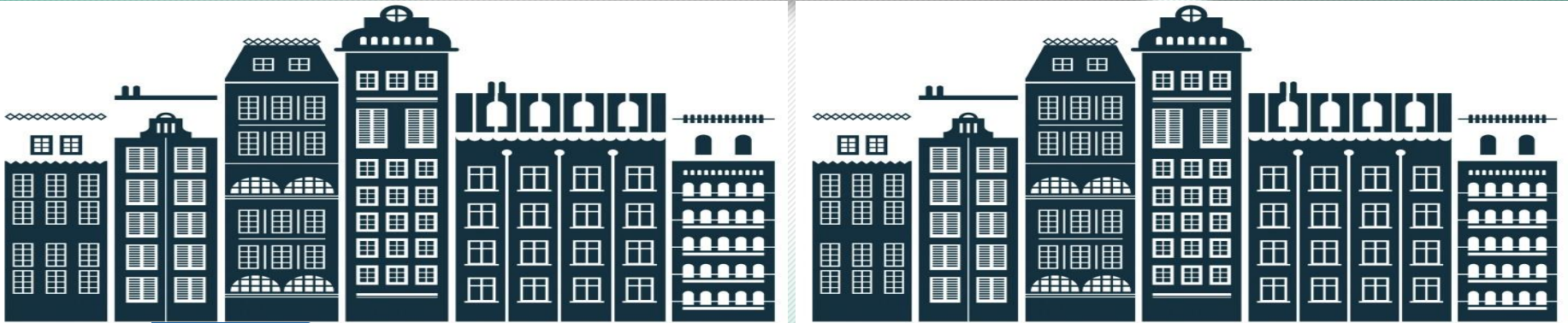


U.S. Department of Housing and Urban Development (HUD)
Office of Lead Hazard Control and Healthy Homes (OLHCHH)

FY2021 NEW GRANTEE ORIENTATION

Enrollment/Income Eligibility and Verification

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VIRTUAL CONFERENCE, MAY 3RD - MAY 14TH, 2021

Course Objective

- Identify ways to create and maintain unit enrollment for a successful program
- To understand and document the minimum requirements to calculate annual household income for the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration Grant Programs.

Sources of Unit Enrollment

- Referral of identified EBL's from local or state health departments.
- HIPPA Data Sharing agreement exists between HUD/CDC
- Health Fairs: attend or provide outreach materials.
- Section 8/Housing Choice Voucher: Reach out to HCV staff.
- Establish successful community partnerships.
- Establish effective Outreach and Marketing.
- Distribute in places frequented by families with children under age 6
- Use social media

Other Sources of Enrollment

Distribute program information to:

- Day care centers
- Schools
- Churches
- Health care providers (pediatricians, ob-gyn, public health clinics)
- Neighborhood/city-wide events
- Department of Human Services
- Bulletin boards (Libraries, Laundromats)

Enrollment Process

- One-on-one assistance (when possible)
 - Go to the potential client's home educate them and fill out the application with them
 - Use portable scanners for copying documents
- If feasible, post fillable online applications on your public website
- Empower partners to assist clients with filling out applications
- Provide your health department with application packets to distribute to parent/guardian of EBL children.

Sustainability of Unit Enrollment

- Continue focus on marketing/outreach (get out in the community and market the program)
- If a slow down in unit enrollment occurs, Rethink Your Plan
- Consider putting more emphasis on a method that produces good results

Remember: Program success depends on unit production

Income Verification

Grantee Requirements:

- ▶ To collect, verify and file third party source documentation.
- ▶ Develop detailed policies and procedures regarding annual income definitions, income determination processes, calculation methodologies.
- ▶ Train staff, subrecipients, etc on income determination basics.
- ▶ Document that beneficiaries have incomes at or below the annual income limits established by HUD
- ▶ Consider situations that combine various HUD program resources (i.e., CDBG).

Implementing The Income Definitions

- ▶ Grantee must have written policies & procedures that cover:
 - Definition of income
 - Calculation methodology
 - Timing of certifications (6 months)
 - Documentation required (source, third party, etc.)
 - Income Limits
 - Recertifications (rental and tenant based programs - if applicable)

Be sure to print and save income calculation summary.

