

Chapter 4

APPLICATIONS, WAITING LIST AND TENANT SELECTION

INTRODUCTION

When a family wishes to receive Section 8 HCV assistance, the family must submit an application that provides the YHA with the information needed to determine the family's eligibility. HUD requires the YHA to place all families that apply for assistance on a waiting list. When HCV assistance becomes available, the YHA must select families from the waiting list in accordance with HUD requirements and YHA policies as stated in the Administrative Plan and the Annual Plan.

The YHA is required to adopt a clear approach to accepting applications, placing families on the waiting list, selecting families from the waiting list and must follow this approach consistently. The actual order in which families are selected from the waiting list can be affected if a family has certain characteristics designated by HUD or the YHA to receive preferential treatment. Funding earmarked exclusively for families with particular characteristics may also alter the order in which families are served.

HUD regulations require that all families have an equal opportunity to apply for and receive housing assistance, and that the YHA affirmatively further fair housing goals in the administration of the program [24 CFR 982.53, HCV GB p. 4-1]. Adherence to the selection policies described in this chapter ensures that the YHA will be in compliance with all relevant fair housing requirements, as described throughout the Administrative Plan.

This chapter describes HUD and YHA policies for taking applications, managing the waiting list and selecting families for HCV assistance. The policies outlined in this chapter are organized into three sections, as follows:

Part I: The Application Process. This part provides an overview of the application process, and discusses how applicants can obtain and submit applications. It also specifies how the YHA will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how the YHA's waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for assistance. It also discusses the process the YHA will use to keep the waiting list current.

Part III: Selection for HCV Assistance. This part describes the policies that guide the YHA in selecting families for HCV assistance as such assistance becomes available. It also specifies how in-person interviews will be used to ensure that the YHA has the information needed to make a final eligibility determination.

PART I: THE APPLICATION PROCESS

4-I.A. OVERVIEW

This part describes the policies that guide the YHA's efforts to distribute and accept applications, and to make preliminary determinations of applicant family eligibility that affect placement of the family on the waiting list. This part also describes the YHA's obligation to ensure the accessibility of the application process to elderly persons, people with disabilities, and people with limited English proficiency (LEP).

4-I.B. APPLYING FOR ASSISTANCE [HCV GB, pp. 4-11 – 4-16]

Any family that wishes to receive HCV assistance must apply for admission to the program. HUD permits the YHA to determine the format and content of HCV applications, as well how such applications will be made available to interested families and how applications will be accepted by the YHA.

YHA Policy

Depending upon the length of time that applicants may need to wait to receive assistance, YHA may use a one-, two- or three-step application process.

A one-step process will be used when it is expected that a family will be selected from the waiting list within 60 days of the date of application. At application, the family must provide all of the information necessary to establish family eligibility and level of assistance.

A two-step process will be used when it is expected that a family will not be selected from the waiting list for at least 60 days from the date of application. Under the two-step application process, YHA initially will require families to provide only the information needed to make an initial assessment of the family's eligibility, and to determine the family's placement on the waiting list.

The three-step process will provide for verification prior to admission, but after the full application is received.

The family will be required to provide all of the information necessary to establish family eligibility and level of assistance when the family is admitted from the waiting list.

Families may obtain application forms from YHA's office during normal business hours and at various locations throughout the YHA service area. Families may also request, by telephone or by mail, that a form be sent to the family via first class mail.

Completed applications must be returned to YHA by mail, by fax, or submitted in person during normal business hours. Applications must be complete in order to be accepted by the PHA for processing. If an application is incomplete, YHA will notify the family of the additional information required.

Persons with disabilities who require a reasonable accommodation in completing an application may call YHA to make special arrangements to complete their application. A Telecommunication Device for the Deaf (TDD) is available. The TDD telephone number is 1-800-545-1833, ext. 560.

Families wishing to apply for the Section 8 Program will be required to complete an application. The application process may involve three phases.

A. Phase I: The Pre-application

The first phase is the initial application for housing assistance or the "pre-application." This first phase results in the family's placement on the waiting list. Pre-applications will be accepted in a manner as described in the public notice advertising the opening of the Section 8 waiting list.

When the wait list is opened, pre-applications may be obtained and submitted to the YHA.

The completed pre-application will be dated and time stamped upon receipt by the YHA and will result in the family's placement on the waiting list. Failure to complete the pre-application with required criminal background checks will not be accepted.

Persons with disabilities who require a reasonable accommodation in completing an application may call the YHA to make special arrangements.

The pre-application will contain the information necessary to determine the family's unit size and position on the waiting list in accordance with any applicable preferences. It will also contain racial/ethnic data, information regarding the need for accessible units, and needs of persons with disabilities and any other Housing Department required information from each applicant head of household.

B. Phase II: The Full Application

The second phase of the process is a full application, which will be taken at the time the family reaches the top of the waiting list and will be a much more detailed application. The full application includes the following information:

1. Family members expected to occupy the unit;
2. Anticipated sources and amounts of income;
3. Allowable expense information;

-
4. Information regarding any special housing needs, such as the need for barrier-free housing for persons with disabilities;
 5. Current mailing/phone contact information;
 6. Family data required for completion of the HUD Form 50058; and,
 7. Current and prior family history necessary to determine the likelihood of compliance with obligations of the lease.

While the application will make inquiries necessary to determine a family's need, if any, for units retrofitted to meet the needs of mobility-, hearing-, or visually-impaired persons, such inquiries will be made in a manner that clearly reflects the YHA's interest in meeting such special needs and not for discriminatory purposes.

The applicant must report changes in their applicant status including changes in family composition, income, or preference factors. The YHA will annotate the applicant's file and will update their place on the waiting list. The changes will be confirmed with the family in writing.

Applicants will receive written notification to call and set an appointment to complete the full application prior to the briefing date. Applicants will be must bring in all verifications of income and other applicable documentation. At this appointment he/she will be notified of the briefing date.

C. Phase III - Eligibility

All applicants who successfully complete the initial screening and interview/verification process will be determined eligible for the program they selected and were processed for. Eligible files will be transferred to the program area for housing consideration, and the applicant will be notified by mail to call for an appointment.

As a reasonable accommodation, families may also request – by telephone or by mail – a form be sent to the family via first class mail.

Applications must be complete in order to be accepted by the YHA for processing. If an application is incomplete, the YHA will notify the family of the additional information required

4-I.C. ACCESSIBILITY OF THE APPLICATION PROCESS

Elderly and Disabled Populations [24 CFR 8 and HCV GB, pp. 4-11 – 4-13]

The YHA will take a variety of steps to ensure that the application process is accessible to those people who might have difficulty complying with the normal, standard YHA application process. This could include people with disabilities, certain elderly individuals, as well as persons with

limited English proficiency (LEP). The YHA will provide reasonable accommodation to the needs of individuals with disabilities. The application-taking facility and the application process must be fully accessible, or the YHA must provide an alternate approach that provides full access to the application process. Chapter 2 provides a full discussion of the YHA's policies related to providing reasonable accommodations for people with disabilities.

Limited English Proficiency

YHA is required to take reasonable steps to ensure meaningful access to their programs and activities by persons with limited English proficiency [24 CFR 1]. Chapter 2 provides a full discussion on the YHA's policies related to ensuring access to people with limited English proficiency (LEP).

4-I.D. PLACEMENT ON THE WAITING LIST

The YHA will review each pre-application received and make a preliminary assessment of the family's eligibility. The YHA will accept applications from families for whom the list is open unless there is good cause for not accepting the application (such as denial of assistance) for the grounds stated in the regulations [24 CFR 982.206(b)(2)]. Where the family is determined to be ineligible, the YHA will notify the family in writing [24 CFR 982.201(f)]. Where the family is not determined to be ineligible, the family will be placed on a waiting list of applicants.

No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list [24 CFR 982.202(c)].

Ineligible for Placement on the Waiting List

YHA Policy

If the YHA can determine from the information provided that a family is ineligible, the family will not be placed on the waiting list. Where a family is determined to be ineligible, the YHA will send written notification of the ineligibility determination within 10 business days of receiving a complete application. The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review and explain the process for doing so (see Chapter 16).

Eligible for Placement on the Waiting List

YHA Policy

The YHA will send written notification of the preliminary eligibility determination within 10 business days of receiving a complete application.

Placement on the waiting list does not indicate that the family is, in fact, eligible for assistance. A final determination of eligibility will be made when the family is selected from the waiting list and before issuance of the voucher.

Applicants will be placed on the waiting list according to any preference(s) for which they qualify, and the date and time their complete application is received by the YHA.

PART II: MANAGING THE WAITING LIST

4-II.A. OVERVIEW

The YHA must have policies regarding various aspects of organizing and managing the waiting list of applicant families. This includes opening the list to new applicants, closing the list to new applicants, notifying the public of waiting list openings and closings, updating waiting list information, purging the list of families that are no longer interested in or eligible for assistance, as well as conducting outreach to ensure a sufficient number of applicants.

In addition, HUD imposes requirements on how a YHA may structure its waiting list and how families must be treated if they apply for assistance from a YHA that administers more than one assisted housing program.

In the case of disputes on eligibility/ineligibility criteria that are pending the outcome of legal proceedings (i.e., currently under appeal in a court of law), the YHA will determine the family to be ineligible at that time. If the legal decision is rendered that the person did meet the eligible factors, the YHA shall restore the application to the original date and time, and reinstate the applicant to any other preference factors that the YHA has adopted. If the legal decision is rendered that the person did not meet the eligibility factors, the YHA shall only provide the applicant with access to the grievance process in accordance with applicable requirements.

4-II.B. ORGANIZATION OF THE WAITING LIST [24 CFR 982.204 and 205]

The YHA's HCV waiting list is organized in such a manner to allow the YHA to accurately identify and select families for assistance in the proper order, according to the admissions policies described in this plan.

The waiting list contains the following information for each applicant listed:

- Applicant name;
- Family unit size;
- Date and time of application;
- Qualification for any local preference;

HUD requires the YHA to maintain a single waiting list for the HCV program unless it serves more than one county or municipality. As such YHA is permitted, but not required, to maintain a separate waiting list for each county or municipality served.

YHA Policy

The YHA will maintain a single waiting list for the HCV program. However, the YHA will maintain a Project-based waiting list separate for the HCV Tenant-based Waiting List. The Project-based Waiting list will include any additional site specific requirements.

HUD directs that a family that applies for assistance from the HCV program must be offered the opportunity to be placed on the waiting list for any public housing, project-based voucher or moderate rehabilitation program the YHA operates if 1) the other programs' waiting lists are open, and 2) the family is qualified for the other programs.

A family's decision to apply for, receive, or refuse other housing assistance must not affect the family's placement on the HCV waiting list, or any preferences for which the family may qualify.

YHA Policy

The YHA will not merge the HCV waiting list with the waiting list for any other program the YHA operates.

4-II.C. OPENING AND CLOSING THE WAITING LIST [24 CFR 982.206]

Closing the Waiting List

YHA is permitted to close the waiting list if it has an adequate pool of families to use its available HCV assistance. Alternatively, the YHA may elect to continue to accept applications only from certain categories of families that meet particular preferences or funding criteria. YHA has determined that 24 months of a waiting list is an adequate pool of families.

YHA Policy

The closing date of the Waiting List may be announced at the same time as the opening is announced. Where the YHA has particular preferences or funding criteria that require a specific category of family, the YHA may elect to continue to accept applications from these applicants while closing the waiting list to others.

Reopening the Waiting List

If the waiting list has been closed, it cannot be reopened until the YHA publishes a notice in local newspapers of general circulation, minority media, and other suitable media outlets. The notice must comply with HUD fair housing requirements and must specify who may apply, and where and when applications will be received.

YHA Policy

The YHA will announce the reopening of the waiting list at least 10 business days prior to the date applications will first be accepted. If the list is only being reopened for certain categories of families, this information will be contained in the notice.

The YHA will give public notice by publishing the relevant information in suitable media outlets including, but not limited to:

- Minority papers of general circulation
- Additional contact with Social Service Agency providers and those addressing additional needs

4-II.D. FAMILY OUTREACH [HCV GB, pp. 4-2 to 4-4]

There are many approaches to informing the public about an upcoming application period. The goal of the outreach must be to make the information available to every eligible family. Basic outreach objectives for the YHA include:

- Stimulate and sustain interest in the program; and

-
- Provide helpful information to potential participants
 - Ensure the waiting list has sufficient number of applicant families

Fair Housing Requirements [HCV GB, pp. 4-2]

All outreach, advertising and public notices announcing the opening or closing of a waiting list must include efforts to ensure that the information will reach those populations that are considered to be “least likely to apply” for assistance under the housing choice voucher program. Outreach must also include efforts to reach persons with disabilities. All advertising and outreach literature must include the equal housing opportunity logo and non-discrimination in the advertising message.

YHA Policy

All YHA outreach efforts will comply with the Fair Housing guidelines

Extremely Low Income (ELI)

At least 75 percent of the families who are admitted to a PHA’s housing choice voucher program during the PHA fiscal year must be extremely low-income. Extremely low-income families are those with incomes at or below 30 percent of the area median income, or the poverty level or as defined by HUD. Income limits are posted on the internet through HUDUSER. The annual gross income of the applicant family is used for income-targeting purposes. Annual income must have been verified within the 60 days prior to issuance of the voucher. The YHA must meet its income targeting requirement over the course of the YHA’s fiscal year. In other words, deviations from the 75 percent extremely low-income target are allowed during the year as long as the target is met by the year’s end.

YHA outreach efforts must comply with fair housing requirements. This includes:

- Analyzing the housing market area and the populations currently being served to identify underserved populations
- Ensuring that outreach efforts are targeted to media outlets that reach eligible populations that are underrepresented in the program
- Avoiding outreach efforts that prefer or exclude people who are members of a protected class

YHA outreach efforts are designed to inform qualified families about the availability of assistance under the program. These efforts may include, as needed, any of the following activities:

- Submitting press releases to local newspapers, including minority newspapers
- Developing informational materials and flyers to distribute to other agencies
- Providing application forms to other public and private agencies that serve the low income population
- Developing partnerships with other organizations that serve similar populations, including agencies that provide services for persons with disabilities

YHA Policy

The YHA will monitor the characteristics of the population being served and the characteristics of the population as a whole in the YHA's jurisdiction. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are being underserved.

4-II.E. REPORTING CHANGES IN FAMILY CIRCUMSTANCES

YHA Policy

While the family is on the waiting list, the family must inform the YHA of changes in contact information, including current residence, mailing address, and phone number, within 10 days of the change. The family must additionally report any changes that might occur in their preference eligibility. The changes must be submitted in writing.

4-II.F. UPDATING THE WAITING LIST [24 CFR 982.204]

HUD requires the YHA to establish policies to use when removing applicant names from the waiting list.

Purging the Waiting List

The decision to withdraw an applicant family that includes a person with disabilities from the waiting list is subject to reasonable accommodation. If the applicant did not respond to a YHA request for information or updates because of the family member's disability, the YHA must reinstate the applicant family to their former position on the waiting list after receipt of verification. [24 CFR 982.204(c)(2)].

YHA Policy

The waiting list will be updated annually to ensure that all applicants and applicant information is current and timely.

To update the waiting list, the YHA will send an update request via first class mail to each family on the waiting list to determine whether the family continues to be interested in, and to qualify for, the program. This update request will be sent to the last address that the YHA has on record for the family. The update request will provide a deadline by which the family must respond and will state that failure to respond will result in the applicant's name being removed from the waiting list.

The family's response must be in writing and may be delivered in person, by mail, or by fax. Responses should be postmarked or received by the YHA not later than 30 business days from the date of the YHA letter.

If the family fails to respond within 30 business days, the family will be removed from the waiting list without further notice.

If the notice is returned by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice.

If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated. The family will have 30 business days to respond from the date the letter was re-sent.

If a family is removed from the waiting list for failure to respond, the Executive Director may reinstate the family if s/he determines the lack of response was due to YHA error, or to circumstances beyond the family's control.

Removal from the Waiting List

YHA Policy

If at any time an applicant family is on the waiting list, the YHA determines that the family is not eligible for assistance (see Chapter 3), the family will be removed from the waiting list.

If a family is removed from the waiting list because the YHA has determined the family is not eligible for assistance, a notice will be sent to the family's address of record provided on the initial application. The notice will state the reasons the family was removed from the waiting list and will inform the family how to request an informal review regarding the YHA's decision (see Chapter 16) [24 CFR 982.201(f)].

PART III: SELECTION FOR HCV ASSISTANCE

4-III.A. OVERVIEW

As vouchers become available, families on the waiting list must be selected for assistance in accordance with the policies described in this part.

The order in which families receive assistance from the waiting list depends on the selection method chosen by the YHA and is impacted in part by any selection preferences that the family qualifies for. The source of HCV funding also may affect the order in which families are selected from the waiting list.

The YHA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the YHA's selection policies [24 CFR 982.204(b) and 982.207(e)].

4-III.B. SELECTION AND HCV FUNDING SOURCES

Special Admissions [24 CFR 982.203]

HUD may award funding for specifically-named families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 projects). In these cases, the YHA may admit families that are not on the waiting list, or without considering the family's position on the waiting list. The YHA must maintain records showing that such families were admitted with special program funding.

