



U.S. Department of Housing and Urban Development

# Using the Income Calculator to Determine Annual Income

November 13, 2012

# Speakers, Agenda and Handouts

- Speakers
  - David Noguera, HUD
  - Shawna LaRue Moraille, ICF
  - Kim Wollos, ICF
- Agenda
  - What is the CPD Income Calculator?
  - How does it work?
  - How should people use it?
- Handouts
  - PPTs
  - Screenshots
  - User Manual



# Q and A Format

- How to ask questions
  - Change status in Live Meeting from **green** to **purple**
  - Press \*1 to ask a question through Premiere Conference
    - Provide Name and Organization
    - If question already answered, press \*2 to remove from queue
  - Change status back to **green** after question answered
  - Can also ask question via Live Meeting



# What is the Income Calculator?

- Interactive online tool for determining income eligibility and tenant payment amounts
- Purposes of calculator:
  - Assist CPD grantees to accurately calculate income eligibility of CPD program beneficiaries
  - Enable grantees to determine adjusted income for purposes of HOME TBRA, HOPWA rental assistance
  - Calculate income-based tenant payments for HOME TBRA and HOPWA rental assistance
  - Enable flexibility to adapt/use in context of local policies



# What Programs Does the Calculator Cover (cont.)?

- Brownfield Economic Development Initiative (BEDI)
- Community Development Block Grant Program (CDBG)
- CDBG Disaster Recovery Assistance
- HOME Investment Partnerships Program (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Neighborhood Stabilization Program (NSP)
- Section 108 Loan Guarantee Program
- Self-Help Homeownership Opportunity (SHOP)



# What Does the Calculator Cover?

## 1. Annual Income

- Provides overall program eligibility

## 2. Adjusted Income - covered in November 15 webinar

- Used to determine ability to pay rent

## 3. Tenant Payments - covered in November 15 webinar

- Used in programs where tenant rental assistance is allowed



# What Does the Calculator Not Do?

- Calculator assists grantee to determine income eligibility but it does not replace need for:
  - Grantee to collect, verify and file third party source documents (when required)
  - Local policies and procedures regarding definitions, income determination process, rents and occupancy
  - Grantee to train staff, subrecipients, etc. on income determination basics
  - Supports situations where CPD funds are combined with other sources (i.e. LIHTC, HOPE VI etc.)



# Role of Annual Income in CPD Programs

- Determines eligible participants
  - Housing programs
  - Public services, public facilities, job activities
- For some CPD programs or activities, adjustments are made to annual income to determine tenant rent payment
  - Covered in November 15th webinar





# Options for Defining Annual Income

- Grantees may select among three income definitions for each activity, choice depends upon CPD program
  - Part 5 (“Section 8”) – all programs allow
  - IRS 1040 Adjusted Gross – limited use
  - American Community Survey (ACS) – extremely limited use
- Definition provided in grantee’s consolidated plan/action plan
- Note: *Definition* of income is not same as *documentation* of income
  - Example: use because using IRS definition does not mean tax return is only form of documentation

# Implementing The Income Definitions

- Grantee must have written policies & procedures that cover:
  - Definition of income
  - Calculation methodology
  - Timing of certifications
  - Documentation required (source, third party, etc.)
  - Income Limits– in the Calculator, print or save
  - Annual Income Summary – in the Calculator, print or save
  - Recertifications (rental and tenant based programs)



# Sources for Documenting Household Income Information

- Application/Intake Form
  - Scope depends upon program/activity
  - Includes enough information to determine program eligibility
- Source documentation
  - Examples: paystubs, SS letter, bank statements, etc.
- Third party documentation
  - Examples: verification of employment, and other forms sent directly to third parties



# Households Vs. Family

- Typically based on income earned by all adults in household or family (depending on activity type)
- Households
  - Used for all housing activities
  - Could be one or more individuals related or unrelated living in same dwelling unit
- Persons who are members of a family
  - Used for public services, public facilities, job activities under CDBG
  - Related by blood, marriage or adoption



# Getting Started on the CPD Income Calculator

Go to: <https://www.onecpd.info/incomecalculator/>

- User Account
  - Register
  - Log In
- Dashboard
  - Start new calculations
  - Complete previously started calculations
  - Review/Update completed calculations
  - Search for calculations
  - Delete existing calculations

# Getting Started on the CPD Income Calculator (cont.)

- Select a CPD Program
- Select a Beneficiary ID
  - Instead of Last Name
  - Protects privacy of applicants to CPD programs
  - Included on the Calculator screens and printouts
- Select Member IDs
  - Instead of First Names
  - Up to 12 members per household



# Getting Started on the CPD Income Calculator (cont.)

- Tracking Beneficiary IDs and Member IDs
  - Process is up to the grantee
  - A spreadsheet or other tool might be helpful with tabs for the individual CPD programs
  - Beneficiary ID and Member ID
    - Mix of numbers and letters allowed
    - Do not use personal information
    - Could use same IDs for different program but for the same household – i.e., CDBG emergency rehabilitation and HOME general rehabilitation



# Getting Started on the CPD Income Calculator (cont.)

- HOPWA client privacy
  - Exclude any personal information in the calculator
  - First or last names should not be written on calculator printouts





# Income Limits

- User selects the geographic area, number of persons in household, and applicable income limit
- Calculator determines annual income limit for the household
- User can print or save the Income Limit page for their files



