

CHAPTER 11.B: REEXAMINATIONS

INTRODUCTION

This chapter is applicable upon the PHA's HOTMA 102/104 compliance date. Prior to this date, the PHA will follow policies as outlined in Chapter 11.A. of the model policy.

The PHA 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 PHA 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: Non-Interim Reexamination Transaction. This part describes transactions that do not entail changes to the family's adjusted income.

Part ~~III~~IV: 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 PHA 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.

Unlike when performing an interim reexamination or at intake, at annual reexamination, the PHA must determine the income of the family for the previous 12-month period, except where the PHA uses a streamlined income determination. Income from assets, however, is always anticipated, irrespective of the income examination type [Notice PIH 2023-27]. PHAs also have the option of using a Safe Harbor income verification from another federal means-tested program to verify gross annual income. Chapter 7 contains the PHA's policies related to streamlined income determinations and the use of Safe Harbor income verifications.

11-I.B. SCHEDULING ANNUAL REEXAMINATIONS

The PHA 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].

PHA Policy

- The PHA will begin the annual reexamination process approximately 90-120 days in advance of its scheduled effective date. The PHA will schedule annual re-examination effective dates to coincide with the family's anniversary date, or no later than twelve (12) months after the previous annual re-examination was completed.
- Anniversary date is defined as twelve (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).
- The annual recertification process will be conducted by one or more of the following:
 - Online
 - In person
 - Through the mail

- If the family moves to a new unit, the PHA will perform a new annual reexamination.
- If participation in the annual recertification process poses a hardship because of a family members' disability, the family should contact the PHA to request a reasonable accommodation.

Notification of and Participation in the Annual Reexamination Process

The PHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the PHA. However, PHAs should give tenants who were not provided the opportunity the option to complete Form HUD-92006 at this time [Notice PIH 2009-36].

PHA Policy

- Families are required to participate with the annual reexamination process, this may include completing a phone interview with HRA staff.
- Notification of annual reexamination will be sent electronically and will contain information regarding the requirements to complete the annual recertification process.
- Families that fail to cooperate with the first notice to complete their annual recertification process will receive a second and final notice.
- The Metro HRA will consider other forms of communication under extenuating circumstances or as a reasonable accommodation, persons with disabilities.
- If participation in the annual recertification process poses a hardship because of a family members' disability, the family should contact the PHA to request a reasonable accommodation.
- Notification regarding free interpretation service, upon request will be provided with all letters sent to participants for their annual recertification process.
- If a family fails to comply with the required recertification process, a notice of termination will be sent to the family or to any secondary contact designated by the family.

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

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

- PHA Policy

- Families must provide required information (as described in the reexamination notice) to complete the annual recertification. The required information will include, but not be limited to, Tenant Information Form, Authorization for the Release of Information/Privacy Act Notice, supporting documents or forms related to the family's income, expenses, and family composition.
- If the family is unable to obtain the required documentation within the required time period to complete the recertification, the family will be granted an additional ten (10) business day period. If the family does not provide the required documents or information within the required time frame, the family will be sent a notice of termination (See Chapter 12).
- The PHA may request or schedule an in-person or phone interview. Families may be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment.
- If the family does not provide required documents or information within the required time (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

Additionally, HUD recommends that at annual reexaminations PHAs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [Notice PIH 2012-28].

- PHA Policy

- At the annual reexamination, the PHA will ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state. The PHA will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

If the PHA proposes to terminate assistance based on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to termination. [24 CFR 5.903(f) and 5.905(d)] (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 PHA 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

If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) (see Chapter 8), the PHA will reevaluate the eligible voucher size according to policy for determining voucher size (see Chapter 5).

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, and is not a person with disabilities receiving the HCV assistance as of November 30, 2005, 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 their parents or is considered a vulnerable youth in accordance with PHA 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.

PHA Policy

- During the annual reexamination process, the PHA 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 their parents or is considered a vulnerable youth 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 their 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 their own income and the income of his/her parents (if applicable), the PHA will process a reexamination in accordance with the policies in this chapter.

11-I.E. EFFECTIVE DATES CALCULATING INCOME AT ANNUAL REEXAMINATION

[24 CFR 5.609(c)(2) and Notice PIH 2023-27]

The PHA must determine the income of the family for the previous 12-month period and use this amount as the family income for annual reexaminations, except where the PHA uses a streamlined income determination as indicated in Chapter 7 of this policy. The PHA may also use Safe Harbor income determinations dated within the last 12 months from a means-tested federal public assistance program at annual reexamination as outlined in Chapter 7 of this policy.

