



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

OFFICE OF LEAD HAZARD CONTROL
AND HEALTHY HOMES

POLICY GUIDANCE NUMBER: 2024-07

DATE ISSUED: 4/25/2024

SUBJECT: Income Verification

APPLICABILITY: Office of Lead Hazard Control and Healthy Homes (OLHCHH) grant program recipients using income to determine eligibility to receive assistance

RELATED GUIDANCE: Supersedes 2017-05, 2013-07

COMMENTS:

Defining Income

An Office of Lead Hazard Control and Healthy Homes (OLHCHH) grantee has the flexibility to choose among the following three definitions of “annual income” when calculating income for enrolling families into the grant program; these definitions are used by the Housing Choice Voucher (HCV), Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME), and many other HUD programs. The term “annual income” is used to refer to annual (gross) income using one of the following definitions of “annual income” when calculating income and allowances for grant program assistance:

- Annual income as defined in [24 CFR 5.609](#), referred to as “Part 5 annual income”;
- Annual income as reported under the Census Long Form for the most recent decennial census; and
- “Adjusted gross income” as defined for reporting purposes under the IRS [Form 1040](#) long form (*not* IRS Forms 1040A or 1040EZ themselves that were submitted to IRS).

The Area Median Income, which is the basis for determining income limits required by the Residential Lead-Based Paint Hazard Reduction Act of 1992 ([Title X](#)), section 1011, for the OLHCHH’s Lead Hazard Reduction grants, and is used by the Office for its other income-qualified grant programs, is established for your community by HUD and posted on HUD’s Office of Policy Development and Research website, [HUDuser.org](#), in its [Income Limits subsidiary website](#).¹ OLHCHH closely follows the current HOME and CDBG definition of annual income, with modifications detailed below, because many grantees use OLHCHH funds in combination with these other HUD program funds.

¹ Since April 2024, the 2024 income limits (effective January 1, 2024) have been posted at <https://www.huduser.gov/portal/datasets/il/il24/Section8-FY24.xlsx> and future years’ income limits published in April of those years will have similar URL styles.

If you have more than one OLHCHH grant, you may use more than one definition of annual income for your overall OLHCHH grant portfolio. However, you must ensure that families assisted under each grant are treated equitably by using the same definition of income for all families under a particular grant. You may find administering the income verification process is simpler if you use one definition for all your OLHCHH grants.

For example, if you choose to use the Part 5 definition of annual income for OLHCHH grants, you must apply this definition to all applicants of that grant. You may not use the IRS Form 1040 definition of adjusted gross income for a household that does not qualify using the Part 5 definition of annual income once you have determined to follow the Part 5 definition as a program for that grant.

Note that, unless you compare a family's income to the 50% Area Median Income level and determine that the family's income is below that level, you must assume that the family being enrolled in the Housing Choice Voucher program indicates that the family is below the 80% Area Median Income level. (The two percentages are specified among the income eligibility criteria of Title X.) Finally, if you combine one or more other sources of funding (e.g., CDBG, HOME, Rehabilitation, etc.) with OLHCHH grant program funds, you must ensure that the housing units receiving the OLHCHH grant program funds meet the income eligibility requirements applicable to the lead hazard control grant as well as the other program(s).

When combining funding from different programs, the most restrictive requirements govern. Please recall that, if you combine one or more other sources of funding program funds, you may not count as match other funds that are federal funds (except that CDBG and Indian Community Development Block Grant (ICDBG) funds may, by statute, be used as match).

Determining Whose Income to Count

Do not count the following household members (or their associated income) when determining household size for computing "annual income" in accordance with Area Median Income limits:

- live-in aides;
- children of live-in aides; or
- children being pursued for legal custody or adoption who are not currently living with the household.

Note: This list does not follow the HOME program regulations.

A child that is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted as a household member. Foster children in the care of families applying for assistance may be counted when determining household size. However, only those children presently in the foster care of the applicant family at the time of application may be considered.

