Aspen Pitkin County Housing Authority
A·P·C·H·A
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Strengthening Community Through Workforce Housing

Income Calculation

APCHA must calculate personal and household income in order to qualify applicants, determine category, and to determine compliance.

There is no exact formula for determining annual income because every person or household's sources of income and documentation of such income may be different. Therefore, APCHA can only identify the sources of income and the documentation of such income that are considered in determining if applicable income limitations are satisfied. It is the responsibility of all persons and households to accurately and satisfactorily document income.

The information below relates to how APCHA determines income for APCHA's requirements, not LIHTC requirements.*

1. Sources of income and documentation of such income shall include:

- Wages (largest amount from W2s/1099s)
- Business/Self Employed (self-employed income is not easy to calculate. Start with the net profit/loss and add back in: depreciation, depletion, amortization, nonrecurring losses, loss carry-overs, capital equipment, travel, meals, entertainment and personal expenses (such as phone bill), office-in-home expenses, interest on business debt, charitable contributions and self-employment tax. Valid: Insurance, paying wages to someone else, licensing fees, advertising, office supplies, classes, tools for a contractor)
- Regular payments or distributions received from annuities, insurance policies, retirement funds, pensions, disability benefits, and death benefits
- Social Security Income (gross amount)
- Dividend/Interest
- Rental Income (gross amount less utilities, maintenance/repairs, advertising, interest portion on mortgage payments, taxes and insurance).
- Unemployment
- Capital Gain (unless a one-time event, for example the sale of a house).
- Child Support/Alimony
- Gift Received on an ongoing basis
- Trust Disbursement
- Other
- Two years of tax returns, federal, state and business.
- Two years W2s and/or 1099s
- YTD profit and loss statement
- Other documentation as requested for self-employed persons.

2. <u>Time period for which income must be documented</u>

APCHA determines annual income by adding the sources of income for the entire household for the year immediately preceding the year in which the application is made.

Notwithstanding the foregoing, a two-year average is used if household income from the past 2 calendar years immediately preceding the year in which the application shows a difference greater than 20%. If less than 20% difference, household income from the year immediately preceding the application is used.

The current years' income is not used in determining income except for special circumstances such as when a household did not earn any income the previous year(s) or recently started receiving alimony and/or child support, as an example. APCHA does consider YTD income to verify if an individual is working and/or meeting the minimum hour requirement.

*Households living in LIHTC units must qualify with APCHA's requirements in addition to the LIHTC requirements. The LIHTC requirements are detailed in CHFA's Low Income Housing Tax Credit Program Compliance Manual. Annual income is the gross income a family anticipates it will receive in the 12-month period following the effective date of the certification of income. The effective date at move-in is the date the household takes possession of the unit. CHFA requires that, in subsequent years, the effective date is the first day of the move-in anniversary month. For qualifying residents, CHFA's policy is to use the highest income (i.e., most conservative) scenario to determine household income. The maximum potential household income must be considered first to ensure the household qualifies for the unit. When maximum potential household income would put an applicant over the income limit, and there is credible documentation to confirm that the maximum estimate is unrealistic, a realistic amount that is less than the maximum potential may be used to qualify a household.