

Guidance on Students as tenants in HOME-funded housing units

GENERALLY, STUDENTS DO NOT QUALIFY AS TENANTS.

HUD provides a process to determine if a student applicant is considered to be "Independent" or "Dependent". Before collecting all of their income documents ask these questions; they must be able to answer YES to at least ONE of the following Screening questions, or they are considered to be Dependent upon their family for support. Place a copy of this checklist in their application file.

- a. ___ Are you over 24 years old? Provide copy of picture ID with birth date.
- b. ___ Are you married? Provide tax returns and income information for both you & spouse.
- c. ___ Are you a Veteran of the U.S. Armed Forces? Provide documents showing that: i.e. Honorable Discharge papers; VA information, etc.
- d. ___ Do you have children who receive at least ½ of their support from you? Provide two years tax returns showing the dependant's names.
- e. ___ Do you have legal dependants (other than your children) who live with you & receive more than ½ of their support from you; and will the support continue in the coming year? Provide two years tax returns showing dependant names.
- f. ___ Are both of your parents deceased? Provide death certificates & your birth certificate.
- g. ___ Are you an emancipated minor by court order? Provide copy of the court order.
- h. ___ Are you currently under legal guardianship by court order? Provide copy of the court order.
- i. ___ In the past two years, have you been determined to be homeless by
 - a. ___ High school official?
 - b. ___ Homeless shelter funded by HUD?
 - c. ___ Other homeless/transitional housing program?Provide documents from the appropriate organization.

If YES answer to any of the above questions then they are considered to be independent and may apply to be a tenant based upon their own qualifications. It does not guarantee that they will be approved or selected by the owner/property manager; and they must meet HUD income requirements and any other landlord criteria.

How to process "Dependent" students

If, they cannot answer YES, then they are considered to be "dependant" on their parents and will need to provide documentation of their household income including their own, their parents & the income for any siblings still living at home over 18 years of age. We require tax returns, pay stubs, Verification of Income or employment (all of the usual income information) and they will have to qualify based on the family household size (parents & student). For example, if the student's family income (including dad, mom, sibling, & the student) is below the 4-person household at 50% or 60% AMI, then they would qualify.

If there will be "roommates" who also will be occupying the unit, they have to be verified the same way as above. When all the applicants who are planning to live there are qualified, they may be offered the unit for rent. **Note:** This process usually will disqualify most students. This is not unique to HUD housing; it is a similar process used to qualify students as "independent" for Federal Students Loan and Grant programs. The student cannot be "dependent" for getting student loans and "independent" for HUD housing.

How to count a student's income from various sources

PART-TIME INCOME: Often students will work several part-time jobs over summer breaks, and during the school year. In order to assess the income when they are between jobs and now in school use the following procedure:

1. Obtain the last two years tax returns or IRS transcripts. Get a written explanation of what jobs they will be working over the next 12 months. Base their income on the average earnings for the past two years and forecast, the income for the next 12-month period.

STUDENT FINANCIAL ASSISTANCE: Obtain a copy of their financial aid awards letter from the school and any other grants, scholarships they have received for the next school year. Note some are by semester, some by month.

JOBS OBTAINED BUT NOT STARTED YET: Copy of the job offer letter or VOE form from the future employer. If the student has a track record of part-time employment in the past years, it is OK to count this future job in their income.

COLLEGE WORK STUDY JOBS: They should have a Financial Assistance letter from the Office of Financial Aid. It usually includes Grants, loans, work-study and other types of assistance. Determine the method of payment for example, is it by check or is it just applied toward tuition or housing and make the decision based on that information.

ANY OTHER INCOME SOURCES: Obtain the verifications necessary, such as awards letters, gift letters from relatives (gifts from friends do not count), paystubs, W-2's.

None of the evaluation based on their dependence or their independence replaces the owner's own selection criteria. Just because they may qualify within the income guidelines doesn't automatically mean you have to accept them as a tenant. The owner's other selection criteria may result in denying the student from renting; e.g. poor references, derogatory case net information, credit report, etc. as the owner so chooses. **Note:** To avoid discrimination complaints all of the owner's selection criteria should be applied equally to all applicants.