

2020

Affordable Housing Compliance Guidelines



17500 Midvale Avenue North
Shoreline, Washington 98133
(206) 801-2700

Contents

Income Eligibility	2
Non-Tax Filing Applicant	2
Self-Employed Applicant	2
Other sources included as income:.....	2
Sources not included as income:	3
Exclusions	3
How to Calculate Income	3
Housing Expense Limits.....	3
Co-signer Policy	4
Marketing and Tenant Selection.....	4
Recertification	5
Changes to Household Size	5
Monitoring	5
Parking	5
City of Shoreline Contacts.....	6
Certification of Household Eligibility (COHE)	7



Income Eligibility

Affordable housing residents must be income eligible, which means they have verifiable income or are receiving state or federal benefits at or below the income limits of the property. Income limits for initial occupancy, given in percentage of the Area Median Income (AMI) are found in **Section F** of the MFTE contract¹ or affordable housing covenant² between the property owner and the city of Shoreline. Income limits for household recertification are found in Section I of the same document.

The maximum allowable income is determined by the AMI level of the property and the household size of the applicant or occupant. Table 2 of the **2019 Income and Rent Limits, City of Shoreline** provides a schedule of income limits.

To verify income, the following documentation is required from every person who will be living in the unit:

- Completed Certification of Household Eligibility (attached).
- Previous year's W2.
- Most recent tax returns.
- 3 months of pay stubs from all employment OR a job offer letter detailing start date and salary.

Non-Tax Filing Applicant

- Completed Certification of Household Eligibility.
- 3 months of pay stubs/benefits (if applicable).
- Completed Non-Tax Filing Form.
- Pension/SSI/Disability paperwork.

Self-Employed Applicant

- Completed Certification of Household Eligibility.
- 2 years of tax returns OR a Self-Employment Affidavit.
- Most recent 1099 form.
- A letter of engagement/project contract which outlines:
 - Start Date.
 - End Date.
 - Schedule for Payment of Fees.

Further bank statements can be requested to verify income.

Other sources included as income:

- Recurring monthly payments from family members/friends.

¹ Multi-Family Housing Limited Property Tax Exemption Contract.

² Declaration of Affordable Housing Covenants.

- Child Support.
- Legal Settlement Payouts.
- Alimony/Palimony.
- Cost of Living Stipends/Grants.

If an applicant discloses future expected income (i.e. alimony payments that will start after occupancy or a return to work after a short-term medical leave) that exceed the initial eligibility level, we would conclude that the applicant is not eligible for an affordable unit.

Sources not included as income:

- Pell Grants/Federal Student Aid.
- One-time consolidation loans.
- One-time gifts.
- Lump sum payouts, e.g., inheritance, life insurance.
- Payments/reimbursements for medical expenses.
- Dollar value of food stamps/WIC/SNAP.
- Income for children under 18 years old.
- State payments/support towards children in foster care.

Exclusions

Any person who is the owner/deed/title holder for residential property (not restricted to WA State ownership).

Any person who is claiming financial independence from a spouse and cannot provide a Final Divorce Decree (Dissolution Order). If this cannot be produced, eligibility should be determined on the combined spousal income.

How to Calculate Income

$$\left(\frac{\text{Month 1} + \text{Month 2} + \text{Month 3}}{3} \right) * 12 = \text{Projected Annual Income}$$

Month is inclusive of all payments, deposits, benefits, etc. received in a 30-day period.

Housing Expense Limits

Maximum Housing Expenses for affordable units are given in the attachment, **2019 Rent and Income Limits**. The figures in *Tables 1 & 2* represent the maximum chargeable rent and assumes all bills will be covered by the landlord. If any bills are to be passed on to the tenant (that is, paid directly by the tenant, in addition to rent), the appropriate allowances must be deducted from the maximum rent. Allowances are given in Chart 4: *All Land Use & MFTE Projects – Allowances* and, like rent limits, may be adjusted from year to year.



The calculation for chargeable rent is as follows:

$$\text{Maximum Housing Expense} - \text{Allowances} = \text{Maximum Rent}$$

An example of this calculation is demonstrated below for a studio apartment:

Max Rent 80% Units (all utilities included):	\$1,520
<i>Elec & Gas Deduction:</i>	- \$50
<i>W/S/G Deduction:</i>	- \$70
<i>Renter's Insurance:</i>	- \$12
<i>Sewage Capacity (actual cost):</i>	- \$38
Chargeable Rent:	\$1,350

Affordable housing tenants can be charged full pet deposits, pet rent, storage fees, and any one-time fees/deposits required by the property. Cable and internet fees do not need to be deducted from rent.

Please note: the city of Shoreline prohibits landlords from unbundling parking from rent, and the Shoreline Development Code (SMC 20.20.024) includes parking as a rental Housing Expense which must be included in Affordable Rent.

For reference: Rent can only be increased once in a 12-month period. If month-to-month contracts are available to market rate tenants, they must be available to affordable units; however, no premium charges can be applied to affordable units.

Additionally, if move-in/renewal concessions are offered to market rate units, they **must** be offered to affordable housing tenants.