The following are examples of types of program funding that may be targeted for a family living in a specified unit:

-
- A family displaced because of demolition or disposition of a public housing project;
 - A family residing in a multifamily rental housing project when HUD sells, forecloses or demolishes the project;
 - A family residing in a project covered by a project-based Section 8 HAP contract at or near the end of the HAP contract term;
 - Mainstream Vouchers
 - Family Unification Program (FUP)
 - Veterans Assistance of Supportive Housing (VASH)
 - Project-based Assistance
 - A non-purchasing family residing in a HOPE 1 or HOPE 2 project. and
 - For housing covered by the Low Income Housing Preservation and Resident Homeownership Act of 1990 (41 U.S.C. 4101 et seq.):
 - A non-purchasing family residing in a project subject to a homeownership program (under 24 CFR 248.173); or
 - A family displaced because of mortgage prepayment or voluntary termination of a mortgage insurance contract (as provided in 24 CFR 248.165);

Targeted Funding [24 CFR 982.204(e)]

HUD may award a YHA funding for a specified category of families on the waiting list. The YHA must use this funding only to assist the families within the specified category. Within this category of families, the order in which such families are assisted is determined according to the policies provided in Section 4-III.C.

YHA Policy

The YHA does currently administer the following types of targeted funding:

Family Unification Program

Mainstream Vouchers for Persons with a Disability

VASH

RAD Project-based Voucher

Regular HCV Funding

Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in Section 4-III.C.

OTHER ADMISSIONS to YHA/SUPPORTIVE SERVICES VOUCHERS

YHA does not set aside supportive service vouchers:

Supportive Service Referral Process:

Contingent upon funding availability, YHA may make up to 10% of the YHA's vouchers available for tenant-based assistance through referrals from outside agencies that provide supportive services for the disabled, and working families. In addition, referrals can be entered

into with other outside agencies to assist with housing services of the community. They will be identified as “Special Programs”.

When a family is referred to YHA through “Special Programs” they will receive a voucher if they meet all of the eligibility requirements enumerated in this plan, and a voucher is available for the program. Only families residing in non-subsidized housing may be referred, unless the family has successfully completed housing counseling training, through a program recognized by YHA.

Vouchers will be made available to families who are referred, regardless of whether the family is on the regular voucher waiting list, regardless of the family’s current waiting list position, and regardless of whether the waiting list is closed. When a family is referred to YHA through the “Special Programs”, YHA will search its regular voucher waiting list to determine whether the referred family is on that list. If the referred family’s name is on the regular YHA waiting list, their name will be removed when they receive a voucher through the “Special Programs”, and the family will be counted toward the 10% “Special Programs” vouchers.

“Special Programs” are responsible for referring families to YHA in the order deemed acceptable by the participating agencies, as specified in the MOU. The MOU will also specify the other responsibilities of the participating agencies.

Moderate Rehabilitation Admissions:

A family may be admitted to the voucher program if they are a family in the Moderate Rehabilitation Program and it has been determined by YHA that the family must relocate because the family is under-housed or the family has a disabled member and there are not available Moderate Rehabilitation units of the appropriate size or type.

The family will not be required to complete an application and be placed on the waiting list. A voucher will be issued to the family immediately upon verifying the family’s need for more suitable housing.

4-III.C. SELECTION METHOD

YHA must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the YHA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

YHA is permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the YHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the YHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

YHA Policy

YHA will select families based on the following preferences for Section 8 Vouchers:

- A. Involuntary Displacement
Applicants who have vacated housing as a result of:

-
- a. Victims of domestic violence who:
 - i. Have vacated due to actual or threatened physical violence directed against the applicant or the applicant’s family by a spouse or other household member, or
 - ii. Live in housing with an individual who engages in such violence. Such “actual” or “threatened” violence must have occurred recently or be of a continuing nature. An applicant who lives in a violent neighborhood or is fearful of other violence outside the household is not considered involuntarily displaced.

B. Local Preference

For the purpose of priority for admission, the YHA will provide for a local preference for persons who reside in the jurisdictional area that the YHA operates the program, over families that do not reside, work or notified that they will be working in the jurisdictional area of YHA. The area of jurisdiction is Yakima and Kittitas Counties, Washington. Eligibility for Local Preference may be demonstrated by having a physical residence within the jurisdictional area. Physical residence shall be defined as a domicile with a mailing address, other than a post office box, for which the applicant can produce one or more of the following: a lease or a purchase agreement, utility bills showing the claimed residence address, or two pieces of first class mail addressed to a member of the applicant household at the claimed address. It can also be demonstrated through employment or notification that they will be employed. There is no duration on the amount of time that they must be employed or residing in the area to meet this preference. **(24 CFR 982.207)**

C. The YHA will select families based on the additional following preferences:

Date and time of application will be used to determine the sequence of tenant selection

Income Targeting Requirement [24 CFR 982.201(b)(2)]

At least 75% of the families who are admitted to YHA’s housing choice voucher program during the PHA fiscal year must be extremely low-income. Extremely low-income families are those with incomes at or below 30 percent of the area median income or the poverty level as determined by HUD. The YHA may skip non-ELI families for a ELI family to satisfy this requirement.

Eligibility Requirement

To be income eligible the families must fall under the following categories:

- Considered a “Very-low Income” Family
- A low-income family that meets additional eligibility criteria specified in the YHA administrative plan. Such additional YHA criteria must be consistent with the YHA plan and with the consolidated plans for local governments in the YHA jurisdiction;
- Low-income family that is “continuously assisted” under the 1937 Housing Act;

-
- Low-income or moderate-income family that is displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing as defined in (§248.101);
 - Low-income family that qualifies for voucher assistance as a non-purchasing family residing in a project subject to a resident homeownership program under §248.173 of this title; or
 - Low-income family that is eligible under the student rule provisions.
 - Low-income on the project-based Voucher Program after conversion of PH to the PBV/RAD

YHA Policy

The YHA will monitor applicants throughout the year to meet the HUD ELI requirements. If it is found that the YHA needs to assist more ELI families, these families will be select over a non-ELI family on the waiting list. If the waiting list does not have enough ELI families, the YHA will conduct a marketing outreach to meet HUD requirements.

Order of Selection [HCV GB 4-12]

As vouchers are expected to become available, the YHA selects eligible applicants from the waiting list in order to begin the eligibility determination, voucher issuance, and leasing processes. Except for special admissions, participants must be selected from the housing choice voucher program waiting list. The YHA must select participants from the waiting list in accordance with HUD regulations and requirements and in compliance with admission policies in the YHA's administrative plan.

The YHA's admission policy must describe the YHA's system of preferences that is used to select applicants from the waiting list, including any residency or other local preference. The YHA must organize its waiting list and maintain the information necessary to select according to its policies.

If the YHA does not have sufficient funds to subsidize the family unit size of the family at the top of the waiting list, the YHA may not skip the top family to admit an applicant with a smaller family unit size. Instead, the family at the top of the waiting list will be admitted when sufficient funds are available. When HUD awards the YHA program funding for a specified category of families on the waiting list, the YHA must select applicant families in the specified category [24 CFR 982.204(d) and (e)].

YHA Policy

Families will be selected on a first-come, first-served basis according to the priority and date and time their complete application is received by the YHA. Documentation will be maintained by the YHA as to whether families on the list qualify for and are interested in targeted funding, should targeting funding exist.

4-III.D. NOTIFICATION OF SELECTION

When a family has been selected from the waiting list, the YHA will notify the family.

YHA Policy

The YHA will notify the family by first class mail when it is selected from the waiting list. The notice will inform the family of the following:

Date, time, and location of the scheduled application interview, including any procedures for rescheduling the interview;

Who is required to attend the interview;

Documents that must be provided at the interview to document the legal identity of household members, including information about what constitutes acceptable documentation; and

Other documents and information that should be brought to the interview.

Notification letters returned to the YHA with no forwarding address will result in the family's removal from the waiting list. A notice of denial (see Chapter 3) will be sent to the family's address of record, as well as to any known alternate address or contact

4-III.E. THE APPLICATION INTERVIEW

HUD recommends that the YHA obtain the information and documentation needed to make an eligibility determination through a private interview [HCV GB, pg. 4-16]. Being invited to attend an interview does not constitute admission to the program.

A reasonable accommodation must be made for persons with disabilities who are unable to attend an interview due to their disability.

YHA Policy

Families selected from the waiting list are required to participate in an eligibility interview. Families are pulled in "batches". (i.e. for each voucher available 5 families will be pulled for an appointment.)

All adult family members are required to attend the interview and sign the housing application. Exceptions may be made for students attending school out of state/for members for whom attendance would be a hardship. It is the applicant's responsibility to reschedule the interview if s/he misses the appointment. If the applicant does not reschedule or misses two scheduled meetings, the YHA will cancel the application and withdraw their name from the Wait List. Applicants who fail to appear and call to reschedule a missed appointment must make the request to reschedule no later than 10 days from the original appointment date. The request must be made to the staff person who scheduled the appointment. If an applicant fails to appear for a pre-scheduled appointment, the YHA will automatically schedule a second appointment.

If the applicant misses the second appointment without prior approval, the application is cancelled and withdrawn. Reasonable accommodation will be made for persons with a disability who require an advocate or accessible offices. A designee will be allowed to participate in the interview process, but only with permission of the person with a disability. If an application is denied due to failure to attend the full application interview,

the applicant will be notified in writing and offered an opportunity to request an administrative review. (See "Complaints and Appeals "chapter.)

The family must provide the information necessary to establish the family's eligibility and determine the appropriate level of assistance, as well as completing required forms, providing required signatures, and submitting required documentation. If any materials are missing, the YHA will provide the family with a written list of items that must be submitted.

Any required documents or information that the family is unable to provide at the interview must be provided within 10 days of the interview (Chapter 7 provides details about longer submission deadlines for particular items, including documentation of Social Security numbers and eligible noncitizen status). If the family is unable to obtain the information or materials within the required time frame, the family may request an extension. If the required documents and information are not provided within the required time frame (plus any extensions), the family will be sent a notice of denial (See Chapter 3).

An advocate, interpreter, or other assistant may assist the family with the application and the interview process.

Interviews will be conducted in English. For limited English proficient (LEP) applicants, the YHA will provide translation services in accordance with the YHA policy.

In all circumstances, if a family does not attend a scheduled interview, the YHA will send another notification letter with a new interview appointment time. Applicants who fail to attend two scheduled interviews without YHA approval, or if the second notification letter is returned to the YHA with no forwarding address, the family will be removed from the waiting list without any further notification, with not right to an informal review.

4-III.F. COMPLETING THE APPLICATION PROCESS

The YHA must verify all information provided by the family (see Chapter 7). Based on verified information, the YHA must make a final determination of eligibility (see Chapter 3) and must confirm that the family qualified for any special admission, targeted admission, or selection preference that affected the order in which the family was selected from the waiting list.

YHA Policy

If the YHA determines the family is ineligible, the YHA will send written notification of the ineligibility determination within 20 business days of the determination. The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review (Chapter 16).

If a family fails to qualify for any criteria that affected the order in which it was selected from the waiting list (e.g. targeted funding, extremely low-income), the family will be returned to its original position on the waiting list. The YHA will notify the family in writing that it has been returned to the waiting list, and will specify the reasons for it.

If the YHA determines that the family is eligible to receive assistance, the YHA will invite the family to attend a briefing in accordance with the policies in Chapter 5.

Chapter 5

BRIEFINGS AND VOUCHER ISSUANCE

INTRODUCTION

This chapter explains the briefing and voucher issuance process. When a family is determined to be eligible for the Housing Choice Voucher (HCV) program, the YHA must ensure that the family fully understands the way the program operates and the family's obligations under the program. This is accomplished through both an oral briefing and provision of a briefing packet containing written documentation of information the family needs to know. Once the family is fully informed of the program's requirements, the YHA issues the family a voucher. The voucher includes the unit size the family qualifies for based on the YHA's subsidy standards, as well as the dates of issuance and expiration of the voucher. The voucher is the document that permits the family to begin its search for a unit, and limits the amount of time the family has to successfully locate an acceptable unit.

This chapter describes HUD regulations and YHA policies related to these topics in two parts:

Part I: Briefings and Family Obligations. This part details the program's requirements for briefing families orally, and for providing written materials describing the program and its requirements. It includes a particular focus on the family's obligations under the program.

Part II: Subsidy Standards and Voucher Issuance. This part discusses the YHA's standards for determining how many bedrooms a family of a given composition qualifies for, which in turn affects the amount of subsidy the family can receive. It also discusses the policies that dictate how vouchers are issued, and how long families have to locate a unit.

PART I: BRIEFINGS AND FAMILY OBLIGATIONS

5-I.A. OVERVIEW

HUD regulations require the YHA to conduct mandatory briefings for applicant families. The briefing provides a broad description of owner and family responsibilities, explains the YHA's procedures, and includes instructions on how to lease a unit. This part describes how oral briefings will be conducted, specifies what written information will be provided to families, and lists the family's obligations under the program.

5-I.B. BRIEFING [24 CFR 982.301]

The YHA must give the family an oral briefing and provide the family with a briefing packet containing written information about the program. Families may be briefed individually or in groups. At the briefing, the YHA must ensure effective communication in accordance with Section 504 requirements (Section 504 of the Rehabilitation Act of 1973), and ensure that the

briefing site is accessible to individuals with disabilities. For a more thorough discussion of accessibility requirements, refer to Chapter 2.

YHA Policy

Briefings will be conducted in a group meeting.

Briefings may be one-on-one for special needs, LEP, or other factors as determined by YHA.

The head of household and other adults are required to attend the briefing.

Families that attend group briefings and still need individual assistance will be referred to an appropriate YHA staff person.

Briefings will be conducted in English or Spanish. For limited English proficient (LEP) applicants, the YHA will provide translation services in accordance with the YHA's LEP plan (See Chapter 2).

Notification and Attendance

YHA Policy

Families will be notified of their eligibility for assistance at the time they are invited to attend a briefing. The notice will identify who is required to attend the briefing, as well as the date and time of the scheduled briefing.

If the notice is returned by the post office with no forwarding address, a notice of denial (see Chapter 3) will be sent to the family's address of record, as well as to any alternate address provided on the initial application.

Applicants who fail to attend a scheduled briefing will automatically be scheduled for another briefing. The YHA will notify the family of the date and time of the second scheduled briefing. Applicants who fail to attend two scheduled briefings, without YHA approval, or if the second notice is returned to the YHA with no forwarding address, the family will be removed from the program and sent a notice of cancellation.

Families must reapply if and when the waiting list is reopened.

Oral Briefing [24 CFR 982.301(a)]

Each briefing must provide information on the following subjects:

- How the Housing Choice Voucher program works;
- Family and owner responsibilities;
- Where the family can lease a unit, including renting a unit inside or outside the YHA's jurisdiction;

-
- For families eligible under portability, an explanation of portability and opportunity areas. It will also contain maps supporting opportunity areas. The YHA cannot discourage eligible families from moving under portability;
 - For all families, an explanation of the advantages of moving to areas outside of high-poverty concentrations; and
 - Information on VAWA
 - An explanation of form HUD-92006 “Supplement to Application for Federally Assisted Housing”
 - An explanation of form HUD-52675 “Debts Owed to Public Housing Agencies and Terminations”

YHA Policy

When YHA-owned units are available for lease, the YHA will inform the family during the oral briefing that the family has the right to select any eligible unit available for lease, and is not obligated to choose a YHA-owned unit.

Briefing Packet [24 CFR 982.301(b)]

Documents and information provided in the briefing packet must include the following:

- The term of the voucher, and the YHA’s policies on any extensions or suspensions of the term. If the YHA allows extensions, the packet must explain how the family can request an extension.
- A description of the method used to calculate the housing assistance payment for a family, including how the YHA determines the payment standard for a family, how the YHA determines total tenant payment for a family, and information on the payment standard and utility allowance schedule.
- An explanation of how the YHA determines the maximum allowable rent for an assisted unit.
- Where the family may lease a unit. For a family that qualifies to lease a unit outside the YHA jurisdiction under portability procedures, the information must include an explanation of how portability works.
- The HUD-required tenancy addendum, which must be included in the lease.
- The form the family must use to request approval of tenancy, and a description of the procedure for requesting approval for a tenancy.
- A statement of the YHA policy on providing information about families to prospective owners.
- The YHA subsidy standards including when and how exceptions are made.
- The HUD brochure on how to select a unit.

-
- The HUD pamphlet on lead-based paint entitled *Protect Your Family from Lead in Your Home*.
 - Information on federal, state and local equal opportunity laws and a copy of the housing discrimination complaint form.
 - A list of landlords or other parties willing to lease to assisted families or help families find units, especially outside areas of poverty or minority concentration.
 - Notice that if the family includes a person with disabilities, the family may request a list of available accessible units known to the YHA.
 - The family obligations under the program, including any obligations of a welfare-to-work family.
 - The grounds on which the YHA may terminate assistance for a participant family because of family action or failure to act.
 - YHA informal hearing procedures including when the YHA is required to offer a participant family the opportunity for an informal hearing, and how to request the hearing.
 - The YHA owner information brochure. This brochure can be given by the applicant to a prospective owner to help explain the program.

