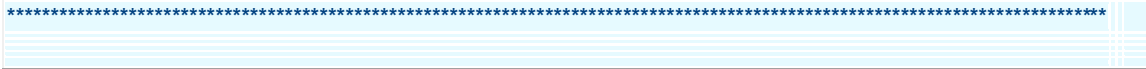


Department of Social and Health Services
Olympia, Washington
EAZ Manual

Revision # 1042
Category Income - Effect of income on Eligibility and Benefit Level
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Summary

Updated clarifying information #1 under [WAC 355-450-0190](#) regarding new homeless shelter deduction.



Clarifying Information - [WAC 388-450-0190](#)

Allowable shelter costs:

We allow the following ongoing and current shelter costs when calculating the shelter deductions for an assistance unit (AU):

1. We allow monthly rent cost including mandatory lease agreement fees for extra non-food expenses (e.g., cable, furniture, garage, and storage).
 - o We count non-food expenses only when the lease or contract requires the client to pay the fees. For example, if a client's rent includes cable and the cable expense is not optional, then the expense is considered mandatory and is allowable;

- We do not count a mandatory fee for daily meals or toiletries as a shelter cost.
- We use the cost a client must pay if the rent is paid on time as the rent cost. We do not change the allowable shelter costs due to discounts for early payment or fees for late payment.
- For AUs receiving HUD, FHA, or other rental subsidies, we allow only the out-of-pocket rent expense for the AU.
- We allow money paid by one AU to another AU living in the same residence for a share of the total rent.
- We allow rent paid in advance as an expense for the month the rent is due.

NOTE:

Shelter costs should be entered on the [SHEL-Shelter Expense](#) screen of any ineligible AU member that has income to ensure correct proration of shelter costs.

EXAMPLE

Larry receives a severance package of \$1,500 from a former employer. Because Larry knows that hours where he works vary by season, he decides to pay his \$250.00 rent for September through February in July.

2. For group home residents who pay a flat fee for room and board, we calculate allowable shelter costs by subtracting the one-person maximum allotment for Basic Food from the amount paid to the home.

2-3. [Households considered homeless or homeless with housing have the option to claim either the homeless shelter deduction or actual shelter costs.](#)

3-4. -AU members that own or are buying a home can use the following home-ownership expenses as a shelter cost:

- Payments on first and /-or second mortgages (including home equity loans & home equity lines of credit);
- Real estate contract payments, loan payments including interest, leading to ownership of the house or mobile home;
- Property taxes. When an AU has their property taxes deferred to a later date, we allow only the deductions for the taxes at the point the tax would be due without a deferral. We do not allow taxes as a shelter cost if the taxes have been waived;
- State and local assessments;
- The entire amount of condo fees;
- -Mandatory homeowner's association fees;
- Structural insurance only. We allow the total cost of structural and furnishings insurance only when the structural insurance cannot be separated from coverage for furniture and belongings;

- Cost of an unoccupied home as allowed in [WAC 388-450-0190](#);
- Cost of home repairs resulting from a natural disaster such as fire or flood. We do not allow costs covered by insurance or other public or private sources; and
- Costs for more than one residence in a single month when an AU moves mid-month.

Non-allowable shelter costs:

We do not allow the following costs as a part of the shelter deduction:

- The unpaid value of shelter a client receives free or at a reduced cost in exchange for work;
- In-kind or non-cash payments instead of paying rent (e.g., client purchases \$300 worth of household supplies instead of paying \$300 to a roommate or landlord.)
- -Payments on a mortgage in excess of monthly minimum payment (pre-paying mortgage);
- Down payments on a mortgage;
- Balloon payments on a mortgage;
- A payment toward the purchase of a home that is made after the last contract payment for the home;
- A payment on a foreclosed home if the client is no longer legally obligated to pay the mortgage:
- An HUD add-on to contract rental charges to recover previously undercharged rent.
- Security or rental deposits;
- Rental Insurance not included in the rent which does not cover the structure - even if it is mandated by the lease;
- Pre-payment of future rent in the month rent is prepaid (the expense is allowed in the month the payment is due);
- Payments made directly to landlord or mortgage company by non-AU members;
- Mandatory fees for meals specified in lease agreements.
- Late fees;
- Payments on mortgage or rental costs for a previous time period;
- Costs for an unoccupied home unless it is allowed in [WAC 388-450-0190](#).
- Shelter expenses that are consistently paid by someone outside the AU. If a parent, friend, or agency pays the client's shelter costs only on occasion, the AU is still eligible for the full shelter expense deduction. HUD or FHA or other subsidies are not allowed as shelter costs.
- Shelter deductions **above** the maximum shelter cost for an AU without an elderly or disabled person or where the only elderly or disabled AU member is an ineligible AU member.

