Income Verification Waterfall (Rentals)

Quick Guide for Marketing Agents

Key Rule: Always begin at Step 1. If the household can provide the documentation required at that step, income is verified. **STOP and do not request additional documents.** Move to the next step only when the household cannot provide what is required.

1

Rental Subsidy Verification

If the household reports a rental subsidy, request proof of rental subsidy.

- Non-Tax Code Units (without LIHTC or Tax-Exempt Bonds): Federal and other (local) rental subsidy types may be used.
- Tax Code Units (LIHTC or Tax-Exempt Bonds): Only federal rental subsidy may be used as proof of income, and the documentation must meet the requirements in Addendum A.
- Addendum A lists accepted subsidy types for both categories and details for federal rental subsidy.

If eligible proof is provided, STOP. Income verification is complete.

2

Public Benefit Verification

If no qualifying rental subsidy exists, check whether the household receives another public benefit. If yes, request a Benefit Letter dated within 12 months of the Tenant Income Certification signature.

Addendum A lists accepted benefit programs.

If eligible proof is provided, STOP. Income verification is complete.

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3

Standard Income Documentation by Income Type

If Steps 1 and 2 do not apply, obtain income documentation for each household member based on income type.

- Self-Employed: Most recent federal tax return with all schedules and a self-certification of projected current earnings.
- Employed: Paystubs representing one month of wages or an employer letter.
- Other Income: Statement or award letter for Social Security, SSI, unemployment, pension/annuity, child support payment history, or other applicable income.

Addendum B details required documents and calculation methods.

If eligible proof is provided, STOP. Income verification is complete.

4

Supplemental Tax and Annual Documents - Only If Needed

Use this step only when clarification is needed.

- Self-Employed: Request missing schedules, explanations of incomplete information, or other clarifying documents. A CPA-signed letter projecting annual income may support incomplete or missing tax returns.
- All Other Applicants: Request prior-year tax returns, W-2s, 1099s, or employer verification.

Request only the documents needed to resolve the question.

Addendum A: Rental Subsidies and Public Benefits

Common Rental Subsidy Programs and Income Levels

Program	Acceptable for Tax Code Units?	Program Income Eligibility Max	Max Income AMI % Level	Max Income AMI $ Amount (2 PP/HH, NYC 2026)
Section 8	Yes	80% AMI	80% AMI	$88,680
HAVP	No	50% AMI	50% AMI	$67,850
CityFHEPS: Initial	No	200% FPL (32% AMI)	40% AMI	$54,280
CityFHEPS: Renewal	No	80% AMI	80% AMI	$88,680

Benefit Programs and Income Levels

Program	Acceptable for Tax Code Units?	Program Income Eligibility Max	Max Income AMI % Level	Max Income AMI $ Amount (2 PP/HH, NYC 2026)
Medicaid	Yes	223% FPL (36% AMI)	40% AMI	$54,280
TANF	Yes	200% FPL (32% AMI)	40% AMI	$54,280
WIC	Yes	185% FPL (30% AMI)	30% AMI	$40,710
SNAP	Yes	150% FPL (24% AMI)	30% AMI	$40,710

Requirements for Documentation Proving Federal Rental Subsidy and Benefits

- The income information must be received by means of third-party verification.
- The third-party verification must state the family size and must be for the entire family. Family members listed in the documentation must match the family composition on the application.
- The annual income **need not** be broken down by family member or income type.
- Income inclusions, exclusions, or deductions listed on award letters must not be considered.
- The award letter must show that the family income determination was made in the previous 12 months, based on any of the following:
  - Income determination effective date
  - Program administrator signature date

- Family signature date
- Report effective date
- Other report-specific date that verifies the income determination date

Addendum B: How to Calculate Yearly Income by Income Type

Collect income documents for every household member and calculate yearly income. Add each household member's income together to determine total household income. Do not add earned income for a household member under age 18. Unearned income is included for household members under age 18.

If documents look altered or suspicious, refer to Handbook Section 5-6 (D).

Income Type	Documents Required	How to Calculate Yearly Amount
No income	Zero Income Form (I-1)	$0
Wages, paid weekly	4 most recent consecutive paystubs	Average gross x 52. If pay rises or falls, use the new rate. Project income without bonuses or commissions, then add the bonuses or commissions.
Wages, paid every other week	2 most recent paystubs	Average gross x 26. If pay rises or falls, use the new rate. Project income without bonuses or commissions, then add the bonuses or commissions.
Wages, paid twice a month	2 most recent paystubs	Average gross x 24. If pay rises or falls, use the new rate. Project income without bonuses or commissions, then add the bonuses or commissions.
Wages, paid monthly	2 most recent paystubs	Average gross x 12. Project income without bonuses or commissions, then add the bonuses or commissions.
Wages, hourly	Employer Form I-3 sent by the Marketing Agent directly to the named employer and returned by the employer	Hourly rate x weekly hours x 52. Project income without bonuses or commissions, then add the bonuses or commissions.
Social Security	Award letter dated within the calendar year	Monthly gross amount x 12
SSI, pension, or disability	Award letter dated within 120 days of the finalized and signed TIC	Monthly gross amount x 12

Income Type	Documents Required	How to Calculate Yearly Amount
Unemployment	Award letter dated within 120 days of the finalized and signed TIC	Weekly amount x 52
Self-employment	Last year tax return and this year estimate	Net income reported on Schedule C
Child support, court ordered	Official payment history OR self-certification of frequency and amount	Count only the amount the household actually received.
Child support, informal	Self-certification of frequency and amount	Count only the money the household actually received.
Alimony	Separation or settlement agreement	Count only the money the household actually received. If no payment is coming in, the applicant should sign an attestation.
Regular or recurring gifts / family help	Signed statement	Monthly amount x 12. One-time gifts do not count toward income.
Student financial assistance	Student Financial Assistance Worksheet (Attachment J-2)	Use the worksheet. Federal aid such as Pell Grants and Work Study is never counted.