

## **Information about How Your Income is Counted in the Section 8 Housing Choice Voucher and Low Income Public Housing Programs**

### **Definition of Annual Income**

HUD defines Annual Income as all amounts, monetary or not, which: go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and which are not specifically excluded. Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access. For HUD's complete definition of Annual Income, including a listing of all income exclusions, see [24CFR5.609](#).

### **How the Housing Authority Verifies Income - Overview**

As a condition of housing assistance under the program, the Housing Authority requires the family to complete a detailed Initial Application and an annual Personal and Financial Statement listing all sources of income, assets, and other information needed to determine the appropriate level of subsidy. Additionally, family members must sign a consent form, authorizing any financial institution, employer, Federal, State or local agency, etc. to release information to the Housing Authority.

HUD requires that all income, assets, and other family information must be verified according to the following levels of priority.

Upfront Income Verification: Upfront Income Verification is the verification of income, before or during a family re-examination, through an independent source that systemically and uniformly maintains income information in computerized form for a large number of individuals. In an effort to minimize HAP overpayments due to tenant misreporting and non-reporting of income, HUD has launched an upfront income verification tool called Enterprise Income Verification (EIV). EIV contains data regarding wages and benefits received by all program participants with valid Social Security Numbers.

Written Third Party Verification (Tenant Documents): Written third party verification (tenant documents) are current, original documents generated by a third party source.

Written Third Party Verification Form (HA Form): In cases where the tenant is unable to provide documentation, or where the tenant provided documentation is not sufficient, the Housing Authority will contact the income source directly, in writing, to obtain the verification information.

Verbal Third Party Verification: If the income source does not respond to a written request for information or provides incomplete or unclear information, the Housing Authority staff may contact the source by phone to request clarification on incomplete information.

Tenant Declaration (Self Certification): If no other verification is available, staff will note the reason in the file and require the tenant to sign an affidavit declaring their income.

### **Information Regarding Verification of Specific Income Types**

The following is a list of the most common income types, as well as other items that the Housing Authority documents, including details associated with how these items are verified. This is not a comprehensive list, as new income sources and other related items are added frequently. Items presented below are listed in alphabetical order.

Annual contributions / gifts – HUD requires that regular and ongoing contributions and gifts should be counted towards annual income. However, gifts or contributions that occur annually (such as Christmas or birthday gifts) are not considered regular or ongoing because they occur only once during the re-examination reporting

period of one year. Therefore, such contributions and gifts are to be excluded if they are less than \$1,000 per household.

Assets: For current program participants at annual re-examination only, the Housing Authority will accept tenant self certification of assets on the Personal and Financial Statement if total household assets are reported to be less than \$5,000. For applicants in the eligibility process, and for current program participants with \$5,000 or more in total household assets, the Housing Authority will collect current tenant provided documents, such as bank statements.

Cash on hand - Occasionally Tenants report their cash on hand (as requested on the Personal and Financial Statement). Cash amounts less than \$1,000 per household will not be counted as an asset. However, any amount of cash that is greater than or equal to \$1,000 per household will be counted as an asset.

Child Care Expense Deductions: The Housing Authority must first verify that child care expenses are used to enable a family member to work, actively seek employment, or further his/her education. For instance, the childcare must be provided during the hours of work, education, etc. when there is no other activity (such as school) for the child.

Community Service Requirement: For verification of participation in required community service for public housing tenants, a timesheet signed by the agency but provided by the family is acceptable. For verification that a family member is exempt from performing community service, staff must obtain the highest level of third-party verification possible in accordance with this procedure, except for those exemptions that are due to permanent reasons such as age or permanent disability which have already been verified and documented.

Disability: If a tenant receives SSI, the verification of the SSI payment is acceptable verification of the disability. If the tenant does not receive SSI, verification of disability, depending on the individual's circumstances, will be requested from a doctor, other health care professional or a social worker, with medical or professional knowledge of the person's disability. If such verification is not available, the Authority may consider other forms of verification on a case-by-case basis.