POLICY GUIDANCE NUMBER: 2013-07

Income Verification Guidance:

| | |
|--|---|
| POLICY GUIDANCE NUMBER: 2013-07 | DATE: December 13, 2017 |
| SUBJECT: | Income Verification Guidance |
| STATUS: | Current |
| APPLICABILITY: | The Office of Lead Hazard Control and Healthy Homes Lead-Based Paint Hazard Control (LHC) and Lead Hazard Reduction Demonstration (LHRD) grantees |
| RELATED GUIDANCES: | PGI 2009-01, 2013-07 |
| COMMENTS: | This policy guidance is being updated to define income documentation for units enrolled in the Housing Choice Voucher program. |

The overarching purpose of the Residential Lead-Based Paint Hazard Reduction Act of 1992 ("Title X") is to protect children from the dangers of lead-based paint hazards. Section 1011 of Title X authorizes lead hazard control grant programs that conduct work in privately-owned housing of (primarily) low-income families. Specifically, Title X requires that certain percentages of housing units be occupied by low-income families residing (or expected to reside there after the work). (Title X is available at www.hud.gov/offices/healthyhomes.) It is therefore necessary to verify the income of families being considered for enrollment in the grant program.

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) recognizes the burden for families in trying to comply with the income requirements of Title X when they have already done so for another HUD or federal program, such as HUD's Housing Choice Voucher program. As a result, OLHCHH is issuing this policy guidance, updating PGI 2013-07, of the same title, to assist you in making sound decisions when assessing the income eligibility of certain applicants for program assistance. The change from the previous PGI 2013-07 includes:

- Defining the acceptable income verification documents for units enrolled in the Housing Choice Voucher program funded by HUD's Office of Public and Indian Housing.
- Describing the process by which Lead Hazard Control grantees should reach out to public housing agencies to facilitate enrollment in their grant program of families enrolled in the housing choice voucher program.

Defining Income

As set forth in the previous guidance, a grantee has the flexibility to choose among the following three definitions of "annual income" when calculating income for the grant program; these definitions are used by the Housing Choice Voucher, Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME) and many other HUD programs. The term "annual income" is used to refer to annual (gross) income using one of the following definitions of "annual income" when calculating income and allowances for grant program assistance:

Role of Annual Income in LHC Programs

- ▶ Determines eligible participants.
- ▶ At the beginning of your program you should determine your definition of “Annual Income:.”
- ▶ The term “Annual Income” is used to refer to annual **(gross)** income using one of the following definitions of “annual income” when calculating income and allowances for grant program assistance:

Note: Definition of income is not same as documentation of income - Example: using IRS definition does not mean tax return is only form of documentation

Select One Definition of “Annual Income”

1. Annual income as defined in 24 CFR 5.609, referred to as “Part 5 annual income”;
2. Annual income as reported under the Census Long Form for the most recent decennial census; and
3. “Adjusted gross income” as defined for reporting purposes under the IRS Form 1040 long form (*not* IRS Forms 1040A or 1040EZ themselves that were submitted to IRS).

Question 1

- Can Grantees adjust their definition of “annual income” based on the documentation provided by client or any other reason?

Answer:

- No. Grantees must select one definition of annual income and apply the income calculation methodology to each applicant consistently.

Documenting Household Income Information

- ▶ Application/Intake Form
 - ▶ Includes requesting sufficient information to determine program eligibility
- ▶ Source documentation
 - ▶ Examples: paystubs, Social Security letter, bank statements, etc.
- ▶ Third party documentation
 - ▶ Examples: verification of employment, and other forms sent directly to third parties

Accepted Forms of Income Verification and Documents of Expenses

| Types of Information | A) Review of documents | B) Third party written | C) Third party oral |
|---|---|---|--|
| Wages and salaries including base and overtime rates, bonuses and incentive payments. | Pay stubs, earnings statement or W-2 form identifying employee and showing amount earned period of time covered by employment. | Signed and dated form or letter from employer specifying amount to be earned per pay period and length of pay period. | Statement indicating contact with employer by phone or in person specifying amount be earned per pay period. |
| Tips/gratuities and self-employment. | Notarized statement from applicant or form 1040/1040A showing amount earned and | None. | None. |
| Income maintenance, AFDC, welfare, Social Security | (1) Copy of check issued by agency (2) Award letter signed by agency | Signed and dated verification form signed showing amount and period received. | Statement indicating contact with agency, amounts received, and dates received. |
| Unemployment/Worker's Compensation | Same as 3A. | Same as 3B. | Same as 3C. |
| Child Support Payments | (1) Copy of payment records furnished by court, signed and dated, showing amount received. (2) Copy of divorce decree showing amount of support. (3) Copy of un cashed check. | Written statement from paying parent. | Oral statement from paying parent (documented by agency) |
| Interest/dividends | (1) Passbook showing interest received and period covered. (2) Income tax return. (3) Dividend statement from bond holder or stock company. | Dated and signed verification form completed by savings institution showing amount and period received. | Same as 6A but obtained by means of oral contact with official at institution (documented by agency). |