Verifying Applicant Income

Once you have chosen the specific definition of annual income that your program will use, you must determine how the applicant's income is verified. You may develop your own

procedures for verifying the income of program applicants so long as you collect documentation sufficient for HUD to monitor program compliance. You may decide for each household situation and income source whether to pursue direct third-party verification or do document review, provided you follow one consistent definition of “annual income” for your program.

For any given unit, a mix of verification methods might be used for wage income and document review based on experience (such as recent pay stubs with sufficient information and bank statements to verify wage deposits or using original Social Security award letter instead of contacting the Social Security Administration). You may decide on a case-by-case basis to select the most efficient way of documenting income based on experience with specific income information sources and provide options to occupants to address their legitimate privacy concerns.

Common Income Verification Methods and Procedures

The following is common guidance for various methods of documenting and completing income verification. You may also reference [Exhibit 5-1: Income Inclusions and Exclusions](#) of the HUD Occupancy Handbook (formally, the [Occupancy Requirements of Subsidized Multifamily Housing Programs, HB 4350.3](#)).

Income Verification using earning and leave statements (i.e., pay stubs):

- Collect and analyze 1 month’s pay stubs at time of application submittal:
 - The month’s pay stubs may be one pay stub for the whole month, two bi-weekly or semi-monthly pay stubs, or four weekly pay stubs.
 - Pay stub must include information sufficient to review annual income such as: hourly wage, overtime, bonus, hours worked, and year-to-date.
 - If the pay stub does not provide sufficient information to calculate annual income, the program will be required to verify income from the employer (i.e., Third party verification).

Income Verification by collecting and analyzing 2 month’s bank statements/bank card activity summary (if client uses a bank card to deposit wages):

- Typically, banks issue their bank account statements or bank card activity summaries monthly.
- Reviewers should confirm if the pay stub indicates if funds are being direct deposited and request copies of monthly bank statement/bank card activity summary.
- Collect the bank statement/bank card summary to verify the pay stub deposits. If other deposits are identified ask the applicant about the other sources of income that will need to be included in the annual income calculation.
- Interest earned from the bank statements will also be used to calculate the applicant’s assets.

Income Verification from the Authorizing Agency to be counted toward the Benefits Statement (i.e., Veteran Administration, Social Security Administration, Unemployment, etc.):

- If the applicant has been approved by a prior agency, collect the original letter provided by the applicant from the authorizing agency to include name and current address of applicant, current date, and authorized agency signature.
 - Date of letter should be within 6 months of the application.
 - If only a copy of the benefits letter, the grantee must establish procedures to validate the benefits letter.

- Verifying income received from authorizing benefit agency:
 - Collect the two or more monthly bank statement/bank card summary to **verify** the deposits from the benefits agency. If other deposits are identified, ask the applicant about the other sources of income that will need to be included in the annual income calculation.
 - If an applicant receives benefits from an agency such as the Social Security Administration, that does not preclude the applicant from receiving other sources of income.

Income Verification for Self-Employed Applicants:

- Collect current information if available such as two or more bank statements and other methods of identifying current source(s) of income.

- If current information is not available, use the prior year tax return or last two years to obtain average income.

Income Verification for The “Gig Economy” – Internet-Based Businesses:

- Collect and analyze 1 month of printouts from the internet-based business’ website or application which provides a summary of the gross income (i.e., deposits received) from the business.
 - The month’s printouts from a gig business may be one printout for the whole month, two bi-weekly or semi-monthly printouts, or four weekly printouts.

- Examples of internet-based businesses include app-based rideshare services (such as Curb, Lyft, or Uber), app-based food delivery (such as DoorDash, GrubHub or Uber Eats), and websites that provide individual jobs to people (such as Fiverr, Freelancer, or Upwork).²

Work in these types of businesses is often considered self-employment by contractors of the service firms, although the contractor-vs.-employee status is being considered by the courts in some states.

² Mention of company names does not apply endorsement of the companies or their services or products.

Income Verification for Zero Income for One or More Household Members:

- First, ask the client questions about household members' ability to pay rent, utilities, car payment, etc., to determine if zero income is correct.
- Collect and review tax return from prior year.
- If desired, ask the client to use [IRS Form 4506, Request for Copy of Tax Return](#), to obtain a certified tax return. If income is indicated on the tax return, then talk to the client to determine if any of the sources of income are still being received.

