

RENTAL INTEGRITY SUMMIT FAQs

GENERAL INCOME AND RENT DETERMINATION FAQs

Annual Income—What Is Included

1. Question: Exemplified in the Calculation Problem Areas (Section 2, pgs. 7-23) PowerPoint presentation slides from the training, does the family have the right to choose between the two acceptable methods for calculating seasonal employment income, or can the PHA adopt in its policies one over the other method?

Answer: The PHA should lay out both scenarios to the tenant, project income under both methods, and let the family decide which method to select. Tenants with seasonal employment should be informed of the PHA's policy regarding the two acceptable methods:

Method 1: The PHA annualizes current income (e.g., \$2,000 per month x 12 months), and when seasonal employment ends, it conducts an interim reexamination.

Method 2: The PHA calculates anticipated income from all known sources for the entire year (e.g., \$2,000 per month x 8 months, \$400 per month x 4 months) and conducts no interim reexamination.

If the family selects **Method 1**, the family should know that an interim reexamination will be conducted; and if the family selects **Method 2**, the family should know that an interim reexamination will not be conducted.

2. Question: Regarding child support payments, when the child turns 18 and is still receiving payments for arrears, would the PHA count this as annual income?

Answer: Yes. Pursuant to **24 CFR 5.609**, annual income means all amounts, monetary or not, which goes to, or on the behalf of, the family head or to any other family member, that are anticipated to be received from a source outside the family during the 12-month period following admission or the annual reexamination effective date.

3. Question: If a family receives different amounts each month (e.g., \$500 - \$700) in child support payments, and, for one month, receives a lump-sum payment of \$10,000 for arrears, must the PHA project annual income including the \$10,000?

HUD's Answer: For the year in question, the \$10,000 is income received for child support and should be counted as usual.

Answer: See Question# 5, under Annual Income-What Is Included, on the **General Income and Rent Determination Web Page**, for the answer to this question.

4. Question: When a State is paying the Medicare premium, what amount is used to calculate income, gross or net benefits? Should a PHA add Medicare premium to gross before calculating?

Answer: In the calculation of annual income (**24 CFR 5.609**), the full amount or gross amount, including Medicare premiums should be used.

Annual Income-What Is Excluded

5. Question: What is the difference between delayed and deferred Social Security (SS) and/or Supplemental Security Income (SSI) payments? The regulation (24 CFR 5.609) uses both terms.

Answer: Under **24 CFR 5.609(b)(4)**, *what is included in annual income*, the term "delayed" means periodic benefit payment amounts, for which a public housing or HCV applicant or tenant **is eligible**, that are not received timely. These are scheduled benefit amounts that are due to the applicant or tenant, but are simply late.

Under **24 CFR 5.609(c)(14)**, *what is excluded from annual income*, the term "deferred" means *postponed* by SSA to a later date. For example, the applicant or tenant receives a \$32,000 deferred SS benefit payment, following a lengthy **eligibility dispute**.

Annual Income-Earned Income Disallowance (EID)

6. Question: Can a PHA receive a waiver from HUD from the lifetime 48-month exclusionary period for a disabled family member who requests an exemption, claiming disability-related reasons? Would this be considered a "reasonable accommodation" for disabled persons?

Answer: Although **Title V, Sec. 508(b) of the 1998 QHWA** does not impose a time limit on the availability of the income disregard, the **Changes to Admissions and Occupancy Requirements in the Public Housing and Section 8 Housing Assistance Programs Federal Register** (March 29, 2000) limits the EID exclusion to a lifetime period of 48 months. This is a regulatory requirement that applies to *all* families and persons applying for or residing in public housing or applying for or receiving Section 8 assistance. HUD is not in favor of waiving this requirement, as the intent of the exclusion is to promote self-sufficiency.

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7. Question: What about income disallowances for "Welfare-to-Work" programs? Is it still in effect for qualified families?

Answer: Yes. Pursuant to **24 CFR 5.617(b)(3)** for HCV and **24 CFR 960.255(a)(iii)** for public housing, a family member, whose annual income increases, during or within six months after receiving benefits, services, or assistance under a State administered temporary assistance for needy families (TANF) or Welfare-to-Work (WTW) program, as determined by the PHA in consultation with the local TANF agency, is qualified for the income disallowance.

