

INCOME DETERMINATION DISCUSSION

CDBG, HOME AND ESG

NCDA Region I
May 1, 2019

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OVERVIEW

- Income determination regulations
- Methods of income determination for each program
- Program differences
- Program policies & procedures
- CPD Income Calculator
- Other resources
- Question and answers

INCOME DETERMINATION REGULATIONS

- CDBG Regulation
 - 24 CFR 570.3 – Income Definition
 - 24 CFR 570.208 – Entitlements – Low Income Targeting
 - 24 CFR 570.506 – Income Documentation
- HOME Regulation
 - 24 CFR 92.2 – Definitions
 - 24 CFR 92.203 – Income Determinations and Adjusted Income
- ESG Regulation
 - 24 CFR 576.2 – Definitions
 - 24 CFR 576.401(b) – Re-evaluation Requirements
 - 24 CFR 5.609 – Annual Income

CDBG INCOME DEFINITION

24 CFR 570.3

Income. For the purpose of determining whether a family or household is low- and moderate-income under subpart C of this part, grantees may select any of the three definitions listed below for each activity, except that integrally related activities of the same type and qualifying under the same paragraph of §570.208(a) shall use the same definition of income. The option to choose a definition does not apply to activities that qualify under §570.208(a)(1) (Area benefit activities), except when the recipient carries out a survey under §570.208(a)(1)(vi). Activities qualifying under §570.208(a)(1) generally must use the area income data supplied to recipients by HUD. The three definitions are as follows:

(1)(i) “Annual income” as defined under the Section 8 Housing Assistance Payments program at 24 CFR 813.106 (except that if the CDBG assistance being provided is homeowner rehabilitation under §570.202, the value of the homeowner's primary residence may be excluded from any calculation of Net Family Assets); or

~~(ii) Annual income as reported under the Census long form for the most recent available decennial Census; or~~

(iii) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

HOME INCOME DEFINITION 24 CFR 92.203(b)

(b) When determining whether a family is income eligible, the participating jurisdiction must use one of the following two definitions of “annual income”:

- (1) Annual income as defined at 24 CFR 5.609 (except when determining the income of a homeowner for an owner-occupied rehabilitation project, the value of the homeowner's principal residence may be excluded from the calculation of Net Family Assets, as defined in 24 CFR 5.603); or
- (2) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 series for individual Federal annual income tax purposes.

ESG INCOME DEFINITION 24 CFR 576.401(c)

(c) *Annual income.* When determining the annual income of an individual or family, the recipient or subrecipient must use the standard for calculating annual income under 24 CFR 5.609.

ALLOWABLE METHODS

CDBG

**Part 5
(Section 8)**

IRS 1040

HOME

**Part 5
(Section 8)**

IRS 1040

ESG

**Part 5
(Section 8)**

PROGRAM DIFFERENCES

CDBG	HOME	ESG
<p>Income determination is required except for activities that qualify under §570.208(a)(1) Area benefit activities except when the recipient carries out a survey under §570.208(a)(1)(vi).</p>	<p>Income determination is always required.</p>	<p>Income determination is a requirement in 2 of 5 ESG program components – homelessness prevention and rapid rehousing.</p>
<p>Self-certification is an option for activities completed under a Limited Clientele (LMC) national or the Low/Moderate Income Jobs (LMJ) national objective.</p>	<p>Self-certification can be used in very limited circumstances to document \$0 income but cannot be used as sole information for the household.</p>	<p>Self-certification is an option on a case by case basis.</p>

PROGRAM DIFFERENCES

CDBG	HOME	ESG
Allows income information to be up to 12 months old.	Only allows income information to be up to 6 months old.	
There is no specific time period for which income documentation must be collected (i.e. – 2 v. 3 mo.).	Requires 2 months of income documentation. Project forward for 12 months.	There is no specific time period for which income documentation must be collected (i.e. – 2 v. 3 mo.).
Imputed asset calculation is not required.	Requires imputed asset calculation.	Requires imputed asset calculation.
Income is determined at the time of assistance.	Annual recertification required for rental housing and TBRA (certain increases in the income of a disabled family member must be excluded).	Must re-evaluate not less than once every 3 months for homelessness prevention assistance, and not less than once annually for rapid re-housing assistance

