

<b>POLICY GUIDANCE NUMBER:</b> 2017-05	<b>DATE:</b> December 13, 2017
<b>SUBJECT:</b>	Income Verification Guidance
<b>STATUS:</b>	Current
<b>APPLICABILITY:</b>	The Office of Lead Hazard Control and Healthy Homes Lead-Based Paint Hazard Control (LHC) and Lead Hazard Reduction Demonstration (LHRD) grantees
<b>RELATED GUIDANCES:</b>	PGI 2009-01, 2013-07
<b>COMMENTS:</b>	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](http://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:

- Annual income as defined in 24 CFR 5.609, referred to as “Part 5 annual income”;
- Annual income as reported under the Census Long Form for the most recent decennial census; and
- “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).

The Area Median Income, which is the basis for determining income limits required by Title X, is established for your community by HUD and posted on HUD’s Data Sets website. As of Fiscal Year (FY) 2017, the tables and data are available for downloading in Word, PDF and Excel formats from [www.huduser.gov/portal/datasets/il/il17/Section8-IncomeLimits-FY17.pdf](http://www.huduser.gov/portal/datasets/il/il17/Section8-IncomeLimits-FY17.pdf).<sup>1</sup> You can check [HUDuser.org](http://HUDuser.org) for previous and subsequent years’ tables and data.<sup>2</sup> OLHCHH closely follows the current HOME and CDBG definition of annual income, with modifications detailed below, because many grantees use OLHCHH funds in combination with these other HUD program funds.

If you have more than one OLHCHH lead hazard control grant, you may use more than one definition of annual income for your overall lead hazard control grant portfolio. However, you must also ensure that families assisted under each grant are treated equitably by using the same definition of income for all families under a particular grant. You may find administering the income verification process is simpler if you use one definition for all your OLHCHH lead hazard control grants.

For example, if you choose to use the Part 5 definition of annual income for a Lead-Based Paint Hazard Control Grant, you must apply this definition to all applicants of that grant. You may not use the IRS Form 1040 definition of adjusted gross income for a household that does not qualify using the Part 5 definition of annual income once you have determined to follow the Part 5 definition as a program for that grant.

Note that, unless you compare a family’s income to the 50% Area Median Income level and determine that the family’s income is below that level, you must assume that the family being enrolled in the Housing Choice Voucher program indicates that the family is below the 80% Area Median Income level. (The two percentages are specified among the income eligibility criteria of Title X.)

Finally, if you combine one or more other sources of funding (e.g., CDBG, HOME, Rehabilitation, etc.) with lead hazard control grant program funds, you must ensure that the housing units receiving the lead hazard control grant program funds meet the income eligibility requirements applicable to the lead hazard control grant as well as the other program(s). When combining funding from different programs, the most restrictive requirements govern. (Please recall that, if you combine one or more other sources of funding with lead hazard control grant

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<sup>1</sup> Note that, in these tables, the 80% Area Median Income (AMI) values are labeled Low-Income, 50% AMI values, Very Low Income, and 30% AMI values, Extremely Low Income (ELI).

<sup>2</sup> When the Area Median Income values for FY 2018 are posted, we will update this guidance with the website address for that year, and similarly in future years.

program funds, you may not count as match other funds that are federal funds (although CDBG and ICDBG funds are statutorily excepted.)

### **Determining Whose Income to Count**

Do not count the following household members (or their associated income) when determining household size for computing “annual income” in accordance with Area Median Income limits:

- live-in aides
- children of live-in aides
- children being pursued for legal custody or adoption who are not currently living with the household

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

A child that is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted as a household member. Foster children in the care of families applying for assistance may be counted when determining household size. However, only those children presently in the foster care of the applicant family at the time of application may be considered.

### **How to Verify Income**

Once you have chosen the specific definition of annual income that your program will use, you must determine how the applicant’s income is verified. You must collect source documentation and ensure that this documentation is sufficient for HUD to monitor program compliance. Verification methods may not be altered to suit specific circumstances or applicants. The income verification methods should be included in your approved work plan. Worksheets for computing annual income are posted on the OLHCHH’s website ([www.hud.gov/healthyhomes](http://www.hud.gov/healthyhomes)); open the Lead and Healthy Homes Programs Division webpage, and then the OLHCHH Grant Start-up Guidance webpage, and, within the Program Start-Up Tools section, open the link to the Annual Income Computation Worksheets, and are also available upon request.