8. Question: Has HUD developed a form to help PHAs calculate the amount excluded under the EID and track the time someone qualifies for the exclusion?

Answer: While there is no tracking form available, an Excel-based calculator that can be used to collect information on EID family members is currently available. The **EID calculator and worksheet** (MS-Excel) can be accessed at the **Earned Income Disallowance (EID) Worksheet and Calculator Web Page**. Also available are EID in-depth examples and training materials from the **January and February Rental Integrity Summit trainings**, held in Orlando, FL and Anaheim, CA.

9. Question: If a PHA's policy states it does not do interim reexaminations, and adjustments to rent only occur at the family's annual reexamination, why must a PHA process the EID for family's, beginning on the first of the following month after the increase in earnings?

Answer: Pursuant to the regulation, **24 CFR 960.255** and **24 CFR 5.617**, the exclusion begins on the date a member of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment. As this is both a regulatory and statutory requirement, the PHA must perform an interim reexamination, processing the EID for the qualified family member accordingly.

10. Question: A non-disabled, public housing resident receiving an EID is relocated under Hope VI with a voucher. If after receiving for four years the voucher under Hope VI, the resident returns to public housing, can the resident resume his or her remaining months of EID or does the resident lose his or her remaining months?

Answer: The resident will lose his or her remaining months. The EID is limited to one 48-month period from the beginning of the first month after commencement of the qualifying employment of a family member. If the period of increased income does not last for 12 consecutive months, the disallowance period may be resumed at any time *within* the 48-month period. Since this resident did not return to public housing before the end of the 48-month period, the resident is no longer eligible for EID.

11. Question: An eligible participant, who is a sporadic wage earner begins work on the sixteen day of the month, and then quits five days later, on the twenty-first. Since EID would typically go into effect on the first day of the month following the increase in annual income due to employment, does the participant lose one month of the disallowance? Or, does the "clock" ever start?

Answer: In this case, the EID should not be processed for the participant. The "clock" should not be started for this family member.

12. Question: What is the baseline income for an eligible family member who is earning \$600 per month in a HUD funded training program (entire amount is excluded), and then gets a job while in the training program, earning \$1,000 per month, and then graduates from the program?

Answer: In this case, the family member's baseline income is \$0. The baseline income is the amount of the family member's income before the EID qualifying event. Since the family member's earnings under the HUD funded training program (**24 CFR 5.609(c)(8)(i)**) are excluded in the calculation of annual income, and the participant had no other income from wages or benefits, the baseline income is \$0. For examples provided at the Rental Integrity Summit (RIS) training, see the PH - **Calculation Problem Areas, Section 4, Earned Income Disallowance (EID)** and the HCV- **Calculation Problem Areas, Section 4, Earned Income Disallowance (EID) PowerPoint slides**.

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13. Question: Under the HCV program, PHAs are only required to keep tenant files for a period of three years (24 CFR 982.158(e)). What if an EID participant leaves the HCV program and then returns 3 ½ years later, after the PHA has already purged his or her previous record?

Answer: In order for the PHA to be aware of the individual's prior receipt of EID and the number of months he or she received the exclusion, the individual would have had to report the information, or the PHA would have had to retain a record of the individual's participation for longer than the HUD required three-year period. Because HUD regulations limit a participant's exclusionary period to 48-months in a lifetime, the Department strongly recommends *all* PHAs carefully track and retain the records of EID participants for as long as necessary. HUD also recommends PHAs (1) adopt policies that require relevant documents to be provided by former participants claiming they received EID in years' prior; (2) improve the interviewing skills of their staffs; (3) develop comprehensive data collection tools; (4) and make the maximum use of **up-front income verification (UIV)** tools to prevent and detect false statements.

That being said, if after being re-admitted into the HCV program, or into public housing, the individual qualifies for EID and he or she cannot provide evidence of the prior EID, and the PHA has not been able to locate and verify the individual's prior record, the PHA must give the individual the EID, *starting* from the date the he or she experiences an increase in annual income as a result of one of the three qualifying factors.

14. Question: If a PHA incorrectly determined the amount of the exclusion under EID, and therefore too much income was excluded, can the PHA collect the overpayment from the family? If not, will the PHA be sanctioned for this overpayment?