# Annual Income - 24 CFR Part 5

- Short Form Method
  - Shorter, links directly to income calculation worksheet where inputs are made
  - Use when more familiar with the system
- Guided (Step-by-Step) Method
  - Provides member by member input of income and asset sources
  - Use initially until user is proficient



# Annual Income - 24 CFR Part 5

- Use Short or Guided (Step-by-Step) Method
- Enter Anticipated Income for each member
  - Wages/Salaries
  - Public Assistance
  - Benefits/Pensions
  - Other Income
- Enter Assets for each member
  - Cash
  - Stocks
  - Pension Funds
  - Personal Property
  - Equity
  - Retirement Accounts
  - Life Insurance
  - Lump Sums
  - Deeds
- Produces downloadable Annual Income Summary with Determination of Eligibility Based on Income Limit



# Annual Income - IRS 1040

- Calculator uses most recent version of IRS Form
- Other line items included to accommodate for annual changes to 1040
  - Fields such as “Other Income” and “Other Deductions”
- Produces downloadable Annual Income Summary with Determination of Eligibility Based on Income Limit



# Annual Income – American Community Survey (ACS)

- Last Annual Income definition available in the system and used by a limited number of programs
- Formerly called Census definition of income
- Calculator uses most recent version of American Community Survey (ACS) Form
- Produces downloadable Annual Income Summary with Determination of Eligibility Based on Income Limit



# ***Case Study: HOME Annual Income***

## **– Part 5**

- Beneficiary ID# 92812
- Columbus, OH MSA
- Annual Income
  - HH1 – Head of household, employed in sanitation, \$20,000 per year
  - HH2 – Co-head of household, employed part-time babysitting, \$10,000 per year
  - HH3 – Under age 18
  - HH4 – Under age 18



# ***Case Study: NSP Annual Income – IRS 1040***

- Beneficiary ID# 1003122
- Chicago, IL MSA
- Annual Income
  - HH1 – Head of household, employed in teaching, \$40,000 and has student loan interest \$2000
  - HH2 – Co-head of household, employed part-time in legal work
  - HH3 – Infant
  - HH4 - Infant



# ***Case Study: CDBG Annual Income***

## **– ACS**

- Beneficiary ID# 100312
- Fort Wayne, IN MSA
- Annual Income
  - HH1 – Head of household, employed part-time in landscaping, \$10,000 and receives SSA \$10,200
  - HH2 – Co-head of household, receives SSA \$9,600





# Annual Income – Self Certification by Beneficiary

- Only applicable to some programs and activities
  - Possible risk if a beneficiary later audited, determined to be over income
- Beneficiary signs-off on their income at the time of assistance
- Calculator generates form to be completed and included in beneficiary files



# Annual Income – Recertification by Government Programs

- Only applicable to some programs and activities
  - Ex: HOME at time of recertification, depending upon affordability period year
- Government Program Administrator signs-off on beneficiary's income at the time of assistance
  - Possible risk if a beneficiary later audited, determined to be over income
- Calculator generates form to be completed and included in beneficiary files



# Saving Your Calculations

- Annual Income Summary
  - Back up documentation (e.g., source, third party) **MUST** be used/kept
  - Print out or saved to hard drive as PDF
  - Follow filing/retention procedures
- Calculator does save Summary for 13 months
- Calculator does not save supporting documentation



# Who Should Use the Calculator?

- Grantee staff who manage and monitor activities
- Subrecipients who qualify households for assistance
- Nonprofits, for-profits and other entities that qualify households for assistance
- Rental property owners/managers who qualify and recertify tenants when there is a period of affordability



# How to Integrate the Calculator in CPD Programs?

- Modify local occupancy policies/procedures to use of include calculator
- Provide training and resources to other staff, subrecipients, nonprofits and other partners
- Hold demonstrations of calculator at application workshops, regional meetings, conferences, etc.
- Encourage calculator use in onsite monitoring visits with partners and reference in monitoring reports as helpful tool

# NSP Resource Exchange Links

NSP Resource Exchange	
Search the Resource Library	<a href="http://hudnsphelp.info/resources">http://hudnsphelp.info/resources</a>
Search the FAQs	<a href="http://hudnsphelp.info/faqs">http://hudnsphelp.info/faqs</a>
View All Training Materials on the Learning Center	<a href="http://hudnsphelp.info/learning">http://hudnsphelp.info/learning</a>
Submit a Policy Question via Ask A Question	<a href="http://hudnsphelp.info/question">http://hudnsphelp.info/question</a>
Request Technical Assistance	<a href="http://hudnsphelp.info/RequestTA">http://hudnsphelp.info/RequestTA</a>

Connect with NSP	
Join the Listserv	<a href="http://hudnsphelp.info/listserv">http://hudnsphelp.info/listserv</a>
Visit the NSP Flickr Gallery	<a href="http://www.flickr.com/photos/nspresourceexchange">http://www.flickr.com/photos/nspresourceexchange</a>
Visit the NSP YouTube Channel	<a href="http://www.youtube.com/user/NSPResourceExchange">http://www.youtube.com/user/NSPResourceExchange</a>



# Please Give Us Your Feedback

- Answer a few short questions
- Link:  
[http://www.surveymonkey.com/s/ICAI\\_111312](http://www.surveymonkey.com/s/ICAI_111312)