The following income verification document review hierarchy should be followed in all cases:

- 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)*

Third-party verifications are a useful form of income verification because they provide independent verification of information. Third-party verification involves the grantee contacting an outside entity to obtain information about the income of household member(s). If you currently use a third-party verification system to determine income eligibility for other assistance programs, such as HUD’s Enterprise Income Verification system, you may propose

using that system in your work plan provided the income and occupancy limits set forth in Section 1011 of Title X are complied with. The form of third party verification used may be either paper-based or web-based.

*B. Verbal Third Party (documented by the grantee)*

Although written requests and responses are preferred, in cases where the applicant is unable or unwilling to provide information to allow for documented third party verification, you may accept verbal third party verification provided you adequately document the case file in this circumstance. Such documentation should include the contact person, information conveyed, the date of the conversation, and the reason for not having a written request and response.

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

If the applicant is unable or unwilling to provide adequate third party documentation, and a verbal third party confirmation of income is not possible, a signed tenant or landlord declaration is permitted. The declaration worksheet must be included in the file along with an explanation by the grantee for the inability to obtain written or verbal third party documentation. The tenant/landlord declaration worksheet you use should contain information on:

- the applicant's employer and income;
- income deductions;
- evidence of financial assistance received from other public sources;
- the number of children in the unit and their ages; and
- other information relevant to the applicant's eligibility that provides a basis for providing housing assistance, such as neighborhood income statistics, location of the unit within a designated revitalization zone, etc.

*D. Form HUD-50058*

A rental unit that is being considered for enrollment in a grantee's lead hazard control grant program may be occupied by tenants that are receiving benefits through the Housing Choice Voucher (HCV; also known as the Section 8 Voucher) program. This family's income has been verified by a public housing authority (PHA) or HUD's Public and Indian Housing (PIH) office using the Housing Choice Voucher Handbook 7420.10G and Form HUD-50058. The program may accept either the form or the income eligibility notification letter as adequate documentation of income to determine the unit's and tenant's eligibility for this program.

- A family that is a participant in the HCV program has already had their income information verified and maintained by the PHA that administers the voucher. Voucher program participants already submit income information via Form HUD-50058 and update it annually as part of recertification. With the applicant family's written consent, you may securely obtain this information directly from the PHA to streamline the application process to your program. Because the information contained in the form is private, HUD recommends that you work with the PHA up front to set up a data sharing agreement or memorandum of understanding that outlines the process. Because all PHAs must get approval from their Board of Commissioners for new policies, HUD recommends that you initiate these agreements well in advance of the need.

- As part of the agreement, and to facilitate enrollment of housing in your program, you may also request that the PHA refer HCV families and landlords for enrollment in your Lead Hazard Control Grant Program.
- The PHAs in your target area are linked from HUD’s PHA Contact Information webpage, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/pha/contacts](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/pha/contacts). Most large PHAs will have an HCV Director, and the names and titles of HCV program staff will be on their own website. If you need assistance, contact your state HUD office by going to [www.HUD.gov](http://www.HUD.gov), select “State Info,” select your state, and select “Contact my Local Office.” Most HUD offices have a public housing office that can assist you.

A copy of Form HUD 50058 is the preferred documentation to retain. Grantees may consider accepting the income verification official notice received from the PHA office at their discretion to allow as many opportunities to be made for these units. All documentation should be retained in the file as proof of income verification.

In addition, 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.”

### **Timing of Income Certifications**

Only documentation that verifies the current rate of annual income at the time of assistance is required. The income certification process must be completed prior to receiving assistance under OLHCHH grant programs.

Only income verifications dated no earlier than 6 months before time of assistance (i.e., formal acceptance into your program) will be permitted. 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. You may request additional documentation to support the eligibility determination at your discretion, such as if you have questions about its accuracy.

### **Responses to Policy Guidance**

This policy guidance is intended to allow you flexibility when verifying income for individuals receiving assistance under OLHCHH grant programs. Should you have comments or questions on this policy guidance, please contact your Government Technical Representative.