The YHA is located in a metropolitan FMR area, and the following additional information may be included in the briefing packet in order to receive full points under SEMAP Indicator 7, Expanding Housing Opportunities [24 CFR 985.3(g)].

- Maps showing areas with housing opportunities outside areas of poverty or minority concentration, both within its jurisdiction and its neighboring jurisdiction.
- Information about the characteristics of these areas including job opportunities, schools, transportation and other services.
- An explanation of how portability works, including a list of portability contact persons for neighboring PHAs including names, addresses, and telephone numbers.

Additional Items to be Included in the Briefing Packet

In addition to items required by the regulations, YHA may wish to include supplemental materials to help explain the program to both participants and owners [HCV GB p. 8-7].

YHA Policy

The YHA will provide the following additional materials in the briefing packet:

Information on how to fill out and file a housing discrimination complaint form.

Information about the protections afforded by the Violence against Women Act of 2013 (VAWA) to victims of domestic violence, dating violence, sexual assault, and stalking (see section 16-IX.C)

Information about the protections afforded by the Protecting Tenants at Foreclosure Act (PTFA) (see section 13-II.G)

“Is Fraud Worth It?” (form HUD-1141-OIG), which explains the types of actions a family must avoid and the penalties for program abuse

“What You Should Know about EIV,” a guide to the Enterprise Income Verification (EIV) system published by HUD as an attachment to Notice PIH 2010-19

Prior to issuing a Voucher, at the Orientation session, the YHA shall give the applicant family a Section 8 Voucher Holder’s Packet, which includes the following information and/or documents. (Ref. CFR 982.301)

- General Information
- Certifying Family Eligibility
- Criminal Background Check
- FRAUD
- Verifications
- Issuing a Voucher & Requesting an extension beyond the initial sixty days
- Family Obligations under the Voucher
- Subsidy Standards
- Requesting Lease Approval
- Finding a Dwelling Unit
- Questions to Ask the Prospective Landlord
- HUD Housing Quality Standards Inspection
- Deposits, Pets, and Utilities
- Utility Allowances
- Rent Calculation
- Portability
- Housing Discrimination
- Moving In
- Annual Activities & Requirements
- One Strike Policy

-
- Informal Hearing/Review Procedures
 - Lead Based Paint Warning
 - Section 8 Visitors Policy
 - Booklet: “A Good Place To Live”

When an applicant family has been determined eligible, and all factors of eligibility, income, and family composition have been verified, and has attended an orientation session, a voucher of the appropriate subsidy size will be issued. Upon issuance of the voucher, the family will be given a request for lease approval packet, which includes:

- Request for Approval of Tenancy
- A copy of the Voucher
- To the Landlord
- Section 8 Landlord Certification
- IRS Form W-9
- Rent Reasonableness Comparable
- Section 8 tenancy addendum and HAP Contract (sample)
- Disclosure of Information on Lead-Based Paint and/or Lead Based Paint Hazards
- Inspection Checklist

5-I.C. FAMILY OBLIGATIONS

Obligations of the family are described in the housing choice voucher (HCV) regulations and on the voucher itself. These obligations include responsibilities the family is required to fulfill, as well as prohibited actions. The YHA must inform families of these obligations during the oral briefing, and the same information must be included in the briefing packet. When the family’s unit is approved and the HAP contract is executed, the family must meet those obligations in order to continue participating in the program. Violation of any family obligation may result in termination of assistance, as described in Chapter 12.

Time Frames for Reporting Changes Required By Family Obligations

YHA Policy

Unless otherwise noted below, when family obligations require the family to respond to a request or notify the YHA of a change, notifying the YHA of the request or change within 10 days is considered prompt notice.

When a family is required to provide notice to the YHA, the notice must be in writing.

Family Obligations [24 CFR 982.551]

Following is a listing of a participant family’s obligations under the HCV program:

-
- The family must supply any information that the YHA or HUD determines to be necessary, including submission of required evidence of citizenship or eligible immigration status.
 - The family must supply any information requested by the YHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition.
 - The family must disclose and verify social security numbers and sign and submit consent forms for obtaining information.
 - Any information supplied by the family must be true and complete.
 - The family is responsible for any Housing Quality Standards (HQS) breach by the family caused by failure to pay tenant-provided utilities or appliances, or damages to the dwelling unit or premises beyond normal wear and tear caused by any member of the household or guest.
 - All other obligations under the voucher program.

YHA Policy

Damages beyond normal wear and tear will be considered to be damages that could be assessed against the security deposit. If the court awards damages to the landlord, the tenant must make financial restitution to the landlord or the tenant will be terminated from the HCV Program.

If the family enters into a repayment agreement with the landlord and fails to make payments as agreed, the tenant will be terminated from the HCV Program.

- The family must allow the YHA to inspect the unit at reasonable times and after reasonable notice, as described in Chapter 8 of this plan.
- The family must not commit any serious or repeated violation of the lease.

YHA Policy

The YHA will determine if a family has committed serious or repeated violations of the lease based on available evidence, including but not limited to, a court-ordered eviction or an owner's notice to evict, police reports, and affidavits from the owner, neighbors, or other credible parties with direct knowledge.

Serious and repeated lease violations will include, but not be limited to, nonpayment of rent, disturbance of neighbors, destruction of property, living or housekeeping habits that cause damage to the unit or premises, and criminal activity. Generally, the criterion to be used will be whether or not the reason for the eviction was the fault of the tenant or guests. Any incidents of, or criminal activity related to, domestic violence, dating violence, sexual assault, or stalking will not be construed as serious or repeated lease violations by the victim [24 CFR 5.2005(c)(1)].

- The family must notify the YHA and the owner before moving out of the unit or terminating the lease.

YHA Policy

The family must comply with lease requirements regarding written notice to the owner. The family must provide written notice to the YHA at the same time the owner is notified.

- The family must promptly give the YHA a copy of any owner eviction notice.
- The family must use the assisted unit for residence by the family. The unit must be the family's only residence.
- The composition of the assisted family residing in the unit must be approved by the YHA. The family must promptly notify the YHA in writing of the birth, adoption, or court-awarded custody of a child. The family must request YHA approval to add any other family member as an occupant of the unit.

YHA Policy

The request to add a family member must be submitted in writing and approved prior to the person moving into the unit. The YHA will determine eligibility of the new member in accordance with the policies in Chapter 3.

- The family must notify the YHA, within 10 days, in writing if any family member no longer lives in the unit.
- If the YHA has given approval, a foster child or a live-in aide may reside in the unit. The YHA has the discretion to adopt reasonable policies concerning residency by a foster child or a live-in aide, and to define when YHA consent may be given or denied. For policies related to the request and approval/disapproval of foster children, foster adults, and live-in aides, see Chapter 3 (Sections I.K and I.M), and Chapter 11 (Section II.B).
- The family must not sublease the unit, assign the lease, or transfer the unit.

YHA Policy

Subleasing includes receiving payment to cover rent and utility costs by a person living in the unit who is not listed as a family member.

- The family must supply any information requested by the YHA to verify that the family is living in the unit or information related to family absence from the unit.
- The family must promptly notify the YHA when the family is absent from the unit.

YHA Policy

Notice is required under this provision only when all family members will be absent from the unit for an extended period. An extended period is defined as any period greater than 30 calendar days. Written notice must be provided to the YHA before the 30th calendar day.

- The family must pay utility bills and provide and maintain any appliances the owner is not required to provide under the lease [Form HUD-52646, Voucher].
- The family must not own or have any interest in the unit, (other than in a cooperative and owners of a manufactured home leasing a manufactured home space, or a participant in the HCV Homeownership Program).

-
- Family members must not commit fraud, bribery, or any other corrupt or criminal act in connection with the program. (See Chapter 14, Program Integrity for additional information).
 - Family members must not engage in drug-related criminal activity or violent criminal activity or other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for HUD and YHA policies related to drug-related and violent criminal activity.
 - Members of the household must not engage in abuse of alcohol in a way that threatens the health, safety or right to peaceful enjoyment of the other residents and persons residing in the immediate vicinity of the premises. See Chapter 12 for a discussion of HUD and YHA policies related to alcohol abuse.
 - An assisted family or member of the family must not receive HCV program assistance while receiving another housing subsidy, for the same unit or a different unit under any other federal, state or local housing assistance program.
 - A family must not receive HCV program assistance while residing in a unit owned by a parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the YHA has determined (and has notified the owner and the family of such determination) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities. [Form HUD-52646, Voucher]

PART II: SUBSIDY STANDARDS AND VOUCHER ISSUANCE

5-II.A. OVERVIEW

The YHA must establish subsidy standards that determine the number of bedrooms needed for families of different sizes and compositions. This part presents the policies that will be used to determine the family unit size (also known as the voucher size) a particular family should receive, and the policies that govern making exceptions to those standards. The YHA also must establish policies related to the issuance of the voucher, to the voucher term, and to any extensions or suspensions of that term.

5-II.B. DETERMINING FAMILY UNIT (VOUCHER) SIZE [24 CFR 982.402]

For each family, the YHA determines the appropriate number of bedrooms under the YHA subsidy standards and enters the family unit size on the voucher that is issued to the family. The family unit size does not dictate the size of unit the family must actually lease, nor does it determine who within a household will share a bedroom/sleeping room.

The following requirements apply when the YHA determines family unit size:

- The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.
- The subsidy standards must be consistent with space requirements under the housing quality standards.

-
- The subsidy standards must be applied consistently for all families of like size and composition.
 - A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.
 - A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family.
 - Any live-in aide (approved by the YHA to reside in the unit to care for a family member who is disabled, or meets the qualifiers) must be counted in determining the family unit size; Upon YHA approval of a request for the addition of a live-in aide, YHA shall notify participants that they have been approved for a live-in aide and that they must submit the name, and any other required information of their selection for screening. The proposed live-in aide must sign consent forms in order for YHA to conduct the screening. The live-in aide must be approved/disapproved within 30 calendar days of the requested reasonable accommodation request notice. The voucher allocation increase will be processed for the approved reasonable accommodation. If the live-in aide is disapproved or the participant does not submit an approvable live-in aide, or the approvable live-in aide does not live in the dwelling unit, then the voucher size shall be decreased to the proper voucher size with a proper change notice of 30 additional days. Once approved, a new request for reasonable accommodation will not be required and the request will remain into effect unless circumstances should changes with the disabled individual needing the accommodation.
 - YHA will not issue a larger voucher due to additions to the household of family members other than by birth, adoption, marriage, or court-awarded custody. YHA will not increase the bedroom size for a participant when an adult (18 years old and older) is being added to the household, including if the adult to be added is a child of the head of household or co-head, unless it is as a reasonable accommodation to add an adult child that is disabled/meets the qualifier.
 - Unless a live-in aide resides with a family, the family unit size for any family consisting of a single person must be either a zero- or one-bedroom unit, as determined under the YHA subsidy standards.

YHA Policy

The YHA will assign one bedroom for each two persons within the household, except in the following circumstances:

In determining bedroom size, the YHA will include the presence of children to be born to a pregnant woman, children who are in the process of being adopted, children whose custody is being obtained, children who are temporarily away at school or temporarily in foster-care.

Bedroom size will also be determined using the following guidelines:

1. The HoH gets one room and two persons per bedroom thereafter regardless of sex or age.

-
2. Foster-adults and children will not be required to share a bedroom with family members. Foster children/adults will be included in determining unit size only if they will be in the unit for more than 190 consecutive calendar days.
 3. Live-in aides will get a separate bedroom.
 4. Persons of different generations (such as grandparents). and unrelated adults should be allocated a separate bedroom.
 5. Space may be provided for a child who is away at school but who lives with the family during school recesses.
 6. Space will not be provided for a family member, other than a spouse, who will be absent most of the time, such as a member who is away in the military.
 7. Space may be provided for a child who is temporarily (less than 90 days) away from the home because of placement in foster care.
 8. Children who live in the unit less than fifty-one percent (51% of the time will not be counted in the household composition to determine unit size. Fifty-one (51%) will be define as 183 days per calendar year. If the divorce or custody decree states that custody of the children is 50/50 and there is no other documentation to support custody of 183 days or not pattern established, the bedroom will be issued and the dependent allowance will be given to the family who originally listed the child in their household.
 - a. Custodial parent may also determine by DSHS's determination of household composition for TANF or food benefits paid to the household.
 9. If the children are removed from the household, the parent(s) or guardian will retain their eligibility however they may be issued a different size voucher and their funding reduced at the next regular reexamination unless it can be shown that the children will be returned by the time of their next annual recertification date.

The YHA will grant exceptions to normal occupancy standards; when a family requests a larger size than the guidelines allow and documents a medical reason why the larger size is necessary. The Manager or Supervisor must document the rationale for any approved exceptions.

The family unit size will be determined by the YHA in accordance with the above guidelines and will determine the maximum rent subsidy for the family; however, the family may select a unit that may be larger or smaller than the family unit size. If the family selects a smaller unit, the payment standard for the smaller size will be used to calculate the subsidy. If the family selects a larger size, the payment standard for the family unit size will determine the maximum subsidy.

Participants will be allowed to use non-sleeping areas (excluding kitchens and bathrooms) as a bedroom subject to landlord approval; however, the Payment Standard shall be based on the size indicated on the Voucher or unit size selected whichever is

smaller. In these exceptions, the YHA reserves the right to approve or disapprove such accommodations that may lead to unsafe or overcrowded conditions.

The YHA will reference the following chart in determining the appropriate voucher size for a family:

Voucher Size	Persons in Household	
	(Minimum	– Maximum)
0 Bedroom	1	1
1 Bedroom	1	2
2 Bedrooms	2	4
3 Bedrooms	3	6
4 Bedrooms	4	8
5 Bedrooms	5	10
6 Bedrooms	6	12

A participant may select a smaller size unit than the size listed on their Housing Choice Voucher, however, the payment standard for the smaller size unit shall be utilized.

If YHA errs in the bedroom size designation, the family will be issued a voucher of the appropriate size.

Housing Quality Standards The standards allow two persons per living/sleeping room and permit maximum occupancy levels (assuming a living room is used as a living/ sleeping area) as shown in the table below. The levels may be exceeded if a room in addition to bedrooms and living room is used for sleeping.

HQS GUIDELINES FOR UNIT SIZE SELECTED

Unit Size	Maximum Number in Household
0 Bedroom	1
1 Bedroom	4
2 Bedrooms	6
3 Bedrooms	8
4 Bedrooms	10

5 Bedrooms	12
6 Bedrooms	14

5-II.C. EXCEPTIONS TO SUBSIDY STANDARDS AND REVISIONS [PIH 2014-25]

In determining family unit size for a particular family, the YHA may grant an exception to its established subsidy standards if the YHA determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances [24 CFR 982.402(b)(8)]. Reasons may include, but are not limited to:

- A need for an additional bedroom for medical equipment
- A need for a separate bedroom for reasons related to a family member’s disability, medical or health condition

For a single person who is not elderly, disabled, or a remaining family member, an exception cannot override the regulatory limit of a zero or one bedroom [24 CFR 982.402(b)(8)].

YHA Policy

The YHA will consider granting an exception for any of the reasons specified in the regulation: the age, sex, health, handicap, or relationship of family members.

The family must request any exception to the subsidy standards in writing. The request must explain the need or justification for a larger family unit size, and must include appropriate documentation. Requests based on health-related reasons must be verified by a knowledgeable professional source, unless the disability and the disability-related request for accommodation is readily apparent or otherwise known.

The family’s continued need for an additional bedroom due to special medical equipment must be re-verified at annual reexamination.

The YHA will notify the family of its determination within 10 business days of receiving the family’s request and upon receipt of any documentation requested to verify the request. If a participant family’s request is denied, the notice will inform the family of their right to request an informal hearing.

The Office of Inspector General (OIG) issued a report on over subsidization in the Housing Choice Voucher (HCV) program due to the issuance of vouchers with unit sizes greater than the number of family members in the household. Pursuant to the recommendation of the OIG, HUD issued clarifying guidance on the matter of categorization of live-in aides, other reasonable accommodation issues and corresponding data entry into the Public and Indian Housing Information Center (PIC).

In accordance with 24 CFR Section 982.316, the YHA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR part 8 to make the program accessible to and usable by a family member with a disability. The YHA may disapprove a particular person as a live-in aide if s/he has: (1) committed fraud, bribery or any other corrupt or criminal act in

connection with any federal housing program; (2) committed drug-related criminal activity or violent criminal activity; or (3) currently owes rent or other amounts to the YHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act or for other reasons as determined by the YHA. Consequently, YHA may not approve an unidentified live-in aide, nor a larger unit than the family qualifies for under the YHA's subsidy standards for an unidentified live-in aide. Occasional, intermittent, multiple or rotating care givers typically do not reside in the unit and would not qualify as live-in aides. Therefore, an additional bedroom should not be approved for a live-in aide under these circumstances.

A family may always request a reasonable accommodation to permit program participation by individuals with disabilities. A family's composition or circumstances may warrant the provision of an additional bedroom to permit disability-related overnight care and allow the family equal use and enjoyment of the unit. Such limited exceptions to the established subsidy standards are permitted under 24 CFR Section 982.402(b)(8). The YHA must consider requests for an exception to the established subsidy standards on a case-by-case basis and provide an exception, where necessary, as a reasonable accommodation. The YHA shall document the justification for all granted exceptions.

