

National Foster Care Month



May is National Foster Care month and to celebrate, we are dedicating an article to all our foster adults and foster children (“fosters”)! We are going to discuss areas in affordable housing where we come across our foster folks.

In the past, fosters were only included as part of the household when determining unit size. They were not included for income limit purposes and their income was not counted. HUD implemented Change 3 of the 4350.3 on August 1, 2009, which required that the income of fosters be included (this does not mean foster care payments—keep reading), but they were still not allowed for income limit purposes.

Change 4 of the HUD 4350.3 was effective on August 7, 2013. This change **allows us to count fosters as part of the household for income limit purposes**. For example, if you have an adult applicant with three foster children, you would compare this household to the four-person income limit applicable to your property.

When it comes to counting income, the first source up for discussion are those foster care payments received for the care of the fosters. Payments received for the care of fosters is excluded as income.¹ Income from wages (employment) for children under the age of 18 is also excluded.² Keep in mind that unearned income is counted for fosters, regardless of age. Examples of unearned income would include: unemployment, Social Security Death Benefits, Social Security Disability Benefits, etc.³

Our last topic is deductions. This applies if your property has subsidy that allows for deductions from gross annual income. There are two deductions that often come up when it comes to fosters—dependent deduction and child care deduction. The dependent deduction is not allowed for fosters.⁴ However, childcare expenses are an allowable deduction for foster children under the age of 13. It is also important to remember, in order to claim childcare expense deductions all of the following must apply: enables a family member to look for work, go to work, or attend school; family has determined that no adult in the household is available to provide care; expenses are not paid to a household member; expenses must be reasonable; expenses are not reimbursed; expenses allowing a household member to work do not exceed the amount earned for working.⁵

We want to say “Thank you,” to all those in the affordable housing industry for helping these foster families thrive! **What you do makes a difference!**

¹ HUD Handbook 4350.3 Exhibit 5-1 Income Exclusions (2)

² HUD Handbook 4350.3 Exhibit 5-1 Income Exclusions (1)

³ HUD Handbook 4350.3 Exhibit 5-1 Income Inclusions (4)-(7)

⁴ HUD Handbook 4350.3 5-10 A/5-41

⁵ HUD Handbook 4350.3 5-10 B/5-42