Answer: If the PHA incorrectly determined the tenant's rent, as a result of PHA error, the PHA would be required to correct the tenant records and ensure accurate rent payment, prospectively. In accordance with **Notice PIH 2003-34**, if the PHA does not implement corrective actions or rectify errors in meeting program requirements uncovered during a RIM review, the Field Office will impose sanctions and seek to recover amounts due to HUD in disallowed costs. *Tenants are not responsible for rent underpayments (PHA overpayments) due to PHA error.*

15. Question: How much latitude or flexibility does a PHA have in defining "participation" in an economic self-sufficiency program (for purposes of determining whether someone qualifies for EID)? For example, can a PHA define "participation" to mean that a person must participate in an activity for a minimum number of hours per week/month?

Answer: The regulation, **24 CFR 5.603(b)**, provides the definition of an economic self-sufficiency program. Beyond the definition of the types of activities, there is no guidance on defining "participation." A PHA should rely on program sponsors to provide established and written guidelines that define satisfactory participation in an economic self-sufficiency program and include the PHA's policies and procedures.

16. Question: Can a PHA that did not have ceiling rents already established as of October 1, 1999 establish ceiling rents now, in 2004? If not, on what policy is this based?

Answer: No. PHAs that did not have ceiling rents as of October 1, 1999, the effective date of the 1998 QHWRA, cannot establish traditional ceiling rents now. Pursuant to **Section 523(B) of the 1998 QHWRA**, allowable rent structures include flat rents (**24 CFR 960.253(b)**) and income-based rents (**24 CFR 960.253 (c)**). However, the 1998 statute (**Section 523(B)(ii)(II)**) and the regulation (**24 CFR 960.253(d)**), give PHAs the discretion to impose (establish) a ceiling on income-based rents, but they must be adjusted to the level required for flat rents and comply with rent option requirements under **24 CFR 960.253(a)**.

17. Question: What if a PHA that had ceiling rents as of October 1, 1999 misunderstood the statutory requirement, and, as a result, discontinued their ceiling rents. Can a PHA reinstate them now, as long as they are at the flat rent level?

Answer: Yes. Pursuant to **Section 523(A)(ii) of the 1998 QHWRA**, if a PHA had ceiling rents as of October 1, 1999, and later, discontinued ceiling rents, it can reinstate them now, so long as they are adjusted to the level required for flat rents (**24 CFR 960.253(b)**). Ceiling rents, however, are subject to the rent option requirement under provision **24 CFR 960.253(a)**.

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Assets And Income From Assets

18. Question: The slide (pg. 114) in Calculation Problem Areas, Section 5, Assets and Asset Income states that the PHA can establish a minimum threshold for counting assets disposed of for less than fair market value. Is this true or false?

Answer: The regulation (**24 CFR 5.603(b)**) does not specify a minimum threshold for counting assets disposed of for less than fair market value. Consistent with **Handbook 4350.3 - Rev 1, Occupancy Requirements of Subsidized Housing Programs (Chapter 5, 5-7)**, PHAs may establish a threshold in its Administrative Plan (**24 CFR 982.54**) or Annual Plan (**24 CFR 903.7**) that will enable them to ignore small amounts such as charitable contributions (e.g., cash donations to the local food bank, church, etc.).

19. Question: Is a PHA required to pay for a formal appraisal in order to determine the net cash value of real estate property?

Answer: No. However, the PHA must use a reasonable basis for assigning value to real estate property. For example, third-party verification, such as online sources (e.g., **HomeValueHunt.com**, **REALTOR.com**) is an acceptable means for obtaining the value of property assets for families reporting real estate property at reexaminations. In some cases, it is acceptable for the PHA to review original documents provided by the tenant. However, before implementation, the PHA is required to state in its Annual Plan (**24 CFR 903.7(d)**) and/or Administrative Plan (**24 CFR 982.54**) the PHA's policy for determining the value of family assets; and, during interim and annual reexaminations, if third-party verification is not obtained, the PHA must document in the family's file why third-party verification was not available (**24 CFR 982.516(a)(2)** and **24 CFR 960.259(c)**).

