

Archived: Monday, April 27, 2020 11:48:54 AM

From: [Debbie Tarry](#)

Sent: Monday, April 27, 2020 11:45:33 AM

To: [Will Hall](#); [John Norris](#)

Cc: [Pollie McCloskey](#); [Heidi Costello](#)

Subject: RE: Income for MFTE

Sensitivity: Normal

Will –

Here is a response to your question – please see below in red. It will be added to the Green Folder for tonight under item 7c.

Debbie Tarry

City Manager

City of Shoreline

(206) 801-2211

<http://www.shorelinewa.gov>

From: Will Hall <whall@shorelinewa.gov>

Sent: Wednesday, April 22, 2020 10:16 AM

To: Debbie Tarry <dtarry@shorelinewa.gov>; John Norris <jnorris@shorelinewa.gov>

Cc: Pollie McCloskey <pmccloskey@shorelinewa.gov>

Subject: Income for MFTE

Are capital gains from assets other than real and personal property included in income for MFTE calculation purposes or not? I see interest and dividends count as income, but I do not see short term or long term capital gains on sales of stocks or other holdings listed as either included or excluded from income.

ANSWER: In response to Mayor Hall's question, staff was referred to HUD's guidelines by the City's affordable housing consultant, Mike Stanger. HUD classifies most lump sum payments, including capital gains, as assets rather than income. Some programs do count a portion of assets as income but it is staff's understanding it is a minority of homeownership programs that follow this practice. Others, including ARCH and the City of Shoreline, only count interest, dividends, and other periodic payments from assets as income. As such, the City's instruction to owners and property managers in Shoreline's MFTE program is not to ask tenants to include capital gains or other lump sum payments as income.

HUD guidelines include detailed rules for counting a portion of assets as income when a renter's assets exceed \$5,000. These include rules for trusts and annuities which are not yet paying income to the holder. If the City wished to consider counting assets (or a portion) as income, Stanger would recommend several factors, such as the number of renters who might have assets of great value and the capacity of property managers to make proper evaluations.

The City is not required to follow HUD's guidelines, but most affordable housing programs try to keep consistent with them except where there's a policy in response to some compelling reason to do so. The document is HUD Occupancy Handbook, Ch. 5: Determining Income & Calculating Rent.

Will Hall, Mayor

City of Shoreline

17500 Midvale Avenue N

Shoreline, WA. 98133

206-373-1630

whall@shorelinewa.gov