| | | | |
|----------------------------|---|--|--|
| Assets | (1) Passbooks/letters completed by bank. (2) Real estate tax assessment or appraisal of real property. (3) Statement signed by applicant specifying assets. | None. | None. |
| Child Care expenses | (1) Receipts, canceled checks. (2) Itemized list signed by applicant. | Letter received from child care agency, babysitter, or person providing care showing amounts received or expected and period of service. | Same as 8B but with telephone or in-person contact (documented by agency). |
| Medical Expenses | (1) Receipts, canceled checks. (2) Records of insurance payment, indication of payroll deduction for medical insurance (3) Itemized list signed by applicant. | Form letter, dated and signed, from hospital or physician specifying amount due or expected to be due during the next 12 months. | Same as 9B but with telephone or in person contact (documented by agency). |
| Housing Expenses | (1)Receipts, canceled checks. (2)Itemized list signed by applicant. | Letter received from landlord showing amount of rent paid. | Same as 10B but with telephone or in person contact. |

You are not required to re-examine a household's income, unless more than 6 months have elapsed since the household's income was certified.

Income Verification Document Review Hierarchy

- A. Third Party (online or hard copy)
- B. Verbal Third Party (documented by the grantee)
- C. Tenant/Landlord Declaration (signed statement by tenant and/or landlord)
- D. Form HUD 50058

A. Third Party (online or hard copy)

- Provides an independent verification of information.
- Involves contacting an outside entity to obtain information about the income of household member(s).
- **Third-party verification is the most reliable method.**
- Example: HUD's Enterprise Income Verification system
 - Incorporate in policies and procedures and ensure income and occupancy limits set forth in Section 1011 of Title X are met.

Third Party (online or hard copy)

- Involves sending the appropriate forms to employers and agencies listed as a source of income on application or as stated by applicant
- Execute a signed release form with the household to verify income via third party sources and to pull credit reports (if applicable).
- Send verification forms to the employer or agency. Be prepared to follow up if the agency is unresponsive and document verification efforts in the applicant's file.
- Utilize HUD's Enterprise Income Verification system
- The Work Number is an additional resource that is commonly used by large employers.
<http://www.theworknumber.com>

B. Verbal Third Party (documented by the grantee)

- Grantee may contact the employer via telephone or in person to confirm employment specifying the amount to be earned per pay period.
- Grantee is required to document the verbal income verification.
 - Provide a signed and dated statement in the grant file.

C. Tenant/Landlord Declaration (signed statement by tenant and/or landlord)

- Employer provides a signed and dated statement specifying the amount to be earned per pay period.
- Verification of Employment form can be downloaded from www.hudexchange.info/
- The applicant must attest by signature that the information provided is accurate under penalty of law. The declaration must include the following certification by the tenant/landlord:
 - “I certify under penalty of law that the information contained in this declaration is true, accurate and complete to the best of my knowledge. I understand that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.”

Households Vs. Family

- Typically based on income earned by all adults in household or family (depending on activity type)
- **Households**
 - Used for all housing activities
 - Could be one or more individuals related or unrelated living in same dwelling unit
 - Shared custody children should be counted if at least 50% of time is with the household
- Persons who are members of a family
 - Used for public services, public facilities, job activities under CDBG
 - Related by blood, marriage or adoption

Determining Whose Income to Count

- Do not count the following household members (or their associated income):
 - live-in aides
 - children of live-in aides
 - children being pursued for legal custody or adoption who are not currently living with the household

**This list does not follow the HOME program regulations.*

Dealing with Wage Rates and Variations in Pay

- Tips for calculating wage rates:
 - If paid for every week of the year: Pay rate times 2080 hours (40 hours times 52 weeks).
 - If not paid for every week: Pay rate times number of hours per week times number of weeks worked per year, OR multiply total quarterly pay times 4.
- **Variations in pay:**
 - If seasonal income, add months of pay + unemployment to project 12 months forward.
Example: 6 months of pay + 6 months unemployment

Dealing with Wage Rates and Variations in Pay Cont'd

- **Other Common Sources of Income**
 - Unemployment:
 - If a household member is currently receiving unemployment payments, verify amount received
 - If a client is not currently receiving payments, but has signed up for unemployment payments or expects to soon, use the prior year tax return or last two years to obtain an average payment amount.