The YHA may only approve one additional bedroom for a live-in aide (PIH 2014-25). Although a live-in aide may have YHA-approved family member/s live with him/her in the assisted unit, no additional bedrooms will be provided for the family members of the live-in aide. The YHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a live-in aide would result in the violation of HQS, the additional family members of the live-in aide may not be approved.

Although YHA may approve an additional bedroom for medical equipment or other reasons if the need is documented by a health care provider, the actual equipment or need in the extra bedroom should be verified by the YHA during the annual inspection of the unit. If the extra bedroom is not being used for the intended purpose, the YHA must reduce the subsidy standard and corresponding payment standard at the family's next annual recertification. However, the YHA may take further action, if it believes any family obligations under 24 CFR Section 982.551 were violated.

The additional cause of over subsidization was the failure of the YHA to change the voucher unit size after changes in family composition. Although families are not required to move from an assisted unit when the number of bedrooms in the unit exceeds the number of bedrooms for which the family is eligible, the payment standard must conform to the YHA's subsidy standards at the family's next annual recertification after the change in family composition.

5-II.D. VOUCHER ISSUANCE [24 CFR 982.302]

When a family is selected from the waiting list (or as a special admission as described in Chapter 4), or when a participant family wants to move to another unit, the YHA issues a Housing Choice Voucher, form HUD-52646. This chapter deals only with voucher issuance for applicants. For voucher issuance associated with moves of program participants, please refer to Chapter 10.

The voucher is the family's authorization to search for housing. It specifies the unit size for which the family qualifies, and includes both the date of voucher issuance and date of expiration. It contains a brief description of how the program works and explains the family obligations under the program. The voucher is evidence that the YHA has determined the family to be eligible for the program, and that the YHA expects to have money available to subsidize the family if the family finds an approvable unit. However, the YHA does not have any liability to any party by the issuance of the voucher, and the voucher does not give the family any right to participate in the YHA's housing choice voucher program [Voucher, form HUD-52646]

A voucher can be issued to an applicant family only after the YHA has determined that the family is eligible for the program based on information received within the 60 days prior to issuance [24 CFR 982.201(e)] and after the family has attended an oral briefing [HCV 8-1].

YHA Policy

Vouchers will be issued to eligible applicants immediately following the mandatory briefing.

The YHA should have sufficient funds to house an applicant before issuing a voucher. If funds are insufficient to house the family at the top of the waiting list, the YHA must wait until it has adequate funds before it calls another family from the list [HCV GB p. 8-10].

YHA Policy

Prior to issuing any vouchers, the YHA will determine whether it has sufficient funding in accordance with the policies in Part VIII of Chapter 16.

If the YHA determines that there is insufficient funding after a voucher has been issued, the YHA may rescind the voucher and place the affected family back on the waiting list.

5-II.E. VOUCHER TERM, EXTENSIONS, AND SUSPENSIONS

Voucher Term [24 CFR 982.303]

The initial term of a voucher must be at least 60 calendar days. The initial term must be stated on the voucher [24 CFR 982.303(a)].

YHA Policy

The initial voucher term will be 60 calendar days.

The family must submit a Request for Tenancy Approval and proposed lease within the 60-day period unless the YHA grants an extension.

Extensions of Voucher Term [24 CFR 982.303(b)]

The YHA has the authority to grant extensions of search time, to specify the length of an extension, and to determine the circumstances under which extensions will be granted. There is no limit on the number of extensions that the YHA can approve. Discretionary policies related to extension and expiration of search time must be described in the YHA's administrative plan [24 CFR 982.54].

YHA must approve additional search time if needed as a reasonable accommodation to make the program accessible to and usable by a person with disabilities. The extension period must be reasonable for the purpose.

The family must be notified in writing of the YHA's decision to approve or deny an extension. The YHA's decision to deny a request for an extension of the voucher term is not subject to informal review [24 CFR 982.554(c)(4)].

YHA Policy

The YHA will automatically approve one 30-day extension upon written request from the family.

The YHA will approve a 30-day extension for portability

The YHA may approve additional extensions only in the following circumstances:

It is necessary as a reasonable accommodation for a person with disabilities.

It is necessary due to reasons beyond the family's control, as determined by the YHA. Following is a list of extenuating circumstances that the YHA may consider in making its decision. The presence of these circumstances does not guarantee that an extension will be granted:

Serious illness or death in the family

Other family emergency

Obstacles due to employment

Whether the family has already submitted requests for tenancy approval that were not approved by the YHA

Whether family size or other special requirements make finding a unit difficult

Any request for an additional extension must include the reason(s) an additional extension is necessary. The YHA may require the family to provide documentation to support the request.

All requests for extensions to the voucher term must be made in writing and submitted to the YHA prior to the expiration date of the voucher (or extended term of the voucher).

The YHA will decide whether to approve or deny an extension request within 10 business days of the date the request is received, and will immediately provide the family written notice of its decision.

The YHA may grant one or more extensions of the term, but the initial term plus any extensions will not exceed 120 calendar days from the initial date of issuance without an extraordinary reason.

Suspensions of Voucher Term [24 CFR 982.303(c)]

YHA must adopt a policy to suspend the housing choice voucher term if the family has submitted a Request for Tenancy Approval (RFTA) during the voucher term. “Suspension” means stopping the clock on a family’s voucher term from the time a family submits the RFTA until the time the YHA approves or denies the request [24 CFR 982.4]. The YHA’s determination not to suspend a voucher term is not subject to informal review [24 CFR 982.554(c)(4)].

YHA Policy

YHA will suspend the voucher from the time a family submits a RFTA.

When a Request for Tenancy Approval and proposed lease is received by the YHA, the term of the voucher will be suspended (additional days added to the voucher) while the YHA processes the request. If the unit does not pass inspection before the expiration of the families voucher the YHA will continue to process the Request for Tenancy Approval. Notice will be sent to the family informing them of the date by which the unit must pass inspection. If the unit does not pass by the date given, the voucher will expire after tolling has occurred.

Expiration of Voucher Term

Once a family’s housing choice voucher term (including any extensions) expires, the family is no longer eligible to search for housing under the program. If the family still wishes to receive assistance, the YHA may require that the family reapply, or may place the family on the waiting list with a new application date but without requiring reapplication. Such a family does not become ineligible for the program on the grounds that it was unable to locate a unit before the voucher expired [HCV GB p. 8-13].

YHA Policy

If an applicant family’s voucher term or extension expires before the family has submitted a Request for Tenancy Approval (RFTA), the YHA will require the family to reapply for assistance. If an RFTA that was submitted prior to the expiration date of the voucher is subsequently disapproved by the YHA (after the voucher term has expired), the family will be required to reapply for assistance.

Within 10 business days after the expiration of the voucher term or any extension, the YHA will notify the family in writing that the voucher term has expired and that the family must reapply in order to be placed on the waiting list.

Chapter 6

INCOME AND SUBSIDY DETERMINATIONS

[24 CFR Part 5, Subparts E and F; 24 CFR 982]

INTRODUCTION

A family's income determines eligibility for assistance and is also used to calculate the family's payment and the YHA's subsidy. The YHA will use the policies and methods described in this chapter to ensure that only eligible families receive assistance and that no family pays more or less than its obligation under the regulations. This chapter describes HUD regulations and YHA policies related to these topics in three parts as follows:

- **Part I: Annual Income.** HUD regulations specify the sources of income to include and exclude to arrive at a family's annual income. These requirements and YHA policies for calculating annual income are found in Part I.
- **Part II: Adjusted Income.** Once annual income has been established HUD regulations require the YHA to subtract from annual income any of five mandatory deductions for which a family qualifies. These requirements and YHA policies for calculating adjusted income are found in Part II.
- **Part III: Calculating Family Share and YHA Subsidy.** This part describes the statutory formula for calculating total tenant payment (TTP), the use of utility allowances, and the methodology for determining YHA subsidy and required family payment.

PART I: ANNUAL INCOME

6-I.A. OVERVIEW

The general regulatory definition of *Annual Income* shown below is from 24 CFR 5.609.

5.609 Annual income.

(a) Annual income means all amounts, monetary or non-monetary, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph [5.609(c)].

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

In addition to this general definition, HUD regulations establish policies for treating specific types of income and assets. The full texts of those portions of the regulations are provided in exhibits at the end of this chapter as follows:

- Annual Income Inclusions (Exhibit 6-1)
- Annual Income Exclusions (Exhibit 6-2)
- Treatment of Family Assets (Exhibit 6-3)
- Earned Income Disallowance for Persons with Disabilities (Exhibit 6-4)
- The Effect of Welfare Benefit Reduction (Exhibit 6-5)

Sections 6-I.B and 6-I.C discuss general requirements and methods for calculating annual income. The rest of this section describes how each source of income is treated for the purposes of determining annual income. HUD regulations present income inclusions and exclusions separately [24 CFR 5.609(b) and 24 CFR 5.609(c)]. In this Plan, however, the discussions of income inclusions and exclusions are integrated by topic (e.g., all policies affecting earned income are discussed together in section 6-I.D). Verification requirements for annual income are discussed in Chapter 7.

6-I.B. HOUSEHOLD COMPOSITIONS AND INCOME

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition. The rules on which sources of income are counted vary somewhat by family member. The chart below summarizes how family composition affects income determinations.

Summary of Income Included and Excluded by Person	
Live-in aides	Income from all sources is excluded [24 CFR 5.609(c)(5)].
Foster child or foster adult	Income from all sources is excluded [24 CFR 5.609(c)(2)].
Head, spouse, or co-head Other adult family members	All sources of income not specifically excluded by the regulations are included.
Children under 18 years of age	Employment income is excluded [24 CFR 5.609(c)(1)]. All other sources of income, except those specifically excluded by the regulations, are included.
Full-time students 18 years of age or older (not head, spouse, or co-head)	Employment income above \$480/year is excluded [24 CFR 5.609(c)(11)]. All other sources of income, except those specifically excluded by the regulations, are included.

Temporarily Absent Family Members

The income of family members approved to live in the unit will be counted, even if the family member is temporarily absent from the unit [HCV GB, p. 5-18].

YHA Policy

Absence means that no member of the family is residing in the unit. The family may be absent from the unit for up to 10 **consecutive** days. The family must request permission **in writing** from the YHA for absences exceeding 30 days. The Housing Authority will make a determination within 5 business days of the request. An authorized absence may not exceed 180 **consecutive calendar days in any circumstance, or for any reason**. Any family absent for more than 30 days without authorization will be terminated from the program.

Generally, an individual who is or is expected to be absent from the assisted unit for 2 consecutive months or 30 days or less in a 12-month period of time is considered temporarily absent and continues to be considered a family member. Generally, an individual who is or is expected to be absent from the assisted unit for more than 60 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed below.

Absent Students

YHA Policy

A student (other than husband or wife) who attends school away from home but who lives with the family during school recesses may be considered temporarily absent.

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the YHA indicating that the student has established a separate household or the family declares that the student has established a separate household.

Absences Due to Placement in Foster Care

Children temporarily absent from the home as a result of placement in foster care are considered members of the family [24 CFR 5.403].

YHA Policy

If a child has been placed in foster care, the YHA will verify with the appropriate agency whether and when the child is expected to return to the home, as previously discussed in this plan. Unless the agency confirms the child is in foster care, they will be counted as a family member.

Absent Head, Spouse, or Co-head

YHA Policy

A head, spouse, or co-head absent from the unit more than 30 consecutive days will not continue to be considered a family member.

Family Members Permanently Confined for Medical Reasons

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted [HCV GB, p. 5-22].

YHA Policy

The YHA will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. A person that is temporarily absent will have their income included. The family may present evidence the family member is confined on a permanent basis and request the person not be considered a family member. If the verification indicates the family member will return in less than 60 consecutive days (and up to 180 days after approval of the Section 8 Manager or authorized designee) the family member will not be considered permanently absent.

When an individual who has been counted as a family member is determined permanently absent, the family is eligible for the medical expense deduction only if the remaining head, spouse, or co-head qualify as an elderly person or a person with disabilities.

Joint Custody of Dependents

YHA Policy

Dependents that are subject to a joint custody arrangement will be considered a member of the family, if they reside with the applicant or participant family 183days or more.

When more than one applicant or participant family is claiming the same dependents as family members, the family with primary custody at the time of the initial examination or reexamination will be able to claim the dependents. If there is a dispute about which family should claim them, the YHA will make the determination based on available documents such as court orders, an IRS return showing which family has claimed the child for income tax purposes and/or school records.

Guardians for a Child

YHA Policy

If neither a parent nor a designated guardian remains in a household receiving HCV assistance, the YHA will take the following actions.

- (1) If a responsible agency has determined that another adult is to be brought into the assisted unit to care for a child for an indefinite period, the designated guardian will

not be considered a family member until a determination of custody or legal guardianship is made.

- (2) If a guardian has assumed responsibility for a child without the involvement of a responsible agency or formal assignment of custody or legal guardianship, the guardian will be treated as a visitor for 90 days. After the 90 days has elapsed, the guardian will be considered a family member unless information is provided that would confirm that the guardian's role is temporary. In such cases the YHA will extend the guardian's status as an eligible visitor.
- (3) At any time that custody or guardianship legally has been awarded to a guardian, the housing choice voucher will be transferred to the guardian, upon completion of screening process.
- (4) During any period that a guardian is considered a visitor, the income of the guardian is not counted in annual income and the guardian does not qualify the family for any deductions from income.
- (5) Kin-care or guardian care income is specifically excluded income.

Unauthorized Residents

Only family members listed on the HUD 50058 are permitted to reside in the assisted unit. Adults who reside in the assisted unit more than fourteen (14) consecutive days or for a minimum period of thirty (30) consecutive days during a 12-month period are not listed on the HUD-50058 form, will be deemed unauthorized residents, unless the YHA has provided prior approval and is in the process of evaluating said resident for eligibility.

A family will be permitted to demonstrate that the person is not an unauthorized resident by submitting at least one (1) of the following:

1. A written notarized statement from the landlord or neighbors of the participant;
2. A legible copy of the person's current state-issued photo identification or current vehicle registration;
3. A lease in the person's name at another address shall be the preferred choice of evidence.
4. Mail sent to the assisted unit may be considered as unauthorized occupancy.

The burden of proof that the individual is a visitor rests on the assisted family. In the absence of such proof, the individual will be considered an unauthorized member of the household and the YHA will terminate assistance since prior approval was not requested for the addition.

Minors and College Students

Minors and college students who were part of the family but who now live away from home during the school year and are no longer on the lease may visit for up to 90 days per year.

6-I.C. ANTICIPATING ANNUAL INCOME

The YHA is required to count all income “anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date” [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

Minimum Income

There is no minimum income requirement. Families who report zero/extremely low income are required to complete a written certification every 30 days.

- Families that report zero/extremely low income will be required to provide information regarding their means of basic subsistence, such as food, utilities, transportation, etc.
- If the family’s expenses exceed their known income, the HA will make inquiry of the head of household as to the nature of the family’s accessible resources.

The YHA is required to count all income “anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date” [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

While there is no minimum income, families must demonstrate and continue to demonstrate the capacity to fulfill the requirements in the program.

Basis of Annual Income Projection

The YHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes the YHA to use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The YHA believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

YHA is required to use HUD’s Enterprise Income Verification (EIV) system in its entirety as a third party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)].

HUD allows YHA to use tenant-provided documents (pay stubs) to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the PHA does not determine it is necessary to obtain additional third-party data.

YHA Policy

When EIV is obtained and the family does not dispute the EIV employer data, the YHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, the YHA will make every effort to obtain current and consecutive pay stubs dated within the last 60 days.

The YHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

If EIV or other UIV data is not available,

If the family disputes the accuracy of the EIV employer data, and/or
If the YHA determines additional information is needed.

In such cases, the YHA will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how the YHA annualized projected income.

When the YHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the YHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income.

Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to the YHA to show why the historic pattern does not represent the family's anticipated income.

YHA Policy

When the YHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the YHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income. Anytime current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to the YHA to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If the YHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

Example: An employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eighth week after the effective date of the reexamination. In such a case the YHA would calculate annual income as follows:
 $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$8.25 \times 40 \text{ hours} \times 45 \text{ weeks}).$

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases the YHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs. This requirement will be imposed even if the YHA's policy in Chapter 11 does not require interim reexaminations for other types of changes.

Treatment of Seasonal Changes, School Employees with 9-Months Employment, or Summer Employment

YHA's Policy:

YHA shall use only the method below to calculate income for the above factors:

CALCULATING ANTICIPATED ANNUAL INCOME (Example)

A teacher's assistant works nine months annually and receives \$1,300 per month. During the summer recess, the teacher's assistant works for the Parks and Recreation Department for \$600 per month. The PHA may calculate the family's income using the following method:

- *Calculate Annual Income Based on Current Income:*

\$15,600 (\$1,300 x 12 months).

An interim reexamination would then be conducted at the end of the school year to recalculate the family's income during the summer months at reduced annualized amount of \$7,200 (\$600 x 12 months). Once the person returns to teaching, the income will increase again to \$15,600.