Except when using streamlined or Safe Harbor income determinations, in determining the income of the family for the previous 12-month period, any change of income since the family's last annual reexamination, including those that did not meet the threshold to process an interim reexamination in accordance with PHA policies and 24 CFR 5.657(c) or 960.257(b) must be considered.

Income from assets is always anticipated, irrespective of the income examination type.

A change in income may be a loss of income or the addition of a new source of income. Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same. The PHA should look at the entirety of the family's unearned income and earned income from the prior year in which earned income may have been one constant job or many different jobs that start and stop.

Cost of Living Adjustments (COLA) to Social Security income and Social Security disability income are always considered changes to income because the COLA is an adjustment that automatically occurs annually by law. See Chapter 6 for PHA policies on when the COLA is applied and Chapter 7 on streamlined determination of income for inflationary adjustments.

Step 1: The PHA determines annual income for the previous 12-month period by reviewing the following information:

- The EIV Income Report pulled within 120 days of the effective date of the annual reexamination;
- The income reported on the most recent HUD–50058; and
- The amount of prior-year income reported by the family on the PHA's annual reexamination paperwork.

Step 2: The PHA takes into consideration any interim reexamination of family income completed since the last annual reexamination.

- If there was an interim reexamination performed within the last reexamination cycle and there are no additional changes, the PHA must use the annual income from the interim to determine the family's total annual income. The PHA may use verification obtained from the interim for this step.
- If the PHA did not perform an interim or there have been changes since the last reexamination, the PHA moves to Step 3.

Step 3: If there were changes in annual income not processed by the PHA since the last reexamination, the PHA must use current income. The family will be required to report their income for the prior year and whether there have been permanent changes.

If there are no reported changes to an income source, the PHA may use documentation of prior-year income to calculate the annual income. For example, the PHA may use the following documentation:

- EIV + self-certification (wages, Supplemental Security Income (SSI), Social Security, and unemployment)
- Current written third-party verification from the source verifying prior-year income that is dated within 120 days of receipt by the PHA, for example:
 - Year-end statements
 - Paystub with year-to-date amounts
 - Tax forms (Form 1040, W2, 1099, etc.)

If there are reported changes by the family or the PHA notes discrepancies between EIV and what the family reports, the PHA must follow the verification hierarchy (described in Chapter 7) to document and verify income. Exhibit 11-1 provides detailed examples of how the PHA calculates income from different sources at annual reexamination using the above method.

- When income is calculated using Safe Harbor determination from a means-tested federal public assistance program in accordance with PHA policies in Chapter 7, the above is not applicable. However, where the family disagrees with the PHA or other agency's determination of income or the PHA has other reason to use third-party verification in these circumstances, then the above will apply.

11-I.F. EFFECTIVE DATES

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

PHA Policy

- 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 in advance.
 - If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP Contract.
 - 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 a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP Contract.
 - ~~○ If the family causes a delay in processing the annual reexamination, decreases in the family share of the rent will be applied , 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 PHA by the date specified, and this delay prevents the PHA from completing the reexamination as scheduled.

PART II: INTERIM ~~RENT~~ REEXAMINATIONS ~~CHANGES~~

[24 CFR 982.516; Notice PIH 2023-27]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and PHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PHA must process interim reexaminations to reflect those changes.

A family may request an interim determination of family income or composition because of any changes since the last determination. The PHA must conduct any interim reexamination within a reasonable period of time after the family request or when the PHA becomes aware of a change in the family's adjusted income that must be processed in accordance with HUD regulations. What qualifies as a "reasonable time" may vary based on the amount of time it takes to verify information, but the PHA generally should conduct the interim reexamination not longer than 30 days after the PHA becomes aware of changes in income.

~~HUD regulations also permit the PHA 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].~~

Notice PIH 2023-27 changes the conditions under which interim reexaminations must be conducted, codifies when interim reexaminations should be processed and made effective, and requires related changes for annual reexaminations and streamlined income determinations. When the PHA determines that an interim reexamination of income is necessary, they must ask the family to report changes in all aspects of adjusted income.

~~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.~~

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

Reporting

PHAs must require families to report household composition changes; however, PHAs determine the timeframe in which reporting happens [Notice PIH 2023-27]. The PHA must adopt policies prescribing when and under what conditions the family must report changes in income and family composition [24 CFR 960.257(b)(5)].