Income Verification by Tenant/Landlord Declaration (signed by tenant or landlord):

Lastly, if you are not able to obtain income verification using the methods described above, you may document income by obtaining a signed tenant or landlord statement. The declaration worksheet must be included in the file along with an explanation by the grantee for the inability to obtain written or verbal third party documentation. The tenant/landlord declaration worksheet you use should contain information on:

- the applicant's employer and income;
- income deductions;
- evidence of financial assistance received from other public sources;
- the number of children in the unit and their ages; and
- other information relevant to the applicant's eligibility that provides a basis for providing assistance, such as neighborhood income statistics, location of the unit within a designated revitalization zone, etc.

In addition, if only a signed tenant or landlord statement is being used to document income, the tenant or landlord, as applicable, must attest by signature that the information provided is accurate under penalty of law. The declaration must include the following certification by the tenant or landlord [with the person signing the certification deleting the choice at the start of the declaration that does not apply]:

“I, as the tenant | landlord, certify under penalty of law that the information contained in this declaration is true, accurate and complete to the best of my knowledge. I understand that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.”

Income Verification by Tenant using Housing Authorities' Form HUD-50058, Family Report:

A rental unit that is being considered for enrollment in a grantee's OLHCHH grant program may be occupied by tenants that are receiving benefits through the Housing Choice Voucher (HCV; also known as the Section 8 Voucher) program. This family's income has been verified by a public housing authority (PHA, which for purposes of the form, includes an Indian Housing Authority) or HUD's Public and Indian Housing (PIH) office using the [Housing Choice Voucher Guidebook](#) and [Form HUD-50058, Family Report](#) (for which instructions are provided in the [Form HUD-50058 Instruction Booklet](#)). Your program may accept either the form or the PHA's income eligibility notification letter to the tenant as adequate documentation of income to determine the unit's and tenant's eligibility for your program.

- A family that is a participant in the HCV program has already had their income information verified and maintained by the PHA that administers the voucher. Voucher program participants already submit income information via Form HUD-50058 and update it annually as part of recertification. With the applicant family's written consent, you may securely obtain this information directly from the PHA to streamline the application process to your program.
 - Because the information contained in the form is private, HUD recommends that you work with the PHA up front to set up a data sharing agreement or memorandum of understanding that outlines the process. Because all PHAs must get approval from their Board of Commissioners for new policies, HUD recommends that you initiate these agreements well in advance of the need.
- As part of the agreement, and to facilitate enrollment of housing in your program, you may also request that the PHA refer HCV families and landlords for enrollment in your Lead Hazard Reduction Grant or other OLHCHH program.
- The PHAs in your target area are linked from HUD's [PHA Contact Information](#) webpage. Most large PHAs will have an HCV Director, and the names and titles of HCV program staff will be on their own website. If you need assistance, contact your state HUD office by going to HUD's [State Information](#) homepage, select your state, and select "Contact my Local Office." Most HUD offices have a public housing office that can assist you.

A copy of Form HUD-50058 is the preferred documentation to retain in the grant file for the housing unit treated. Grantees may consider accepting the income verification official notice received from the PHA to allow as many opportunities as possible to be made for these units. All documentation should be retained in the file as proof of income verification.

Timing of Income Certifications

Only documentation that verifies the current rate of annual income at the time of assistance is required. The income certification process must be completed prior to receiving assistance under OLHCHH grant programs.

Only income verifications dated no earlier than 12 months before time of assistance (i.e., formal acceptance into your program) will be permitted. You are not required to re-examine a household's income unless more than 12 months have elapsed since the household's income was certified for households not yet under contract for the grant program work to start. You may request additional documentation to support the eligibility determination at your discretion, such as if you have questions about its accuracy.

Responses to Policy Guidance

This policy guidance is intended to allow flexibility for grantees when verifying income for individuals receiving assistance under OLHCHH grant programs. Should you have comments or questions on this policy guidance, please contact your Government Technical Representative (GTR).