

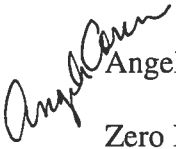


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Multifamily West Region
San Francisco Regional Office
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430

www.hud.gov

APR 29 2019

MEMORANDUM FOR: Owners and Management Agents of HUD Subsidized Properties
within the Jurisdiction of the Multifamily West Region
Janea Jackson, San Francisco Asset Management Division Director,
Multifamily West Region
Eileen Hearty, Denver Asset Management Division Director,
Multifamily West Region

FROM:  Angela Corcoran, Acting Regional Director, Multifamily West Region

SUBJECT: Zero Income Residents

This memo replaces the previously issued memo on January 14, 2008 by the same subject title. Effective immediately, it is no longer mandatory to review the status of residents reporting zero or nominal income every 90 days.

Since the issuance of the previous memo, the Enterprise Income Verification (EIV) system was published as final in the Federal Register on December 29, 2009. Per 24 CFR 5.233 "Mandate Use of HUD's Enterprise Income Verification (EIV) System" and the HUD Multifamily Occupancy Handbook 4350.3 Revision 1, Chapter 9, Owners are required to utilize the EIV system to verify employment and annual income at the time of recertification and to reduce errors in subsidy payments.

For residents who claim a status of Zero Income Household, or nominal (less than the \$100.00 amount), HUD recommends that Owners have a set of written policies and procedures to review the status of residents reporting zero income, or nominal income, on a regular basis.

If you have any questions and/or concerns regarding this memo, please contact your Account Executive.

Attachment: Memorandum on Zero Income Residents (January 14, 2008)



U.S. Department of Housing and Urban Development
San Francisco Regional Office - Region IX
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JAN 14 2008

MEMORANDUM FOR: Owners and Management Agents of HUD Subsidized
Properties Within the Jurisdiction of the San Francisco
Multifamily Hub
San Francisco Multifamily Hub Supervisors
California Affordable Housing Initiatives
Washoe Affordable Housing Corporation
Arizona Public Housing Authority
Hawaii Public Housing Authority

FROM: Tom Azumbrado, Director, San Francisco Multifamily Hub

SUBJECT: Zero Income Residents

It has come to our attention that there are a significant number of residents participating in HUD Multifamily Programs within the San Francisco Hub jurisdiction that are reporting zero or nominal (less the \$100.00 per month) income.

One of the main objectives of The Rental Housing Integrity Improvement Project (RHIP) initiative is to identify and reduce errors in the administration of HUD's rental assistance programs. The availability of and funding for HUD's subsidized housing programs is at an all time low. In an effort to maximize the benefit of this scarce resource, HUD expects each owner/agent to implement procedures that confirm zero and nominal income residents on a quarterly basis. To assist you in complying with the evaluation and reporting requirements for zero and nominal income residents we have developed procedures and tools for your use.

This policy is effective immediately. The presence and use of this or similar procedures will be verified at every Management and Occupancy Review.

If you have any questions and/or concerns regarding these procedures, please contact your Project Manager.



PROCEDURES FOR RESIDENTS REPORTING ZERO OR NOMINAL INCOME

When a resident reports a change resulting in zero or nominal income for the household, provide a copy of the Income Reporting Notice to the head of household and follow the steps below:

- o Identify residents/families with little or no income on a quarterly basis (January, March, June, September).
- o Check the EIV system, DES (unemployment, wage history, food stamps, cash assistance), and child support for possible unreported income.

Remember, if there is a fee for the information, you may include those fees in your operating budget. You may also want to consider revising your policies and procedures to allow for a credit check when a family remains at zero or nominal income for 3 months or more.

- o Schedule interviews and complete an Income Questionnaire with each adult member of the household.

