

Proficiency in Income Qualification Part 1

Presented By:

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Today's Agenda

- Introduction
- Overview of Resources
- Program guidance
- Definition of Income
- Income Qualification Process
- Pre-Application
 - The application
 - Income Verification

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Part 2

September 9, 2021

2:00 pm

- Asset Verification
- Calculation
- Certification
- Award

Registration Link:

<https://attendee.gotowebinar.com/register/528706080079461133>

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Catalyst Training Schedule

A banner for SHIP Catalyst Training. The left side features a photograph of three people (two men and one woman) smiling and looking at a laptop screen. Overlaid on the bottom left of the photo is the SHIP logo, which consists of a green house icon with a blue cube inside, and the text 'SHIP' in bold black letters with 'housing a stronger Florida' in smaller text below it. The right side of the banner has a teal background with white text. At the top right, it says 'Fine Tune Your SHIP Program' followed by 'REGISTER NOW FOR' in smaller letters. Below that, 'CATALYST TRAINING' is written in large, bold, white capital letters. At the bottom left of the banner, it says 'Register Now for SHIP Catalyst Training!'. Below the banner, there are four small grey circles, with the first one being slightly larger and darker, indicating a sequence or a selected item.

Fine Tune Your SHIP Program
REGISTER NOW FOR
**CATALYST
TRAINING**

Register Now for SHIP Catalyst Training!


The Coalition is Florida's affordable housing training and technical assistance provider.

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Catalyst Trainings

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TRAINING CALENDAR

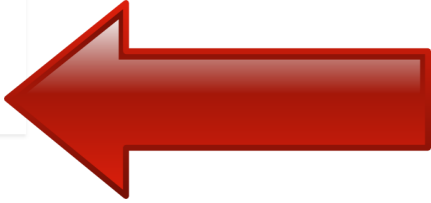
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August 2019



‘Past Catalyst Trainings’

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Webinar Logistics

- Participants are muted
- Enter your questions in the box in your webinar panel
- Forgot to ask a question or want to ask privately?

Email me at andujar@flhousing.org

- This webinar is being recorded and will be available at www.flhousing.org
- A survey will immediately follow the webinar; ***please*** complete it!
Thanks!

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Overview of Resources for Determining Income

- Code of Fed Regulation: 24 CFR Part 5
- Income inclusions and exclusions
- Acceptable forms of verification
- HUD Handbook 4350.3: Chapter 5, Appendices 3 and 6C
- Income and rent limits chart

SHIP published 2021 income and rent limits

(subject to change)

<https://www.floridahousing.org/owners-and-managers/compliance/income-limits>

HUD release: 4/1/2021

Effective: 4/1/2021

2021 Income Limits and Rent Limits Florida Housing Finance Corporation SHIP and HHRP Programs

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household										Rent Limit by Number of Bedrooms in Unit					
		1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5
Alachua County (Gainesville MSA) Median: 80,800	30%	15,400	17,600	21,960	26,500	31,040	35,580	40,120	44,660	Refer to HUD		385	412	549	719	889	1,059
	50%	25,650	29,300	32,950	36,600	39,550	42,500	45,400	48,350	51,240	54,168	641	686	823	951	1,062	1,171
	80%	41,000	46,850	52,700	58,550	63,250	67,950	72,650	77,300	81,984	86,669	1,025	1,098	1,317	1,522	1,698	1,874
	120%	61,560	70,320	79,080	87,840	94,920	102,000	108,960	116,040	122,976	130,003	1,539	1,648	1,977	2,284	2,550	2,812
	140%	71,820	82,040	92,260	102,480	110,740	119,000	127,120	135,380	143,472	151,670	1,795	1,923	2,306	2,665	2,975	3,281

Always check to make sure you are working with the most current income limits.

