



SNAP 602-4

ELIGIBILITY AND BENEFIT DETERMINATION

Shelter Deductions

Supersedes: SNAP 602-4 (10/01/2024)

Reference: 7 CFR 273.9(d)(6); 7 CFR 273.10(e)

Overview: A shelter deduction is based on shelter expenses anticipated to be incurred by the household.

Homeless Standard Shelter Deduction

As required by the Agriculture Improvement Act of 2018, households in which all members are homeless may be allowed a standard shelter deduction. This deduction will be updated by 09/01 each year. To receive the deduction, the household must incur some shelter expense (shelter expense and/or utility expense). Households that receive the homeless standard shelter deduction are not entitled to the Standard Utility Allowance since the homeless standard shelter deduction already includes both shelter and utility costs. The household may choose to use actual expenses instead of the homeless standard deduction if they believe their actual costs are higher and are verified. Households who use actual shelter expenses are eligible for utility deductions. Households that are provided free housing and utilities, or who work for their shelter, are not allowed the homeless standard shelter deduction.

A person is considered homeless when he or she lacks a fixed and regular nighttime residence or an individual whose primary nighttime residence is any of the following:

1. A supervised shelter designed to provide temporary housing.
2. A halfway house or similar institution that provides temporary residence for individuals intended to be institutionalized.
3. Temporary housing in the residence of another individual for not more than 90 days

4. A place not designed for, or ordinarily used as a regular sleeping place for human beings.

Homeless households may submit verification of shelter expenses to qualify for the homeless standard deduction, but it is not required. There is no minimum acceptable shelter expense for homeless households. If the household has shelter costs exceeding the homeless standard deduction and opts to use the Excess Shelter Expense, they must verify the expense. The homeless standard shelter deduction must be subtracted from net income in determining eligibility and allotments for the household. A household receiving the homeless standard shelter deduction cannot have its shelter expenses considered under normal processing guidelines (SNAP budget will not include the homeless standard deduction *and* the actual amount of shelter expense.). Again, a homeless household may choose to claim actual costs if those actual costs are higher than the homeless standard shelter deduction and are verified.

Shelter Expense Deduction for Non-Homeless Households

Shelter expenses are determined by using the most recent month's expenses unless the household is reasonably certain a change will occur.

Shelter expenses, including utilities, must be verified. If the client reports shelter expenses but doesn't provide verification of the rent/mortgage/other allowable non-utility shelter expenses, the eligibility staff member must request this information in the Request for Verifications notice.

If a household reports a change of address but doesn't include verification of the new shelter expense, the eligibility staff member must send a Request for Verification. If the client doesn't provide the verification in 10 days, the shelter expenses will be removed from the case with timely notice of adverse action. Benefits are not terminated for not verifying expenses.

SHELTER COST CAP:

A shelter deduction is allowed for monthly shelter expenses that exceed 50% of the household's income after all other allowable deductions. The shelter deduction amount is capped each fiscal year. This amount will be updated every year by 09/01. **EXCEPTION:** There is not a capped shelter deduction for a household with an elderly or disabled member. A household with an elderly or disabled member receives a shelter deduction for the full monthly amount that exceeds 50% of the household's monthly income after all other expenses are deducted. **NOTE:** A household is subject to the shelter cap when the only elderly or disabled member is an ineligible alien or SSN disqualified or ineligible or disqualified for another reason.

