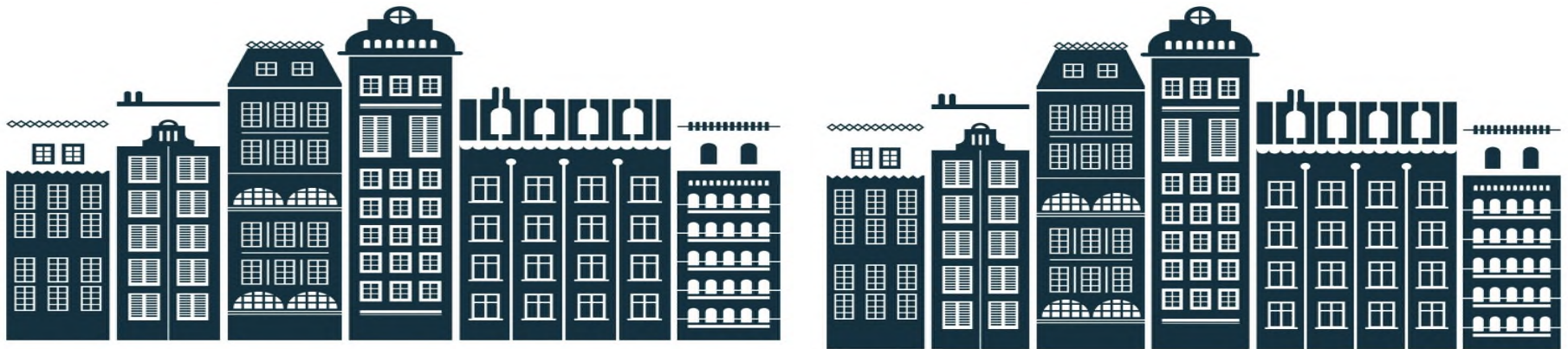


U.S. Department of Housing and Urban Development (HUD)  
Office of Lead Hazard Control and Healthy Homes (OLHCHH)

# 2019 Program Manager School

## Verifying Income: What is Needed?



Minneapolis, MN

# Course Objective

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To understand the minimum requirements to document, verify and calculate **“Annual Income”** for the Lead Hazard Reduction Grant Programs.



# Policy Guidance Number: 2017-05

## Income Verification Guidance:

### □ PG: 2017-05

<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:

# Role of Annual Income

- Determines eligibility of LHC participants.
- “Annual Income” refers to annual (gross) income using one of the following definitions of “annual income” when calculating income and allowances for grant program assistance:
  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.

**Note: *Definition of income is not same as documentation of income***

# 1. Sample Part 5 Annual Income Form

HUD Part 5 calculator:  
[www.hudexchange.info/](http://www.hudexchange.info/)

Sample Format for Calculating Part 5 Annual Income					
1. Name:			2. Identification:		
ASSETS					
Household Member	Asset Description				Actual Income from Assets
3. Total Actual Income from Assets.....					\$0
ANTICIPATED ANNUAL INCOME					
Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Public Assistance	d. Other Income	e. Asset Income
4. Totals	\$0	\$0	\$0	\$0	\$0
5. Total of items from 4a. through 4e is Annual Income.....					\$0
X _____ <i>Applicant Signature</i> _____ <i>Date</i> _____					
For Office Use Only					
Household Income: _____					
Income Level _____					
_____ <i>Signature of Certifying Staff</i>					



# 3. Sample IRS 1040 Adjust Gross Income Form

**Exhibit 3.16<sup>1</sup> – Sample Format for Computing IRS 1040 Series Adjusted Gross Income**

Name:		Identification No.:			
	Family Member				Subtotal (add a-d)
	a.	b.	c.	d.	
1. Wages, salaries, tips					e.
2. Taxable interest					
3. Dividend income					
4. Taxable refunds/ credits/offsets of state/ local income taxes					
5. Alimony received					
6. Business income (or loss)					
7. Capital gain (or loss)					
8. Other gains (or losses)					
9. Taxable amount of IRA distributions					
10. Taxable amount of pensions and annuities					
11. Rental real estate, royalties, partnerships, trusts, etc.					
12. Farm income (or loss)					
13. Unemployment compensation					
14. Taxable amount of Social Security benefits					
15. Other income					
<b>16. Subtotal (lines 1-15)</b>					
17. IRA deduction					
18. Medical savings account deduction					
19. Moving expenses					
20. One-half of self- employment tax					
21. Self-employed health insurance deduction					
22. Keogh and self-employed SEP and SIMPLE plans					
23. Penalty on early withdrawal of savings					
24. Paid alimony					
<b>25. Subtotal (lines 17-24)</b>					
26. Subtract line 25 from line 16. This is <i>Adjusted Gross Income</i> .....					