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Survival Tools for SHIP Staff

- www.floridahousing.org
- SHIP Procedures Manual
- SHIP RULE – Chapter 67-37
- SHIP Statute – 420.907
- On-line Web Tutorial – www.flhousing.org
- <http://www.flhousing.org/publications/>




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Survival Tools for SHIP Staff (continued)

- FHC Technical Assistance hotline: 1-800-677-4548
- Local Housing Assistance Plan
- Annual Reports
- Tracking Sheets
- Monitoring Reports

Download the Updated SHIP Manual at: www.floridahousing.org



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Home / Programs / Special Programs / SHIP - State Housing Initiatives Partnership Program

State Housing Initiatives Partnership (SHIP)

Florida Housing administers the State Housing Initiatives Partnership program (SHIP), which provides funds to local governments as an incentive to create partnerships to preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families.

SHIP funds are distributed on an entitlement basis to all 67 counties and 52 Community Development Block Grant entitlement cities in Florida. The minimum allocation to participate, local governments must establish a local housing assistance program by ordinance; develop a local housing assistance plan and housing incentive development regulations or establish local policies to implement the incentive strategies; form partnerships and combine resources in order to reduce housing costs; mortgage payments within the targeted areas do not exceed 30 percent of the area median income limits, unless authorized by the mortgage lender.

SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, rental assistance, financial counseling, downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling. Funds may be used that meet the standards of chapter 553.

A minimum of 65 percent of the funds must be spent on eligible homeownership activities; a minimum of 75 percent of funds must be spent on eligible construction activities.

QUICK LINKS

Rent Limits

Income Limits

Catalyst Program and Workshop Schedule

Find Local SHIP Offices

005-2015-01 NOFA Advertisements

SHIP FSAA Information

SHIP Procedures Manual Online

Inc Certification Form Rental 2-15 version

Inc Certification Form Homeownership 2-15 version

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SHIP Procedures Manual

Appendix E Applicant Qualification

This appendix offers guidance about eligibility determination and the documentation of income, assets and other household details. The guidance pertains to the Section 8 income definition that is commonly used by SHIP administrators. However, SHIP allows for several methods of defining income, which are listed in Section 420.9071 of the Florida Statutes: *“Annual gross income” means annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; annual income as reported under the census long form for the recent available decennial census; or adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes or as defined by standard practices used in the lending industry as detailed in the local housing assistance plan and approved by the corporation.*

Those who administer SHIP using an alternative income definition may need to contact the Florida Housing Coalition for guidance specific to that alternative income definition.

A. Determining Household Size

Even before beginning to count the household’s income, it is important to properly count the number of people in the household. It is essential to accurately determine household size, since program eligibility is “adjusted for family size” (as defined in Section 420.9071 (1) of the Florida Statutes). The median income is based on a four-person household. The income

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HUD's Online Income Calculator

<https://www.hudexchange.info/incomecalculator/>

CPD Income Eligibility Calculator

- Performs calculations based on the program selected
- Print out information
- User manual and webinars are available

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Three Methods for Determining Income Eligibility

- 24 CFR Part 5 (HOME, SHIP, CDBG)
- IRS FORM 1040 (HOME, SHIP, CDBG)
- Census Long Form (SHIP)

Regardless of definition used... "Income shall be calculated by annualizing ***verified*** sources of income...to be received...during the ***12 months following*** the effective date of the determination.

Statutory Intent

“The benefit of assistance provided through the State Housing Initiatives Partnership Program must accrue to *eligible persons* occupying *eligible housing*”

Section 420.9075 (4)(j) Florida Statutes

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Annual Income Definition (24 CFR Part 5)

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 family member
2. Are anticipated to be received from a source outside the household during the 12-month period
3. Annual income also means amounts derived from assets

Income Qualification Process

Step 1: Application

Step 2: Income Verification

Step 3: Asset Verification

Step 4: Calculation

Step 5: Certification

Step 6: Award



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Pre-Application

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Notice of Funding Availability

- If funding is unavailable due to a waiting list, no NOFA required.
- Advertise in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods
- At least 30 days before beginning application period.