Using Enterprise Income Verification (EIV) to Project Income

HUD requires the YHA to use the enterprise income verification (EIV) system. EIV is “the verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals” [VG, p. 7].

HUD allows YHA to use EIV information in conjunction with family-provided documents to anticipate income [EIV].

YHA Policy

YHA will use the streamline income verification system, whenever possible.

YHA procedures for anticipating annual income will include the use of EIV methods approved by HUD in conjunction with family-provided documents dated within the last 60 days of the YHA interview date.

The YHA will follow “HUD Guidelines for Projecting Annual Income When Enterprise Income Verification (EIV) Data Is Available” in handling differences between EIV and family-provided income data. The guidelines depend on whether a difference is substantial or not. HUD defines *substantial difference* as a difference of \$200 or more per month.

No Substantial Difference. If EIV information for a particular income source differs from the information provided by a family by less than \$200 per month, the YHA will follow these guidelines:

If there is a discrepancy, YHA will always use the more accurate information in making its final determination.

Substantial Difference. If EIV information for a particular income source differs from the information provided by a family by \$200 or more per month, the YHA will follow these guidelines:

The YHA will request written third-party verification from the discrepant income source in accordance with 24 CFR 5.236(b)(3)(i).

When the YHA cannot readily anticipate income (e.g., in cases of seasonal employment, unstable working hours, or suspected fraud), the YHA will review historical income data for patterns of employment, paid benefits, and receipt of other income.

The YHA will analyze all EIV, third-party, and family-provided data and attempt to resolve the income discrepancy.

The YHA will use the most current verified income data and, if appropriate, historical income data to calculate anticipated annual income.

6-I.D. EARNED INCOME

Types of Earned Income Included in Annual Income

Wages and Related Compensation. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services is included in annual income [24 CFR 5.609(b)(1)].

YHA Policy

For persons who regularly receive bonuses or commissions, the YHA will verify and then average amounts received for the previous year preceding admission or reexamination. If less than a one-year history is available, the YHA will use the information available. In either case the family may provide, and the YHA will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, the YHA will count only the amount estimated by the employer.

For streamlined income verification, in addition to the EIV, the YHA will use at least the last 2 current consecutive payroll stubs.

Some Types of Military Pay. All regular pay, special pay and allowances of a member of the Armed Forces are counted [24 CFR 5.609(b)(8)] except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire [24 CFR 5.609(c)(7)].

Types of Earned Income Not Counted in Annual Income

Temporary, Nonrecurring, or Sporadic Income [24 CFR 5.609(c)(9)].

This type of income (including gifts) is not included in annual income.

YHA Policy

Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed. If there is a historic trend or stable pattern of working, even if it for limited durations and amounts, then it will be considered income and counted in the calculation.

Children's Earnings. Employment income earned by children (including foster children) under the age of 18 years is not included in annual income [24 CFR 5.609(c)(1)]. (See Eligibility chapter for a definition of *foster children*.)

Certain Earned Income of Full-Time Students. Earnings in excess of \$480 for each full-time student 18 years old or older (except for the head, spouse, or co-head) are not counted [24 CFR 5.609(c)(11)]. To be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program [HCV GB, p. 5-29].

Income of a Live-in Aide. Income of a live-in aide, as defined in [24 CFR 5.403], is not included in annual income [24 CFR 5.609(c)(5)]. (See Eligibility chapter for a full discussion of live-in aides.)

Income Earned under Certain Federal Programs. Income from some federal programs is specifically excluded from consideration as income [24 CFR 5.609(c)(17)], including:

- Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b)) Workforce Development
- Awards under the federal work-study program (20 U.S.C. 1087 uu)
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- Allowances, earnings, and payments to participants in programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

Resident Service Stipend. Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed \$200 per individual per month) received by a resident for performing a service for the YHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and

serving as a member of the YHA’s governing board. No resident may receive more than one such stipend during the same period of time [24 CFR 5.600(c)(8)(iv)].

State and Local Employment Training Programs. Incremental earnings and benefits to any family member resulting from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff are excluded from annual income. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the training program [24 CFR 5.609(c)(8)(v)].

YHA Policy

The YHA defines *training program* as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period to time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include, but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic education” [expired Notice PIH 98-2, p. 3].

The YHA defines *incremental earnings and benefits* as the difference between (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program [expired Notice PIH 98-2, pp. 3–4].

In calculating the incremental difference, the YHA will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently completed HUD-50058.

End of participation in a training program must be reported in accordance with the YHA’s interim reporting requirements.

HUD-Funded Training Programs. Amounts received under training programs funded in whole or in part by HUD [24 CFR 5.609(c)(8)(i)] are excluded from annual income. Eligible sources of funding for the training include operating subsidy, Section 8 administrative fees, and modernization, Community Development Block Grant (CDBG), HOME program, and other grant funds received from HUD.

YHA Policy

To qualify as a training program, the program must meet the definition of *training program* provided above for state and local employment training programs.

Earned Income Tax Credit. Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j)), are excluded from annual income [24 CFR 5.609(c)(17)]. Although many families receive the EITC annually when they file taxes, an EITC can also be

received throughout the year. The prorated share of the annual EITC is included in the employee's payroll check.

Earned Income Disallowance. The earned income disallowance for persons with disabilities is discussed in section 6-I.E below.

6-I.E. EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES [24 CFR 5.617]

The earned income disallowance (EID) encourages people with disabilities to enter the work force by not including the full value of increases in earned income for a period of time. The full text of 24 CFR 5.617 is included as Exhibit 6-4 at the end of this chapter. Eligibility criteria and limitations on the disallowance are summarized below.

Eligibility

This disallowance applies only to individuals in families already participating in the HCV program. To qualify, the family must experience an increase in annual income that is the result of one of the following events:

- Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment. *Previously unemployed* includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage (\$3.625) unless there is a higher state or local minimum wage.
- Increased earnings by a family member who is a person with disabilities and whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families [24 CFR 5.603(b)].
- New employment or increased earnings by a family member who is a person with disabilities and who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly cash maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least \$500.

Calculation of the Disallowance

Calculation of the earned income disallowance for an eligible member of a qualified family begins with a comparison of the member's current income with his or her "prior income."

YHA Policy

The YHA defines *prior income*, or *prequalifying income*, as the family member's last certified income prior to qualifying event for the EID.

The family member's prior, or prequalifying, income remains constant throughout the period that he or she is receiving the EID.

Initial 12-Month Exclusion. During the initial 12-month exclusion period, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded. The 12 months are cumulative and need not be consecutive.

YHA Policy

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings, whether the family reports the earnings or not.

Second 12-Month Exclusion and Phase-In. During the second 12-month exclusion period, the exclusion is reduced to half (50 percent) of any increase in income attributable to employment or increased earnings. The 12 months are cumulative and need not be consecutive.

Window of Opportunity. The EID has a twenty-four (24) month window of opportunity. The two-year eligibility period begins at the same time that the initial exclusion period begins and ends 24 months later. The one-time eligibility for the EID applies even if the eligible individual begins to receive assistance from another housing agency, if the individual moves between public housing and Section 8 assistance, or if there are breaks in assistance.

YHA Policy

During the 24-month eligibility period, the YHA will schedule and conduct an interim reexamination each time there is a change in the family member's annual income that affects or is affected by the EID (e.g., when the family member's income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period). Any changes to the family income or composition must still be reported by the family within (10) ten days of the change.

For families that were in the EID when the streamlining regulations became effective on March 2016, the window of opportunity remains 48 months. Families eligible for and participating in the disallowance of earned income under this section prior to May 9, 2016 will continue to be governed by the 48 month window of opportunity.

6-I.F. BUSINESS INCOME [24 CFR 5.609(b)(2)]

Annual income includes "the net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family" [24 CFR 5.609(b)(2)].

Business Expenses

Net income is “gross income less business expense” [HCV GB, p. 5-19].

YHA Policy

To determine business expenses that may be deducted from gross income, the YHA will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

Business Expansion

HUD regulations do not permit the YHA to deduct from gross income expenses for business expansion.

YHA Policy

Business expansion is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for the purpose of adding street cleaning to the services offered by the business would be considered a business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion.

Capital Indebtedness

HUD regulations do not permit the YHA to deduct from gross income the amortization of capital indebtedness.

YHA Policy

Capital indebtedness is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery. This means the YHA will allow as a business expense interest, but not principal, paid on capital indebtedness.

Negative Business Income

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

Withdrawal of Cash or Assets from a Business

HUD regulations require the YHA to include in annual income the withdrawal of cash or assets from the operation of a business or profession unless the withdrawal reimburses a family member for cash or assets invested in the business by the family.

YHA Policy

Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of an assisted family provided an up-front loan of \$2,000 to help a business get started, the YHA will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid.

Investments do not include the value of labor contributed to the business without compensation.

Co-owned Businesses

YHA Policy

If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference.

6-I.G. ASSETS [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]

Overview

The YHA may use any or all of the streamline procedures and verification processes as allowed by HUD. There is no asset limitation for participation in the HCV program. However, HUD requires that the YHA include in annual income the "interest, dividends, and other net income of any kind from real or personal property" [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, the YHA must determine the value of the asset in order to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined
- How income from the asset will be calculated

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of *net family assets*. This section begins with a discussion of general policies related to assets and then provides HUD rules and YHA policies related to each type of asset.

Streamlining Verification of Assets

YHA will use the streamlining of assets at recertification according to the following. For a family with net assets equal to or less than \$5,000, YHA may accept 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.

- 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.
- YHA must obtain third-party verification of all family assets every 3 years.

General Policies

Income from Assets

The YHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes the YHA to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the YHA believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the

property is currently vacant, the YHA can take into consideration past rental income along with the prospects of obtaining a new tenant.

YHA Policy

Anytime current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to the YHA to show why the asset income determination does not represent the family's anticipated asset income.

Valuing Assets

The calculation of asset income sometimes requires the YHA to make a distinction between an asset's market value and its cash value.

- The market value of an asset is its worth (e.g., the amount a buyer would pay for real estate or the balance in an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

YHA Policy

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28].

Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, (See sections 6-I.H and 6-I.I.)

Imputing Income from Assets [24 CFR 5.609(b)(3)]

When net family assets are \$5,000 or less, the YHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the YHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by the current HUD-established passbook savings rate. If the total value of the assets (TVA) is less than \$5,000, the YHA will allow the applicant/participant to self-certify on the asset and will use the actual amount that is certified.

The HUD field office no longer provides an interest rate for imputed asset income. The "safe harbor" is now for the YHA to establish a passbook rate within 0.75 percent of a national average.

The YHA must review its passbook rate annually to ensure that it remains within 0.75 percent of the national average.

YHA Policy

The YHA will initially set the imputed asset passbook rate at the national rate established by the Federal Deposit Insurance Corporation (FDIC).

The YHA will review the passbook rate annually during the Agency Planning process to reestablish the rate.

Changes to the passbook rate will take effect after the YHA reestablishes the rate.

Determining Actual Anticipated Income from Assets

It may or may not be necessary for the YHA to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property's net cash value which in this case is the greater return that would be provided from the amount derived from the income stream. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement fund.

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes "amounts derived (during the 12-month period) from assets to which any member of the family has access."

YHA Policy

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the YHA will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the YHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the YHA will prorate the asset evenly among all owners.

Assets Disposed of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the YHA to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

The *HVC Guidebook* permits the YHA to set a threshold below which assets disposed of for less than fair market value will not be counted [HCV GB, p. 5-27].

YHA Policy

The YHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$5,000.

When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual re-certifications, the family may request an interim recertification to eliminate consideration of the asset(s).

Assets placed by the family in non-revocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

YHA Policy

All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

YHA Policy

Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The YHA may verify the value of the assets disposed of if other information available to the YHA does not appear to agree with the information reported by the family.

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero.

YHA Policy

In determining the value of a checking account, the YHA will use the average balance of the last 6 months.

In determining the value of a savings account, the YHA will use the average balance of the last 6 months.

In determining the anticipated income from an interest-bearing checking or savings account, the YHA will multiply the value of the account by the current rate of interest paid on the account times the current monthly balance.

If lieu of the calculation described above, the YHA can use the actual received over the last calendar year in determining the anticipated amount of interest if it is anticipated that the average balance will remain constant (similar to the balance for the last twelve months).

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

YHA Policy

In determining the market value of an investment account, the YHA will use the value of the account on the most recent investment report.

How anticipated income from an investment account will be calculated depends on whether the rate of return is known. For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), the YHA will calculate asset income based on the earnings for the most recent reporting period.

Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [HCV GB, p. 5-25].

Equity in real property and other capital investments is considered in the calculation of asset income except for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR5.603(b)]

-
- The value of a home currently being purchased with assistance under the HCV program Homeownership Option for the first 10 years after the purchase date of the home [24 CFR 5.603(b)]
 - Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
 - Equity in real property when a family member's main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.
 - Interests in Indian Trust lands [24 CFR 5.603(b)]
 - Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

The YHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the market value of the loan (mortgage) minus the expenses to convert to cash [Notice PIH 2012-3].

YHA Policy

For the purpose of calculating expenses to convert to cash for real property, the YHA will use ten percent of the market value of the home.

In the case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless the YHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

Trusts

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

Revocable Trusts

If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [HCV GB, p. 5-25]. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

Nonrevocable Trusts

In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 6-I.H. Lump-sum receipts are discussed earlier in this section.)

Retirement Accounts

Company Retirement/Pension Accounts

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the YHA must know whether the money is accessible before retirement [HCV GB, p. 5-26].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [HCV GB, p. 5-26].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [HCV GB, p. 5-26], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see section 6-I.H.) The balance in the account is counted as an asset only if it remains accessible to the family member.

IRA, Keogh, and Similar Retirement Savings Accounts

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [HCV GB, p. 5-25].

Personal Property

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [HCV GB, p. 5-25].

YHA Policy

In determining the value of personal property held as an investment, the YHA will use the family's estimate of the value, unless the family already has obtained a qualified appraisal of the property. In the case of an appraisal the qualified appraisal will be used.

Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

YHA Policy

Necessary personal property consists of items such as clothing, furniture, household furnishings, jewelry that is not held as an investment, and vehicles, including those specially equipped for persons with disabilities.

Life Insurance

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family's assets [HCV GB 5-25]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.

6-I.H. PERIODIC PAYMENTS

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

Periodic Payments Included in Annual Income

- Periodic payments from sources such as social security, SSI, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b)(4) and (b)(3)].
- Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum [24 CFR 5.609(b)(4) and HCV, p. 5-14]

Lump-Sum Payments for the Delayed Start of a Periodic Payment

Most lump sums received as a result of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump-sum receipts for the delayed start of periodic social security VA Disability, or supplemental security income (SSI) payments are not counted as income [CFR 5.609(b)(4)].

YHA Policy

When a delayed-start payment is received and reported during the period in which the YHA is processing an annual reexamination, the YHA will adjust the family share and YHA subsidy retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a repayment agreement with the YHA.

Treatment of Overpayment Deductions from Social Security Benefits

The YHA must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period,

the YHA must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount [Notice PIH 2012-10].

Periodic Payments Excluded from Annual Income

Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the assisted family, who are unable to live alone) [24 CFR 5.609(c)(2)] Kinship guardianship assistance payments (Kin-GAP) and other similar guardianship payments are treated the same as foster care payments and are likewise excluded from annual income [Notice PIH 2012-1].

YHA Policy

The YHA will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency [HCV GB, p. 5-18].

- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)]
- Amounts received under the Low-Income Home Energy Assistance Program (42 U.S.C. 1626(c)) [24 CFR 5.609(c)(17)]
- Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q) [24 CFR 5.609(c)(17)]
- Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) [24 CFR 5.609(c)(17)].
Note: EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.
- Lump sums received as a result of delays in processing Social Security and SSI payments (see section 6-I.J.) [24 CFR 5.609(b)(4)].

6-I.I. PAYMENTS IN LIEU OF EARNINGS

Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, are counted as income [24 CFR 5.609(b)(5)] if they are received either in the form of periodic payments or in the form of a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a settlement, for instance), they are treated as lump-sum receipts [24 CFR 5.609(c)(3)]. (See also the discussion of periodic payments in section 6-I.H and the discussion of lump-sum receipts in section 6-I.G.)

6-I.J. WELFARE ASSISTANCE

Overview

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments [24 CFR 5.603(b)].

Sanctions Resulting in the Reduction of Welfare Benefits [24 CFR 5.615]

The YHA must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation at 24 CFR 5.615 is provided as Exhibit 6-5. The requirements are summarized below. This rule applies only if a family was receiving HCV assistance at the time the sanction was imposed.

Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance” [24 CFR 5.615(b)]

Imputed Income

When a welfare agency imposes a sanction that reduces a family’s welfare income because the family commits fraud or fails to comply with the agency’s economic self-sufficiency program or work activities requirement, the YHA must include in annual income “imputed” welfare income. The YHA must request that the welfare agency inform the YHA when the benefits of an HCV participant family are reduced. The imputed income is the amount the family would have received if the family had not been sanctioned.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements, or (4) for inadvertent overpayment [24 CFR 5.615(b)(2)].

Offsets

The amount of the imputed income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero [24 CFR 5.615(c)(4)].

6-I.K. PERIODIC AND DETERMINABLE ALLOWANCES [24 CFR 5.609(b)(7)]

Annual income includes periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing with an assisted family.