INTERVIEW AND INCOME QUESTIONNAIRE

1. The site manager or supervisor should conduct an interview to complete the Income Questionnaire. Do not hesitate to ask additional questions if the answers provided are unclear. The family may not be aware that certain monies they are receiving should count as income.
2. Total the monthly expenses and compare to reported income. If there is a discrepancy, ask for an explanation. For example, if the monthly expenses add up to \$650 but the Head of Household declares their only income is \$180 in food stamps, it's likely other sources of income are not being reported. How is the family paying the remaining \$470 in monthly expenses?
3. Ensure that all adult members of the household sign an Income Questionnaire along with the property manager or supervisor.
4. If the household has been at zero or nominal income for 6 months, obtain a copy of the tax return for each adult member of the family by asking them to sign the IRS form 4506T. Follow the IRS instructions and request a copy of their last income tax return to verify income for the household.

HARDSHIP EXEMPTIONS

Determine if a Hardship Exemption should be offered:

HUD defines a Hardship Exemption as an exemption from the \$25 minimum rent. An owner must provide an exemption for any household unable to pay the Section 8 minimum rent due to a long-term financial hardship defined in the regulation. [24CFR 5.630]

Refer to the Occupancy Handbook, 4350.3, Rev.1, par 5-26D.3, which says in part:
Financial Hardship Exemptions.

- a. Owners must waive the minimum rent for any family unable to pay due to a long-term financial hardship, including the following:
 - The family has lost federal, state or local government assistance or is waiting for an eligibility determination.
 - The family would be evicted if the minimum amount of rent requirement was imposed.
 - The family income has decreased due to a change in circumstances, including but not limited to loss of employment.
 - A death in the family has occurred.
 - Other applicable situations, as determined by HUD, have occurred.

If the family's situation is such that a Hardship Exemption should be offered, refer to the Occupancy Handbook, 4350.3, Rev.1, par. 5-26D.3.b for guidance.

UNREPORTED INCOME

If, during the interview, it is discovered that the family does have unreported income, the owner/agent must determine if it should have been reported for the last Annual Recertification, if an Interim Recertification is necessary (refer to the Occupancy Handbook, 4350.3, Rev. 1, par 7-10), or if it will be considered at the next Annual Recertification based on the amount and source of the Income.

If the resident owes a substantial amount in back rent, the owner/agent must negotiate a repayment agreement. Refer to the Occupancy Handbook, 4350.3, Rev. 1, par. 8-19 for repayment guidance. If the resident moves before repaying the amount agreed upon, the owner/agent should 1) notify the resident that the full amount is now due and payable; and 2) seek repayment through collections or small claims court.

FRAUD AND TENANT ERROR

Fraud may be difficult to prove and document. Refer to the Occupancy Handbook, 4350.3, Rev. 1, par 8-25, *Procedures for Addressing Discrepancies, Errors and Fraud*, for guidance. Unless the owner/agent can substantiate that the resident intended to commit fraud, the unreported income must be considered tenant error.

MOVE-INS

Families moving to a Section 8 property and claiming zero or nominal income must be able to explain how they are currently paying for rent, utilities, groceries, and transportation. If the normal procedure is to run a credit check before admitting an applicant, the credit report may include telling information. For example, if the applicant has made regular car and/or credit card payment, he/she should be able to explain the source of those funds.

All move-ins should receive a copy of the Income Reporting Notice.



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Income Reporting Notice

If your family has reported little or no income, please be aware of the following:

- You must immediately report to the manager if an unemployed adult member of the family obtains employment or if your family income cumulatively increases by \$200 or more per month. If you fail to report this information, you will still be responsible for rent owed retroactive to the date of the income change and may lose your rental assistance.
- You may request a Hardship Exemption to waive the minimum rent (\$25.00). Inform the property manager or supervisor of your current circumstances and they will determine if a Hardship Exemption can be offered.
- You and all adult members of your household must meet with the property manager or supervisor at least once every three months and provide current information regarding your household income and expenses. The property manager will contact you to schedule an appointment.
- If you are not receiving child support or alimony as ordered by a court, you must take all reasonable legal action to collect the amount due to you. This includes *filing with the appropriate courts or agencies responsible for enforcing payment.* (4350.3 Rev. 1, par.5-6E) If you do not attempt to collect, the child support or alimony will be included as income.