SHELTER EXPENSE GUIDELINES:

The following are guidelines for all allowable shelter expenses:

1. Shelter costs must be payable in cash to someone outside the SNAP household.

2. Shelter costs are deducted ONLY in the month they become due regardless of when they are paid.
3. Households may elect to have fluctuating expenses or those billed less often than monthly averaged.
 - a. One-time expenses (e.g., repair of a furnace after a natural disaster): average the expense over the months in the current certification period. These expenses cannot be averaged over any month past the next recertification.
 - b. Expenses billed less often than monthly (e.g., quarterly insurance and/or property taxes): average over the interval between billings or over the period it is intended to cover regardless of the length of time until the next recertification. These expenses can be extended past the recertification date.
4. Expenses billed or due weekly or biweekly are factored.
5. If a household lives with and shares a utility expense with another individual, another household, or both, the standard for such households will not be prorated. The utility expense is not prorated if all the individuals who share utility expenses but are not in the SNAP household are excluded from the household only because they are ineligible.
6. Shelter and utility expenses paid by a household member who has an intentional program violation, felony drug conviction not in compliance with probation or fleeing felon disqualification, or is ineligible due to work registration, job quit or reduced hours, are allowed in computing the shelter deduction.
7. Non-utility shelter expenses paid by a household member who is an ineligible alien, ineligible ABAWD, or SSN ineligible are prorated evenly among all household members. The shelter expenses except the ineligible member's share are allowed in computing the shelter deduction.
8. If the non-utility shelter expenses are shared with a non-household member, then the amount that the household actually pays is used as the deduction. If the payments or contributions cannot be differentiated, the expenses shall be prorated evenly among persons paying or contributing to the expense and only the household's pro rata share deducted.

ALLOWABLE SHELTER COSTS:

The obligated amount of allowable shelter costs is used as an expense deduction. The monthly obligated amount of mortgage/rent is allowed each month when determining the shelter deduction without regard to when or if it is actually paid.

Separate households residing in the same residence are allowed the actual amount of rent they are billed as a shelter deduction. When households reside together and neither household owns the residence, a rent payment made from one household to another is exempt as pass-through shelter payment up to the full amount of rent billed. If the payment is more than the full rent charged for the residence, the excess payment is unearned income to the household receiving the payment.

If separate households are residing in the same residence and one of the households owns the residence, any money paid to the property owner is rental income. See Policy 501-1 "Rental Income".

Allowable shelter costs include:

1. **Continuing charges** for the shelter occupied by the household, including rent, mortgage, condo and association fees. Any fees that have a specific, separately identifiable dollar amount are not considered countable expenses. However, if these fees are included in the rent and cannot be separated from it, the entire rent amount is counted. Also allow other continuing charges leading to the ownership of the shelter such as loan repayments for the purchase of a mobile home, including interest on such payments.
Shelter expenses should be verified at Application and Recertification.
2. **Mortgage** or other continuing charges leading to ownership of the shelter occupied by the household (e.g., loan repayments including interest for the purchase of a mobile home and condominium fees in their entirety). **Mortgage expenses should be verified at Application and Recertification.**
3. Payments on **home equity loans**, **home equity lines of credit** or other forms of **second mortgages** that the home property is used as collateral. **These expenses should be verified at Application and Recertification.**
4. **Property taxes**, state, and local **assessments**. **NOTE:** Mandatory fees on a property tax bill, such as for garbage, are allowable as a part of the property tax deduction. **Late fees and subsequent interest are not countable. These expenses should be verified at Application and Recertification.**
5. **Homeowner's insurance** on the structure only. Costs for insuring furniture or personal belongings are not allowed if the insurance policy separates structure and content costs. The entire premium amount is allowed if the insurance policy does not separate structure and content costs. **NOTE:** Mandatory fees for installment payments are allowed (e.g., \$2.03/month extra for homeowner's insurance if paid monthly instead of annually).
Renter's insurance is not an allowable expense. **These expenses should be verified at Application and Recertification.**
6. Charges for **repair of a home** substantially damaged or destroyed due to a natural disaster such as a fire or flood. The costs do not include charges for the repair of the home that have been or will be reimbursed by private or public relief agencies, insurance companies, or other sources.
7. **RVs, campers, and other vehicles:** Payments and continuing charges leading to the ownership of RVs, campers, cars, etc. are allowable provided that the RV, camper, or car serves as the **household's primary residence**. We must verify that it is the primary residence. Insurance related to these vehicles and campers is also allowable. Vehicle registration fees, tags, etc. are **NOT allowable** expenses in these situations. The cost of gasoline to operate/drive the vehicle is not an allowable expense as it is unrelated to the shelter. If the RV, camper, or car is heated with propane or another **separate fuel source**, it can be used for the SUA.