Alimony and Child Support

The YHA must count alimony or child support amounts awarded as part of a divorce or separation agreement.

YHA Policy

The YHA will count court-awarded amounts for alimony and child support unless the YHA verifies that (1) the payments are not being made and (2) the family has made

reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments [HCV GB, pp. 5-23 and 5-47].

Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

Regular Contributions or Gifts

The YHA must count as income regular monetary and non-monetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(c)(9)].

YHA Policy

Examples of regular contributions include: (1) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis.

Non-monetary contributions will be valued at the cost of purchasing the items, as determined by the YHA. For contributions that may vary from month to month (e.g., utility payments), the YHA will include an average amount based upon past history. The family will be required to provide a copy of paid bills upon YHA request.

Student Financial Assistance

For the Section 8 Program only, and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and fees, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education, shall be considered income to the individual, except that financial assistance described in this section is not considered income for persons over the age of 23 with dependent children. For purposes of determining income, financial assistance does not include loan proceeds.

Student Financial Assistance Included in Annual Income [24 CFR 5.609(b)(9) and FR 4/10/06]

The regulation requiring the inclusion of certain student financial assistance applies only to students who satisfy all of the following conditions:

- They are enrolled in an institution of higher education, as defined under the Higher Education Act (HEA) of 1965.
- They are seeking or receiving Section 8 assistance on their own—that is, apart from their parents—through the HCV program, the project-based certificate program, the project-based voucher program, or the moderate rehabilitation program.
- They are under 24 years of age **OR** they have no dependent children.

For students who satisfy these three conditions, any financial assistance in excess of tuition and **any other required fees** and charges received: (1) under the 1965 HEA, (2) from a private

source, or (3) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.

Student Financial Assistance Excluded from Annual Income [24 CFR 5.609(c)(6)]

Any student financial assistance not subject to inclusion under 24 CFR 5.609(b)(9) is fully excluded from annual income under 24 CFR 5.609(c)(6), whether it is paid directly to the student or to the educational institution the student is attending. This includes any financial assistance received by:

- Students residing with parents who are seeking or receiving Section 8 assistance
- Students who are enrolled in an educational institution that does **not** meet the 1965 HEA definition of *institution of higher education*
- Students who are over 23 **AND** have at least one dependent child, as defined in section 3-II.E Students who are receiving financial assistance through a governmental program not authorized under the 1965 HEA.

6-I.L. ADDITIONAL EXCLUSIONS FROM ANNUAL INCOME

Other exclusions contained in 24 CFR 5.609(c) that have not been discussed earlier in this chapter include the following:

- Reimbursement of medical expenses [24 CFR 5.609(c)(4)]
- Subject to the additional income inclusion for the HCV program on annual income for students of higher education, the full amount of student financial assistance paid directly to the student or to the educational institution [24 CFR 5.609(c)(6)], except that in accordance with Section 224 of the FY 2005 Appropriations Act, the portion of any athletic scholarship assistance available for housing costs must be included in annual income [PIH Notice 2005-16].
- Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program [24 CFR 5.609(c)(8)(iii)]
- Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS) [(24 CFR 5.609(c)(8)(ii)]
- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era [24 CFR 5.609(c)(10)]
- Adoption assistance payments in excess of \$480 per adopted child [24 CFR 5.609(c)(12)]
- Refunds or rebates on property taxes paid on the dwelling unit [24 CFR 5.609(c)(15)]
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home [24 CFR 5.609(c)(16)]

-
- Amounts specifically excluded by any other federal statute [24 CFR 5.609(c)(17)]. HUD publishes an updated list of these exclusions periodically. It includes:
 - (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b)) (SNAP)
 - (b) Benefits under Section 1780 of the School Lunch Act and Child Nutrition Act of 1966, including WIC
 - (c) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
 - (d) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c))
 - (e) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e)
 - (f) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f))
 - (g) Payments received under programs funded in whole or in part under the Workforce Reinvestment (29 U.S.C. 1552(b)) (Effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931).)
 - (h) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04)
 - (i) Deferred disability benefits from the Department of Veterans Affairs, whether received as a lump sum or in monthly prospective amounts
 - (j) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408)
 - (k) Subject to the annual income inclusions for the HCV Program 24 CFR 5.609 (b) (9), the amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under the federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu)- See exception for Student Rule.
 - (l) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
 - (m) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent*-product liability litigation, M.D.L. No. 381 (E.D.N.Y.)
 - (n) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721)

-
- (o) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)
 - (p) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j))
 - (q) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)
 - (r) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
 - (s) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805)
 - (t) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602)
 - (u) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931)
 - (v) The EID income exclusions as allowed for the regulations.
 - (w) The Medicare incentive payments.
 - (x) Kinship Care and guardian assistance payments through the state.
 - (y) Temporary Census workers.
 - (z) Stimulus programs that are specifically exempt. Kin Care or Guardian Care
 - (aa) Assistance from the Richard B Russell National School Lunch Program
 - (bb) Payments Under the Seneca Nation Settlement Act
 - (cc) Compensation on behalf of a veteran for service connected disability, death, dependency, or indemnity compensation in programs authorized under the Native American Assistance and Self-Determination Act of 1996
 - (dd) Federal major disaster and emergency assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance
 - (ee) Payments made from the proceeds of Indian tribal trust cases as described in Notice PIH 2013-30, "Exclusion from Income of Payments under Recent Tribal Trust Settlements" (25 U.S.C. 117b(a))

PART II: ADJUSTED INCOME

6-II.A. INTRODUCTION

Overview

HUD regulations require YHA to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family's adjusted income. Mandatory deductions are found in 24 CFR 5.611.

5.611(a) Mandatory Deductions. In determining adjusted income, the responsible entity [YHA] must deduct the following amounts from annual income:

- (1) \$480 for each dependent;
- (2) \$400 for any elderly family or disabled family;
- (3) The sum of the following, to the extent the sum exceeds three percent of annual income:
 - (i) Unreimbursed medical expenses of any elderly family or disabled family;
 - (ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- (4) Any reasonable child care expenses necessary to enable a member of the family to be employed, further his or her education or seek employment.

This part covers policies related to these mandatory deductions. Verification requirements related to these deductions are found in Chapter 7.

Anticipating Expenses

YHA Policy

Generally, the YHA will use current circumstances to anticipate expenses. When possible, for costs that are expected to fluctuate during the year (e.g., child care during school and non-school periods and cyclical medical expenses), the YHA will estimate costs based on historic data and known future costs.

If a family has an accumulated debt for medical or disability assistance expenses, the YHA will include as an eligible expense the portion of the expense that the family expects to pay during the period for which the income determination is being made. However, amounts previously deducted will not be allowed even if the amounts were not paid as expected in a preceding period. The YHA may require the family to provide documentation of payments made in the preceding year.

6-II.B. DEPENDENT DEDUCTION

A deduction of \$480 is taken for each dependent [24 CFR 5.611(a)(1)]. *Dependent* is defined as any family member other than the head, spouse, or co-head who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b)].

6-II.C. ELDERLY OR DISABLED FAMILY DEDUCTION

A single deduction of \$400 is taken for any elderly or disabled family [24 CFR 5.611(a)(2)]. An *elderly family* is a family whose head, spouse, co-head, or sole member is 62 years of age or older, and it may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live in aides. A *disabled family* is a family whose head, spouse, co-head, or sole member is a person with disabilities and it may include two or more persons who are disabled living together, or one or more persons who are disabled living with one or more live in aides. [24 CFR 5.403].

6-II.D. MEDICAL EXPENSES DEDUCTION [24 CFR 5.611(a)(3)(i)]

Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The medical expense deduction is permitted only for families in which the head, spouse, or co-head is at least 62 or is a person with disabilities. If a family is eligible for a medical expense deduction, the medical expenses of all family members are counted [VG, p. 28].

Definition of *Medical Expenses*

HUD regulations define *medical expenses* at 24 CFR 5.603(b) to mean “medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.”

YHA Policy

The following will be used to determine the costs that qualify as medical expenses:

Services of doctors and health care professionals;

Services of health care facilities;

Medical insurance premiums or costs of an HMO;

Prescription/non-prescription medicines that have been prescribed by a physician;

Transportation to treatment;

Dental expenses;

Eyeglasses, hearing aids, batteries;

Live-in or periodic medical assistance, such as, nursing services, or costs for assistance

Service animal and its upkeep;

Payments on accumulated medical bills;

Medical care of an institutionalized family member if his/her income is included in the annual income; and

Long-term care insurance premiums. The family member paying a longer term care insurance premium must sign the certification form that states the insurance is guaranteed renewable, does not provide a cash surrender value, will not cover expenses covered under Medicare, and restricts the use of refunds.

Families That Qualify for Both Medical and Disability Assistance Expenses

YHA Policy

This policy applies only to families in which the head, spouse, or co-head is 62 or older, a disabled family, or when a family also includes a person with disabilities that qualifies for a disability expense.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the YHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-II.E. DISABILITY ASSISTANCE EXPENSES DEDUCTION [24 CFR 5.603(b) and 24 CFR 5.611(a)(3)(ii)]

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 years or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

Earned Income Limit on the Disability Assistance Expense Deduction

A family can qualify for the disability assistance expense deduction only if at least one family member (who may be the person with disabilities) is enabled to work [24 CFR 5.603(b)].

The disability expense deduction is capped by the amount of, “earned income received by family members who are 18 years of age or older and who are able to work” because of the expense [24 CFR 5.611(a)(3)(ii)]. The earned income used for this purpose is the amount verified after any earned income disallowances or income exclusions are applied. (HUD FAQ’s on RHIIP)

YHA Policy

The family must identify the family members enabled to work as a result of the disability assistance expenses. When the YHA determines the disability assistance expenses enable the family member to work, the expenses will be capped by the sum of the family members’ earned income of the individual freed to go to work.

Eligible Disability Expenses

Examples of auxiliary apparatus are provided in the *HCV Guidebook* as follows: “Auxiliary apparatus are items such as wheelchairs, ramps, adaptations to vehicles, or special equipment to enable a blind person to read or type, but only if these items are directly related to permitting the disabled person or other family member to work” [HCV GB, p. 5-30].

HUD advises YHA to further define and describe auxiliary apparatus [VG, p. 30].

Eligible Auxiliary Apparatus

YHA Policy

The YHA defines eligible auxiliary apparatus as those listed in the HCV GB; p 5-30 as stated above.

Expenses incurred for maintaining or repairing an auxiliary apparatus are eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included.

Eligible Attendant Care

The family determines the type of attendant care that is appropriate for the person with disabilities.

YHA Policy

Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.

Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person enabled to work is the person with disabilities, personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, the YHA will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Payments to Family Members

No disability assistance expenses may be deducted for payments to a member of an assisted family [24 CFR 5.603(b)]. However, expenses paid to a relative who is not a member of the assisted family may be deducted if they are not reimbursed by an outside source.

Necessary and Reasonable Expenses

The family determines the type of care or auxiliary apparatus to be provided and must describe how the expenses enable a family member to work. The family must certify that the disability assistance expenses are necessary and are not paid or reimbursed by any other source.

YHA Policy

The YHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, the YHA will collect information from organizations that provide services and support to persons with disabilities. A family may present, and the YHA will consider, the family's justification for costs that exceed typical costs in the area.

Families That Qualify for Both Medical and Disability Assistance Expenses

YHA Policy

This policy applies only to families in which the head, spouse, or co-head is 62 or older, a disabled family, or when a family also includes a person with disabilities that qualifies for a disability expense.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the YHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6-III.F. CHILD CARE EXPENSE DEDUCTION

HUD defines *child care expenses* at 24 CFR 5.603(b) as “amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for childcare. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.”

YHA Policy

The reasonableness standard for allowing childcare expenses as a deduction uses the following standards:

Child care to work: The maximum childcare allowed will be based on the amount earned by the person enabled to work.

Child care to further education: The YHA will compare the number of hours the family member is attending school and base the reasonableness standard on the number of hours attending school and study time versus the number of hours claimed for child care.

Rate of Expense: The YHA will use the local welfare agency’s standard in the area to determine a reasonableness standard for furthering education or seeking employment. The determination will be made on a reasonable hourly/weekly/monthly rate per child.

If the YHA determines the childcare is unreasonable according to this standard, the standard may be used as the maximum.

If the child care provider is an unlicensed individual, the individual must provide their Social Security Number and a notarized statement of the amount that individual is being paid and a copy of the individual provider’s income tax return, and Misc-1099 to verify payment or a child care allowance or it will not be given.

Clarifying the Meaning of *Child* for This Deduction

Child care expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family’s household [VG, p. 26]. However, childcare expenses for

foster children that are living in the assisted family's household, are included when determining the family's child care expenses [HCV GB, p. 5-29].

Qualifying for the Deduction

Determining Who Is Enabled to Pursue an Eligible Activity

YHA Policy

The family must identify the family member(s) enabled to pursue an eligible activity. The term *eligible activity* in this section means any of the activities that may make the family eligible for a child care deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family's request, the YHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

Seeking Work

YHA Policy

If the child care expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member's efforts to obtain employment at each reexamination or interim reexamination. The deduction may be reduced or denied if the family member's job search efforts are not commensurate with the child care expense being allowed by the YHA.

To qualify for childcare deductions under the provision of actively seeking employment, the family member may be a participant in an official job search program or may simply demonstrate independent job search activities. In either case, in order to verify the time spent in seeking employment, YHA will require the family to maintain a log that reflects the following:

The date and time of departure from home, (including time needed to drop off children for childcare, if provided outside the home);

The name and location of the prospective employer, unemployment office or employment agency;

The name of the person(s) contacted and telephone number;

The length of time for completion of the application, the interview, testing or other job search activity;

The time the children are picked up and the time arrived at home;

The name, address, telephone number and social security number of the childcare provider; and

The total amount paid for the childcare.

If multiple applications or interviews are held consecutively or on the same day, the above information should be provided for each prospective employer or agency. YHA will use this information to verify the contacts and the eligibility of childcare expenses. Since job search activities may be irregular and not easily anticipated, YHA may attempt a limited inclusion at the annual certification and conduct an interim examination after some actual expenditures have been incurred. In many instances, job search periods will be of limited duration, but in some cases the job search period may be extended, especially if the type of employment sought is limited in availability, employment opportunities of any kind are scarce or the job skills needed are unusual.

Furthering Education

YHA Policy

If the child care expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities, must be commensurate with the child care claimed.

Being Gainfully Employed

YHA Policy

If the child care expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated. Child care will be capped by the amount of earned income of the individual that is freed to work. In the case of

EID, the cap for the amount of earned income will be the amount that is included in the Annual Income after the EID is applied for the individual that is freed to work.

Earned Income Limit on Child Care Expense Deduction

When a family member looks for work or furthers his or her education, the cap on the amount that may be deducted for child care is established a reasonable amount as determined by the YHA. However, when child care enables a family member to work, the deduction is capped by “the amount of employment income that is included in annual income” [24 CFR 5.603(b)].

The earned income used for this purpose is the amount of earned income verified after any earned income disallowances or income exclusions are applied.

When the person who is enabled to work is a person with disabilities who receives the earned income disallowance (EID) or a full-time student whose earned income above \$480 is excluded, child care costs related to enabling a family member to work may not exceed the portion of the person’s earned income that actually is included in annual income. For example, if a family member who qualifies for the EID makes \$15,000 but because of the EID only \$5,000 is included in annual income, child care expenses are limited to \$5,000.

The YHA must not limit the deduction to the least expensive type of child care. If the care allows the family to pursue more than one eligible activity, including work, the cap is calculated in proportion to the amount of time spent working [HCV GB, p. 5-30].

YHA Policy

When the child care expense being claimed is to enable a family member to work, only one family member’s income will be considered for a given period of time. When more than one family member works during a given period, the YHA generally will limit allowable child care expenses to the earned income of the individual that is freed to go to work.

Eligible Child Care Expenses

The type of care to be provided is determined by the assisted family. The YHA may not refuse to give a family the child care expense deduction because there is an adult family member in the household that may be available to provide child care [VG, p. 26].

Allowable Child Care Activities

YHA Policy

For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of child care.

The costs of general housekeeping and personal services are not eligible. Likewise, child care expenses paid to a family member who lives in the family’s unit are not eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a child care provider also renders other services to a family or child care is used to enable a family member to conduct activities that are not eligible for consideration, the

YHA will prorate the costs and allow only that portion of the expenses that is attributable to child care for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the child care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

Necessary and Reasonable Costs

Child care expenses will be considered necessary if: (1) a family adequately explains how the care enables a family member to work, actively seek employment, or further his or her education, and (2) the family certifies, and the child care provider verifies, that the expenses are not paid or reimbursed by any other source.

YHA Policy

Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For child care that enables a family member to go to school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of child care costs, the YHA will use the schedule of child care costs from either the local welfare agency or from qualified professional services in the area. Families may present, and the YHA will consider, justification for costs that exceed typical costs in the area.

PART III: CALCULATING FAMILY SHARE AND YHA SUBSIDY

6-III.A. OVERVIEW OF RENT AND SUBSIDY CALCULATIONS

TTP Formula [24 CFR 5.628]

HUD regulations specify the formula for calculating the total tenant payment (TTP) for an assisted family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- The welfare rent (in as-paid states only)
- A minimum rent between \$0 and \$50 that is established by the YHA

The YHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined in section 6-III.B.

