

CITY OF VANCOUVER CDBG PROGRAM
Microenterprise and Small Business Development:
Client Eligibility Policies and Procedures

INCOME LIMITS

CDBG-funded microenterprise programs serve small business owners and prospective owners with low to moderate income. All clients served must have household incomes at or below 80% of the area median income (AMI) according to annually published HUD income limits. The City of Vancouver provides a chart of current HUD limits on its website at: www.cityofvancouver.us/cdbg.

INCOME DETERMINATION OVERVIEW

Income and eligibility may be determined using a **self-certification form** backed up by at least **one piece of financial documentation**.

Clients will report their income based on the **HUD 24 CFR Part 5 definition of income**, defined as the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

Under the Part 5 definition, annual income includes:

- Wages and salaries, including overtime pay, commissions, fees, tips and bonuses
- Net income from the operation of a business or profession
- Interest, dividends, and other net income of any kind from real or personal property
- Regular payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits
- Unemployment and disability compensation, worker's compensation and severance pay
- Welfare assistance payments (Temporary Assistance for Needy Families)
- Alimony and child support payments
- All regular pay, special pay and allowances of a member of the Armed Forces
- Earnings equal to \$480 for each working, full-time student 18 years an older (excluding the head of household and spouse)

Under the Part 5 definition, annual income does *not* include:

- Income from employment of children (including foster children) under the age of 18 years
- Payments received for the care of foster children or foster adults
- Lump-sum additions to family assets, such as inheritances, insurance payments, capital gains and settlement for personal or property losses
- The full amount of student financial assistance paid directly to the student or to the educational institution
- Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse)

The Part 5 definition also takes into account households assets. Typical sources of assets include:

- Cash
- Equity
- Stocks
- Retirement accounts and pension funds
- Life insurance
- Personal property
- Deeds

PROCEDURE FOR DETERMINING INCOME

1. The client fills out a self-certification form that includes demographic, household, income and asset information (attached as Exhibit A). He/she shall include any household income that falls under the Part 5 income definition when self-reporting. The client attests via signature that all information provided is true and that he/she may be asked to verify the information at any time.
2. The client must submit at least one piece of income documentation that supports the self-reported household income (see list below).
3. The provider compares the client's household income to current HUD income limits and documents eligibility for CDBG-funded services. All participants served must have household incomes at or below 80% AMI.

ACCEPTABLE INCOME DOCUMENTATION

To reduce risk, the City of Vancouver requires providers to collect some form of financial documentation from the client that supports his/her self-reported household income. Providers should strive to collect information that most fully documents the household's primary income source(s).

At a minimum, one piece of income documentation must be collected. Acceptable forms of income documentation include:

- Proof of employment income in the form of:
 - Employment verification form completed by employer; or
 - Last 4-6 consecutive paycheck stubs showing year-to-date amounts for all household members; or
 - W-2 forms (only if the applicant has had the same employer for at least two years and current income can be accurately projected)
- If self-employed, tax returns for the last two years and a year-to-date profit and loss statement
- Award or benefit letters and/or account statements for TANF, Social Security, Supplemental Security Income, disability income, pensions, or unemployment benefits
- Proof of child support and/or spousal support received
- Any other documentation needed to support the primary source of household income such as a signed lease for rental income

RESIDENCY REQUIREMENT

To ensure that economic development benefits the City of Vancouver community, clients who receive CDBG-funded microenterprise assistance must also meet a residency requirement, defined as at least one of the following:

- Be a resident of Vancouver who would like to start a new business;
- Own an existing business located in Vancouver (client may reside elsewhere); or
- Open a new business located in Vancouver (client may reside elsewhere).

Use the "Do I Live in Vancouver?" website www.cityofvancouver.us/about-vancouver/do-i-live-in-vancouver/ to confirm that the client's residence or business is located in Vancouver.

**Attachment A: MICROENTERPRISE AND SMALL BUSINESS DEVELOPMENT PROGRAM
Demographic and Income Verification Form**

This program receives federal funding for management and operations, therefore we are required to collect client income and demographic information. We appreciate your willingness to assist us by completing the following form for our records.

CLIENT INFORMATION:

Last Name _____ First Name _____

Birth date ____/____/____ Gender: Male Female

Home Address _____ City _____ Zip Code _____

Primary Phone # _____ Email _____

DEMOGRAPHIC INFORMATION:

Race (please select all that apply):

- American Indian/Alaskan Native
- Asian
- Black/African American
- Native Hawaiian/Pacific Islander
- White
- Other
- No Response

Ethnicity (please select one):

- Hispanic non-Hispanic

Limited English Proficiency (Y/N) _____

HOUSEHOLD AND INCOME INFORMATION:

Name (List <u>all</u> household members, including yourself. You may attach another page if necessary.)	Age	Check if Applicable			Annual Gross Income	Source of Income (for example: job, own business, Social Security, retirement, etc.)
		Head of Household	Co-Head of Household	Full-Time Student 18 Yrs. or Older		

1. Annual gross income for all adult household members = \$ _____

HOUSEHOLD ASSETS:

Asset Type (for example: retirement account, personal property, etc.)	Current Cash Value of Asset	Actual Annual Income from Asset
A. Total Actual Income from Assets		
B. Total Cash Value of Assets		
C. If line B is greater than \$5,000, multiple by 2% and enter results here, otherwise leave blank		

2. Included household assets (the greater of lines A or C) = \$ _____

3. TOTAL ANNUAL INCOME (the sum of lines 1 and 2) = \$ _____

PLEASE READ AND INITIAL THE FOLLOWING STATEMENTS:

_____ I understand that I am making a long-term commitment to remain in contact with program staff for on-going support and business development services. I will submit actual or estimated quarterly and annual financial information to program staff, and I will provide a copy of my tax return (that is relevant to determining business income) annually through the end of my service.

_____ I hereby certify to the best of my knowledge that the information given herein is true and accurate and I understand that the information I have supplied is subject to verification.

CLIENT SIGNATURE _____ DATE _____

PROVIDER SIGNATURE _____ DATE _____