PHA Policy

- All families must report all changes in family and household composition that occur between annual reexaminations within 30 days of the change.

~~The family is required to report all changes in family composition. The PHA must adopt policies prescribing when and under what conditions the family must report changes in income and housing composition.~~

PHA Policy

- ~~The PHA will conduct interim reexaminations when there is a change in household composition that occur between annual reexaminations.~~

New Family Members Not Requiring PHA Approval

The addition of a family member as a result of birth, adoption, court-awarded custody, in accordance with MN Stat. 524.5-.211 Delegation of Parental Authority, or by written permission of the parent or other person having custody of the child, does not require PHA approval.

However, the family is required to notify the PHA within 30 days of the addition [24 CFR 982.551(h)(2)].

New Family and Household Members Requiring Approval

With the exception of children who join the family as a result of birth, adoption, court-awarded custody or in accordance with MN Stat. 524.5-.244 Delegation of Parental Authority, or by written permission of the parent or other person having custody of the child, a family must request PHA 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)].

Although the PHA must verify aspects of program eligibility when any new family member is added, the Streamlining Final Rule removed the requirement that PHAs conduct a reexamination of income whenever a new family member is added. The PHA may state in policy that an income reexamination will be conducted.

If a change in family size causes a violation of space standards (see Chapter 8), the PHA will issue the family a new voucher according to policy (see Chapter 5). If an acceptable unit is available for rental by the family, the PHA must terminate the family's HAP contract in accordance with its terms [24 CFR 982.403].

PHA Policy

- Families must request PHA 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 thirty (30) cumulative days and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the PHA prior to the individual moving into the unit.
- The PHA will not approve the addition of a new family or household member unless the individual meets the PHA’s eligibility criteria (see Chapter 3). If the PHA determines that an individual does not meet the PHA’s eligibility criteria as defined in Chapter 3, and documentation requirements (see Chapter 7) the PHA will notify the family of its decision to deny approval of the new family or household member and the reasons for the denial.
- The PHA will not approve an addition if it will cause a violation of HQS space standards. However, 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 may be issued another voucher and will be required to move.
- The PHA will make its determination after receiving all information required to verify the individual’s eligibility.
- If the addition of the family member increases the subsidy standard, the change will be effective at the next recertification or if the family moves.

Departure of a Family or Household Member

Families must notify the PHA within 30 days if any household 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 PHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

PHA Policy

- If a household member ceases to reside in the unit, the family must inform the PHA within thirty (30) days of the change. This requirement also applies to a family member who has been considered temporarily absent (not to exceed 180 days) at the point that the family concludes the individual is permanently absent (see Chapter 3, 3-I.L. Absent Family members).
- If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the PHA within thirty (30) days.

Changes in Family Unit Size (Voucher Size) [24 CFR 982.505(c)(6)]

Changes effective 12/3/24 and later: Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP Contract term, the new family unit size may be used to determine the payment standard immediately or at the family's first regular reexamination following the change in family unit size.

PHA Policy

- If the family unit size (voucher size) changes during the term of a HAP Contract, the new family unit size will be used to determine the payment standard at the family's first regular reexamination following the change in family unit size.

For reference and audit purposes, for changes effective 12/2/24 and earlier: Irrespective of any increase or decrease in the payment standard, if the family unit size increased or decreased during the HAP contract term, HUD required the new family unit size to be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations for changes in income or expenses may be scheduled either because the PHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change.

The PHA must estimate the income of the family for the upcoming 12-month period to determine family income for an interim reexamination [24 CFR 5.609(c)(1)]. Policies for projecting income are found in Chapter 6.

~~Interim reexaminations can be scheduled either because the PHA 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 PHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.~~

Interim Decreases [24 CFR 982.516(c)(2) and Notice PIH 2023-27]

A family may request an interim determination of family income for any change since the last determination. However, the PHA may decline to conduct an interim reexamination if the PHA estimates the family's adjusted income will decrease by an amount that is less than 10 percent of the family's adjusted income. The PHA may set a lower threshold in PHA policy such as performing an interim for any decreases in adjusted income, although HUD prohibits the PHA from setting a dollar-figure threshold.

However, while the PHA has some discretion, HUD requires that the PHA perform an interim reexamination for a decrease in adjusted income of any amount in two circumstances:

- When there is a decrease in family size attributed to the death of a family member; or
- When a family member permanently moves out of the assisted unit during the period since the family's last reexamination.

In the above circumstances, the PHA must perform an interim reexamination for any decrease in adjusted income.

