

Income Certification for SHIP Applicants: Part 2

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Income Certification for SHIP Applicants Part 1

Go to the following link to view and download power point and handouts



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Accessory Dwelling Units Providing Affordable Housing – [Recording](#) – [PowerPoint](#) – Sept. 17, 2019

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Working with Nonprofits, Sponsors and Subrecipients – [Recording](#) – [PowerPoint](#) – August 21, 2019

Shared Equity and Community Land Trusts – [Recording](#) – [PowerPoint](#) – August 6, 2019

Affordable Housing Innovations in HB 7103 – [Recording](#) – [PowerPoint](#) – July 22, 2019

Preparing for Deadlines and Annual Reports- [Recording](#) – [PowerPoint](#) – June 27, 2019

SHIP Annual Reports: Guidance on Tracking – [Recording](#) – [PowerPoint](#) – June 6, 2019

Best Practices for Procurement of Construction and Rehabilitation – [Recording](#) – [PowerPoint](#) – April 24, 2019

Special Needs Assistance with SHIP Funds – [Recording](#) – [PowerPoint](#) – April 8, 2019

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Webinar Logistics

- Participants are muted
- Enter your questions in the box in your webinar panel
- Forgot to ask a question or want to ask privately?

Email me at andujar@flhousing.org

- This webinar is being recorded and will be available at www.flhousing.org
- A survey will immediately follow the webinar; ***please*** complete it!
Thanks!

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Overview of Resources

- Code of Fed Regulation: 24 CFR Part 5
- Income inclusions and exclusions
- HUD Handbook 4350.3: Chapter 5, Appendices 3 and 6C
- Income and rent limits chart

Survival Tools for SHIP Staff

- www.floridahousing.org
- SHIP Manual
- SHIP RULE – Chapter 67-37
- SHIP Statute – 420.907
- On-line Web Tutorial – www.flhousing.org
- <http://www.flhousing.org/publications/>
- NEW! ➡



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Survival Tools for SHIP Staff (continued)

- FHC Technical Assistance hotline: 1-800-677-4548
- Local Housing Assistance Plan
- Annual Reports
- Tracking Sheets
- Monitoring Reports

Download the Updated SHIP Manual at: www.floridahousing.org



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Home / Programs / Special Programs / SHIP - State Housing Initiatives Partnership Program

State Housing Initiatives Partnership (SHIP)

Florida Housing administers the State Housing Initiatives Partnership program (SHIP), which provides funds to local governments as an incentive to create partnerships to preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families.

SHIP funds are distributed on an entitlement basis to all 67 counties and 52 Community Development Block Grant entitlement cities in Florida. The minimum allocation to participate, local governments must establish a local housing assistance program by ordinance; develop a local housing assistance plan and housing incentive development regulations or establish local policies to implement the incentive strategies; form partnerships and combine resources in order to reduce housing costs; mortgage payments within the targeted areas do not exceed 30 percent of the area median income limits, unless authorized by the mortgage lender.

SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, rental assistance, financial counseling, downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling. Funds may be used that meet the standards of chapter 553.

A minimum of 65 percent of the funds must be spent on eligible homeownership activities; a minimum of 75 percent of funds must be spent on eligible construction activities.

QUICK LINKS

Rent Limits

Income Limits

Catalyst Program and Workshop Schedule

Find Local SHIP Offices

005-2015-01 NOFA Advertisements

SHIP FSAA Information

SHIP Procedures Manual Online

Inc Certification Form Rental 2-15 version

Inc Certification Form Homeownership 2-15 version

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SHIP Manual: Table of Contents

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SHIP Procedures Manual

Appendix E Applicant Qualification

This appendix offers guidance about eligibility determination and the documentation of income, assets and other household details. The guidance pertains to the Section 8 income definition that is commonly used by SHIP administrators. However, SHIP allows for several methods of defining income, which are listed in Section 420.9071 of the Florida Statutes: *“Annual gross income” means annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; annual income as reported under the census long form for the recent available decennial census; or adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes or as defined by standard practices used in the lending industry as detailed in the local housing assistance plan and approved by the corporation.*

Those who administer SHIP using an alternative income definition may need to contact the Florida Housing Coalition for guidance specific to that alternative income definition.

