

Welcome to the MULTIFAMILY HOUSING RENTAL HOUSING INTEGRITY IMPROVEMENT PROJECT (RHIP) LISTSERV that brings you up-to-date RHIP related publications, news, information and occupancy tips in an effort to help reduce errors in rent determinations and subsidy calculations.

RHIP TIP ON CALCULATING INCOME – ELEMENTS OF ANNUAL INCOME:

Income from a Business

When calculating annual income, owners must include the net income from operation of a business or profession including self-employment income. Net income is gross income less business expenses, interest on loans, and depreciation computed on a straight-line basis.

1. In addition to net income, owners must count any salaries or other amounts distributed to family members from the business, and cash or assets withdrawn by family members, except when the withdrawal is a reimbursement of cash or assets invested in the business.

2. When calculating net income, owners must not deduct principal payments on loans, interest on loans for business expansion or capital improvements, other expenses for business expansion, or outlays for capital improvements.

3. If the net income from a business is negative, it must be counted as zero income. A negative amount must not be used to offset other family income.

For further information, please refer to Section 5-6G of *HUD Handbook 4350.3 REV-1 Occupancy Requirements of Subsidized Multifamily Housing Programs*.

Please encourage others to sign-up for the Listserv, so they too can receive current RHIP related information from HUD <http://www.hud.gov/subscribe/maillinglist.cfm>

You can view the RHIP Tips Archives: issues 21-30, under "Listserv-Multifamily RHIP Tips" at <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>.