PROGRAM DIFFERENCES - CDBG

If an activity is being completed under a Limited Clientele (LMC) national objective (other than Presumed Benefit or Nature/Location) or the Low/Moderate Income Jobs (LMJ) national objective, a verifiable self certification form may be used to document that at least 51% of the beneficiaries served are low- or moderate-income.

A self-certification form is available from the CPD Income Calculator (will demo. later).

PROGRAM DIFFERENCES - HOME

- Generally, PJS must collect either third party verification or source documentation (paystubs, verification of benefits, etc.)
- Copies of tax returns may be used to verify income if:
 - Circumstances have not changed since filing (if income is likely to remain the same next year)
 - Tax return is used to determine income information (e.g. self employment, other sources of income)
 - If tax return is sole documentation: obtain certified IRS copy by using form 4506 or 4506T.

PROGRAM DIFFERENCES - ESG

- Homelessness determination is not income determination.
- Income determination is a requirement in 2 of 5 ESG program components – Rapid Rehousing and Homeless Prevention.
- ESG Interim Rule specifies the order of priority for obtaining documentation of annual income for program participants who receive homelessness prevention assistance.
 - Part 5 income determination.
 - Self-certification is acceptable only to the extent that source documentation and third-party verification are unobtainable. Done on a case-by-case basis, so that it is not a common practice but is done only when necessary to prevent the program participant from going back to the streets or emergency shelter.
 - A recipient/subrecipient should document their attempts to obtain source documentation in each program participant's case file.

PROGRAM DIFFERENCES – ESG CONT.

24 CFR 576.401 - Re-evaluations for homelessness prevention and rapid re-housing assistance.

(1) The recipient or subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every 3 months for program participants receiving homelessness prevention assistance, and not less than once annually for program participants receiving rapid re-housing assistance. At a minimum, each re-evaluation of eligibility must establish that:

- (i) The program participant does not have an annual income that exceeds 30 percent of median family income for the area, as determined by HUD; and
- (ii) The program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance.

(2) The recipient or subrecipient may require each program participant receiving homelessness prevention or rapid re-housing assistance to notify the recipient or subrecipient regarding changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance under ESG. When notified of a relevant change, the recipient or subrecipient must re-evaluate the program participant's eligibility and the amount and types of assistance the program participant needs.

PROGRAM POLICIES & PROCEDURES

- Grantees/PJ's should have written policies and procedures that describe the income determination process for each of their programs.
- Grantees/PJ's may have specific local requirements in addition to what is required by each program's regulations (e.g. copies of tax returns are required to support income documentation obtained from other sources).

CPD INCOME CALCULATOR

- CPD Income Calculator:
<https://www.hudexchange.info/incomecalculator/>
- User Manual:
https://www.hudexchange.info/resources/documents/CPDIncomeEligibilityCalculator_User_Manual.pdf

CPD INCOME CALCULATOR DEMONSTRATION

- The Calculator is a tool to help grantees calculate income, but it does not verify income. Grantees must maintain all supporting income documentation and print out and maintain summary documents generated by the Calculator.
- The Calculator is only as good as the information that is entered in it.
- The User's Manual contains a lot of good information including sample HOME program forms that PJs and other grantees may find helpful.

OTHER RESOURCES

- Determining Income for the HOME Program webinar and slides:
<https://www.hudexchange.info/trainings/courses/determining-income-for-the-home-program-session-1/2532/>
- Technical Guide for Determining Income and Allowances for the HOME Program:
<https://www.hudexchange.info/resource/786/technical-guide-for-determining-income-and-allowances-for-the-home-program/>

QUESTIONS AND ANSWERS