The amount that a family pays for rent and utilities (the family share) will never be less than the family's TTP but may be greater than the TTP depending on the rent charged for the unit the family selects.

Welfare Rent [24 CFR 5.628]

YHA Policy

Welfare rent does not apply in this locality.

Minimum Rent [24 CFR 5.630]

YHA Policy

The minimum rent for this locality is \$50.00.

Family Share [24 CFR 982.305(a)(5)]

If a family chooses a unit with a gross rent (rent to owner plus an allowance for tenant-paid utilities) that exceeds the YHA's applicable payment standard: (1) the family will pay more than the TTP, and (2) at initial occupancy the YHA may not approve the tenancy if it would require the family share to exceed 40 percent of the family's monthly adjusted income. The income used for this determination must have been verified no earlier than 60 days before the family's voucher was issued. (For a discussion of the application of payment standards, see section 6-III.C.)

YHA Subsidy [24 CFR 982.505(b)]

The YHA will pay a monthly housing assistance payment (HAP) for a family that is equal to the lower of (1) the applicable payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP. (For a discussion of the application of payment standards, see section 6-III.C.)

Utility Reimbursement [24 CFR 982.514(b)]

When the YHA subsidy for a family exceeds the rent to owner, the family is due a utility reimbursement. HUD permits the YHA to pay the reimbursement to the family or directly to the utility provider.

The YHA may elect to establish policies regarding the frequency of utility reimbursement payments for payments made to the family. The YHA has the option of making utility reimbursement payments not less than once per calendar-year quarter, for reimbursements totaling \$45 or less per quarter. In the event a family leaves the program in advance of its next quarterly reimbursement, the YHA would be required to reimburse the family for a prorated share of the applicable reimbursement. If YHA exercises this option, then YHA must have a hardship policy in place for tenants.

If YHA elects to pay the utility supplier directly, the YHA must notify the family of the amount paid to the utility supplier.

YHA defines hardship as a loss of income that will be greater than 90 days and due to no fault of the participant.

YHA Policy

The YHA will make utility reimbursements to the utility company.

6-III.B. FINANCIAL HARDSHIPS AFFECTING MINIMUM RENT [24 CFR 5.630]

YHA Policy

The financial hardship rules described below do apply in this jurisdiction because the YHA has established a minimum rent of \$50.00.

Overview

If the YHA establishes a minimum rent greater than zero, the YHA must grant an exemption from the minimum rent if a family is unable to pay the minimum rent because of financial hardship.

The financial hardship exemption applies only to families required to pay the minimum rent. If a family's TTP is higher than the minimum rent, the family is not eligible for a hardship exemption. If the YHA determines that a hardship exists, the family share is the highest of the remaining components of the family's calculated TTP.

HUD-Defined Financial Hardship

Financial hardship includes the following situations:

- (1) The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

YHA Policy

A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

- (2) The family would be evicted because it is unable to pay the minimum rent.

YHA Policy

For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent to the owner or tenant-paid utilities.

- (3) Family income has decreased because of changed family circumstances, including the loss of employment.
- (4) A death has occurred in the family.

YHA Policy

In order to qualify under this provision, a family must describe and verify how the death has created a financial hardship (e.g., because of burial-related expenses or the loss of the family member's income).

- (5) The family has experienced other circumstances determined by the YHA.

YHA Policy

The YHA has not established any additional hardship criteria.

Implementation of Hardship Exemption

Determination of Hardship

When a family requests a financial hardship exemption, the YHA must suspend the minimum rent requirement beginning the first of the month following the family’s request.

The YHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

YHA Policy

The YHA defines temporary hardship as a hardship expected to last 90 days or less.

Long term hardship is defined as a hardship expected to last more than 90 days.

When the minimum rent is suspended, the family share reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

Example: Impact of Minimum Rent Exemption			
Assume the YHA has established a minimum rent of \$35.			
Family Share – No Hardship		Family Share – With Hardship	
\$0	30% of monthly adjusted income	\$0	30% of monthly adjusted income
\$15	10% of monthly gross income	\$15	10% of monthly gross income
N/A	Welfare rent	N/A	Welfare rent
\$35	Minimum rent	\$35	Minimum rent
Minimum rent applies. TTP = \$35		Hardship exemption granted. TTP = \$15	

YHA Policy

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family’s ability to pay the minimum rent.

The YHA will make the determination of hardship within 30 business days.

No Financial Hardship

If the YHA determines there is no financial hardship, the YHA will reinstate the minimum rent and require the family to repay the amounts suspended.

YHA Policy

The YHA will require the family to repay the suspended amount within 30 calendar days of the YHA's notice that a hardship exemption has not been granted.

Temporary Hardship

If the YHA determines that a qualifying financial hardship is temporary, the YHA must suspend the minimum rent for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption.

At the end of the 90-day suspension period, the family must resume payment of the minimum rent and must repay the YHA the amounts suspended. HUD requires the YHA to offer a reasonable repayment agreement, on terms and conditions established by the YHA. The YHA also may determine that circumstances have changed and the hardship is now a long-term hardship.

YHA Policy

The YHA will enter into a repayment agreement in accordance with the procedures found in Chapter 16 of this plan.

Long-Term Hardship

If the YHA determines that the financial hardship is long-term, the YHA must exempt the family from the minimum rent requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the qualifying hardship. When the financial hardship has been determined to be long-term, the family is not required to repay the minimum rent.

YHA Policy

The hardship period ends when any of the following circumstances apply:

- (1) At an interim or annual reexamination, the family's calculated TTP is greater than the minimum rent.
- (2) For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- (3) For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

6-III.C. APPLYING PAYMENT STANDARDS [24 CFR 982.505]

Overview

The YHA's schedule of payment standards is used to calculate housing assistance payments for HCV families. This section covers the application of the YHA's payment standards. The establishment and revision of the YHA's payment standard schedule are covered in Chapter 16.

Payment standard is defined as "the maximum monthly assistance payment for a family assisted in the voucher program (before deducting the total tenant payment by the family)" [24 CFR 982.4(b)].

The payment standard for a family is the lower of (1) the payment standard for the family unit size, which is defined as the appropriate number of bedrooms for the family under the YHA's subsidy standards [24 CFR 982.4(b)], or (2) the payment standard for the size of the dwelling unit rented by the family.

If the YHA has established an exception payment standard for a designated part of an FMR area and a family's unit is located in the exception area, the YHA must use the appropriate payment standard for the exception area.

The YHA is required to pay a monthly housing assistance payment (HAP) for a family that is the lower of (1) the payment standard for the family minus the family's TTP or (2) the gross rent for the family's unit minus the TTP.

If during the term of the HAP contract for a family's unit, the owner lowers the rent, the YHA will recalculate the HAP using the lower of the initial payment standard or the gross rent for the unit [HCV GB, p. 7-8].

Changes in Payment Standards

When the YHA revises its payment standards during the term of the HAP contract for a family's unit, it will apply the new payment standards in accordance with HUD regulations.

Decreases

If the amount on the payment standard schedule is decreased during the term of the HAP contract, the lower payment standard generally will be used beginning at the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard. The YHA will determine the payment standard for the family as follows:

Step 1: At the first regular reexamination following the decrease in the payment standard, the YHA will determine the payment standard for the family using the lower of the payment standard for the family unit size or the size of the dwelling unit rented by the family.

Step 2: The YHA will compare the payment standard from step 1 to the payment standard last used to calculate the monthly housing assistance payment for the family. The payment standard used by the YHA at the first regular reexamination following the decrease in the payment standard will be the higher of these two payment standards. The YHA will advise the family that the application of the lower payment standard will be deferred until the second regular reexamination following the effective date of the decrease in the payment standard.

Step 3: At the second regular reexamination following the decrease in the payment standard, the lower payment standard will be used to calculate the monthly housing assistance payment for the family unless the YHA has subsequently increased the payment standard, in which case the

payment standard will be determined in accordance with procedures for increases in payment standards described below.

Increases

If the payment standard is increased during the term of the HAP contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family beginning on the effective date of the family's first regular reexamination on or after the effective date of the increase in the payment standard.

Families requiring or requesting interim reexaminations will not have their HAP payments calculated using the higher payment standard until their next annual reexamination [HCV GB, p. 7-8].

Changes in Family Unit Size

Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

Reasonable Accommodation

If a family requires a higher payment standard as a reasonable accommodation for a family member who is a person with disabilities, the YHA is allowed to establish a higher payment standard for the family within the basic range (90-110 percent). YHA may also request a HUD approval for a payment standard within 110%-120% as a reasonable accommodation.

6-III.D. APPLYING UTILITY ALLOWANCES [24 CFR 982.517]

Overview

Utility Standards

For the tenant-based HCV program, the YHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the YHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the YHA subsidy standards as a result of a reasonable accommodation, the YHA must use the appropriate utility allowance for the size of the dwelling unit with the authorized increase for the unit leased by the family.

For policies on establishing and updating utility allowances, see Chapter 16.

Reasonable Accommodation

HCV program regulations require a YHA to approve a utility allowance amount higher than shown on the YHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation for air-conditioning, the YHA will approve an allowance for air-conditioning, even if the YHA has determined that an allowance for air-conditioning generally is not needed.

The family must request the higher allowance and provide the YHA with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8].

Utility Allowance Revisions

At reexamination, the YHA must use the YHA current utility allowance schedule [24 CFR 982.517(d)(2)].

YHA Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination that is effective after the allowance is adopted.

6-III.E. PRORATED ASSISTANCE FOR MIXED FAMILIES [24 CFR 5.520]

HUD regulations prohibit assistance to ineligible family members. A *mixed family* is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. The YHA must prorate the assistance provided to a mixed family. The YHA will first determine assistance as if all family members were eligible and then prorate the assistance based upon the percentage of family members that actually are eligible. For example, if the YHA subsidy for a family is calculated at \$500 and two of four family members are ineligible, the YHA subsidy would be reduced to \$250.

EXHIBIT 6-1: ANNUAL INCOME INCLUSIONS

24 CFR 5.609

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) Welfare assistance payments.

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31¹; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section)

(9) For Section 8 programs only and as provided in 24 CFR 5.612, any financial

assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education, shall be considered income to the individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

(10) The amount of the "housing" portion of an athletic scholarship.

¹ Text of 45 CFR 260.31 follows.

**HEALTH AND HUMAN SERVICES
DEFINITION OF "ASSISTANCE"**

**45 CFR: GENERAL TEMPORARY
ASSISTANCE FOR NEEDY FAMILIES**

**260.31 What does the term "assistance"
mean?**

(a)(1) The term "assistance" includes cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses).

(2) It includes such benefits even when they are:

(i) Provided in the form of payments by a TANF agency, or other agency on its behalf, to individual recipients; and

(ii) Conditioned on participation in work experience or community service (or any other work activity under 261.30 of this chapter).

(3) Except where excluded under paragraph (b) of this section, it also includes supportive services such as transportation and child care provided to families who are not employed.

(b) [The definition of "assistance"] excludes: (1) Nonrecurrent, short-term benefits that:

(i) Are designed to deal with a specific crisis situation or episode of need;

(ii) Are not intended to meet recurrent or ongoing needs; and

(iii) Will not extend beyond four months.

(2) Work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training);

(3) Supportive services such as child care and transportation provided to families who are employed;

(4) Refundable earned income tax credits;

(5) Contributions to, and distributions from, Individual Development Accounts;

(6) Services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related services that do not provide basic income support; and

(7) Transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of [the Social Security] Act, to an individual who is not otherwise receiving assistance.

EXHIBIT 6-2: ANNUAL INCOME EXCLUSIONS

24 CFR 5.609

(c) Annual income does not include the following:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in Sec. 5.403;
- (6) Subject to paragraph (b) (9) of the inclusions, the full amount of student financial assistance paid directly to the student or to the educational institution;
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (8) (i) Amounts received under training programs funded by HUD;
(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they

are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the YHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the YHA's governing board. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See the following chart for a list of benefits that qualify for this exclusion.]

Sources of Income Excluded by Federal Statute from Consideration as Income for Purposes of Determining Eligibility or Benefits

a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b));

b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058);

c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));

d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);

e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));

f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b); (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931);

g) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub.L- 94-540, 90 Stat. 2503-04);

h) The first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);

i) Except as indicated in the ineligible student provisions of included income, the amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);

j) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f));

k) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agent-product liability litigation, M.D.L. No. 381 (E.D.N.Y.);

l) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);

m) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

n) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j));

o) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);

p) Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));

q) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);

r) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and

s) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

t) The Medicare incentive allowance

EXHIBIT 6-3: TREATMENT OF FAMILY ASSETS

24 CFR 5.603(b) Net Family Assets

(1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under Sec. 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor.

In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

(4) For purposes of determining annual income under Sec. 5.609, the term "net family assets" does not include the value of a home currently being purchased with assistance under part 982, subpart M of this title. This exclusion is limited to the first 10 years after the purchase date of the home.

EXHIBIT 6-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

24 CFR 5.617 Self-sufficiency incentives for persons with disabilities—Disallowance of increase in annual income.

(a) Applicable programs. The disallowance of increase in annual income provided by this section is applicable only to the following programs: HOME Investment Partnerships Program (24 CFR part 92); Housing Opportunities for Persons with AIDS (24 CFR part 574); Supportive Housing Program (24 CFR part 583); and the Housing Choice Voucher Program (24 CFR part 982).

(b) Definitions. The following definitions apply for purposes of this section.

Disallowance. Exclusion from annual income.

Previously unemployed includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

Qualified family. A family residing in housing assisted under one of the programs listed in paragraph (a) of this section or receiving tenant-based rental assistance under one of the programs listed in paragraph (a) of this section.

(1) Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;

(2) Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or

(3) Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance-- provided that the total amount over a six-month period is at least \$500.

(c) Disallowance of increase in annual income—

(1) Initial twelve month exclusion. During the cumulative twelve month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.

(2) Second twelve month exclusion and phase-in. During the second cumulative twelve month period after the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income of a qualified family fifty percent of any increase in income of such family member as a result of employment over income of that family member prior to the beginning of such employment.

(3) Maximum two year disallowance. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) is limited to a lifetime 24 month period. The disallowance only applies for a maximum of twelve months for disallowance under paragraph (c)(1) and a maximum of twelve months for disallowance under paragraph (c)(2), during the 24 month period starting from the initial exclusion under paragraph (c)(1) of this section.

(d) Inapplicability to admission. The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).

EXHIBIT 6-5: THE EFFECT OF WELFARE BENEFIT REDUCTION

24 CFR 5.615

Public housing program and Section 8 tenant-based assistance program: How welfare benefit reduction affects family income.

(a) Applicability. This section applies to covered families who reside in public housing (part 960 of this title) or receive Section 8 tenant-based assistance (part 982 of this title).

(b) Definitions. The following definitions apply for purposes of this section:

Covered families. Families who receive welfare assistance or other public assistance benefits ("welfare benefits") from a State or other public agency ("welfare agency") under a program for which Federal, State, or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance.

Economic self-sufficiency program. See definition at Sec. 5.603.

Imputed welfare income. The amount of annual income not actually received by a family, as a result of a specified welfare benefit reduction, that is nonetheless included in the family's annual income for purposes of determining rent.

Specified welfare benefit reduction.

(1) A reduction of welfare benefits by the welfare agency, in whole or in part, for a family member, as determined by the welfare agency, because of fraud by a family member in connection with the welfare program; or because of welfare agency sanction against a family member for noncompliance with a welfare agency requirement to participate in an economic self-sufficiency program.

(2) "Specified welfare benefit reduction" does not include a reduction or termination of welfare benefits by the welfare agency:

(i) at expiration of a lifetime or other time limit on the payment of welfare benefits;

(ii) because a family member is not able to obtain employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or

(iii) because a family member has not complied with other welfare agency requirements.

(c) Imputed welfare income.

(1) A family's annual income includes the amount of imputed welfare income (because of a specified welfare benefits reduction, as specified in notice to the PHA by the welfare agency), plus the total amount of other annual income as determined in accordance with Sec. 5.609.

(2) At the request of the PHA, the welfare agency will inform the PHA in writing of the amount and term of any specified welfare benefit reduction for a family member, and the reason for such reduction, and will also inform the PHA of any subsequent changes in the term or amount of such specified welfare benefit reduction. The PHA will use this information to determine the amount of imputed welfare income for a family.

(3) A family's annual income includes imputed welfare income in family annual income, as determined at the PHA's interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction (as specified in information provided to the PHA by the welfare agency).

(4) The amount of the imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed

(5) The PHA may not include imputed welfare income in annual income if the family was not an assisted resident at the time of sanction.

(d) Review of PHA decision.

(1) Public housing. If a public housing tenant claims that the PHA has not correctly calculated the amount of imputed welfare income in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the tenant written notice of such denial, with a brief explanation of the basis for the PHA determination of the amount of imputed welfare income. The PHA notice shall also state that if the tenant does not agree with the PHA determination, the tenant may request a grievance hearing in accordance with part 966, subpart B of this title to review the PHA determination. The tenant is not required to pay an escrow deposit pursuant to Sec. 966.55(e) for the portion of tenant rent attributable to the imputed welfare income in order to obtain a grievance hearing on the PHA determination.