HUD is aware that in some situations the asset or expense to be verified may not be cost effective to obtain third-party verification when the impact on the **total tenant payment (TTP)** is minimal. That said, PHAs should always begin with the highest level of verification (**up-front income verification (UIV)**), in accordance with **Notice PIH 2004-1, Verification Guidance**, issued March 9, 2004.

20. Question: How should a PHA determine the cash value of a retirement account, such as a 401(k), if it is unable to obtain verification of the cash value of the account?

Answer: If the PHA is unable to verify the tenant's 401(k) account balance, the penalty for premature withdrawal (usually 10 percent), and tenant and employer contributions with the independent source (i.e., employer), the PHA may use tenant supplied documentation to determine and verify the cash value of the asset. However, the PHA must document in the tenant's file why third-party verification was not available (**24 CFR 982.516** and **24 CFR 960.259**). See the **Notice PIH 2004-01, Verification Guidance** for a complete discussion on HUD-established verification policies for income, assets, and expenses.

21. Question: Regarding stocks and mutual funds, is the asset income equal to the appreciated share value, dividends paid, or both?

Answer: As stated in the regulation (**24 CFR 5.609(b)(3)**), when the family has net family assets in excess of \$5,000, the asset income is the greater of the actual income derived (e.g., interest or dividends earned) from all net family assets or a percentage of the value of such assets based on the current passbook savings rate. When net family assets are \$5,000 or less, the asset income is the actual income from assets. For a complete discussion and examples, see the **Housing Choice Voucher Program Guidebook, Chapter 5, 5.4** and the **Public Housing Occupancy Guidebook, Chapter 10, pgs. 121-122**

22. Question: If there are two sisters, both living in public housing although in separate units, and both sisters' names are on both sisters' savings accounts, how is this handled when calculating income from assets? Are both savings accounts counted for each sister?

Answer: Yes. If both sisters living in public housing, although in separate units, have *access* to amounts derived from each sister's savings account, then both assets (i.e., savings accounts) would be considered when calculating income from assets for both households (**24 CFR 5.609(a)(4)**).

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23. Question: Since there is limited guidance on the treatment of trust accounts under the provisions for public housing and HCV (24 CFR 5.603(b)) programs, can PHAs use the guidance provided in HUD Handbook 4350.3 Rev - 1, *Occupancy Requirements of Subsidized Multifamily Housing Programs*?

Answer: Yes. For a complete discussion on the treatment of assets in determining income from assets, PHAs may refer to **HUD Handbook 4350.3 Rev - 1, *Occupancy Requirements of Subsidized Multifamily Housing Programs* (Chapter 5, 5-7G).**

24. Question: If a broker refuses to give a PHA the broker's fee, can a PHA establish a set broker's fee (based on an average) that will be used in determining the net cash value of real property?

Answer: In accordance with the new **Notice PIH 2004-01, *Verification Guidance***, if the PHA is unable to obtain third-party verification because the independent source will not facilitate the PHA's request, the PHA may review tenant provided documents (i.e., broker's fee, settlement costs for real estate transactions, legal fees, etc.) to determine the net cash value of real property.

25. Question: If a tenant sells his house to his son, but holds the deed of trust while the son makes monthly payments, how is this handled when determining assets?

Answer: As provided in the regulation (24 CFR 5.609), annual income includes amounts derived from assets, during the 12-month period, to which a family member has *access*. Since the tenant has access to amounts derived from the house, it is considered an asset and used in the determination of annual income.

26. Question: If a mother is listed on the title of her daughter's home in order for her daughter to qualify for a loan, is the home considered an asset to the mother who is residing in public housing?

Answer: See **Question 27** above.

Utility Allowance

27. Question: On the public housing lease agreement with tenants, do utilities have to be specified exactly? Or, is it acceptable to state, "electric, water, sewer, trash, gas, as applicable"?

Answer: According to (24 CFR 966.4(a)(iv)), the lease must state what utilities, services, and equipment are to be supplied by the PHA and what utilities and appliances are to be paid for by the tenant. When maintaining a utility allowance schedule for all tenant-paid utilities (24 CFR 982.517(b)(ii)), the PHA must classify utilities and other housing services according to the following general categories: space heating; air conditioning; cooking; water heating; water; sewer; trash collection (disposal of waste and refuse); other electric; refrigerator (cost of tenant-supplied refrigerator); range (cost of tenant-supplied range); and other specified housing services. The cost of each utility and housing service category must be stated separately.