8. **Utility** expenses. Households cannot claim actual utility expenses and are entitled to only one of the mandatory utility allowances (see below). **These expenses should be verified at Application and Recertification.**

ACCEPTABLE FORMS OF VERIFICATION:

1. Current lease or landlord/tenant agreement. **Valid leases should be no older than one year old.** Verification of a client's rent expense can come in many forms. The most common are lease agreements and Landlord/Tenant forms. However, any type of rent verification can be accepted, even rent receipts, if that verification is: 1) completed by a third party, and 2) includes all of the following information:
 - **Name and address of all tenants**
 - **Amount of monthly obligated rent**
 - **Indication of whether the rent is subsidized or not**
 - **How utilities are paid (i.e., included in rent, flat rate, separate, etc.)**
 - **Contact information and signature of the landlord**
2. Month to month leases or agreements should always be verified with **collateral contact with landlord** at time of Application and Recertification. This includes 12-month leases that transition into month-to-month agreements at the end of 12 months.

If the client submits verification of their rent expense that meets the above criteria, this would be an acceptable form of verification and used to establish an appropriate SNAP deduction.

3. Mortgage statement from the last 30 days.
4. Current tax bills (these may be found online on the County Treasurer's website).
5. LIHEAP interface.
6. Power, water, garbage, phone bills from last 30 days.
7. Collateral contacts.

SPECIAL CIRCUMSTANCES:

1. **Moving** - if a household reports moving during the month and submits one set of bills from the previous address and one set of bills from the current address, the expenses from both locations that are due in the benefit month are allowed as expenses. **NOTE:** Only one mandatory utility allowance for both homes is allowed as an expense.
2. **Unoccupied home** - the shelter costs for the home if temporarily unoccupied by the household because of employment or training away from home, illness, or abandonment caused by a natural disaster or casualty loss. The household may claim both the shelter costs of its current residence and the costs of the unoccupied home as deductions. The maximum shelter deduction applies. All of the following criteria must be met for costs of an unoccupied home to be included in the household's shelter costs:
 - a. The household must intend to return to the home;

- b. The current occupants of the home, if any, must not be claiming the shelter costs for SNAP purposes; and,
 - c. The home must not be leased or rented during the household's absence. **NOTE:** Only one mandatory utility allowance for both homes is allowed.
3. **Two occupied homes** - sometimes a member of a household occupies and incurs out-of-pocket expenses for two homes because of employment or training away from home, or illness. Expenses are allowed for both residences (e.g., a spouse works as a traveling salesman and returns home each weekend, the cost of rent or motels while on the road is allowed as a shelter expense). **NOTE:** Only one mandatory utility allowance for both homes is allowed.
4. **Group home residents** - (SNAP 201-6).

SHELTER EXPENSES NOT ALLOWED:

The following shelter expenses are not allowed as a deduction:

1. Past due bills or amounts carried forward.
2. Late fees.
3. Renter's insurance, as it does not cover the rented structure or dwelling where the tenant lives.
4. Costs associated with cutting wood for heat such as cutting permits, gas for a chain saw and truck, or equipment like a chain saw.
5. Expenses paid by vendor payment unless the vendor payment is counted as income.
6. Costs that will be reimbursed. LIHEAP is not a reimbursement. HUD or FMHA utility reimbursements are examples of reimbursed costs that are not allowed as a shelter deduction.
7. One-time deposits.
8. Closing costs are not allowable expenses. Itemized allowable closing costs such as homeowner's insurance and property taxes are allowed as expenses.
9. Payments for prior months as an expense for the current benefit month; and,
10. In-kind benefits are benefits that no monetary payment is made on behalf of the household.
11. Costs associated with internet service or setup.

