

Regional Affordable Rental Housing Program

INCOME & ASSET POLICY

I. PURPOSE

The Regional Affordable Rental Housing Program (RARHP) supports the creation and preservation of permanently affordable rental housing units that serve extremely low, very low, low- and moderate-income households within the Region. The RARHP strives to provide housing opportunities to meet full spectrum of affordable housing needs and targets the following populations:

- Households with children;
- Households with working members who earn a low or moderate wage;
- Non-student Households; and
- Special population groups including: disabled, homeless, and elderly.

RARHP supported permanently affordable rental housing opportunities have specific income and asset limit requirements that define eligible occupants. These requirements are identified in Funding Agreements, Covenants and the Regional Affordable Housing Rental Compliance Manual which are required for each project supported through city participation.

II. INCOME POLICY

A. Definition of Annual Income

Annual income (24 CFR 5.609(a)) includes, with respect to the household:

- All amounts, not specifically excluded in the HOTMA rule, received from all sources by each member of the family 18 years or older or is the head of household or spouse of the head of household, plus
- Unearned income by or on behalf of each dependent who is under 18 years of age, and
- Imputed returns on net family assets exceeding \$50,000 (adjusted annually using the CPI-W) when the value of the actual returns from a given asset cannot be calculated. Imputed returns are based on the current passbook savings rate, as determined by HUD.

B. Maximum Income Limit

At the time of initial occupancy, the combined annual household income may not exceed the Area Median Income limit based on household size for each permanently affordable rental housing unit as outlined in the executed Funding Agreement and Low-Income Rental Housing Covenant recorded on the property. However, after initial occupancy a person or household whose income increases above the Area Median Income (AMI) as referenced above may be allowed to renew their lease, provided that the combined household income does not exceed 140% of 60% (or 84%) AMI for each permanently affordable rental housing unit.

C. Method of Verification & Recertification

The Owner/Manager must verify the combined household income of all members 18 years of age and older except live-in aides, foster children, and foster adults. Income and asset verification must be completed at the initial occupancy and annually thereafter. The Boulder

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Regional Affordable Rental Housing Program has adopted the following methods for verifying household income.

1. If a household is applying for or living in a permanently affordable rental unit, and the unit is assisted by a Federal or State project-based rental subsidy program, the Owner/Manager must accept the public housing agency, owner, or rental subsidy provider's determination of the household's annual income and adjusted income under that program's rules as outlined in 4.14(A).
2. If a household is applying for or living in a permanently affordable rental unit, and the household is assisted by a Federal tenant-based rental assistance program (*e.g.*, housing choice vouchers, etc.), the Owner/Manager may accept the rental assistance provider's determination of the household's annual income and adjusted income under that program's rules.
3. In all other cases, the Owner/Manager must calculate annual income in accordance with paragraphs 4.14(B) at initial occupancy and (C) through (E) upon recertification.

D. Required Documentation for Annual Income Calculations

For households that receive rental assistance, the Owner/Manager must follow 4.14(A). For households who are not receiving rental assistance, the Owner/Manager must initially determine annual income using the method in 4.14(B). For subsequent income determinations, the Owner/Manager may use 4.14(C) or (D).

1. Rental Subsidy Provider Income Determination

When a household receives a rental subsidy, the Owner/Manager must use the income and asset determination completed by the rental subsidy provider ([Appendix IV-D.1](#)) in lieu of third-party verification at the time of initial occupancy and annual recertification. Using the rental subsidy provider's income determination will reduce the administrative burden on Owners/Managers.

The Owner/Manager must enter into an agreement with the rental subsidy provider and the City of Boulder prior to accepting income and asset determinations from rental subsidy providers for households occupying affordable rental units. These Agreements must be executed and submitted to the City of Boulder prior to implementation. The Rental Subsidy Provider's income determination must be accepted at initial occupancy and annual recertification.

2. **Third Party Verification** Owners/Managers must conduct third-party income and verification prior to the first year of occupancy and every 6th year of the placed in-service date or HOME Period of Affordability, as applicable. Under this form of verification, a third party (*e.g.*, employer, Social Security Administration, or public assistance agency) is contacted to provide information to verify income and assets.

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- The verifiable income of all household members 18 years of age and older must be included.
- The determination must be based on income that is anticipated in the next twelve months.
- The Owner/Manager must examine two months of **source documents** to verify the accuracy of the income information reported on the application.