If the net effect of the changes in adjusted income due to a decrease in family size results in no change or an increase in annual adjusted income, then PHA must process the removal of the household member(s) as a non-interim reexamination transaction without making changes to the family's annual adjusted income.

PHA Policy

- The PHA will conduct an interim reexamination any time the family's adjusted income has decreased by any amount.

Interim Increases [24 CFR 982.516(c)(3) and Notice PIH 2023-27]

Increases Less than 10 Percent

PHAs must not process interim reexaminations for income increases that result in less than a 10 percent increase in annual adjusted income.

Increases 10 Percent or Greater

PHAs must conduct an interim reexamination of family income when the PHA becomes aware that the family's adjusted income has changed by an amount that the PHA estimates will result in an increase of 10 percent or more in adjusted income, with the following exceptions:

- PHAs may not consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased, unless the family has previously received an interim reduction during the same reexamination cycle; and
- PHAs may choose not to conduct an interim reexamination during the last three months of a certification period if a family reports an increase in income within three months of the next annual reexamination effective date.

When the family previously received an interim reexamination for a decrease to adjusted income during the same annual reexamination cycle, a PHA has the discretion whether to consider a subsequent increase in earned income.

PHA Policy

- When a family reports an increase in their earned income between annual reexaminations, the PHA will not conduct an interim reexamination, regardless of the amount of the increase, and regardless of whether there was a previous decrease since the family's last annual reexamination.
- The PHA will process an interim reexamination for any increases in unearned income of 10 percent or more in adjusted income.
- The PHA will not perform an interim reexamination when a family reports an increase in income (whether earned or unearned income) within three months of their annual reexamination effective date. However, families who delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with the PHA policies in Chapter 14.

Concurrent Increases in Earned and Unearned Income [Notice PIH 2023-27]

When the family reports an increase in both earned and unearned income at the same time, the PHA must look at the earned and unearned income changes independently of each other to determine if an interim reexamination is performed. The PHA will only conduct an interim reexamination when the increase independently meets the 10 percent threshold and all other requirements for performing interim reexaminations. For example, if a family reported increases in both earned and unearned income that overall resulted in a 12 percent increase in their adjusted income, but the change in earned income represented a 7 percent increase and the change in unearned income represented a 5 percent increase, the PHA may not perform an interim for either change since neither change meets the 10 percent threshold amount independently. If the change in unearned income met the 10 percent threshold in this case, the PHA would be required to perform an interim. If the change in earned income met the 10 percent threshold in this case, the PHA would refer to PHA policy to determine whether an interim was required.

Cumulative Increases [Notice PIH 2023-27]

A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point the PHA must conduct an interim reexamination in accordance with PHA policy.

PHA Policy

- ~~Families are required to report all changes in family income within 30 days of the change.~~
- ~~Changes in rent will occur according to the following:~~
 - ~~The PHA determines the family's subsidy is based on zero income of the household. Changes must be reported within thirty (30) days of the change. Interim increases will be implemented no later than the first of the month following 90 days after the change has occurred. Unreported changes in income may require the execution of a participant repayment agreement.~~
 - ~~The household experiences a decrease in income.~~
 - ~~A participant is eligible for Earned Income Disallowance (EID) and an exclusion period ends.~~
 - ~~The PHA 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.~~
 - ~~If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, the PHA will note the information in the tenant file but will not conduct an interim reexamination.~~
 - ~~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].~~
 - ~~If a family reports a decrease in income due to child support reduction, an interim will be processed 6 months after the effective decrease if supported with a 12-month history report of payments received unless benefits end due to death, incarceration or emancipated minor.~~
 - ~~If a family reports a decrease in an income source, any replacement income will be considered in processing the interim change.~~

Family Reporting

The PHA must adopt policies consistent with HUD regulations prescribing when and under what conditions the family must report a change in family income or composition [24 CFR 982.516(d)].

PHA policy may require families to report only changes that the family estimates meet the threshold for an interim reexamination or the PHA may establish policies requiring that families report all changes in income and household composition, and the PHA will subsequently determine if the change requires an interim reexamination [Notice PIH 2023-27].

When the PHA determines that an interim reexamination of income is necessary, they must ask the family to report changes in all aspects of adjusted income. For example, if the family is reporting a decrease in adjusted income that is more than 10 percent, but the family also had a change in assets that would result in a change in income, the change in assets must also be reviewed [Notice PIH 2023-27].