According to SHIP Rule 67-37.005

Advertisement Must Include

- Projected Amount of the Distribution
- Beginning and end date of application period (or instead of end date state 'stop applications once funds are fully encumbered)
- Local contact person. Where to apply

In addition, consider adding Details per Strategy:

- Estimated amount per strategy
- Income categories assisted
- Selection criteria
- Maximum housing value
- Anything else added should be consistent with the LHAP

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Waiting List / Priorities

How is the waiting list kept and who has access to wait list

Should be a list that cannot be compromised

Track case status on waiting list

Priorities must be outlined in the LHAP and agreements with sponsors and subrecipients

If there is a waiting list, no advertising is required. List must be kept for monitors.

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Step 1: Application

- Design application to include all information required
- Application – Complete and signed
- Provide a list of documents needed
- Date Stamp/number applications as they arrive

Step 1: Application (continued)

- Keep the applicant informed – Preferably in writing. If calls are made, document file.
- Face to face interview with the applicant, zoom or teams meeting.
- The application is signed by all adult household members, including students age 18 and older.



**Electronic signatures are acceptable
including DocuSign**

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Included above Applicant Signature is information about Florida Statute 817

Florida Statute 817 provides that willful **false statements** or misrepresentation concerning income, asset or liability information relating to financial condition is a **misdemeanor of the first degree**, punishable by fines and imprisonment provided under Statutes 775.082 or 775.083.

"I certify that the application information provided is **true and complete** to the best of my knowledge."

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The Application Contains...

- **Public Records Statement:** Household members understand that all documents are subject to Chapter 119 of Florida's public records laws.
- **Release of Information:** Signed statement by all adult household members consenting to verification of income and asset information.
- **Social Security Number:** City/County must give written explanation of purpose and authority for collecting social security numbers.

Social Security Cards

- Not required in SHIP File
- Use another identifier for household members



FL Statutes Section 119.071(5)(a)2.a., (I) and (II): “an agency may not collect an individual’s social security number (SSN) unless the agency has stated in writing the purpose for its collection and unless it is imperative for the performance of that agency’s duties... as prescribed by law.

Determining Household Size

Count as household members:

- Children in joint custody, present 50% or more of the time
- Children away at school who live in household during school recesses
- Children in the process of being adopted
- Temporarily absent family members

Household Members *Permanently* in a Hospital, Nursing Home

The family decides if such persons are included when determining family size for income limits

Note: If you count the Household member,
You count the income.



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Count Foster Children

HUD Handbook 4350.3 Chapter 3:

“The owner must also count all anticipated children. Anticipated children include the following:

- Foster children who will reside in the unit;”
- ALSO: “g. The owner must count foster adults living in the unit.”

HUD Handbook 4350.3 Chapter 5:

- “Payments received by the family for the care of foster children or foster adults are not counted.”

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Income Question

Annual income includes:

- a. Alimony and child support payments
- b. Foster care payments
- c. Medical expenses reimbursed to the family
- d. Regular contributions from organizations
- e. Both a and d

Separated but Not Divorced

Count **unless** you can document that separation is permanent.

Examples:

Lease

Driver's license

Vehicle registration

Homestead

Tax returns



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Household Member in Prison

Best Practice:

- Count as household member if released within 12 months
- Do not count if release date is more than 12 months
 - www.dc.state.fl.us
 - Home page: "Inmate Population Info Search"
 - Enter name, SS # or birth date & inmate #
 - Print scheduled release date for the file.