<sup>1</sup> Note to users: The income inclusions and exclusions allowed under the IRS 1040 definition of income are subject to change from tax year to tax year. This worksheet is a general representation of the IRS Form 1040, and as such cannot reflect all updated inclusions and exclusions each tax year. The user is advised to consult the IRS Web site for the most current version of this form at [www.irs.gov](http://www.irs.gov).

# Question 1

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- Can Grantees adjust the program's definition of "annual income" based on the documentation provided by client or any other reason?



# Answer 1

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- Can Grantees adjust the program's definition of "annual income" based on the documentation provided by applicant or any other reason?
- **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/benefit award letter, bank statements, tax returns, etc.
- Third party documentation
  - ▣ Examples: verification of employment and other forms sent directly to third parties.

# 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)*

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- 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.**

## A. *Third Party (online or hard copy)*

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

# Sample Verification of Employment Form

## Verification of Employment

<p>(Name of Program _____)</p> <p>AUTHORIZATION: Federal Regulations require us to verify Employment Income of all members of the household applying for participation in the Name of XXXXX Program which we operate and to reexamine this income periodically. We ask your cooperation in supplying this information. This information will be used only to determine the eligibility status and level of benefit of the household.</p> <p>Your prompt return of the requested information will be appreciated. A self-addressed return envelope is enclosed.</p>	<p>Employed since: _____ Occupation: _____</p> <p>Salary: _____</p> <p>Effective date of last increase: _____</p> <p>Base pay rate: \$_____/Hour; or \$_____/Week; or \$_____/Month</p> <p>Average hours/week at base pay rate: _____ Hours</p> <p>No. weeks _____ or No. weeks _____ worked/Year</p> <p>Overtime pay rate: \$_____/Hour</p> <p>Expected average number of hours overtime worked per week during next 12 months _____</p> <p>Any other compensation not included above (specify for commissions, bonuses, tips, etc.): For: _____ \$_____ per _____</p> <p>Is pay received for vacation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, no. of days per year _____</p> <p>Total base pay earnings for past 12 mos. \$_____</p> <p>Total overtime earnings for past 12 mos. \$_____</p> <p>Probability and expected date of any pay increase: _____</p> <p>Does the employee have access to a retirement account? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, what amount can they get access to: \$_____</p>
<p>RELEASE: I hereby authorize the release of the requested information.</p> <p>_____ (Signature of Applicant)</p> <p>Date: _____</p> <p>or a copy of the executed "HOME Program Eligibility Release Form," which authorizes the release of the information requested, is attached.</p>	<p>Signature of _____ or Authorized Representative</p> <p>Title: _____</p> <p>Date: _____</p> <p>Telephone: _____</p>
<p>WARNING: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.</p>	



## 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.
  - ▣ File documentation must include facts, time and date of contact, and name and title of the third party.

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

- Signed tenant or landlord declaration is permitted:
- Tenant/landlord declaration worksheet: applicant's employer and income; income deductions; public sources of income, children and ages, etc.
- 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."
- Explanation by the grantee for the inability to obtain written or verbal third party documentation.



# Record of Oral Verification Form

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## RECORD OF ORAL VERIFICATION

### APPLICANT INFORMATION

Re: \_\_\_\_\_

Address: \_\_\_\_\_

Date Received: \_\_\_\_\_

### INFORMATION VERIFIED

Item Verified: \_\_\_\_\_

Person Contacted: \_\_\_\_\_

Representing: \_\_\_\_\_

### INFORMATION SUPPLIED

\_\_\_\_\_  
Signature of Person Receiving Verification

\_\_\_\_\_  
Date and Time

# Question 2

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**What is the income certification date?**

# Answer 2

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What is the income certification date?

**Answer.** The date (evidenced by signature on the income calculation form), the authorized program person documented and verified that the household income was within the income limitations of the program to receive services.

# D. Form HUD-50058

- A rental unit occupied by tenants receiving benefits via Housing Choice Voucher (HCV) or formerly known as Section 8.
  - ▣ Family Income has been verified by a Public Housing Authority (PHA) or HUD's Public and Indian Housing (PIH) Office.
  - ▣ Income is collected on the HUD-50058 and with written consent, the grantee may securely obtain this information directly from the PHA or PIH.

# Implementing The Income Definitions

- Grantee must have written policies & procedures that cover:
  - Definition of income
  - Calculation methodology
  - Income Verification Expiration Date (\*6 months)
  - Documentation required (source, third party, self employed etc.)
  - Established HUD Income Limits and related source for updates
  - Use/access certifications from Tenant Based Housing Choice Voucher Programs (formerly known as Section 8)

**May sure to print and save income calculation summary.**

**\*Income certifications are valid for 6 months before re-examine is required.**

# Determining Whose Income to Count

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**DEPENDS** on the definition  
of annual income selected.

# Grantee Income Verification 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.
- Clearly Document that beneficiaries have incomes at or below the local annual median income limits established by HUD.
- Consider situations that combine various HUD program resources (i.e., CDBG).

# Questions?