

Chapter 3

Income Determination and Verification

A primary mission of any public housing authority is the gathering of all family income sources, the timely verification of information, the determination of annual and adjusted income, and the accurate calculation of the family's subsidy. This Chapter discusses the determination of annual and adjusted annual income and the required verification standards to determine initial and continued eligibility. AHFC determines initial and continuing eligibility in compliance with all applicable civil rights requirements described in this Admissions and Occupancy policy. This chapter was developed in accordance with HUD regulations¹.

1. Reasonable Accommodation

If a person with a disability requires a reasonable accommodation in order to gather appropriate income, family status, or composition information or verification, AHFC has a process (see Reasonable Accommodations exhibit).

2. Family Consent and Privacy Act

HUD Regulation 24 CFR 5.230

Consent by assistance applicants and participants.

(a) Required consent by assistance applicants and participants. Each member of the family of an assistance applicant or participant who is at least 18 years of age, and each family head and spouse regardless of age, shall sign one or more consent forms.

(b) Consent authorization

(1) To whom and when. The assistance applicant shall submit the signed consent forms to the processing entity when eligibility under a covered program is being determined. A participant shall sign and submit consent forms at the next regularly scheduled income reexamination. Assistance applicants and

¹ HUD Final Rule issued March 8, 2016. "Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs; Final Rule."

-Public and Indian Housing Notice 2016-05 issued April 7, 2016; effective until amended, revoked, or superseded. "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies."

-Public and Indian Housing Notice 2018-24 issued November 27, 2018; effective until amended, superseded, or rescinded. "Verification of Social Security Numbers (SSNs), Social Security (SS) and Supplemental Security Income (SSI) Benefits; and Effective Use of the Enterprise Income Verification (EIV) System's Identity Verification Report."

participants shall be responsible for the signing and submitting of consent forms by each applicable family member.

(2) Subsequent consent forms – special cases. Participants are required to sign and submit consent forms at the next interim or regularly scheduled income reexamination under the following circumstances:

- (i) When any person 18 years or older becomes a member of the family;
- (ii) When a member of the family turns 18 years of age; and
- (iii) As required by HUD or the PHA in administrative instructions.

HUD Regulation 24 CFR 5.232

Penalties for failing to sign consent forms.

(a) Denial or termination of benefits. In accordance with the provisions governing the program involved, if the assistance applicant or participant, or any member of the assistance applicant's or participant's family, does not sign and submit the consent form as required in § 5.230, then:

- (1) The processing entity shall deny assistance to and admission of an assistance applicant;
- (2) Assistance to, and the tenancy of, a participant may be terminated.

AHFC Policy

AHFC will obtain proper family consent forms and advise families of privacy rights prior to verification of income or family composition.

HUD Regulation 24 CFR 5.240

Family disclosure of income information to the responsible entity and verification.

(a) This section applies to families that reside in dwelling units with assistance under the public housing program, the Section 8 tenant-based assistance programs, or for which project-based assistance is provided under the Section 8, Section 202, or Section 811 program.

(b) The family must promptly furnish to the responsible entity any letter or other notice by HUD to a member of the family that provides information concerning the amount or verification of family income.

(c) The responsible entity must verify the accuracy of the income information received from the family, and change the amount of the total tenant payment, tenant rent or Section 8 housing assistance payment, or terminate assistance, as appropriate, based on such information.

3. Calculating Annual Income

AHFC Policy

Under Moving to Work Activity 2014-1 approved by the AHFC Board of Directors on February 27, 2013, AHFC has implemented alternative methods of calculating the income-based rent and instituted an alternate continuing certification procedure.

The calculation of adjusted income no longer applies to AHFC's rent calculation methodology for programs under MTW. However, AHFC will use the eligibility criteria and calculation procedures outlined in Adjusted Annual Income Determination exhibit to determine adjusted income for those households that request consideration of medical, disability, utility, or child care expenses under the Bridge program.

A complete and in-depth discussion of included and excluded income is found in the Annual Income Determination and Adjusted Annual Income Determination exhibits.