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Boyfriend, Girlfriend or Fiancé

Count if currently part of household or will be residing in home when purchased



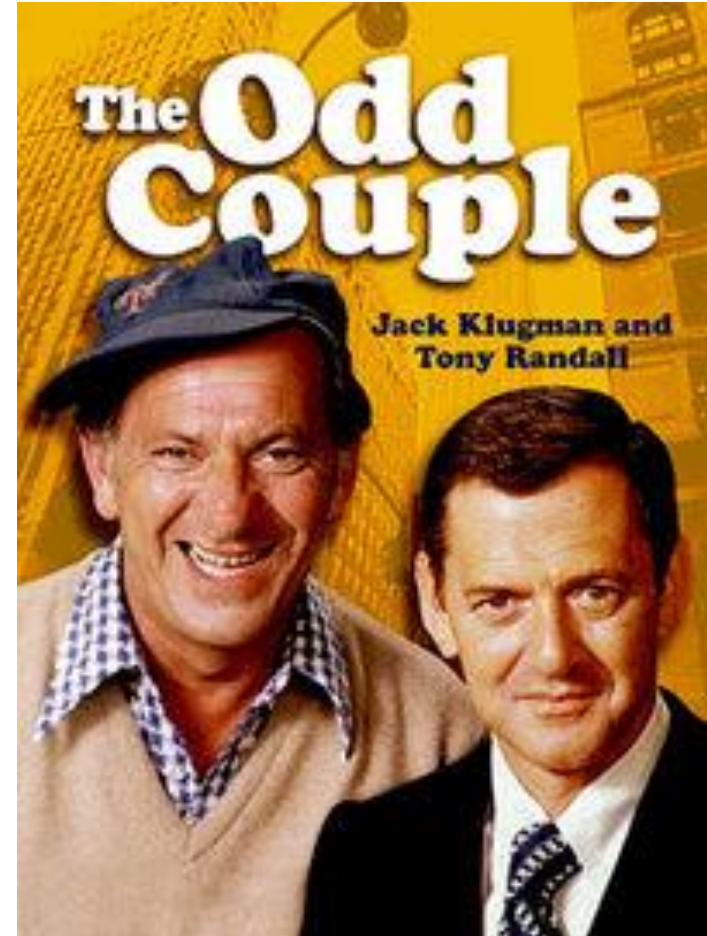
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Roommates and Tenants

Roommates are household members,
Tenants are *not*

- Count roommate's income
- Count rent paid by tenant



Live-In Aide

- Is essential to the care, well-being of the person(s)
 - Is not obligated to support the person(s)
 - Would not be living in the unit except to provide the necessary supportive services
-
- **Note: Do not include the live-in aide as a household member and do not count their income.**

Household Size Exercise

David's disability requires that he have assistance with daily activities.

- He will be buying the new home on his own.
- Will have around the clock aides during the week. His mother will stay with him on weekends when the aides are off.

Timing

Verifications shall be dated no more than **120 days** from each other.

- Re-verify those out of compliance

“Stop The Clock”

- Issue Award Letter
- Contract for Lease, Purchase or New Construction
- **Or** Fully provide assistance



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Step 2: Income Verification Process

Verify:

- Employment including overtime and tips
- Social Security
- Child Support/Alimony
- Regular Cash Contributions
- Unemployment Compensation

Step 2: Income Verification Methods

- **Methods:** Written or Oral Third-Party Verification
- **Acceptable method:** Upfront-income verification (UIV)



Acceptable Method: Upfront-Income Verification (UIV)

- UIV is “the verification of income through an independent source that... maintains income information in computerized form...”
- Example: The Work Number

Verification of Employment Form

Please provide information about anticipated employment income during the next 12 months:

Position: _____ Length of Time Employed: _____ Pay Rate:

_____ Pay Frequency (Hr, Wk, Mo): _____ Hours worked per week _____

Overtime Pay Rate: _____ Average Overtime Hours/Wk: _____ Total Annual

Base Pay Earnings: \$ _____ Total Overtime Base Pay Earnings: \$ _____ Amount and Frequency of

Other Compensation (bonus, raise, commission, tips): \$ _____ Vacation Pay (Y or N):