PHA Policy

- The family will be required to report all changes in income regardless of the amount of the change, whether the change is to earned or unearned income, or if the change occurred during the last three months of the certification period. Families must report changes in income within thirty (30) days of the date the change takes effect. The family may notify the PHA of changes either orally or in writing, including email. If the family provides oral notice, the PHA may also require the family to submit the changes in writing, including email.
- The PHA will determine whether the change will require an interim reexamination.
 - If the change will not result in an interim reexamination, the PHA will note the information in the tenant file but will not conduct an interim reexamination. The PHA will send the family written notification (which may be emailed) informing the family that the PHA will not conduct an interim reexamination.
 - If the change will result in an interim reexamination, the PHA will determine the documentation the family will be required to submit based on the type of change reported and PHA policies in Chapter 7. The PHA will ask the family to report changes in all aspects of adjusted income at this time. The family must submit any required information or documents within ten (10) business days of receiving a request from the PHA. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, email, or in person. The PHA will conduct the interim within a reasonable time period based on the amount of time it takes to verify the information.
- Generally, the family will not be required to attend an interview for an interim reexamination. However, if the PHA determines that an interview is warranted, the family may be required to attend.

11-II.D. EFFECTIVE DATES

Changes Reported Timely [Notice PIH 2023-27]

If the family reports a change in family income or composition timely in accordance with PHA policies:

- For rent increases, the PHA must provide the family with thirty (30) days advance written notice. The rent increase is effective the first of the month after the end of that thirty (30)-day notice period.
- Rent decreases are effective on the first of the month after the date of the actual change leading to the interim reexamination of family income. This means the decrease will be applied retroactively.

Changes Not Reported Timely [Notice PIH 2023-27]

If the family failed to report a change in family income or composition timely in accordance with PHA policies:

- For rent increases, the PHA must implement any resulting rent increases retroactively to the first of the month following the date of the change leading to the interim reexamination of family income.
- For rent decreases, the PHA must implement the change no later than the first rent period following completion of the interim reexamination.

However, the PHA may choose to adopt a policy that would make the effective date of the rent decrease retroactive to the first of the month following completion of the reexamination. PHAs may choose to establish conditions or requirements for when such a retroactive application would apply. PHAs that choose to adopt such policies must ensure the earliest date that the retroactive decrease is applied is the later of:

- The first of the month following the date of the change that led to the interim reexamination; or
- The first of the month following the most recent previous income examination.

In applying a retroactive change in rent as the result of an interim reexamination, the PHA must clearly communicate the effect of the retroactive adjustment to the family so that there is no confusion over the amount of the rent that is the family's responsibility.

- PHA Policy
 - In general, when the family fails to report a change in income or family composition timely, and the change would lead to a rent decrease, the PHA will apply the decrease the first of the month following completion of the interim reexamination.
 - However, the PHA will apply the results of the interim reexamination retroactively where a family's ability to report a change in income promptly may have been hampered due to extenuating circumstances such as a natural disaster or

disruptions to PHA management operations. The PHA will decide to apply decreases retroactively on a case-by-case basis.

- When the PHA applies the results of interim increases retroactively, the PHA will clearly communicate the effect of the retroactive adjustment to the family and may enter into a repayment agreement in accordance with PHA policies.
- The PHA will also clearly communicate the effect of the retroactive adjustment to the owner.

PHA Policy

- ~~The interim recertification process will be conducted by one or more of the following:~~
 - ~~Online~~
 - ~~In person~~
 - ~~Through the mail~~
- ~~Generally, the family will not be required to attend an interview for an interim reexamination. However, if the PHA determines that an interview is warranted, the family may be required to attend.~~
- ~~Based on the type of change reported, the PHA will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 business days of receiving a request from the PHA. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, electronically, by fax, or in person.~~

Effective Dates

~~The PHA 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].~~

PHA Policy

- ~~If the family share of the rent is to increase:~~
 - ~~Interim increases will be implemented no later than the first of the month following 90 days after the change has occurred.~~
 - ~~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: o The decrease will be effective on the first day of the month following the month in which the change was reported. In cases where the change cannot be verified by the participant until after the date the change would have become effective, the change will be made retroactively.~~

PART III: ~~RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT~~ NON-INTERIM REEXAMINATION TRANSACTIONS

[Notice PIH 2023-27]

Families may experience changes within the household that do not trigger an interim reexamination under PHA policy and HUD regulations, but which HUD still requires the PHA to report to HUD via Form HUD-50058. These are known as non-interim reexamination transactions. In these cases, PHAs will submit a separate, new action code on Form HUD-50058. The following is a list of non-interim reexamination transactions:

- Adding or removing a hardship exemption for the childcare expense deduction;
- Updating or removing the phased-in hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction (families will begin receiving a 24-month phased-in relief at their next annual or interim reexamination, whichever occurs first);
- Adding or removing general hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction;
- Adding or removing a minimum rent hardship;
- Adding or removing a non-family member (i.e., live-in aide, foster child, foster adult);
- Ending a family's EID or excluding 50 percent (decreased from 100 percent) of a family member's increase in employment income at the start of the second 12-month EID period.
- Adding a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Removing a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Adding/updating a family or household member's Social Security number;
- Updating a family member's citizenship status from eligible to ineligible or vice versa, resulting in a change to the family's rent and/or utility reimbursement, if applicable (i.e., family begins receiving prorated assistance or previously prorated assistance becomes full assistance), or updating the prorated rent calculation due to the addition or removal of family members in household with an ineligible noncitizen(s); and
- Rent increases

PHAs must make all other changes to assets, income, and deductions at the next annual or interim reexamination of income, whichever is sooner.

PART IV: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-~~IV~~VII.A. OVERVIEW

After gathering, verifying, and analyzing required information for an annual or interim reexamination, the PHA ~~may, if applicable-~~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-~~IV~~VII.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 PHA's calculations.

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

Payment Standards [24 CFR 982.505 and FR Notice 5/7/24]

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 PHA changes its payment standard or when there is a change in family composition.

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

- ~~• If the PHA'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: o 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.~~
- ~~o If the payment standard amount has decreased, during the term of a HAP contract, the PHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family's second annual reexamination, the PHA may, but is not required to, apply the decreased payment standard or may gradually implement the reduced payment standard (See Chapter 6 for the PHA's policy on decreases 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.~~

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 PHA'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 PHA'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 PHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the PHA must use the PHA current utility allowance schedule [HCV GB, p. 18- 8].

PHA Policy

- 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-IIIIV.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

The PHA 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 PHA'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).

PHA Policy

- The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-IIIIV.D. DISCREPANCIES

During an annual or interim reexamination, the PHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the PHA may discover errors made by the PHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 14.

EXHIBIT 11-1: CALCULATING INCOME AT ANNUAL REEXAMINATION

Example 1: Calculating Annual Income at Annual Reexamination Using EIV

Staff are processing the March 1 annual reexamination for Ruby Myers and her minor daughter, Georgia. No interim reexaminations have been processed, and Ruby has not reported any changes to annual income to the PHA since the last annual reexamination. The SSA published COLA is 7 percent.

Last Reexamination – Annual Reexamination

Ruby: Wages \$30,000

Georgia: SSI \$10,980 (\$915 monthly)

EIV reported pulled on 12/15

Ruby: Wages total: \$33,651

Quarter 3 last year: \$8,859 (City Public School)

Quarter 2 last year: \$8,616 (City Public School)

Quarter 1 last year: \$8,823 (City Public School)

Quarter 4 previous year: \$7,353 (City Public School)

Georgia: SSI total: \$10,980

Last year: \$915 monthly benefit

Income Reported on Reexamination Application

- Ruby: Wages at City Public School: \$32,000 (switched jobs but no permanent change to amount)
- Georgia: SSI benefits: \$10,980 (no changes)

Calculating Ruby's wages:

- Step 1: Determine prior annual income from EIV (i.e., Q4 previous year through Q3 last year: \$33,651).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination (in this case, there have been no interim reexaminations processed since the last annual reexamination).
- Step 3: Ruby certifies that the \$33,651 of wages in EIV is accurate and reflects her current annual income, so the PHA will use \$33,651 for annual wages for the March 1 annual reexamination given there have been no additional changes to annual income.

If Ruby did not agree with the annual wages reported in EIV, the PHA/MFH Owner would be required to verify her current income in accordance with HUD's verification hierarchy.