Any person who knowingly and willingly makes false or fraudulent statements to any Department or Agency of the U.S. or the Department of Housing and Urban Development is guilty of a felony per Title 18, Section 1001 of the U.S. Code.

Acknowledged and received by:

Head of Household - Print Name

Date

Head of Household - Signature

Date



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INCOME QUESTIONNAIRE

Interview date: _____

Name of Project: _____

Head of Household Name: _____

Unit # _____

Household has had little or no income since (date): _____

Name of Adult Member of Household completing this form: _____

Pre-Interview income check:

EIV
 DES
 Child Support
 Credit Report

INTERVIEW:

1. Are you or anyone in your household working (employed, odd jobs, self-employed?) yes no
 If yes, list member(s) of household and place of employment _____

2. When and where did you last work? _____

3. Provide the name(s) of the household member(s) who receive income and check the source of the income: _____

Check all that apply:

<input type="checkbox"/> Social Security	<input type="checkbox"/> Unemployment Benefits	<input type="checkbox"/> General Assistance
<input type="checkbox"/> SSI	<input type="checkbox"/> Worker's Compensation	<input type="checkbox"/> Alimony
<input type="checkbox"/> Cash Assistance/TANF	<input type="checkbox"/> Child Support	<input type="checkbox"/> Veteran's Benefits
<input type="checkbox"/> Other Pension(Please specify)		

4. Is any member of the household owed court-ordered child support but not receiving regular payments?
 yes no If yes, what has been done to enforce the court order for payment? _____

5. Provide the name of anyone outside of the household who pays any of your bills, gives you money, or buys supplies, clothing, or other necessities:

Name: _____

Address: _____

6. Do you have a car? yes no

If yes, explain how you pay for expenses such as gas, insurance, and maintenance

If no, what mode of transportation do you normally use and how do you pay for it?

7. Did you file an income tax return last year? yes no

(manager may ask resident to sign IRS Form 4506T so a copy of the tax return can be requested)

***PLEASE NOTE: THE INCOME QUESTIONNAIRE MUST BE COMPLETED FOR EACH ADULT MEMBER OF THE HOUSEHOLD, NOT JUST HEAD OF HOUSEHOLD.**

8. Describe your monthly expenses

Item	Approximate Monthly Amount	Source of Funds Used to Pay Expense
Rent		
Utilities (gas, electric, etc.)		
Phone (including cell phone)		
Cable/Internet		
Food		
Tobacco/Alcohol		
Clothing (for self and children)		
School Supplies/Uniforms		
Diapers		
Baby Formula		
Cleaning Supplies		
Toiletries (shampoo, deodorant, etc.)		
Other Household Supplies		
Household Furniture		
Laundry		
Health Care		
Prescriptions		
Vehicle loan		
Vehicle insurance		
Vehicle Maintenance		
Gasoline		
DMV Registration Fees		
Other Vehicle Operating Expenses		
Other Transportation Expenses (bus, cab, etc)		
Credit card(s)		
Child Care		
Entertainment (includes movie/video game rentals)		
Other monthly Expenses (please specify)		
TOTAL MONTHLY EXPENSES		

Any person who knowingly and willingly makes false or fraudulent statements to any Department or Agency of the U.S. or the Department of Housing and Urban Development is guilty of a felony per Title 18, Section 1001 of the U.S. Code.

I CERTIFY THE ANSWERS I HAVE GIVEN ARE TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE. I HAVE NO OBJECTION TO INQUIRIES MADE TO VERIFY ANY STATEMENT HEREIN.

Head of Household or other adult signature _____ Date _____

Manager signature _____ Date _____