A. Determining Household Size

Even before beginning to count the household’s income, it is important to properly count the number of people in the household. It is essential to accurately determine household size, since program eligibility is “adjusted for family size” (as defined in Section 420.9071 (1) of the Florida Statutes). The median income is based on a four-person household. The income

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HUD's Online Income Calculator

<https://www.hudexchange.info/incomecalculator/>

CPD Income Eligibility Calculator

- Performs calculations based on the program selected
- Prints out information
- User manual and webinars are available

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Three Methods for Determining Income Eligibility

- 24 CFR Part 5
- IRS FORM 1040
- Census Long Form

Regardless of definition used... "Income shall be calculated by annualizing ***verified*** sources of income...to be received...during the ***12 months following*** the effective date of the determination.

Statutory Intent

"The benefit of assistance provided through the State Housing Initiatives Partnership Program must accrue to *eligible persons* occupying *eligible housing* "

Section 420.9075 (4)(j) Florida Statutes

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Annual Income Definition (24 CFR Part 5)

All amounts, monetary or not, which:

1. Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any family member
2. Are anticipated to be received from a source outside the household during the 12-month period
3. Annual income also means amounts derived from assets

Income Qualification Part 1. Webinar

October 15, 2019

- Pre-Application
- Step 1: Application
- Step 2: Income Verification

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Income Qualification Process

Pre-Application Steps

Step 1: Application

Step 2: Income Verification

Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



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Step 3: Verification of Assets

Count all

- Bank accounts
- Stocks or Bonds
- Mutual funds
- IRA / 401K
- Lump sum receipts
- Whole Life Insurance cash value
- Personal property held as investment
- Retirement

Do Not Count

- House that applicant lives in
- Personal property (furniture, cars, wedding ring)
- Term life insurance policies
- Assets not accessible to and that provide no income for the applicant
- Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

Go Fund Me

*Go fund me **ONLY** converts to an asset if it is deposited into a checking or savings account.*

FHFC Guidance:

Monitor the amount of money in a GoFundMe account. If the GoFundMe account plus the household's other assets total \$5000 or greater, require that the GoFundMe balance be deposited into a checking or other bank account, so that imputed income from assets may be properly calculated.

Counting a Social Security Debit Card as an Asset

First, a related topic: count the monthly social security benefit as household income

HUD Hot Topics, April 2015:

Handle a Direct Express Debit Card as a savings account

- Current balance is the cash value of the asset

More about Social Security Debit Card

- Applicant provides an account balance no more than 120 days old from an ATM, through the online account service, or a paper statement.
- Verification document must identify the account and the account holder
- There is no actual income from this asset. If household assets exceed \$5,000, calculate imputed income

Source: HUD Archives Multifamily Housing 2013 website

Retirement Accounts

- These are assets if money is accessible, even if withdrawal would result in a penalty.
- Amounts only accessible upon retirement are not counted.



Calculating Income from Assets

Step # 1: Calculate Cash Value

Cash Value = Market value of asset *minus* reasonable costs incurred to convert it to cash.

Examples:

- Early Withdrawal Penalty
- Broker/legal fees assessed to sell or convert the asset to cash

Checking and Savings Accounts

- For checking use the average 6 months balance
 - If third party verification provides more or less than six months, collect six months of bank statements and average using the end balance
 - If the applicant has had the account less than six months, use average for months the account has been open
- For savings use the most current end balance
 - Check for interest earned on statement
 - Calculate the income from the asset

Calculating Income from Assets

Step # 2: Calculate Actual Income

Some Assets Generate Actual Income:

- Savings Account
- Certificate of Deposit

Calculating Income from Assets (continued)

Step # 2: Calculate Actual Income

- Savings Account
- Certificate of Deposit

\$125.00 most current balance.

Interest rate 3%

Value of asset is \$125.00

Income from asset is $125.00 \times 3\% = \$3.75$

Asset Calculation

.03% (.0003) is not the same as 3% (.03)

$$\$100.00 \times .03\% = \$.03$$

$$\$100.00 \times 3\% = \$3.00$$

Calculating Income from Assets

Step # 3: Calculate Imputed Income

If total assets exceed \$5,000, *"impute"* income by multiplying by the passbook rate, currently .06%, specified by HUD

Source: HUD Handbook 4350.3, Chapter 5, Section 5-7 (F)

Example of Calculating Property Value

Market value	\$50,000
Less mortgage	- \$30,000
Less sales costs	<u>- \$4,000</u>
Closing, realtor...	
Total cash value	\$16,000