Co-signer Policy

The city defers to the on-site management standards for co-signers in the case of meeting debt-income ratio. However, the city does not allow debt-income ratio co-signers to take the place of a verifiable income source (i.e. a non-tenant cannot pay the majority/entirety of the rent) except in the following circumstances:

- An applicant is reliant on Federal/State Benefits (i.e. SSI, SSDI, EITC).
- An applicant is living on a fixed, retirement income in the form of a pension.

Any affordable housing applicant who falls in one of the above categories must provide a valid co-signer affidavit and documentation to support the above circumstances.

Marketing and Tenant Selection

The city does not currently have a specific policy regarding the marketing of affordable units—except to follow fair housing laws.

Landlords must use the same approach to select affordable housing tenants as they would for market rate units.



Recertification

Recertification must take place before lease renewal and/or once every twelve months (in the case of month-to-month and extended leases). Recertification requires the tenant to submit the most up-to-date eligibility verification documents listed above. For most properties, tenants can recertify at up to 20 percentage points higher than the initial eligibility income level. Specific recertification levels are found in **Section I.** of the covenant or MFTE contract.

If a tenant is no longer eligible for affordable housing at recertification, the options are as follows:

- 90 days from lease expiration to relocate tenant to a market rate unit onsite.
- With advance approval by the city or the city's contract administrator, Mike Stanger (mstanger@socialimpactworkshop.com), a tenant may retain the unit they have, paying market rent, if the next available, comparable unit is made available as an affordable unit within 90 days

Changes to Household Size

Any new occupants in an affordable unit with an existing lease must be added to the lease upon occupancy. All tenants 18 years or older must be included for income verification at recertification.

Monitoring

An annual monitoring report is due 30 days after the anniversary of the date the city filed the property's Final Certificate of MFTE or, if not an MFTE property, 30 days after the anniversary of the recording date of the covenant. Please contact city staff or the city's contract administrator if you do not have the current monitoring report form.

Reports will be reviewed by city staff or the city's contract administrator, who will follow up on any compliance issues that appear. If necessary, enforcement action may include an on-site audit of affordable unit and tenant files.

Parking

Each affordable unit must include one standard parking spot with the affordable rent (**Section 1**). The city of Shoreline prohibits landlords from unbundling parking from rent, and the Shoreline Development Code (SMC 20.20.024) includes parking as a rental Housing Expense which must be included in Affordable Rent.



More Information

City of Shoreline

(206) 801-2700

<https://www.shorelinewa.gov/business/property-tax-exemption-pte-program>

Mike Stanger

Affordable Housing Program Contract Administrator

mstanger@socialimpactworkshop.com

Nathan Daum

City of Shoreline Economic Development Program Manager

ndaum@shorelinewa.gov

Colleen Kelly

City of Shoreline Human Services Manager

ckelly@shorelinewa.gov



Certification of Household Eligibility (COHE)

I, _____, and I, _____, as applicants for rental of the following Affordable Unit, do hereby represent and warrant that my/our adjusted annual income is \$ _____.

Property: _____ Property Address: _____

Unit # _____ No. of Bedrooms: _____ Household size:³ _____ Disabled: Yes / No

The attached computation includes all income I/we received for the date I/we execute a rental agreement for an affordable unit, or the date on which I/we will initially occupy such unit, whichever is earlier.

This affidavit is made with the knowledge that it will be relied upon by the City to determine maximum income for eligibility. I/We warrant that all information set forth in this Certification of Household Eligibility is true, correct and complete based upon information I/We deem reliable, and that the estimate contained in the preceding paragraph is reasonable and based upon such investigation as the undersigned deemed necessary. I/we will assist the Owner in obtaining any information or documents required to verify the statements made in this Certification.

I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of my/our agreement with the Owner to lease the unit and will entitle the Owner to prevent or terminate my/our occupancy of this unit by institution of an action for eviction or other appropriate proceedings.

I/We do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Signature _____

Signature _____

Date _____

Date _____

Mailing Address _____

Mailing Address _____

E-mail Address _____

E-mail Address _____

Phone _____

Phone _____

HOUSEHOLD MEMBERS

_____ Name Age

_____ Name Age

³ The number of people who will reside with you at least four (4) months of the year.



INCOME COMPUTATION

"Household income" includes all items listed below, from all household members over the age of 18. Income of dependents over 18, who reside in the unit for less than four (4) months of the year will not be counted toward household income.

For the previous 12-month period, indicate income received from the following sources:

- a) The full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay and any earned income tax credit to the extent that it exceeds tax liability. \$ _____
- b) Net income from operations of a business or profession or net income of any kind from real or personal property. \$ _____
- c) Interest and dividends; \$ _____
- d) The full amount of periodic payments received from Social Security, pensions, retirement funds, annuities, insurance policies, disability or death benefits, alimony, child support, or any similar type of periodical payments, and any regular contributions or gifts from persons not residing in the unit. \$ _____
- e) Public assistance payments. \$ _____
- f) Regular and special allowances and pay of a member of the Armed Forces who is a spouse or head of the family. \$ _____

- TOTAL \$ _____

(NOTE: The following are not considered income: occasional, infrequent gifts of money; one-time payments from insurance policies or an inheritance settlement; scholarships or student loans for tuition, fees or books; foster child care payments; the value of Food Stamp coupons; hazardous duty pay to a member of the Armed Forces; relocation payments; assistance received under the Low-Income Home Energy Assistance Program or any similar program).