

## Chapter 11

### REEXAMINATIONS

#### INTRODUCTION

The AHA is required to reexamine each family's income and composition at least annually, and to adjust the family's level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and AHA policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

Policies governing reasonable accommodation, family privacy, required family cooperation, and program abuse, as described elsewhere in this plan, apply to both annual and interim reexaminations.

#### **PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]**

##### **11-I.A. OVERVIEW**

The AHA must conduct a reexamination of family income and composition at least annually. This includes gathering and verifying current information about family composition, income, and expenses. Based on this updated information, the family's income and rent must be recalculated. This part discusses the schedule for annual reexaminations, the information to be collected and verified, and annual reexamination effective dates.

##### **11-I.B. SCHEDULING ANNUAL REEXAMINATIONS**

The AHA must establish a policy to ensure that the annual reexamination for each family is completed *within* a 12-month period, and may require reexaminations more frequently [HCV GB p. 12-1].

The AHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the AHA will schedule annual reexamination effective dates to coincide with the family's anniversary date.

*Anniversary date* is defined as 12 months from the effective date of the family's last annual reexamination or, during a family's first year in the program, from the effective date of the family's initial examination (admission).

If the family moves to a new unit, the AHA will not perform a new annual reexamination.

The AHA also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes.

### **Notification of and Participation in the Annual Reexamination Process**

The AHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the AHA.

Families generally are required to participate in a reexamination interview every other year, which must be attended by the head of household, spouse, or cohead. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the AHA to request a reasonable accommodation (see Chapter 2).

In years where the family is not required to participate in an interview, the annual reexamination will be conducted by mail. Notification of the reexamination will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the AHA, and the deadline for providing it. Documents will be accepted by mail, by fax, or in person.

If the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family's address of record, as well as to any alternate address provided in the family's file.

An interview will be scheduled if the family requests assistance in providing information or documentation requested by the AHA.

Notification of reexamination interviews will be sent by first-class mail and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

If the family is unable to attend a scheduled interview, the family should contact the AHA in advance of the interview to schedule a new appointment. If a family misses the scheduled interview without notifying the AHA within 24 hours of the appointment, a notice of termination (see Chapter 12) will be sent to the family's address of record, and to any alternate address provided in the family's file.

An advocate, interpreter, or other assistant may assist the family in the interview process.

### **11-I.C. CONDUCTING ANNUAL REEXAMINATIONS**

As part of the annual reexamination process, families are required to provide updated information to the AHA regarding the family's income, expenses, and composition [24 CFR 982.551(b)].

Families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment or to supply all required information (as described in the reexamination notice) before the deadline specified in the notice in years in which no interview is required. The required information will include a AHA-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.

Any required documents or information that the family is unable to provide at the time of the interview or by mail must be provided within 14 calendar days of the date the AHA notifies the family. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

The information provided by the family generally must be verified in accordance with the policies in Chapter 7. Unless the family reports a change, or the agency has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person's disability status
- Citizenship or immigration status

**Streamlined annual re-certification for fixed sources of incomes. 24 CFR 982.516**

The AHA has selected to adopt a streamlined income determination for any family member with a fixed source of income. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification.

For the family member's income from fixed sources, the AHA must perform third-party verification at least every three years. The AHA must continue to conduct third-party verification of deductions. For the fixed income source on the first year after the third-party verification, the AHA will determine if the source is a fixed source of income, and if it is, will use a third-party verified cost of living adjustment (COLA) to calculate the increased income. The second year after the third-party verification, the AHA will use a third-party verified cost of living adjustment (COLA) to calculate the increased income. The next year will require a third-party verification of the fixed source of income and not just the COLA. Public sources, such as the Social Security Administration's website can be used to verify a COLA. To allow for simplified file management, the AHA will obtain the third-party verification of the fixed income source in years that are divisible by three (3).

Fixed sources of income includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans;
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments; or
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

**Adding New Family Member** If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) (see Chapter 8), the AHA must issue the family a new voucher, and the family and AHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the AHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

In the case of a PBV unit, the family and the owner will be notified within 14 calendar days that the family will be offered continued assistance in another unit. This assistance may be in one of the following forms:

- Another project-based unit;
- A tenant-based voucher; or
- A HOME unit.