Example of Income from Assets Property

\$7,200/year = \$600 of Monthly Rent

- \$2,000/year = Subtract expenses, such as taxes, insurance,
and maintenance

\$5,200/year = Actual asset income

Calculating Income from Assets

D. **Assets:** All household members including assets owned by minors

Member	Asset Description	Cash Value	Income from Assets
1			
2			
3			
4			
5			
6			
7			
8			
Total Cash Value of Assets D(a)		\$	
Total Income from Assets		D(b)	\$
If line D(a) is greater than \$5,000, multiply that amount by the rate specified by HUD (applicable rate <u>.06 %</u>) and enter results in D(c), otherwise leave blank.		D(c)	\$

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Calculating Income from Assets

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
5	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
6	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
7	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
8	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	(a)	(b)	(c)	(d)	(e)
Totals	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Enter total of items E(a) through E(e). This amount is the Annual Anticipated Household Income					\$ <input type="text"/>

- F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.



WARNING: Florida Statute 817 provides that willful false statements or misrepresentation

Asset Questions



Asset Question

The final asset income of a family whose net cash value of assets total \$6000, with an imputed asset income of \$120 and anticipated asset income of \$275 will be:

- a. \$0
- b. \$275
- c. \$120
- d. Determined by internal program policy

Asset Question

A head of household owns a property (no mortgage) that they rent out for \$5000 per year. After expenses for taxes, insurance, maintenance and utilities they net \$3800 for the year in rent. The PROGRAM should count the \$3800 as income from the property.

- a. True
- b. False

Asset Question

The asset income of minors is excluded from annual income.

- a. True
- b. False

Which of the following is not considered to be an asset?

- a. Whole life insurance policies
- b. A trust fund to which the family has access
- c. Real property with no mortgage
- d. None of the above

Asset Question

The Atkins family has a daughter, age 13, who has a savings account with a current balance of \$4500 and anticipated income of \$50 for the next 12 months. You should not count this income because she is a minor.

- a. True
- b. False

Asset Question

To arrive at cash value of a real estate asset:

- a. Subtract any loan balance and expenses to sell from the market value
- b. Multiply market value by HUD passbook rate
- c. Subtract anticipated income from market value
- d. None of the above

Asset Question

- Peter has a checking account with a current a balance of \$700 and a 6-month average balance of \$595. The account earns no interest.
- \$595.00
- James has a savings account with a current balance of \$2695 (average balance \$2500), which earns 1%
- $\$2695.00 \times 1\% = \26.95

Asset Question

Georgina has a savings account with a current balance of \$3380 earning 1.05% interest. She has a non-interest-bearing checking account with a 6-month average balance of \$790. She also owns a vacant lot which has a market value of \$7500. If she were to sell the lot, she would incur a \$750 broker's fee and \$500 settlement costs. She owes nothing on the lot and does not rent it out. The HUD passbook rate is .06%. Her **imputed** asset income is:

- a. \$0
- b. \$36.17
- c. \$6.22
- d. \$20.16
- e. \$6.25

$$\$3,380 + \$790 + \$6,250 = \$10,420 \times .06\% = \$6.25$$

Asset Example

- Juan has a checking account with a current balance of \$1,000 and an average 6-month balance of \$870. It earns .2% interest
- He received an inheritance that he used to buy a new car (\$12,000), pay off his \$3000 credit card bill and open a mutual fund account with the remaining \$15,000 w/ an interest rate of 1.3%.

Actual income from asset $\$870 \times .2\% = \1.74

$\$15,000 \times 1.3\% = 195.00 + 1.74 = \196.74

Inputted income from asset

$\$870 + 15,000 = \$15,870 \times .06\% = \$9.52$

Carry over the higher of the two \$196.74

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Name of Household Member	Asset Description	Cash Value of Asset	Actual Income from Asset
1. Juan Herrera	Checking Acct .2%	\$870 (av. 6-month balance)	\$1.74
2. Same	Mutual fund @1.3%	\$15,000.00	\$195.00
3. Cash value of assets		\$15,870.00	_____
4. Actual income			\$196.74
If line 3 is greater than \$5000 multiply line 3 by .06% and enter here	(passbook rate)		\$9.52

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Income Qualification Process

Pre-Application Steps

Step 1: Application

Step 2: Income Verification

Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



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Step 4: Calculation Methodologies

Always use gross, Do not round up or down

- Verification shows range of hours:
 - take the high end
- To annualize full-time employment, multiply
 - hourly wages by 2,080 hours
 - weekly wages by 52
 - bi-weekly amounts by 26
 - semi-monthly amounts by 24
 - monthly amounts by 12

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Calculate this Household's Income

James White

- Full time \$14.25 /hour, Overtime (time and half) of 8 hours/month, Pension of \$400/month