MANDATORY UTILITY ALLOWANCE:

Households cannot claim actual utility expenses and are entitled to only one of the mandatory utility allowances or the telephone allowance (as listed below). The household is allowed a mandatory utility allowance if the household is obligated to pay for heating, cooling, cooking fuel, electricity, water, sewage, garbage, or telephone expenses including charges for initial installation of the utility. **NOTE:** Cooling costs are electricity expenses required to operate a swamp cooler or air conditioner (window or central unit) and do not include window fans. Space heaters do not entitle households to the SUA unless it is their primary source of heat.

If two or more separate households live together and each pays a utility expense, each household is entitled to the same full appropriate utility allowance, such as the SUA, regardless of how the expenses are divided between the households. The utility allowance is not prorated. If one household pays all of the utility expenses and the other household pays none, only the household paying the expenses is entitled to the appropriate utility allowance as an expense.

STANDARD UTILITY ALLOWANCE (SUA):

The SUA is a **\$799.00** utility expense and is available to the following households:

1. Households incurring heating or cooling expenses separately from their rent or mortgage including any households charged only for excess heating/cooling costs if the household pays or is anticipated to pay excess heating/cooling costs for any one month.
2. Households containing an elderly (60 or older) or a disabled member and receiving a benefit greater than \$20 annually from the Low-Income Home Energy Assistance Program (LIHEAP) or in other similar energy assistance benefits in the current month or in the immediately preceding 12 months; the LIHEAP payment does not have to be for the household's current address. The household must have received payment (or had a payment made on its behalf); intention to apply or application for (but not approval of) the LIHEAP benefit does not meet the requirement to be eligible for the SUA. LIHEAP certifications run from 10/01 through 09/30 of the following year.
3. Households in private/public rental housing who incur heating/cooling costs and are billed by their landlords based on individual usage or who are charged a flat rate separately from their rent.
4. Households containing an elderly (60 or older) or a disabled member and receiving direct or indirect energy assistance that is excluded from income consideration (other than that provided under the LIHEAA) only if the amount of the expense exceeds the amount of the assistance, and the expense is for heating/cooling costs. **NOTE:** The eligibility staff member must thoroughly document their decision whether the SUA was or was not allowed as shelter expense. The eligibility staff member uses past utility information when it is an indication of what is expected in the future. If the household's average utility costs exceed the HUD energy assistance and it is anticipated the same will most likely recur, the household is allowed the SUA. If the past utility information leads the eligibility staff member to believe that the same will not occur, such as HUD expects to provide more assistance and the household expects less utility expenses, the SUA is not allowed.
5. Households containing an elderly (60 or older) or a disabled member and receiving direct or indirect energy assistance that is counted as income and incur a heating or cooling expense.

LIMITED UTILITY ALLOWANCE (LUA):

LUA is a **\$267.00** utility expense and is available to households not entitled to the SUA but they incur at least two non-heating/cooling utilities, such as electricity, water, sewer, garbage, or telephone including a cell phone if that is the only telephone used in the home.

ONE UTILITY ALLOWANCE (OUA):

OUA is a **\$116.00** utility expense and is available to households incurring only one non-heating/cooling utility such as electricity, water, sewer, or garbage and the household does not incur telephone costs.

TELEPHONE ALLOWANCE:

The telephone allowance is a **\$34.00** utility expense and is available to households incurring telephone costs only. The household must incur the basic service fee for one telephone to be entitled to the telephone standard. The household is allowed the expenses for a cellular phone if that is the only telephone used in the home and the cost is associated with a specific device. A contract for service is not required. **NOTE:** If the household is self-employed and claims the cell phone as a business expense, it cannot also claim the phone as a utility expense.

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