28. Question: If the owner charges the household for water, does the utility have to be sub-metered (or check-metered) for the tenant to get the allowance?

Answer: No. There are two basic ways to determine utilities allowances: (1) Engineering based-allowances based on calculations, standardized consumption tables for a given area, or in-house information (e.g., derived from energy audit); or (2) Consumption based method-allowances are determined using actual consumption data (check-meters and/or individual-meters) from dwelling units in the PHAs portfolio. For specific on how to calculate, go to <http://www.hud.gov/offices/pih/programs/ph/phec/c/allowances.cfm>

29. Question: If a PHA is doing an interim reexamination in the HCV program and the utility allowance has changed since the last annual reexamination, should the PHA use the old or new utility allowance?

Answer: Pursuant to 24 CFR 982.517(d)(2), the PHA must use its current utility allowance schedule at reexamination.

Non-Citizen Issues

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30. Question: If an INS verification (SAVE System) shows "status = pending," does the PHA prorate assistance for an applicant or participant?

Answer: No. Pursuant to **24 CFR 5.514(b)(i)** and **24 CFR 5.14(2)**, an applicant or a tenant's assistance cannot be delayed, denied, or reduced when the immigration status of the family member has not been determined or concluded.

Adjusted Income-Childcare Expenses

31. Question: If a family has a child under the age of five and chooses to put the child into a pre-school instead of a daycare, does the family get the much higher pre-school rate (i.e., childcare expense deduction)? Or, should a PHA only deduct what the daycare amount would have been had the child been enrolled in a daycare?

Answer: Pursuant to the new **Notice PIH 2004-01, Verification Guidance**, the PHA may not choose the type of childcare to be provided for the head of household's child(ren). If provisions are met under **24 CFR 5.603(b)**, then the family must be given the childcare expense deduction, pursuant to **24 CFR 5.611(a)(4)**.

Reexamination Process

32. Question: Can a PHA set a policy to conduct interim reexaminations only for FSS participants? What about only FSS participants who have increases in income?

Answer: Yes. Pursuant to **24 CFR 960.257(c)** and **24 CFR 982.516(b)**, the PHA has discretion to set a policy to conduct interim reexaminations only for family self-sufficiency (FSS) participants, including those who have increases in income. However, the PHA's policy must be written in its ACOP or Administrative Plan (**24 CFR 982.54**) and Annual Plan (**24 CFR 903.7**) and consistently applied to all FSS participants.

33. Question: Is it mandatory for the annual reexamination date to always match the admission date? For example, the family was admitted on January 2, 2003, so the annual reexamination must be conducted for January 2, 2004.

Answer: No. Although PHAs must conduct a reexamination of family income and composition at least annually (**24 CFR 960.257(a)** and **24 CFR 982.516(a)**), PHA's have the discretion to set and establish in its Annual Plan (**24 CFR 903.7** and Administrative Plan (**24 CFR 982.54**) when and under what circumstances they will conduct such reexaminations. And, considering a *family* may request, at any time, an interim reexamination of family income or composition because of any changes since the last determination (e.g., annual reexamination), the date of admission and the date of the annual reexamination will more than likely be different.

34. Question: If a PHA has a different interim reexamination policy for residents receiving EID, would the policy be considered to be discriminatory against disabled individuals?

Answer: Similar to **Question 34**, the same rule applies. The PHA has discretion to set a policy to conduct interim reexaminations only for EID participants. However, the PHA's policy must be written in its Administrative Plan (**24 CFR 982.54**) and Annual Plan (**24 CFR 903.7**) and consistently applied to *both* public housing (any eligible family member) and HCV (only eligible disabled family members) program participants.

35. Question: What if a third-party verification is returned after the effective date of the annual reexamination? Does the PHA have to consider it and recalculate rent? If yes, is this considered an interim reexamination for purposes of the action code on the Form HUD-50058? Is the answer the same irrespective of my interim reporting policy?

Answer: If a third-party verification is returned after the effective date of the annual reexamination, the PHA must conduct an interim reexamination, considering the data, and recalculate the tenant's rent, if the data is different from what was used at the annual reexamination. The PHA would record the new data on **Form HUD-50058**, as an action code 3 = Interim Reexamination.