_____ If yes, number of days: _____ Retirement Account (Y or N):

_____ Amount Accessible to Employee: \$ _____ Total Gross Annual Income, including other

compensation, for next 12 months: \$ _____

Signature of authorized representative: _____ Printed Name:

_____ Title: _____

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“I Can’t Get a Third-Party Verification”

1. Include copy of the date-stamped original request sent
2. Written notes of follow-up efforts
3. Indicate how long the request has been outstanding without response



Document Verification Change: Applicant Provided Document

- Applicant-provided document considered 3rd party verification
- Dated within last 120 days
- Defined in Section 5-13 of HUD Handbook 4350.3, Chapter 5



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MORE on Applicant Provided Document

- Examples: Pay stubs, SSA retirement benefit letter, Unemployment benefit notices.
- Most recent 4 to 6 consecutive pay stubs
- Best Practice “specific time frame”

The Work Number



You can pay to access applicant information through the work number.



Tenants who are employed by companies that use The Work Number can obtain paystubs online for free.



They need to set up a log-in and password to obtain the needed documents at www.Theworknumber.com.

Example of Employment Wages

Advanced Heating and Air, 530 Crane Street Lake Elsinore CA 92530				EARNINGS STATEMENT		
EMPLOYEE NAME	SOCIAL SEC. ID	EMPLOYEE ID	CHECK No.	PAY PERIOD	PAY DATE	
Louise Andrews	XXX-XX-0000	002	370050	05/28/15-06/12/15	06/15/15	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	28.00	80	2,240.00	FICA MED TAX	32.48	324.80
				FICA SS TAX	138.88	1,388.80
				FED TAX	360.78	3,607.81
				CA ST TAX	106.76	1,067.57
				SDI	20.16	201.60
				PAY-STUBS.COM		
YTD GROSS	YTD DEDCTIONS	YTD NET PAY	TOTAL	DEDUCTIONS	NET PAY	
22,400.00	6,590.59	15,809.41	2,240.00	659.06	1,580.94	

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Examples

- **Gross Amount**
- **Most Current**
- **Be Consistent**
- **Annualize**

2 months of Pay Stubs	
Paid Bi-weekly	
Gross Amount	$\$5,289.33 / 4 = \$1,322.33$
\$1,174.39	$\$1,322.33 \times 26 = \$34,380.64$
\$1,307.76	Annual Income = \$34,381.64
\$1,377.93	
\$1,429.25	
Total = \$5,289.33	

2 months of Pay Stubs	
Paid Weekly	
Gross Amount	$\$10,485.67 / 8 = \$1,310.71$
\$1,174.39	$\$1,310.71 \times 52 = \$68,156.92$
\$1,307.76	Annual Income = \$68,156.92
\$1,377.93	
\$1,429.25	
\$1,247.35	
\$1,375.22	
\$1,247.33	
\$1,326.44	
Total = \$10,485.67	

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Unacceptable Method: Enterprise Income Verification (EIV)

- EIV is a computer system that contains employment and income information of individuals who participate in HUD rental assistance programs.
- Very few are authorized to review EIV system data—mostly Public Housing Authority staff
- Do not use EIV for SHIP income verification, since most SHIP staff are not authorized to view it

Social Security Retirement Payments

- Count the gross amount, before deductions
- Alternative to 3rd party verification: Award Letter from past 12 months.
- Recipient may request 'Proof of Income Letter':
 - SSA's number (800) 772-1213
 - Website: www.socialsecurity.gov/myaccount

Social Security Examples

Gross income is	\$1261.60
Less Medicare of	\$ 135.60
Amount received by client is	\$ 1,126.00

What amount do you use to determine income?

Child Support or Alimony

Count Full Amount of ***Court Awarded*** support

Unless ...

- A contempt of court hearing is scheduled

Or...

- Case has been filed with Department of Revenue's Child Support Enforcement office: **1 (800) 622-5437**

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Child Support

What if there's no documentation of child support available?

