

**DEPARTMENT
POLICY****All Programs except MAGI Medicaid**

Some types of rental/room and board income are counted as unearned income and some as earned income or self-employment.

Bridges will determine both of the following:

- Countable income (allowing expenses when appropriate).
- If the income is counted as unearned, earned or self-employment.

RENTAL INCOME**All Programs**

Rental income is money an individual (landlord) receives for allowing another individual (renter) to use the landlord's property. It includes income from a lease.

Farm Land Rental**All Programs**

Farm land rental means renting land to someone for the purpose of producing farm products.

Bridges counts the gross rent payment minus allowable expenses as unearned income. Bridges allows the higher of the following:

- 10 percent of the rental payment.
- The landlord's actual expenses if the landlord chooses to claim and verify the expenses.

See BEM 502, SELF-EMPLOYMENT EXPENSES, for the types of actual expenses that can be allowed.

In-Home Rental

In-home rental is when a landlord rents out part of his own dwelling to another individual.

See Other Rental Income below when a landlord rents out a separate apartment in his dwelling or a separate building.

Bridges counts the gross rent payment minus expenses as earned income from self-employment. Bridges allows the higher of the following:

- 60 percent of the rental payment.
- Actual rental expenses if the landlord chooses to claim and verify the expenses.

Expenses must be both of the following:

- Clearly expenses of the rental unit (for example expenses the landlord would not have if not renting out part of his dwelling).
- Included in the list of allowable rental expenses below.

Room and Board

Room and board income is money an individual receives for providing another individual both food and a place to live.

Allowable expenses of producing room and board (or board only) income are the higher of:

- 25 percent of the income.
- Actual expenses if reported and verified.
- The maximum monthly FAP benefit for the number of boarders.

See Allowable Rental Expenses in this item.

Other Rental Income

Other rental income means any rental income that is not:

- Farm land rental.
- In-home rental.
- Room and board.

Example: Individual rents his non-homestead house to another individual. Bridges determines whether to treat the rent as earned or unearned income based on the time the landlord actively engages in managing the rental property:

- Under 20 hours per week- unearned income.
- 20 or more hours per week- earned income.

Active management includes, but is not limited to, the following:

- Advertising.
- Showings to prospective renters.
- Accounting activities.
- Inspections.
- Cleaning, repairing, and redecorating.

Accept the landlord's statement of the time spent actively managing the rental property unless the estimate is questionable. If necessary, verify the time estimate by contacting individuals who would be reasonably expected to know (example: the renter concerning inspections and repairs).

Bridges counts the gross rent payment minus allowable expenses as income. Bridges allows expenses that are the higher of:

- 65 percent of the rental payment.
- Actual rental expenses if the landlord chooses to report and verify the expenses.

See Allowable Rental Expenses in this item.

ALLOWABLE RENTAL EXPENSES

All Programs

Bridges uses the standard percentage for expenses if either of the following:

- The landlord chooses not to report actual expenses.
- The landlord does not verify reported expenses exceeding the standard percentage.

When a landlord chooses to report actual expenses for in-home rental, room and board, or other rental income, Bridges uses the following to determine what expenses are allowable and should be entered in Bridges.

Expenses must be the landlord's obligation and must solely be expenses of the rental property to be allowed. Allowable expenses may include:

- Real estate insurance.
- Repairs.
- Heat.

- Utilities.
- Property taxes.
- Lawn care.
- Snow removal.
- Furniture.
- Advertising for renters.
- Interest and escrow portions of mortgage or land contract payment.

Bridges will not deduct expenses exceeding the gross rental income (a loss) from other types of income.

VERIFICATION REQUIREMENTS

All Programs except Healthy Kids

Verify countable income at all of the following:

- Application, including a program add, prior to authorizing benefits.
- At member add, only the income of the member being added.
- Redetermination.
- When program policy requires a change be budgeted.

Exception: For FIP, RAP, SDA, CDC and FAP accept the client's statement for starting and increasing income. Select starting or increasing income as the verification source. Selecting client statement as the verification source will result in Bridges incorrectly pending eligibility and generating a Verification Checklist.

Verify stopping and decreasing income, or when the income change information is unclear, inconsistent or questionable.

Exception: For MA. accept the client's statement regarding changes in income for ongoing EDG's unless you are completing a redetermination.

The client has primary responsibility for obtaining verification. Do not deny assistance because a boarder or other source refuses to verify income. Assist the client in obtaining verification if requested. See BAM 130, VERIFICATION AND COLLATERAL CONTACTS and BEM 702, CDC VERIFICATIONS.

Healthy Kids Only

Income and expenses are not verified for Healthy Kids. Client statement is an acceptable verification source for income and expenses.

**VERIFICATION
SOURCES****All Programs****Property Expenses**

- Mortgage or land contract.
- Bills or receipts.

**Rental and Room-
and-Board Income**

- Written statement from the boarder/roomer.
- Accounting or other business records.
- Lease or contract.
- Rent receipt book.

**Rental/Room and
Board Expenses**

- Receipts

LEGAL BASE**FIP**

MCL 400.1 et. seq.

SDA

Annual Appropriations Act
Mich Admin Code; R 400.3151 – 400.3180

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).
45 CFR Parts 98 and 99.
Social Security Act, as amended 2016.

MA

Social Security Act Sections 1902(a)(10), 1931

42 CFR 435, Subparts H and I
MCL 400.106

FAP

7 CFR 273.9
7 CFR 273.11