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HUD Form-50058 (*New Topic*)

36. Question: The regulation (24 CFR 5.609(b)(2)) states that the net income from the operation of a business is included in annual income and that when determining net income expenditures for business expansion or amortization of capital indebtedness shall not be deducted. The regulation goes on to state that an allowance for depreciation of assets used in a business may be deducted, based on straight-line depreciation.

The Form HUD-50058 Instruction Booklet seems to conflict with the regulation. It instructs PHAs to list expenditures for business expansion, amortization of capital indebtedness, and an allowance for depreciation as "exclusions" from income in column 7e. This appears to be incorrect. Although these three items are considered in determining net income, they are not exclusions from income. Should PHAs disregard the HUD Form-50058 instructions, in this instance?

Answer: Yes. In this case, you should use the regulatory policy. The booklet will be modified to clarify this matter.

37. Question: Is it acceptable for a PHA to record an application for housing assistance in the computer, while the applicant is present, and have him or her sign the printout?

Answer: Yes. If the PHA is using its computer system to receive data from an applicant for housing assistance, and instead of collecting the data on paper, the PHA Intake Specialist enters the data into the computer system, prints it off, and the tenant signs it, this would be acceptable to HUD.

General Questions

38. Question: What is the status of the automated rent calculator designed by the Office of Policy Development and Research?

Answer: The automated rent calculator project has been discontinued.

VERIFICATIONS FAQs

39. Question: Will HUD require verification of the amount of income that is excluded?

Answer: Yes. In accordance with 24 CFR 960.259(c)(1)(i) and 24 CFR 982.516(2)(i), PHAs must obtain adequate documentation to reasonably determine the excluded amount of income. If without that verification, a PHA would not be able to determine whether the income is to be excluded when calculating annual income. Depending on the circumstances, any or all of the following may need to be verified: source of excluded income, circumstances that qualify a family member's income to be excluded, and the amount of the exclusion.

40. Question: Will HUD be providing a template for documenting third-party oral verifications?

Answer: Yes. HUD has provided examples of file documentation of third-party oral verifications (See the new **Notice PIH 2004-01, Verification Guidance**). The documentation of oral third-party verification should include the date and time of the oral verification, along with the organization name, employee name and title, telephone number, and information verified by the individual.

41. Question: We have a problem with obtaining food stamp data from the local TANF agency; it is reluctant to release this data, due to its established, written policies. Since the tenant does not always know how much he or she receives monthly, how can the PHA verify TANF payments, services, and benefits?

Answer: In the event the PHA does not receive a written or oral response to third-party verification requests, the PHA may review original tenant-provided documents. For example, the TANF benefit letter, or the current TANF benefit amount for the appropriate household size listed on the State's current TANF payment schedule. However, in accordance with 24 CFR 960.259 and 24 CFR 982.516, the PHA must document in the family file why third-party verification was not available.

42. Question: Since PHAs cannot pass the cost of doing business to the family (e.g. obtaining verification, notarizations), can the PHA claim reimbursement from HUD through the housing assistance payment (HAP) account?

Answer: No. The PHA may not claim a reimbursement from HUD through the HAP account for verification costs. HUD provides PHAs with administrative fees to cover the cost of doing business (24 CFR 982.152).

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43. Question: Why must PHAs request and verify income of minors that are excluded? Many jobs such as snow removal, lawn care, or babysitting are difficult to verify. The tenant will have a difficult time providing an amount, which is not even counted in the calculation of annual income. This would upset some tenants because PHAs are asking for the amounts, but not counting them. Should PHAs limit minor wages to what the minor would actually receive on a W-2?

Answer: The PHA has the responsibility of establishing procedures that are appropriate and necessary to assure that income data provided by the applicant or participant families is complete and accurate. HUD requires the PHA to obtain third-party verification of reported family annual income in accordance with **24 CFR 960.259(c)(1)(i)** and **24 CFR 982.516(2)(i)**.