Reason: No marriage or for another reason.

Require the family to sign a certification stating:

- The amount of child support received, or
- That no child support is being received.

Income Question

Marie Smith receives child support from her ex-husband in the amount of \$200 a week. Her child support will terminate in 6 months when her son turns 18. The income certifier must:

- a. Project the child support earnings over the next 12 months
- b. Only count the six months of child support anticipated to be received
- c. Do not count the child support since it will end in less than 12 months
- d. Depends on internal program policy

Calculating Income from Self Employed Applicants

- One or two tax returns
- Profit and Loss Statement
 - Schedule C of tax return
- Signed statement estimating seasonal earnings or explaining circumstances

Self Employed Applicants Count NET Income from a Business

- Count any salaries distributed to household members
- Check personal tax returns and business tax returns
- If the net income from a business is negative, count it as zero

Periodic Payments are Income

- Annuities
- Insurance policies
- Retirement funds
- Pensions
- Disability or death benefits

Educational Scholarships & Grants

- All forms of student financial assistance are *excluded* from annual income, whether paid to the student or directly to the educational institution...
- *...unless the household is a Section 8 recipient.*

Unemployment Benefits

- Project benefits for a 12-month period regardless of the termination date
- Document amount of benefits received and frequency

Unemployment and Tax Credit Exclusions

- \$300 per week Federal Pandemic Unemployment Compensation (FPUC) provided to individuals who are collecting regular unemployment insurance must be ***excluded*** from a household's annual income calculation.
- In addition, the monthly child tax credit payment of up to \$300 per week that will be provided by the "American Rescue Plan Act" (ARPA) from July 2021 through December 2021 is also exempt from household income calculations.

Pandemic Emergency Unemployment Compensation (PEUC)
Pandemic Unemployment Assistance (PUA)

Are included as income

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Regular Cash Contributions or Gifts

- Count **regular** contributions/gifts from persons not living in the unit
- Include rent, utilities paid on behalf of family
- If a non-household member provides groceries, do not count

Common Income Exclusions

- Food Stamps or Meals on Wheels program
- Student financial assistance: scholarships & grants
- Earned income in excess of \$480 for full-time student or adopted child assistance
 - **Unless** student is the head of the family, spouse, co-head
- Hostile fire military pay
- Inheritances, insurance payments, lump sum SS/SSI
- Live-in-aide income

Mortgage Credit Certificate

- Both MCCs and the EIC are tax credits that provide for a reduction in the tax liability. The intent of MCCs is to help lower-income individuals own a home.
- An individual has to file a tax return to benefit from either of those credits.
- This is not considered income.

Homeowner Voucher issued by the Housing Authority considered income?

- No.
- Staff at the Florida Housing Finance Corporation reviewed the information provided by Fannie Mae and HUD for the Section 8 Homeownership Voucher program.
- The compliance staff concluded that this mortgage contribution is a deferred payment loan and that it should be excluded from annual income.

Income Questions

Do not count as annual income the earnings of a temporarily absent head of household.

- a. True
- b. False

Payments in lieu of earnings such as worker's compensation are an income exclusion.

- a. True
- b. False

Income from Minors

- **Earned** income of family members under 18 **is not** counted
 - Example: Part time job after school
- Benefits or other **Unearned** income of minors **is** counted
 - Example: Savings account interest, disability payments

Income Question

Annual income includes the employment earnings of a 17-year-old (not head or spouse) who is no longer in school.

- a. True
- b. False

File Guidance

- File Checklist
- Date stamp all verifications
- All documents: signed, dated
- Use one method
- Be consistent
- Have someone else review your calculations
- Explain discrepancies



Next Webinar Will Cover

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- September 9 at 2:00 pm
- Registration Link:

<https://attendee.gotowebinar.com/register/528706080079461133>

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Please complete the evaluation!

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