Dealing with Wage Rates and Variations in Pay Cont'd

- **Other Common Sources of Income**

- Self Employed: document current information if available. If current information is not available, use prior year tax return or last two years to obtain average income.
- Construction and/or seasonal: ensure all employers are included, use verification letters and forms for all if possible.
- Cash: Review for periodic payments in checking and/or savings account statements.

Dealing with Wage Rates and Variations in Pay Cont'd

- **Zero income for one or more household members.**
 - First, ask the client questions about household members' ability to pay rent, utilities, car payment, etc. to determine if zero income is correct. Verify cash and other income identified.
 - Second, review tax return from prior year. Use third party verification with prior employers, benefits, etc. as indicated on the household's tax return.
 - Finally, if desired, use IRS form 4506 to obtain a certified tax return. If income is indicated on the tax return, then talk to the client to determine if any of the sources of income are still being received.

Sample Process -

- *The Process of Determining Income*
- a. Assist the client in completing an application form that includes the proper privacy notices and required releases.
- b. Collect and analyze appropriate income documentation for household members either through third party verification or source documentation. Some agencies speed up this process by requiring clients to bring pay stubs, bank account records and other required documents to an interview in which the application form is completed.
- c. Ask questions about raises or other anticipated income changes (from employer, applicant). NSP grantees should assume that current circumstances will continue for next 12 months unless there is documentation that current circumstances will change within next 12 months - e.g., pay raises, overtime, family size or composition.
- d. Calculate applicant's projected household income based upon documentation provided.

Question 2

- Is a paycheck stub (2weeks) or social security statement sufficient to document household income?

Answer:

- No. What if the applicant has more than 1 job or individuals that collect social security also work. Requesting bank statements is reasonable method to verify income.

Lead Hazard Control Grant INCOME ELIGIBILITY WORKSHEET

Lead Hazard Control Grant INCOME ELIGIBILITY WORKSHEET

Identification and Income Computation

1. Name of Property Owner _____
2. Name of Tenant _____
3. Property Address _____
4. Tenant: Owner-Occupant Non-owner-Occupant



Income Computation:

| A | B | D | F | H |
|------------|-------------------------|----------------|--|----------------------|
| Individual | Type / Source of Income | Periods / Year | Actual Annual \$ Amount (per Tax Return) | Form of Verification |
| | | | | |
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| | | | | |

Gross Annual Household Income ----- (add together all values in column F) \$ _____ (X)

Number of Adults over 18 years old in the household: _____ Total Size of Household _____

IS APPLICANT(S) QUALIFIED BASED ON TOTAL HOUSEHOLD INCOME AND HOUSEHOLD SIZE? Refer to chart, circle category.

| Family Size | Income Figures per Family Size 2018 | |
|-------------|-------------------------------------|-------------|
| | 50% Median | 80% Median |
| 1 | \$19,320.00 | \$30,420.00 |
| 2 | \$22,520.00 | \$34,250.00 |
| 3 | \$24,820.00 | \$39,420.00 |
| 4 | \$27,420.00 | \$43,250.00 |
| 5 | \$29,720.00 | \$47,420.00 |
| 6 | \$31,920.00 | \$51,120.00 |
| 7 | \$34,120.00 | \$54,420.00 |
| 8 | \$36,320.00 | \$58,200.00 |

APPROVAL: _____ DENIAL: _____

Income Verified by: _____ Name Title _____ Date _____

COMMENTS: _____

Helpful Resources

- https://www.hud.gov/sites/dfiles/HH/documents/PG%202017_05%20Income%20Verification%20Guidance%20Revision%20Finalrv.pdf
- Area Median Income:
<https://www.huduser.gov/portal/datasets/il.html>
- <https://www.hudexchange.info/incomecalculator/>