44. Question: Can a PHA amend Form HUD-9886 to include additional sources of income?

Answer: No. A PHA may not amend **Form HUD-9886** to include additional sources of income. The Form HUD-9886 specifically authorizes HUD to obtain third-party verification of income information from the Social Security Administration (SSA) and income return information from the Internal Revenue Service (IRS). The HUD Form 9886 also specifically authorizes the PHA to obtain third-party verification of income information from State Wage Information Collection Agencies (SWICAs) and income information from previous and current employers.

45. Question: What should a PHA do if a State is unresponsive to requests for third-party verification of unemployment or workers compensation?

Answer: In the event the PHA does not receive a written or oral response to third-party verification requests, the PHA may review original tenant-provided documents. If the tenant is unable to provide the PHA with original documents, as a last resort, the PHA may accept a tenant declaration. In accordance with **24 CFR 960.259** and **24 CFR 982.516**, the PHA must document in the family file why third-party verification is not available.

46. Question: Does a PHA have to run a criminal background or credit check, and check UIV and TASS for an eligible non-citizen, who just entered the U.S., if the non-citizen has proof that he or she just came from another country? Can the non-citizen just provide the INS document, showing he or she just entered the U.S.?

Answer: The PHA has the responsibility of preventing crime in federally assisted housing. The PHA should complete a criminal background check and should use the SAVE system on all applicants, regardless of their arrival date into the United States. Once the applicant has been admitted into a HUD-assisted unit, the PHA should utilize all **up-front income verification (UIV) tools and systems (UIV System and TASS)** to verify accurate disclosure of income by the family. The PHA must establish procedures that are appropriate and necessary to assure that income data provided by the applicant or participant families is complete and accurate (**24 CFR 982.516(f)** and **24 CFR 960.259(4)**).

47. Question: Can a PHA use IRS Form 4506 instead of IRS Letter 1722? The IRS Form 4506 permits the mailing of the return to a third-party, which would be the PHA.

Answer: The IRS Letter 1722 is no longer in existence. PHAs may use **IRS Form 4506** to request a copy of a tax return. However, there is a fee of \$39 for this service. It may take up to 60 calendar days for the IRS to complete a request for a tax return.

PHAs may request a transcript of a tax return by completing **IRS Form 4506-T** at no cost. Most requests will be processed within 10 business days. However, if the information requested relates to information from a return filed more than four years ago, it may take up to 30 days. On either form, the PHA may specify that the information be mailed to the PHA directly (i.e., third-party verification).

48. Question: How does HUD feel about blanket verification and generic consent forms?

Answer: HUD does not encourage the use of blanket consent forms. However, HUD regulations (**24 CFR 5.230(c)**) do not prohibit the use of such forms. PHAs should consult with their legal counsel to ensure that local and state laws do not prohibit the use of blanket consent forms.

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49. Question: Does HUD require a notarized statement from each head of household stating the household's "total household income" on one statement? If so, will a PHA be required to obtain these documentations more than once? Are school emergency cards required?

Answer: No. HUD regulations (**24 CFR 960.259** and **24 CFR 5.240**) do not require notarized statements from households that declare the "total household income," nor do they require school emergency cards. PHAs are, however, required to conduct a reexamination of family income and composition at least annually and verify tenant-supplied documentation (**24 CFR 960.257(a)** and **24 CFR 982.516(a)**). If the PHA decides to require these types of documents from tenants, it must be written its Administrative Plan (**24 CFR 982.54** and/or Annual Plan **24 CFR 903.7**).

50. Question: Is a picture ID required, if there is a birth certificate in the adult tenant's file for establishing legal identity?

Answer: A birth certificate does not establish an adult's legal identity in determining citizenship for eligibility. Therefore, a PHA may request a picture ID from an adult for this purpose. HUD regulations (**24 CFR 5.508(b)(1)**) give PHAs the discretion to determine what appropriate documentation an applicant or participant is required to furnish to the PHA. Although not inclusive, the following are acceptable documents to establish identity:

- U.S. Passport
- Certificate of U.S. Citizenship (INS Form N-560 or N-561)
- Certificate of Naturalization (INS Form N-550 or N-570)
- Valid foreign passport, with I-551 stamp or attached INS Form I-94 indicating unexpired employment authorization
- Permanent Resident Card or Alien Registration Receipt Card with photograph (INS Form I-151 or I-551)
- Valid Employment Authorization Card (INS Form I-688)
- Valid Reentry Permit (INS Form I-571)
- Valid Employment Authorization Document issued by INS, which contains a photograph (INS Form I-688B)
- Driver's license or ID card issued by a state or outlying possession of the United States

51. Question: It is clear that verification documents cannot be older than 60 days for new admissions and 120 days for reexaminations. What is not clear is age of documents from the effective date of action? Is it from the effective date of the annual reexamination, if a voucher is not issued; the date of voucher issuance for new admissions and portables; or is it from the date of the interview with the client or the day the file is "worked up"?