Mary White

- 18 hours/week at a bank @ \$12.50/hour
- Her mom gives \$50/month to help w/ expenses

James White Jr, age 20

- 15 hrs./week, \$8/hour, FT college student

Household Member	Wages/ Salary	Benefit/ Pension	Public Assistance	Other	Total
James	31,692	4,800			36,492
Mary	11,700			600	12,300
James Jr	480				480
TOTAL	41,820	4,800		600	49,272

James

Salary = $14.25 \times 40 \times 52 =$ **\$29,640;**

Overtime = $14.25 \times 1.5 = \$21.37 \times 8 = \$171 \times 12 =$ **\$2,052;**

Income = $\$29,640.00 + \$2,052 =$ **\$31,692.00**

Pension = $\$400 \times 12 =$ **\$4,800**

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Household Member	Wages/Salary	Benefit/Pension	Public Assistance	Other	Total
James	31,692	4800			36,492
Mary	11,700			600	12,300
James Jr	480				480
TOTAL	41,820	4800		600	49,272

Mary

$12.50 \times 18 \times 52 = \textbf{\$11,700}$; $\$50 \times 12 = \textbf{\$600}$

James Jr

Full time student over 18, not head of household
count first **\$480** only

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Income Qualification Process

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Step 5: Income Certification

- Review of Steps 1-4
- Re-check and document Computations
- All household members over 18 sign. Housing Provider Signs last.
- Effective Date: Date last person signs
- Allocation Year: SHIP funding Year
- Issue award letter
- No white out

Income Certification Form

FLORIDA HOUSING FINANCE CORPORATION

227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301

RESIDENT INCOME CERTIFICATION - HOME OWNER State Housing Initiatives Partnership (SHIP) Program

Effective Date: Allocation Year:

A. Recipient Information (select one)

- a. ☐ Current homeowner
- b. ☐ Home buyer ☐ Existing Dwelling ☐ Newly Constructed Dwelling

B. Subsidy Use (check all that apply)

- ☐ Down Payment Assistance ☐ Principal Buy Down
- ☐ Closing Costs ☐ Rehabilitation
- ☐ Interest Subsidy ☐ Emergency Repair
- ☐ Loan Guarantee ☐ Other

C. Household Information: Include all household members

Member	Full Name	Relationship to Head	Age
1	<input type="text"/>	HEAD	<input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Income Certification Quiz: When to Use Which Income Limits

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227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329; (850) 488-4197; Fax (850) 488-9809

RESIDENT INCOME CERTIFICATION - RENTAL HOUSING
State Housing Initiatives Partnership (SHIP) Program

A. Certification Information (select one)

<input type="checkbox"/>	Initial Certification (IC)	Effective Date:	<input type="text"/>
<input type="checkbox"/>	Annual Recertification (AR)	Effective Date:	<input type="text"/>

B. Subsidy Use (check all that apply)

<input type="checkbox"/>	Multifamily Rental	<input type="checkbox"/>	Other
<input type="checkbox"/>	Transitional Housing		

C. Household Information: Include all household members

Member	Full Name	Relationship to Head	Age
1		HEAD	

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QUIZ: When to Use Which Income Limits

March 6, 2015	2015 Income Limits Posted
January 27, 2016	Completed application
March 18, 2016	All verifications received
March 28, 2016	2016 Income Limits Posted
April 8, 2016	Administrator Signed Certification
April 9, 2016	Adult HH members Signed Cert
April 9, 2016	Award Letter issued

Effective Date on the Certification Form?
Use 2015 or 2016 Income Limits?
Any activity completed "Out of Order?"

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Notary Required

If one or more of the household members signs the certification without a SHIP staff person present, the signatures must be notarized.

- F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.83.

	Date	
Signature of Head of Household		
	Date	
Signature of Spouse or Co-Head of Household		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		
	Date	
Signature of Household Member (over 18 years)		

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Denial Letter

“You’re Not Eligible”



What should a denial letter
include?

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Step 6. Award

- Award letter or written commitment
- State the terms/conditions of the award
- Execute Lease
- Specifies an “expiration” date
- Provides “next steps”

Avoid Common Administrative Mistakes

Income Calculations

- Exceeding 120-day clock
- Inaccurate or Incomplete Verifications
- Missing or incomplete Income Certification

File Tips

- Keep a log of actions
- Update a file checklist
- Date stamp all verifications
- All documents: signed, dated



Please complete the evaluation!

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954-593-8988

Technical Assistance Hotline: 1-800-677-4548

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