Calculating Georgia's SSI benefit:

- Step 1: Determine the prior annual income from EIV (i.e., \$915 x 12 months: \$10,980).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination (in this case, there have been no interim reexaminations processed since the last annual reexamination).
- Step 3: Ruby certifies the SSI income in EIV is accurate and reflects Georgia's current annual income. The PHA must adjust the prior-year income (2023 SSI benefit) by the 7-percent COLA and will use this amount to calculate annual SSI income for the March 1 annual reexamination:
- COLA: \$64.05 (\$915 x 0.07)
- New gross SSI benefit: \$11,748.60 (\$979.05 x 12 months)

Summary of Annual Income (as reported on the HUD-50058)

- Ruby (Head of Household)
 - Other wage: \$33,651

- Georgia (Other Youth Under 18)
 - SSI: \$11,748

Myers Family Total Annual Income: \$45,399

Example 2: Calculating Annual Income at Annual Reexamination Using EIV

Family Disagrees with EIV

Staff are processing Paul Hewson's May 1 annual reexamination. Since the last annual reexamination, Paul reported a decrease in annual income that exceeded 10 percent. Last year, Paul reported a decrease in earned income because he transferred from a full-time job at Sasha's Sweets to a part-time job at Viking Bakery. Following HUD's EIV verification hierarchy, staff confirmed Paul was no longer employed at Sasha's Sweets and decreased his anticipated annual income from \$28,000 to \$7,500 resulting from his new part-time employment at Viking Bakery; an interim reexamination was processed effective July 1. After the July 1 interim, Paul worked briefly at two different jobs, but he says he is no longer working and is not planning to work.

May 1, Annual Reexamination

Wages: \$28,000

EIV reported pulled on 1/15

Wages Total: \$18,271

Quarter 3 last year: \$2,500 (Viking Bakery)

Quarter 3 last year: \$796 (Sweet Tooth Candy Bar)

Quarter 2 last year: \$1,300 (Sasha's Sweets)

Quarter 2 last year: \$584 (Larry's Concessions)

Quarter 2 last year: \$2,401 (Viking Bakery)

Quarter 1 last year: \$6,500 (Sasha's Sweets)

Quarter 4 previous year: \$600 (Sasha's Sweets)

SS/SSI: No history of benefits

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Income Reported on Reexamination Application

- Wages: (permanent change; no longer receiving)
- Social Security: \$14,400 (\$1,200 monthly)

Paul certified on the PHA's annual reexamination paperwork that he does not agree with the annual wages of \$18,271 reported in EIV and it is not reflective of his current anticipated annual income. He reported he is currently unemployed, and provided a copy of an award letter from the Social Security Administration to document that he will begin receiving a monthly disability benefit of \$1,200 effective March 1.

Calculating Wages and SS Benefit

- Step 1: Determine prior annual income taking into consideration the July 1 interim reexamination (i.e., EIV wages reflected Q4 last year through Q3 this year: \$18,271).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there was a July 1 interim that reduced wages to \$7,500.
- Step 3: Obtain documentation to verify current income and confirm Paul is no longer employed at Viking Bakery or The Sweet Tooth Candy Bar (the employers reported in the most recent quarter of EIV). This step is necessary, because Paul did not agree with the EIV income report or income reported on the last interim reexamination. Paul reported that he is no longer working at all.
- Process the annual reexamination effective May 1 using annual SS income of \$14,400 and \$0 wages.

Summary of Annual Income (as reported on the HUD-50058)

- Paul (Head of Household)
 - Social Security \$14,400

Hewson Family Total Annual Income: \$14,400

Example 3: Calculating Annual Income at Annual Reexamination

Staff are processing the November 1 annual reexamination for Samantha and Fergus Pool, head of household and spouse. On February 14 of this year, Samantha reported her monthly child support payment was reduced from \$200 to \$100 per month. An interim reexamination was not processed because the reduction in child support income for Samantha's daughter, Hailey, did not result in a decrease of 10 percent or more in annual adjusted income, and the PHA did not establish a lower threshold. Samantha did not report any additional changes to the PHA.

Last reexamination – November 1, Annual Reexamination

Samantha:

- Business income: \$28,000
- VA disability pension: \$12,000
- Child support: \$2,400

Fergus:

- Wages: \$8,250
- Other non-wage income: \$3,000 (Go Fund Me online fundraiser)

EIV report pulled on 9/16

Samantha: Total: \$0 (no wage data reported since Q1 last year)

Fergus: Wages Total: \$8,600

- Quarter 1 this year: \$2,100 (Ian's Fish 'n' Chips)
- Quarter 1 this year: \$500 (Claire's Healthcare Supplies)
- Quarter 4 last year: \$1,000 (Claire's Healthcare Supplies)
- Quarter 3 last year: \$1,800 (The Onion Garden Shop)
- Quarter 2 last year: \$3,200 (Ivar's Fish Haus)

Current Family Circumstances: Income Reported on Reexamination Application

Samantha and Fergus reported how much income was earned/received in the previous 12-month period and noted permanent changes, where applicable, for each source of their income on PHA's annual reexamination form. However, no information was reported by the family concerning other non-wage income. Fergus reported only wages and his current employment at Ian's Fish 'n' Chips for the annual reexamination. The family supplied the supporting documentation noted below to the PHA for the November 1 annual reexamination.

