as a guide.

Non-prescription medicines must be doctor-recommended in order to be considered a medical expense.

Acupressure, acupuncture, herbal medicines, nutritional supplements and chiropractic services will be considered allowable medical expenses if prescribed by a doctor. Insulin is an allowed medical expense even if not prescribed by a doctor.

P. Pro-ration of Assistance for “Mixed” Families [24 CFR 5.520]

Applicability

Pro-ration of assistance must be offered to any “mixed” applicant or participant family. A “mixed” family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members.

Pro-rated Assistance Calculation

Pro-rated assistance is calculated by determining the amount of assistance payable if all family members were eligible and multiplying by the percent of the family members who actually are eligible. Calculations for each housing program are performed on HUD Form 50058.

Q. Income Changes Resulting from Welfare Program Requirements [24 CFR 5.605]

SHA will not reduce the rental contribution for families whose welfare assistance is reduced specifically because of:

1. Fraud by a family member in connection with the welfare program;
2. Failure to participate in an economic self-sufficiency program; or
3. Non-compliance with a work activities requirement.

However, SHA will reduce the rental contribution if the welfare assistance reduction is a result of:

1. The expiration of a lifetime time limit on receiving benefits;
2. A family member not complying with other welfare agency requirements, not related to WorkFirst;
3. A family member complying with welfare agency economic self-sufficiency or work activities requirements, who cannot or has not obtained employment. For example, the family member has complied with welfare program requirements, but the durational time limit, such as a cap on the length of time a family can receive benefits, causes the family to lose their welfare benefits; or
4. Imputed welfare income is the amount of annual income not actually received by a family as a result of a specified welfare benefit reduction that is included in the family’s income for rental contribution.

Imputed welfare income is not included in annual income if the family was not an assisted

resident at the time of sanction.

The amount of imputed welfare income is offset by the amount of additional income a family receives that begins after the sanction was imposed.

When additional income is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero.

Verification Before Denying a Request to Reduce Rent

SHA will obtain written verification from the welfare agency stating that the family's benefits have been reduced for fraud or noncompliance with economic self-sufficiency or work activities requirements before denying the family's request for rent reduction.

The welfare agency, at the request of SHA, will inform SHA of:

1. Amount and term of specified welfare benefit reduction for the family;
2. Reason for the reduction; and
3. Subsequent changes in term or amount of reduction.

Cooperation Agreements

SHA has a cooperation agreement in place with the local welfare agency, which assists SHA in obtaining the necessary information regarding welfare sanctions.

SHA has taken a proactive approach to promoting an effective working relationship between SHA and the local welfare agency for the purpose of targeting economic self-sufficiency programs throughout the community that are available to Housing Choice Voucher and public housing residents.

R. Utility Allowance and Utility Reimbursement Payments [24 CFR 982.517]

The same utility allowance schedule is used for all tenant-based programs, except for participants who choose to use their tenant-based Voucher in an SHA HOPE VI unit. HOPE VI units have a separate schedule which SHA calculated based on actual consumption data. HOPE VI properties include New Holly, Rainier Vista, and High Point. See the Appendix for the current utility allowance schedule.

The utility allowance is intended to cover the cost of utilities not included in the rent. The allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. Allowances are not based on an individual family's actual energy consumption.

SHA's utility allowance schedule, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the Housing Quality Standards.

SHA may not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

SHA must classify utilities in the utility allowance schedule according to the following general categories: space heating, cooking, water heating, water, sewer, trash collection; other electric, refrigerator (for tenant-supplied refrigerator), range (cost of tenant-supplied range); and other specified services.

SHA will review the utility allowance schedule annually. If the review determines that a utility rate has changed by 10 percent or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next re-examination.

The approved utility allowance schedule is given to families along with their voucher. The utility allowance is based on the actual unit size selected.

Where families provide their own range and refrigerator, SHA will establish an allowance adequate for the family to purchase or rent a range or refrigerator, even if the family already owns either appliance. Allowances for ranges and refrigerators will be based on the lesser of the cost of leasing or purchasing the appropriate appliance over a 12-month period.

Where the calculation on HUD Form 50058 results in a utility reimbursement payment due the family [24 CFR 982.514(b)], SHA will provide a utility reimbursement payment for the family each month. The check will be made out directly to the tenant.