NOTE:

A landlord statement or receipt may not reflect any add-on expenses to recover previously undercharged rent.

Shared living / roomers: AU owns or is buying home -

When an AU owns or is buying a residence and shares the residence with another AU, we consider the AU that owns the home to have a roomer.

1. The rent paid to the homeowner is counted as self-employment earned income. See [Self Employment Income- Clarifying Information](#) to determine income from a roomer.
2. The roomer receives the shelter deduction for;
 - The rent paid to the owner; and
 - A standard utility allowance (SUA).
3. The owner receives the shelter deduction for the standard utility allowance (SUA) and either:
 - The portion of shelter costs not used as a self-employment expense based on number of bedrooms in the residence and the number of bedrooms rented out; or
 - All expenses the landlord must pay for the housing costs.

EXAMPLE

Landlord rents out one of the three bedrooms. Total cost of mortgage, taxes, and insurance is \$900.00 monthly. The owner can use either of the two options below for her expenses.

Option 1

(2/3 of \$900) \$600 + (SUA) is the Shelter expense. \$300 Self-employment expense

Option 2

\$900 + (SUA) is the Shelter expense

Renting out areas other than rooms in AU's home-

When clients rent out an area of their home other than a bedroom, we count this area as another bedroom and determine self-employment expenses as described in 'AU owns or is buying home'. (above)

AU rents residence -

AUs that rent a residence are considered to have roomers when:

1. They rent out a portion of the residence to someone outside of the AU; and
2. The rent they receive is more than the total rent obligation for the AU as shown on the rental agreement or lease.

1. The rent paid to the AU is counted as self-employment earned income. See Calculating Net Self-Employment Income in Special Situations to determine income from a roomer.
2. The roomer receives the shelter deduction for:
 - The rent paid to the AU; and
 - A standard utility allowance (SUA).
3. The AU receives the shelter deduction for the standard utility allowance (SUA) and either:
 1. The portion of shelter costs not used as a self-employment expense based on number of rooms in the residence and the number of rooms rented out; or
 2. All costs the AU must pay for the housing. See Clarifying Information of [WAC 388-450-0195](#) for information on utilities.
4. Clients that share a residence **are not** considered to have roomers if they:
 1. Do not own the residence;
 2. Are not buying the residence; and
 3. Do not charge their roommates an amount above the total rent as shown on the lease.

Worker Responsibilities - [WAC 388-450-0190](#)

Determining Homeless Shelter Deduction

1. Review the application for claimed living arrangement.
2. Review the application for shelter expenses.
3. Enter the shelter expenses.

[4-o](#) If the shelter expenses results in the homeless shelter deduction being equal to or less than \$152, the client will receive a homeless shelter deduction in the amount of \$152.

[5-o](#) If the shelter expenses results in the homeless shelter deduction being more than \$152, the client will receive the higher amount in homeless shelter deduction.

EXAMPLE: Jody is currently homeless and is staying with various friends. During the month Jody pays a total of \$50 to her friends. The shelter expenses entered is \$50. Jody will receive the \$152 homeless shelter deduction.

EXAMPLE: Jameel is currently homeless with shelter and his monthly shelter expense is \$750. The worker enters \$750 on the shelter expense screen in 3G. Jameel's homeless shelter deduction will be more than the \$152 as his shelter expenses is more than \$152.

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