If the AHA offers the family the opportunity to receive a tenant-based voucher, the AHA will terminate HAP for the wrong-sized PBV unit at expiration of the term of the family's HCV voucher including any extension granted by the AHA. If the AHA offers the family the opportunity for another project-based unit or a HOME unit and the family does not accept the offer or does not move out of the wrong-sized project-based unit within 30 calendar days from the date of the offer to accept the other unit, the AHA will terminate HAP for the wrong-sized or accessible unit, at the expiration of the 30-day time period.

#### **11-I.D. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS [24 CFR 982.552(b)(5)]**

Section 327 of Public Law 109-115 established new restrictions on the ongoing eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled in an institution of higher education is under the age of 24, is not a veteran, is not married, and does not have a dependent child, the student's eligibility must be reexamined along with the income eligibility of the student's parents on an annual basis. In these cases, both the student and the student's parents must be income eligible for the student to continue to receive HCV assistance. If, however, a student in these circumstances is determined independent from his or her parents in

accordance with AHA policy, the income of the student's parents will not be considered in determining the student's ongoing eligibility.

Students who reside with parents in an HCV assisted unit are not subject to this provision. It is limited to students who are receiving assistance on their own, separately from their parents.

During the annual reexamination process, the AHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612 by reviewing the student's individual income as well as the income of the student's parents. If the student has been determined "independent" from his/her parents based on the policies in Sections 3-II.E and 7-II.E, the parents' income will not be reviewed.

If the student is no longer income eligible based on his/her own income or the income of his/her parents, the student's assistance will be terminated in accordance with the policies in Section 12-I.D.

If the student continues to be income eligible based on his/her own income and the income of his/her parents (if applicable), the AHA will process a reexamination in accordance with the policies in this chapter.

#### **11-I.E. EFFECTIVE DATES**

The AHA must establish policies concerning the effective date of changes that result from an annual reexamination [24 CFR 982.516].

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 days in advance.

If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.

If the family causes a delay in processing the annual reexamination, *increases* in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.

If the family causes a delay in processing the annual reexamination, *decreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the AHA by the date specified, and this delay prevents the AHA from completing the reexamination as scheduled.

## **PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]**

### **11-II.A. OVERVIEW**

Family circumstances may change throughout the period between annual reexaminations. HUD and AHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the AHA must process interim reexaminations to reflect those changes. HUD regulations also permit the AHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. The AHA must complete the interim reexamination within a reasonable time after the family's request.

This part includes HUD and AHA policies describing what changes families are required to report, what changes families may choose to report, and how the AHA will process both AHA- and family-initiated interim reexaminations.

### **11-II.B. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION**

The AHA must adopt policies prescribing when and under what conditions the family must report changes in family composition. However, due to family obligations under the program, the AHA has limited discretion in this area.

The AHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.

#### **New Family Members Not Requiring Approval**

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require AHA approval. However, the family is required to promptly notify the AHA of the addition [24 CFR 982.551(h)(2)].

The family must inform the AHA of the birth, adoption or court-awarded custody of a child within 14 calendar days.

#### **New Family and Household Members Requiring Approval**

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request AHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the AHA must conduct a reexamination to determine any new income or deductions associated with the additional family member, and to make appropriate adjustments in the family share of the rent and the HAP payment [24 CFR 982.516(e)].

If a change in family size causes a violation of Housing Quality Standards (HQS) space standards (see Chapter 8), the AHA must issue the family a new voucher, and the family and AHA must try to find an acceptable unit as soon as possible. If an acceptable

unit is available for rental by the family, the AHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

Families must request AHA approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than 14 consecutive days, or 30 cumulative days, within a 12-month period, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the AHA prior to the individual moving in the unit.

The AHA will not approve the addition of a new family or household member unless the individual meets the AHA’s eligibility criteria (see Chapter 3).

The AHA will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.

If the AHA determines an individual meets the AHA’s eligibility criteria as defined in Chapter 3, the AHA will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued another voucher and will be required to move.

If the AHA determines that an individual does not meet the AHA’s eligibility criteria as defined in Chapter 3, the AHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The AHA will make its determination within 14 calendar days of receiving all information required to verify the individual’s eligibility.