3.A Minimum Income Threshold

AHFC has established a Minimum Income Threshold to be \$5,000 per family per year. This threshold applies to income for both applicant and participant families. Families declaring an annual income less than \$5,000 will pay the greater of the calculation method or the AHFC Minimum Rent.

- See the Examinations and Interviews chapter for the required minimum rent.
- Families subject to the minimum rent that are unable to pay may request an exception. See Minimum Rent Exemption exhibit.

3.B Earned Income Disallowance

AHFC Policy

The Earned Income Disallowance at 24 CFR 5.617 was discontinued with Moving to Work Activity 2010-3 approved by the AHFC Board of Directors on June 24, 2009.

4. Verifications

HUD Regulation 24 CFR 5.233(a)

Mandated use of HUD's Enterprise Income Verification (EIV) System.

(2) Processing entities must use HUD's EIV system in its entirety:

(i) As a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with §5.236, and administrative guidance issued by HUD; and

(ii) To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

HUD Regulation 24 CFR 960.259(c)

PHA responsibility for reexamination and verification.

(1) Except as provided in paragraph (c)(2) of this section, the PHA must obtain and document in the family file third-party verification of the following factors, or must document in the file why third-party verification was not available:

- (i) Reported family annual income;
- (ii) The value of assets;
- (iii) Expenses related to deductions from annual income; and
- (iv) Other factors that affect the determination of adjusted income or income-based rent.

(2) For a family with net assets equal to or less than \$5,000, a PHA may accept, for purposes of recertification of income, a family's declaration that it has net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration.

(i) The declaration must state the amount of income the family expects to receive from such assets; this amount must be included in the family's income.

(ii) A PHA must obtain third-party verification of all family assets every 3 years.

4.A Family Income

Verification of income is required at the initial, regular, and interim examinations.

AHFC must acquire sufficient documentation to prove the amount and frequency of all earned and unearned family income for:

- Annual family income
- Expenses related to deductions from annual income (Traditional program only)
- Any other factors affecting the determination of annual income

1. When an interim reexamination is conducted, AHFC will verify and update only those elements reported to have changed.
2. When an income source may be partially excluded, third-party verification is required to determine the full income.
3. When an income source is fully excluded, no verification is required.

HUD has established an income verification hierarchy. See the Verification Hierarchy exhibit.

4.B Family Status

AHFC Policy

Each family determines the members of its household. The family will self-certify family composition by signatures of all adult family members on required documents. Family and composition status will be updated and verified as necessary.

4.B.1. Adult Proof of Identity

AHFC requires all adult applicants/participants to furnish picture verification of legal identity.

4.B.2. Citizenship

See the Meet Citizenship Requirements exhibit to verify citizenship status for each family member.

4.B.3. Disabled Person

Persons may verify their status as a person with a disability for purposes of allowances or deductions from income or for reasonable accommodation.

4.B.4. Elderly or Near Elderly Person

To qualify, a person must submit proof of their age.

4.B.5. Live-In Aide

See the Live-In Aide exhibit for live-in aide documentation and verification procedures.

4.B.6. Minors – Custody

Each family must document the custody of minors in the household. For assisted households with dual custody of children, children may be claimed as dependents in **one assisted** household. Families must determine which household will claim both the income and deductions for the children; the children **may not** be posted in two households. AHFC will evaluate these situations on a case-by-case basis.

4.B.7. Minors – Unborn

Families wishing to declare a current pregnancy during the determination of family composition may do so (it is not required). Once verified, AHFC will include the unborn minor when determining the total number of family members.

4.B.8. Full- or Part-Time Student

Persons may wish to claim this status for eligibility for deductions, income exclusions, or inclusion in Classic program.

4.C Residency

A family may prove their residency at the time of their application for purposes of establishing their domicile.

5. Expiration Timelines

Verifications have different expiration dates depending on their purpose.

- Once AHFC obtains verification of a “permanent” file item, it does not need to be updated.
- All other items must be re-verified based on their purpose and use.

Numbered Memo

20-16 Updates to Verification Requirements