Answer: The age of verification is determined by using the interview date in which the information is provided to the PHA. Pursuant to **Notice PIH 2004-01, Verification Guidance** (pg. 10), verification documents must not be more than 60 days old from the interview date.

52. Question: Based on the Verification Guidance Notice that is soon to be issued, will PHAs be required to attempt written third-party prior to oral, as opposed to the regulations, which don't distinguish between the two types of third-party verifications?

Answer: Yes. While the regulations (**24 CFR 960.259(c)** and **24 CFR 982.516(a)**) do not specify what type of third-party verification is required, through the issuance of **Notice PIH 2004-01, Verification Guidance**, HUD requires PHAs to follow the hierarchy of verification methods. If UIV is not available, the PHA is expected to pursue written third-party verification and if the PHA does not receive a response to its written request for information, the PHA may then resort to oral third-party verification.

53. Question: Are there any benefits to having families provide notarized statements?

Answer: The only benefit that a notarized statement has is that the identity of the signer is verified.

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54. Question: A PHA receives UIV data and conducts a recertification; after which, data is returned from a third-party. The third-party shows that a tenant will make more than anticipated using UIV, but the increase is below the \$200 per month threshold, as allowable per HUD guidance. Can a PHA set a threshold amount for conducting interim reexaminations, based on the receipt of the third-party verification?

Answer: Yes. A PHA may set a threshold amount by which the PHA will require an interim reexamination (24 CFR 960.257(c) and 24 CFR 982.516(b)), as a result of an increase in family household income. This policy must be incorporated in the PHA Administrative Plan (24 CFR 982.54) or Admissions and Continued Occupancy Plan (ACOP).

55. Question: A family declares that it has received a "loan" from a family member who resides outside of the assisted family household. The family member who loaned the money has signed a declaration certifying the amount and terms of the loan. Is this "loan" excluded from annual income? Can a PHA establish a policy that requires a tenant to provide documentation that they are actually repaying the loan in order for the loan amount not to be considered annual income?

Answer: In response to the first question, a loan is excluded from annual income, as it is a debt that must be repaid (24 CFR 5.609(c)(9)). In the event that the debt is unpaid or forgiven, the loan is considered nonrecurring or sporadic income and is still excluded from annual income. In response to the second question, the family must supply any information that the PHA or HUD determines is necessary in administration of public housing or HCV programs (24 CFR 5.659 and 24 CFR 960.259). As such, the PHA may establish a policy to specify what documents a tenant must provide to the PHA, as long as the requested documents are applicable to the administration of the programs.

56. Question: If a third party (e.g., employer, banking institution, school, etc.) has notified the PHA that it charges the tenant a fee for providing third-party verification, does the PHA have to request from that source for each tenant file? Or, is it sufficient to have a written statement in the file documenting the requirement to pay a fee?

Answer: If a third party source charges a fee for verification, the PHA may simply make a photocopy of the letter or statement from the source that confirms the imposition of a verification fee and place a copy of the letter or statement in each tenant file in which the fee is applicable.

57. Question: If a local SSA has informed a PHA that it will not provide third-party verification directly to the PHA, does the PHA have to notate every tenant file explaining the circumstances, or can the PHA establish one central file that contains the reasoning?

Answer: The local SSA will no longer provide verification of SS benefits, so the PHA must use TASS to verify benefits. If the information is not available in TASS, the PHA must document in each tenant file the reason third-party verification was not available. Below are some examples of acceptable file documentation:

- New admission, information not available in TASS
- New tenant, information not available in TASS
- Current tenant, information not available in TASS due to a change in the re-examination date
- Current tenant, information not available in TASS due to discrepancy with name, date of birth, or SSN in SSA file