

Treatment of Rental Income for SNAP Households:

Example For Elder Individual with One Rental Unit

SAMPLE CLIENT FACTS:

Household is a single elder who rents one unit in a two family house.

Monthly gross income:

Social Security (RSDI): \$900/mo
Rental payment before expenses: \$1,000/mo

Medical expenses:

Costs exceed \$35/mo.

Homeownership costs:

Mortgage principal and interest: \$1,100/mo.
Property taxes and insurance are included in mortgage payment.

City water/sewer costs: \$120/mo

Trash collection fees: \$20/mo

Electricity costs (for whole house): \$240/mo

TOTAL costs with utilities: \$1,480/mo

Federal and state SNAP rules treat rental income as a form of self-employment* income, where a SNAP household can exclude the cost of owning property to determine the net rental amount. Most households are better off when property costs are deducted up front.

How to calculate NET rental income:

Step 1: Determine *pro rata* share of expenses. Add up total homeownership costs including water/sewer and other common utilities *paid* by the homeowner.** Divide that by number of units in the property, for ex: \$1,480 / 2 living units = \$740/mo.

Step 2: Subtract the *pro rata share* of total property costs from the gross rental income: \$1,000-\$740 = \$260/mo **net rental income**. Determine if it is earned or unearned income for the SNAP household.*

Step 3: Calculate the SNAP *household's shelter costs* for the SNAP math. This time, calculate homeowner's *pro rata* share of home ownership costs but NOT utilities. The water/sewer, garbage costs are utility costs covered by the Standard Utility Allowance (SUA) in addition to electricity, phone and other utilities). The *pro rata* share of home ownership costs is **\$550/mo** (\$1,110 / 2 units). Add the SUA to the \$550 for total shelter costs.

Sample SNAP Amount using "GROSS" RENTAL INCOME

| | |
|------------------------------------------------------------------------|-------------------|
| Unearned Income: \$900 RSDI plus \$1,000 GROSS Rental income | \$1,900.00 |
| Shelter Expenses | |
| Rent (cost of mortgage) | \$1,100.00 |
| Standard Utility Allowance (SUA) | \$586.00 |
| Deductions Allowed | |
| Standard (for 1 person) | \$149.00 |
| Shelter Deduction (higher shelter costs where 100% claimed) | \$855.50 |
| Standard Medical Deduction | \$90.00 |
| Total Deductions | <hr/> \$1,094.50 |
| Countable Income | \$805.50 |
| Maximum SNAP for HH Household Size | \$200.00 |
| Minus 30% of Countable Income | -\$241.65 |
| Monthly SNAP Allotment | \$16.00 |

Sample SNAP Amount using "NET" RENTAL INCOME

| | |
|-----------------------------------------------------------------------------|-------------------|
| Unearned Income: \$900 RSDI plus \$260 NET Rental income (Step 2) | \$1,160.00 |
| Shelter Expenses | |
| Rent (pro rata share=1/2 mortgage) | \$550.00 |
| Standard Utility Allowance (SUA) | \$586.00 |
| Deductions Allowed | |
| Standard (for 1 person) | \$149.00 |
| Shelter Deduction (lower shelter costs where 50% claimed) | \$675.50 |
| Standard Medical Deduction | \$90.00 |
| Total Deductions | <hr/> \$914.50 |
| Countable Income | \$245.50 |
| Maximum SNAP for HH Size | \$200.00 |
| Minus 30% of Countable Income | -\$73.65 |
| Monthly SNAP Allotment | \$126.00 |

* Rental income is considered "earned income" (allowing the 20% earnings disregard) when the property owner spends more than 20 hours a week managing and maintaining the property. 106 C.M.R. 363.220(B)(5) 7 CFR 273.9(b)(1)(ii)

** The "costs of doing business" include the mortgage costs (principal and interest), property insurance, real estate taxes, water and sewer charges, trash removal, maintenance and repair costs. 106 C.M.R. 365.930(A)(1) and/or 106 C.M.R. 365.940, 7 CFR 273.11(b).