

RESOURCES
REAL PROPERTY
INCOME-PRODUCING

Description: Real property may produce income as part of a business (for example, the building, which houses a store or factory and which, is listed as an asset of the business). In the alternative, real property can be used to produce income and not be part of a business (for example, the A/R owns a house, which s/he rents to someone else).

Policy: Income-producing real property, which is part of the A/R's homestead is exempt. (See **INCOME HOMESTEAD**)

All non-homestead income-producing real property is reviewed to determine if it is a countable resource. The treatment of income producing property depends on the category of the A/R.

For ADC-related A/Rs, if income-producing real property produces a net return on equity of 6% or more, the first \$12,000 of the A/R's equity is not counted. Any remaining equity value plus any other countable resources owned by the A/R are compared to the appropriate resource level. (See **RESOURCES LEVELS**)

If the net return is less than 6% of the equity value, the entire equity value of one income-producing real property is a countable resource. The entire real property equity value plus any other countable resources owned by the A/R are compared to the appropriate resource level. (See **RESOURCES LEVELS**)

For LIF and S/CC A/Rs, the equity value of income-producing real property is a countable resource. The entire equity value plus any other countable resources owned by the A/R are compared to the appropriate resource level.

For SSI-related A/Rs, income-producing real property used in a trade or business is exempt. Income-producing real property not used in a trade or business is subject to the \$12,000 and 6% test.

References: Dept. Reg. 360-4.3 (c) & (d)
360-4.4 (b)(3)
360-4.4 (d)ADM
91 ADM-30