(2) Section 8 participant. A participant in the Section 8 tenant-based assistance program may request an informal hearing, in accordance with Sec. 982.555 of this title, to review the PHA determination of the amount of imputed welfare income that must be included in the family's annual income in accordance with this section. If the family claims that such amount is not correctly calculated in accordance with HUD requirements, and if the PHA denies the family's request to modify such amount, the PHA shall give the family written notice of such denial, with a brief explanation of the

basis for the PHA determination of the amount of imputed welfare income. Such notice shall also state that if the family does not agree with the PHA determination, the family may request an informal hearing on the determination under the PHA hearing procedure.

(e) PHA relation with welfare agency.

(1) The PHA must ask welfare agencies to inform the PHA of any specified welfare benefits reduction for a family member, the reason for such reduction, the term of any such reduction, and any subsequent welfare agency determination affecting the amount or term of a specified welfare benefits reduction. If the welfare agency determines a specified welfare benefits reduction for a family member, and gives the PHA written notice of such reduction, the family's annual incomes shall include the imputed welfare income because of the specified welfare benefits reduction.

(2) The PHA is responsible for determining the amount of imputed welfare income that is included in the family's annual income as a result of a specified welfare benefits reduction as determined by the welfare agency, and specified in the notice by the welfare agency to the PHA. However, the PHA is not responsible for determining whether a reduction of welfare benefits by the welfare agency was correctly determined by the welfare agency in accordance with welfare program requirements and procedures, nor for providing the opportunity for review or hearing on such welfare agency determinations.

(3) Such welfare agency determinations are the responsibility of the welfare agency, and the family may seek appeal of such determinations through the welfare agency's normal due process procedures. The PHA shall be entitled to rely on the welfare agency notice to the PHA of the welfare agency's determination of a specified welfare benefits reduction.

Chapter 7

VERIFICATION

[24 CFR 982.516, 24 CFR 982.551, 24 CFR 5.230]

INTRODUCTION

The YHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain the family's consent to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The YHA must not pass on the cost of verification to the family.

The YHA will follow the verification guidance provided by HUD in PIH Notice 2004-01, PIH 2010-19 Verification Guidance, PIH 2012-26, PIH 2013-3, PIH 2013-4, PIH 2013-23, PIH 2013-26, PIH 2015-02, PIH 2015-04, streamlining and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary YHA policies.

Part I describes the general verification process. More detailed requirements related to individual factors are provided in subsequent parts including family information (Part II), income and assets (Part III), and mandatory deductions (Part IV).

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the YHA.

PART I. GENERAL VERIFICATION REQUIREMENTS

7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 982.516 AND 982.551, 24 CFR 5.230]

The family must supply any information that the YHA or HUD determines is necessary to the administration of the program and must consent to YHA verification of that information [24 CFR 982.551].

Consent Forms

It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the YHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). All adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

Penalties for Failing to Consent [24 CFR 5.232]

If any family member who is required to sign a consent form fails to do so, the YHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with YHA procedures.

7.I.B. OVERVIEW OF VERIFICATION REQUIREMENTS

Overview

On December 29, 2009, HUD issued the final rule entitled *Refinement of Income and Rent Determination Requirements in Public and Assisted Housing Programs: Implementation of the Enterprise Income Verification (EIV) System-Amendments*, which requires PHAs to use the EIV system in its entirety to verify tenant employment and income information during mandatory reexaminations of family composition and income; and reduce administrative and subsidy payment errors in accordance with 24 CFR §5.236 and administrative guidance issued by HUD.

Using EIV as an upfront income verification (UIV) technique is a valuable in validating tenant-reported income during interim and annual reexaminations of family income; as well as streamlining the income verification process. This will result in less administrative burden in complying with third party verification requirements. Additionally, EIV will help to identify and cure inaccuracies in housing subsidy determinations, which will benefit PHAs, tenants, and taxpayers by ensuring that the level of benefits provided on behalf of families is proper and will prevent fraud and abuse within Public and Indian Housing (PIH) rental assistance programs.

YHA Policy

The YHA is required to use the EIV system in its entirety. This means the YHA must use all features of the EIV system to:

- Verify tenant employment and income information during mandatory reexaminations of family composition and income in accordance with 24 CFR §5.236, and HUD administrative guidance; and
- Reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

Streamlining Verification of Assets

The YHA has elected to use the streamlining verification of assets. For a family with net assets equal to or less than \$5,000, the YHA 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.

- 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.
- The YHA must obtain third-party verification of all family assets every 3 years.

Streamlining Verification of Income

YHA has elected to use the streamlining verification of income. For any family member with a fixed source of income, the YHA may elect to determine that family member's income by

means of a streamlined income determination. A streamlined income determination must be conducted by applying, for each fixed-income source, the verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount.

The “Family member with a fixed source of income” is defined as a family member whose income includes periodic payments at reasonably predictable levels from one or more of the following sources:

- Social Security, Supplemental Security Income, Supplemental Disability Insurance;
- Federal, state, local, or private pension plans;
- Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts; or
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

In using the streamlining, the YHA must use a COLA or current rate of interest specific to the fixed source of income in order to adjust the income amount. The YHA must verify the appropriate COLA or current rate of interest from a public source or through tenant-provided, third party– generated documentation. If no such verification is available, then the YHA must obtain third-party verification of income amounts in order to calculate the change in income for the source.

For any family member whose income is determined pursuant to a streamlined income determination, the YHA must obtain third-party verification of all income amounts every 3 years.

File Documentation

The YHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family’s file in sufficient detail to demonstrate that the YHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

YHA Policy

The YHA will document, in the family file, the following:

- Reported family annual income
- Value of assets
- Expenses related to deductions from annual income
- Other factors influencing adjusted income

When the YHA is unable to obtain third-party verification, the YHA will document in the family file the reason that third-party verification was not available [24 CFR 982.516(a)(2); Notice PIH 2010-19].

The EIV System

The EIV System is a web-based application, which provides YHA with employment, wage, unemployment compensation and social security benefit information of tenants who participate in the Public Housing and various Section 8 programs under the jurisdiction of the Office of Public and Indian Housing (PIH). This system is available to YHA. Information in EIV is derived from computer matching programs initiated by HUD with the Social Security Administration (SSA) and the U.S. Department of Health and Human Services (HHS), for all program participants with valid personal identifying information (name, date of birth (DOB), and social security number (SSN)) reported on the form HUD-50058.

YHA is required to review the EIV Income Report of each family before or during mandatory annual and interim reexaminations of family income and/or composition to reduce tenant under reporting of income and improper subsidy payments. EIV is classified as an UIV technique (or automated written third party verification), which helps to identify income sources and/or amounts that the tenant may not have disclosed. This UIV technique in many instances will reduce the need to mail or fax third party verification request forms to an income source. EIV also provides various reports to assist YHA with the following:

- Identifying tenants whose reported personal identifiers do not match the SSA database;
- Identifying tenants who need to disclose a SSN;
- Identifying tenants whose alternate identification number (Alt ID) needs to be replaced with a SSN;
- Identifying tenants who may not have reported complete and accurate income information;
- Identifying tenants who have started a new job;
- Identifying tenants who may be receiving duplicate rental assistance;
- Identifying tenants who are deceased and possibly continuing to receive rental assistance;
- Identifying former tenants of PIH rental assistance programs who voluntarily or involuntarily left the program and have a reportable adverse status and/or owe money to a PHA or Section 8 landlord.

YHA Policy

All YHA staff (including YHA-hired management agents), who have a need to access the EIV system, is required to complete and submit the EIV Access Authorization Form & Rules of Behavior and User Agreement to their designated EIV Coordinator in the local HUD office. The form is available online at:

<http://www.hud.gov/offices/pih/programs/ph/rhiip/uivsystem.cfm>.

The user's access must be approved by the YHA Executive Director or designee in order for the local HUD office to process all EIV access requests. Individuals who will not directly access the EIV system, but will have access to the EIV data in printed or electronic form is also required to complete the EIV Access Authorization Form & Rules of Behavior and User Agreement and maintain on file (do not submit the form to the local HUD office).

The Verification Hierarchy

YHA Policy

The YHA will begin with the highest level of verification techniques. The YHA is required to access the EIV system and obtain an Income Report for each household. The YHA is required to maintain the Income Report in the tenant file along with the form HUD-50058 and other supporting documentation to support income and rent determinations for all mandatory annual reexaminations of family income and composition.

If the Income Report does not contain any employment and income information for the family, the YHA will attempt the next lower level verification technique, as noted in the below chart.

Level Verification Technique Ranking

Level	Verification Technique	Ranking
6	Upfront Income Verification (UIV) using HUD’s Enterprise Income Verification (EIV) system (not available for income verifications of applicants)	Highest (Mandatory)
5	Upfront Income Verification (UIV) using non-HUD system	Highest (Optional)
4	Written third Party Verification	High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV- reported employment and income information and is unable to provide acceptable documentation to support dispute)
3	Written Third Party Verification Form	Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation) Low (Mandatory if written third party verification is not available)
2	Oral Third Party Verification	Low (Mandatory if written third party verification is not available)

1	Tenant Declaration	Low (Use as a last resort when unable to obtain any type of third party verification)
----------	---------------------------	--

This verification hierarchy applies to income determinations for applicants and participants. However, EIV is not always available for verifying income of applicants. The YHA is still required to use EIV for applicants to determine other factors as relates to eligibility and maintain a copy of the record in the file.

Verification Technique Definitions Third Party Verification Techniques

Upfront Income Verification (UIV) (Level 6/5)

The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals.

The EIV system is available to the YHA as a UIV technique. The YHA is encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to validate tenant-reported income when available.

Written Third Party Verification (Level 4)

An original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or the YHA request date. Such documentation may be in the possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents.

These tenant-provided documents are considered written third party verification since they originated from a third party source. The YHA may, at its discretion reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

Examples of acceptable tenant-provided documentation (generated by a third party source) include, but are not limited to:

- Pay stubs,
- Payroll summary report,
- Employer notice/letter of hire/termination,
- SSA benefit verification letter,
- Bank statements,
- Child support payment stubs,
- Welfare benefit letters and/or printouts, and;
- Unemployment monetary benefit notices.
- Current acceptable tenant-provided documents must be used for income and rent determinations.

The YHA is required to obtain at a minimum, two current and consecutive pay stubs for determining annual income from wages. For new income sources or when two pay stubs are not available, the YHA should project income based on the information from a traditional written third party verification form or the best available information.

Documents older than 60 days (from the YHA interview/determination or request date) is acceptable for confirming effective dates of income.

Written Third Party Verification Form (Level 3)

Also, known as traditional third party verification. A standardized form to collect information from a third party source. The form is completed by the third party by hand (in writing or typeset). The YHA sends the form directly to the third party source by mail, fax, or email.

YHA Policy

It is the YHA's position that the administrative burden and risk associated with use of the traditional third party verification form may be reduced by the YHA relying on acceptable documents that are generated by a third party, but in the possession of and provided by the tenant (or applicant). Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

The YHA recognizes that third party verification request forms sent to third party sources often are not returned. In other instances, the person who completes the verification form may provide incomplete information; or some tenants may collude with the third party source to provide false information; or the tenant intercepts the form and provides false information.

Documents must originate from a third party source's computerized system and/or database, as this process reduces the likelihood of incorrect or falsified information being provided on the third party verification request form. The use of acceptable tenant-provided documents, which originate from a third party source, will improve the integrity of information used to determine a family's income and rent and ultimately reduce improper subsidy payments. This verification process will also streamline the income verification process.

Oral Third Party Verification (Level 2)

Independent verification of information by contacting the individual income/expense source(s), as identified through the UIV technique or identified by the family, via telephone or in-person visit. YHA staff should document in the tenant file, the date and time of the telephone call (or visit to the third party), the name of the person contacted and telephone number, along with the confirmed information.

YHA Policy

This verification will be used in the event that the independent source does not respond to the YHA's faxed, mailed, or e-mailed request for information in a reasonable time frame, i.e., ten (10) business days.

Non-Third Party Verification Technique Tenant Declaration (Level 1)

The tenant submits an affidavit or notarized statement of reported income and/or expenses to the YHA. This verification method should be used as a last resort when the YHA has not been successful in obtaining information via all other verification techniques. When the YHA relies on tenant declaration, the YHA must document in the tenant file why third party verification was not available.

Exceptions to Third Party Verification Requirements 24 CFR §960.259(c)(1) and §982.516(a)(2)

The exception to third party verification is, “The YHA 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.**”

If third party verification is not available for a variety of reasons These reasons include::

- The YHA may have made numerous attempts to obtain the required verifications with no success, or
- It may not be cost effective to obtain third party verification of income, assets, or expenses, when the impact on total tenant payment is minimal.

In these cases, the YHA is **required to document in the family file the reason(s) why third party verification was not available.**

The exception to third party verification can be found at 24 CFR §960.259(c)(1) and §982.516(a)(2).

Third party verification requirements 24 CFR §960.259(c)(1) and 24 CFR §982.516(a)(2)

In accordance with for the Public Housing and the HCV programs, respectively, the YHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available:

- Reported family annual income
- The value of assets
- Expenses related to deductions from annual income
- Other factors that affect the determination of adjusted income.

Compliance and reduction of the administrative burden of third party verification requirements of family annual income

YHA can comply with and reduce administrative burden of third party verification requirements for employment, wage, unemployment compensation and social security benefits, and any other information that is verifiable using EIV by all of the following:

- Reviewing the EIV Income Report to confirm/validate tenant-reported income
- Printing and maintaining an EIV Income Report (or an EIV Individual Control Number (ICN) page for interim reexaminations) in the tenant file
- Obtaining current acceptable tenant-provided documentation to supplement EIV

information

- Using current tenant-provided documentation and/or third party verification to calculate annual income.

Note: Social Security benefit information in EIV is updated every three months. If the tenant agrees with the EIV-reported benefit information, YHA does not need to obtain or request a benefit verification letter from the tenant. See PIH Notice 2010-03 for guidance on verifying Social Security benefit income through the EIV system.

The YHA may also reduce the administrative burden of obtaining third party verification by relying on acceptable documents that are generated by a third party, but provided by the tenant. Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).

The YHA must request written third party verification under the following circumstances:

- When the tenant disputes the EIV information and is unable to provide acceptable documentation to support his/her dispute (24 CFR §5.236(b))
- When the YHA requires additional information that is not available in EIV and /or the tenant is unable to provide the YHA with current acceptable tenant-provided documentation.

Examples of additional information, includes but is not limited to:

- Effective dates of income (i.e. employment, unemployment compensation, or social security benefits)
- For new employment: pay rate, number of hours worked per week, pay frequency, etc.
- Confirmation of change in circumstances (i.e. reduced hours, reduced rate of pay, temporary leave of absence, etc.)

Note: 24 CFR §5.236(a), prohibits YHA from taking adverse action based solely on EIV information.

Types of file documentation required to demonstrate YHA compliance with mandated use of EIV as a third party source to verify tenant employment and income information (24 CFR §5.233(a)(2)(i)).

1. For each new admission (form HUD-50058 action type 1), the YHA is required to do the following:
 - Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
 - Print and maintain a copy of the EIV Income Report in the tenant file; and
 - Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
2. For each historical adjustment (form HUD-50058 action type 14), the YHA is required to do the following:
 - Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and

-
- Print and maintain a copy of the EIV Income Report in the tenant file;
 - Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
3. For each interim reexamination (form HUD-50058 action type 3) of family income and composition, YHA is required to have the following documentation in the tenant file:
- **ICN Page** when there is **no** household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. The YHA has the discretion to print the EIV Income report, however, only the ICN page is required.

The EIV Income Report provides a summary when there **is** an income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. For each annual reexamination of family income and composition, the YHA is required to have the following documentation in the tenant file:

- **No Dispute of EIV Information:** EIV Income Report, current acceptable tenant-provided documentation, and *if necessary* (as determined by the YHA), traditional third party verification form(s).
- **Disputed EIV Information:** EIV Income report, current acceptable tenant- provided documentation, and/or *traditional* third party verification form(s) for disputed information.
- **Tenant-reported income not verifiable through EIV system:** Current tenant-provided documents, and *if necessary* (as determined by the YHA), traditional third party verification form(s).

Tenants That Do Not Provide the YHA with Requested Information

If the tenant does not provide the requested information, the YHA may mail or fax a third party verification request form to the third party source. The YHA is **required** to request third party verification when the tenant disputes EIV information and the tenant is unable to provide acceptable documentation to support disputed information. However, the YHA shall remind the tenant that s/he is required to supply any information requested by the YHA for use in a regularly scheduled annual or interim reexamination of family income and composition.

The YHA may determine that the tenant is not in compliance with program requirements and terminate tenancy or assistance, or both, if the tenant fails to provide the requested information in a timely manner,

Using the EIV to Reduce Administrative and Subsidy Payment Errors.

EIV has the ability to identify other potential issues, which may impact a family's level of assistance. EIV contains stand-alone reports, which the YHA may generate at any time i.e.;

- Deceased Tenants Report,
- New Hires Report,
- Multiple Subsidy Report,