NOTE: With the exception of households receiving rental subsidy, households in the affordable property must have third party verification every sixth year of placed in service date - not sixth year of the household anniversary date.

Example:

PIS Year	1	2	3	4	5	6	7
HOME	3 rd party	Self-Cert	Self-Cert	Self-Cert	Self-Cert	3 rd party	Self-Cert

3. Self-Certification

Upon annual recertification during intervening years, Owners/Managers may accept self-certification of income and assets from tenants. Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.

4. Government Program Income Determination

Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.

5. Safe Harbor – Determination of Income Using Means Tested Public Assistance

Owners/Managers may determine the household income based on income determinations at initial occupancy and annual recertification from the following means-tested forms of Federal public assistance:

- Temporary Aid for Needy Families (TANF)
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Low Income Housing Tax Credit
- Special Supplemental Nutrition for Woman, Infants and Children (WIC)

Safe Harbor verification must be obtained by means of third-party verification and must state the household size, must be for the entire household (i.e., the household members

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listed in the documentation must match the household's composition in the permanently affordable unit and must state the amount of household annual income. Safe Harbor verification must not be mixed and matched with other income verifications, including other Safe Harbor income determinations. For example: if a household receives TANF and SNAP, only one income determination is required.

NOTE: Per HUD, the Safe Harbor provision may not be used for HOME-assisted units.

III. ASSET POLICY

This Policy defines an asset as cash or non-cash items that can be readily converted to cash including, taxable interest, checking, savings, stocks, bonds, and other forms of capital investment. Annual income includes amounts derived from assets to which household members have access.

A. Asset Exclusions

Personal property, educational savings accounts and trusts that is not revocable by, or under the control of, any member of the household will not be considered a net family asset. Accounts recognized as retirement accounts by the IRS are not counted as assets. Once the household begins making periodic withdrawals, the withdrawals are counted as income and the value of the account continues to be ignored as an asset. For households that receive rental assistance payments, the Owner/Manager must accept the rental subsidy provider's asset verification in lieu of third-party verification.

B. Verification of Assets & Calculation of Annual Income

Owners/Managers may accept self-certification of assets equal to or less than \$50,000 and the anticipated income earned from assets without taking additional steps to verify accuracy at initial occupancy and annual recertification. Households with assets that exceed \$50,000, the Owner/Manager must conduct third-party verification of assets at the time of application and every sixth year of the placed in-service date.

C. Asset Limit

Households with assets of more than \$100,000 at the time of initial application or annual recertification of income are not eligible to occupy or renew their lease for a permanently affordable rental housing unit.

D. Restriction on Residential Ownership

Applicants and/or tenants that have ownership interest in a residential property that is suitable for occupancy in which they can legally reside are restricted from occupying a permanently affordable rental housing unit. However, some exceptions may apply as outlined in the Income & Asset Policy which include applicant has ownership interest in residential property in which they cannot legally reside; or the applicant has ownership interest in residential property that is not suitable for occupancy.

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E. Asset Policy Exceptions

The Income & Asset Policy provides an exception to the asset limit for elderly and disabled persons. Federal law defines an elderly person as an individual that is 55 years of age or older. A disabled person is defined as a person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment; or is regarded as having such an impairment.

F. Exception Request Review Process

Any applicant/tenant seeking an exception to the Asset Policy (including the restriction on residential ownership) must submit an Exception Request and supplemental documentation which supports eligibility for exception to Property Management staff for their review to make a determination of eligibility. All Asset Policy Exception Requests ([Appendix IV-B.2](#)) and supplemental documentation must be maintained in the tenant file. Compliance staff will review this documentation during regular Site Reviews and remote monitoring. Any issues of non-compliance including corrective action will be documented in the monitoring letter.

NOTE: There is not an asset limit required in the HOME or LIHTC Programs. The city's Asset Limit policy was developed as a local rule. The Owner/Manager must adhere to the most restrictive requirements.
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IV. NON-RENEWAL OF LEASE

Any household whose has been determined ineligible per the terms outlined in this policy upon annual recertification, is no longer eligible to renew their lease for the permanently affordable rental housing unit.

V. INTERPRETATION & APPLICATION

Questions regarding the interpretation and application of this policy should be directed to the Housing Senior Compliance Manager.

VI. POLICY CHANGES

This policy supersedes all previous policies covering the same or similar topics. Any exceptions to this policy may only be granted by the Director of Housing and Human Services, City Manager, or their designee. This policy may be reviewed and updated at any time.