### **Departure of a Family or Household Member**

Families must promptly notify the AHA if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the AHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

If a household member ceases to reside in the unit, the family must inform the AHA within 14 calendar days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the AHA within 14 calendar days.

### **11-II.C. CHANGES AFFECTING INCOME OR EXPENSES**

Interim reexaminations can be scheduled either because the AHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the AHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so. The AHA will process interims within 45 days of receiving all required information and documentation.

### **AHA-Initiated Interim Reexaminations**

AHA-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by the AHA. They are not scheduled because of changes reported by the family.

The AHA will conduct interim reexaminations in each of the following instances:

For families receiving the Earned Income Disallowance (EID), the AHA will conduct an interim reexamination at the start and conclusion of the second 12-month exclusion period (50 percent phase-in period).

If the family has reported zero income, the AHA will conduct an interim reexamination every 3 months as long as the family continues to report that they have no income.

If at the time of the annual reexamination, tenant-provided documents were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, the AHA will conduct an interim reexamination.

The AHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

### **Family-Initiated Interim Reexaminations**

The AHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

#### ***Required Reporting***

HUD regulations give the AHA the freedom to determine the circumstances under which families will be required to report changes affecting income.

Families are required to report all increases in income, including new employment, within 14 calendar days of the date the change takes effect.

The AHA will conduct interim reexaminations for families that qualify for the earned income disallowance (EID), and only when the EID family's share of rent will change as a result of the increase. The AHA also will conduct an interim reexamination if the tenant reports an annual increase in gross income of \$5,000 or more. If the result is an increase in the tenant's portion of the rent, the increase will be effective on the first day of the second month following the month in which the change occurred.

In all other cases, the AHA will note the information in the tenant file, but will not conduct an interim reexamination.

#### ***Optional Reporting***

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The AHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

## **11-II.D. PROCESSING THE INTERIM REEXAMINATION**

### **Method of Reporting**

The family must notify the AHA of all changes by submitting a Tenant Report of Change form.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if the AHA determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, the AHA will determine the documentation the family will be required to submit. The family must submit any required information or documents within 14 calendar days of receiving a request from the AHA. This time frame may be extended for good cause with AHA approval. The AHA will accept required documentation by mail, by fax, or in person.

### **Effective Dates**

The AHA must establish the time frames in which any changes that result from an interim reexamination will take effect [24 CFR 982.516(d)]. The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [HCV GB, p. 12-10].

If the family share of the rent is to *increase*:

The increase generally will be effective on the first of the month following 30 days' notice to the family.

If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the family share of the rent is to *decrease*:

The decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

## **PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT**

### **11-III.A. OVERVIEW**

After gathering and verifying required information for an annual or interim reexamination, the AHA must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

### **11-III.B. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES**

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the AHA's calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

#### **Payment Standards [24 CFR 982.505]**

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [HCV GB, p. 12-5]. See Chapter 6 for information on how to select the appropriate payment standard.

When the AHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the AHA's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
  - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
  - If the payment standard amount has *decreased*, the decreased payment standard will be applied at the *second annual* reexamination following the effective date of the decrease in the payment standard.
- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed. If the family is in a PBV unit, the family will not be allowed to remain in place, but will be required to move within 30 calendar days as described in 11-II.B.

#### **Subsidy Standards [24 CFR 982.505(c)(4)]**

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the AHA's subsidy standards (see Chapter 5), the new family unit size must be used to determine

the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

### **Utility Allowances [24 CFR 982.517(d)]**

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the AHA's utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the AHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the AHA must use the AHA current utility allowance schedule [24 CFR 982.517(d)(2)].

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual reexamination after the allowance is adopted.

### **11-III.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT**

The AHA must notify the owner and family of any changes in the amount of the HAP payment [HUD-52641, HAP Contract]. The notice must include the following information [HCV GB, p. 12-6]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an informal hearing regarding the AHA's determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [24 CFR 982.555(a)(1)(i)] (see Chapter 16).

### **11-III.D. DISCREPANCIES**

During an annual or interim reexamination, the AHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the AHA may discover errors made by the AHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.