Full Time Student Status: Full time student status must be verified using current tenant documents provided either by the household or by the school. Full time student status will be annually.

Citizenship and Immigration Status: All program participants admitted to the program must sign a statement indicating whether they are a US citizen, a legal resident, or whether they do not contend to have eligible citizenship status (and will therefore receive prorated assistance). US citizens will be asked to provide proof of citizenship, which may include either a birth certificate, passport, or naturalization certificate. Non-citizens who are under the age of 62 years old must provide documentation of eligible immigration status (which is then verified in the E-verify SAVE system).

Medical Expense and Disability Assistance Expense Deduction: The Department of Health and Human Services has developed Federal privacy standards to protect patients' medical records and other health information provided to health plans, doctors, hospitals, and other health care providers as of April 14, 2003. These standards are part of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The privacy requirements under HIPAA have a significant impact on how PHAs verify disability status, medical expenses, and disability assistance expenses. HIPAA requires that patients sign a specific authorization before a covered entity can release their medical information to a third party for purposes not related to the patient's health care.

The Housing Authority appreciates the statement in the Verification Guidance acknowledging that "with increasing privacy law requirements, PHAs may have difficulty in verifying" medical and disability assistance expenses. In light of these considerable difficulties, the Housing Authority has determined that the best way to

ensure the validity of medical and disability assistance expense information, while simultaneously protecting the confidentiality of our applicants and participants and complying with HIPAA, is a reliance on applicant / participant self-certification. To receive the medical expense deduction, tenants must complete the medical expense verification forms provided in the medical expense packet. However, if a program participant reports medical expenses in excess of \$3,000, Housing Authority staff will attempt to further validate the expenses in a manner that does not violate the confidentiality of the program participant.

Photo Identification: All adult household members will be asked to provide a government issued photo identification at the initial interview, before being added to the household, or at the annual re-examination following an existing household member's eighteenth birthday. Photo identification may consist of a passport, drivers license, state issued identification card, military identification card or a student identification card. Photo identification must always be presented in person, rather than by mail.

Seasonal Income: If a participant is employed in an occupation that is cyclical (that increases or decreases at the same time each year such as farm workers, teachers and construction workers) all income expected to be received during the year must be annualized. If the Housing Authority determines that past income is the best predictor of future income, historical data may be used to project annual income.

Self Employment: All self employed tenants and applicants will be asked to provide a complete copy of their most recent tax return (including Schedule C and Schedule SE if applicable). Additionally, all self employed tenants and applicants will be asked to complete the self employment certification form, and to sign form IRS 4506-T.

Social Security (SS) / Supplemental Security Income (SSI): The Housing Authority is required to use the HUD EIV system to obtain up-front verification of Social Security and SSI benefits for current program participants. If the amount shown on EIV does not match the amount provided on a current original benefits letter, the amount in the benefits letter will be used. If no current original benefits letter has been provided, but EIV matches the amount the tenant has reported through the Personal and Financial Statement, EIV may be used without collecting tenant documents. However, if the amount reflected on the PFS does not match EIV and the tenant has not supplied an original benefits letter, staff will either obtain an original benefits letter or will contact the tenant by phone to provide the tenant an opportunity to dispute the information in EIV. If the tenant does not dispute the information in EIV, staff will document the phone call and may use the data in EIV. If the tenant does dispute EIV, an original benefits letter must be obtained. Additionally, original benefits letters will be used to verify the Social Security and SSI benefits of applicants and other individuals who are not in the EIV system.

Social Security Numbers: All applicants, regardless of age, must disclose a valid Social Security Number and provide the required documentation at the time of their initial eligibility determination.

Wages: The Housing Authority is required to use the HUD EIV system, along with tenant provided documentation (such as current consecutive paystubs), to obtain verification of wages.