Samantha:

- Business income: \$28,750 (last year); has decreased to \$18,000 (permanent change)
- VA disability benefit: \$12,000 (last year); has increased to \$12,300 (permanent change)
- Child support: \$2,400 (last year); has decreased to \$1,200 (permanent change)

Fergus:

- Wages: \$6,000

Calculating Samantha's Net Business Income

- Step 1: Determine prior annual net business income (i.e., \$28,000 on last HUD-50058).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.
- Step 3: Adjust to reflect current net business income. Samantha reported on the annual reexamination application that business income permanently decreased to \$18,000. The PHA must obtain supporting documentation from Samantha that demonstrates current net business income. Samantha provided documentation that supported the current annual net business income is \$18,000. Process the annual reexamination effective November 1 using annual net business income determined in Step 3.

Calculating Samantha's VA Pension Income

- Step 1: Determine prior annual VA pension income (i.e., \$12,000 supported by a VA award letter Samantha supplied that documents the prior year monthly VA pension was \$1,000).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.
- Step 3: The PHA needs to adjust to reflect current VA pension income. Samantha supplies a VA award letter showing a monthly pension of \$1,025, or \$12,300 annually. Process the annual reexamination effective November 1 using annual VA pension income determined in Step 3 (\$12,300 in this example).

Calculating Samantha's Child Support Income

- Step 1: Determine prior annual child support income (i.e., \$2,400 on the last HUD–50058).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination. The family reported a decrease from \$200 to \$100 monthly, but the change was not processed because it did not meet the threshold.
- Step 3: The family reported changes, so the PHA must adjust to reflect current child support income. In this example, the family submitted a child support history report from the local child support office that documents regular \$100 monthly child supports payments beginning March 1 through the current month. Process the annual reexamination effective November 1 using current annual child support income determined in Step 3 (\$1,200 in this example).

Calculating Fergus' Wages

- Step 1: Determine prior annual income from wages in EIV (i.e., Q2 last year through Q1 this year: \$8,600).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.
- Step 3: There is a discrepancy between what the family reported and EIV, so the PHA must verify and adjust to reflect current annual income from wages. Fergus reported \$6,000 in annual income from wages on the annual reexamination from a single employer, Ian's Fish 'n' Chips. The PHA projected annual income of \$7,800 based on

the two paystubs for this employer, and EIV shows \$8,600 earned in the most recent four quarters in EIV. To complete Step 3, the PHA must do the following:

- Resolve the discrepancy between EIV wages, the \$6,000 annual income Fergus reported, and the \$7,800 projected based on the paystubs he provided, and
 - Verify he is no longer employed at Claire's Healthcare Supplies in accordance with HUD's verification hierarchy and local policies
- The PHA determined that Fergus reported his net vs. gross annual income from wages, which he corrected on the annual reexamination form to reflect his current gross annual income of \$9,000. The PHA verified Fergus was no longer employed at Claire's Healthcare Supplies and obtained two additional paystubs. Based on four current and consecutive paystubs, Fergus is now projected to earn \$9,360 annually. Process the annual reexamination effective November 1 using income from wages determined in Step 3 (\$9,360 in this example).

Calculating Fergus' Other Non-Wage Income

- Step 1: Determine prior annual income from other non-wage income (i.e., \$3,000 on the last HUD– 50058).
- Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.
- Step 3: The family did not report any non-wage income on the annual reexamination form, but it was included on the last HUD–50058. The PHA must verify and adjust to reflect current non-wage income. The PHA must verify no income was received through a "Go Fund Me" online fundraiser so that it may be excluded. Fergus provided a self-certification that he hasn't solicited funds online and doesn't plan to in the following year; he also provided records from the account that documented no fundraising activity in the prior 12-month period. Process the annual reexamination effective November 1 using annual non-wage income of \$0 determined in Step 3.

Summary of Annual Income (as reported on the HUD-50058)

- Samantha (Head of Household)
 - Own business: \$18,000
 - Pension: \$12,300
 - Child support: \$1,200

- Fergus (Co-Head)

- Wages: \$9,360

Pool Family Total Annual Income: \$40,860