CHAPTER 11.A.

ANNUAL REEXAMINATIONS

INTRODUCTION

This chapter is applicable until the PHA's HOTMA 102/104 compliance date. After this date, the PHA will follow policies as outlined in Chapter 11.B. 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: 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.

CHAPTER 11.A.

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. 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 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].

> <u>OHCD Policy</u>
>
> OHCD will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, OHCD 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 OHCD will perform a new annual re-examination.
>
> OHCD 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 PHA is required to obtain the information needed to conduct annual reexaminations. How that information 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].

> <u>OHCD Policy</u>
>
> Annual reexaminations notifications will be sent by mail. Notification of the annual reexamination will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the OHCD, and the deadline for providing it. Documents will be accepted by mail, by email, by fax, or in-person.
>
> Reasonable accommodation requests will be handled in accordance with policies in Chapter 2. An advocate, interpreter, or other assistant may assist the family in the

interview process. The family and the OHCD must execute a certification attesting to the role and the assistance provided by any such third party.

If the reexamination 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.

Virtual Conference Call or Phone Call

In the event that information is left blank on required documents, or the Housing Program Analyst has questions they should schedule a virtual conference through Webex or a phone call to go over the necessary paperwork that was left blank or to determine if any additional information is needed. For those parts of the reexamination form left blank the Housing Program Analyst can make the corrections but would need to add their initials and date plus indicate that the corrections were completed over the phone with the participant.

Documents not Returned Timely – Mail-In Recertification

After 10 business days, if recertification documents have not been returned to OHCD a reminder notice will be sent by mail or email. If the household fails to return the packet after an additional 10 business days, OHCD will send the tenant and owner a Termination Letter.

Missing Information – Mail-In Recertification

If the household does not or is unable to provide all required information/documents needed to complete the mail-in recertification, OHCD will send a request for additional information. This information must be provided by the household within 10 business days from the date of the request; however, the household may request an extension. If the household does not provide the required documents or information within the required time frame (plus any extensions), the tenant and owner will be sent a Termination Letter.

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

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

<u>OHCD Policy</u>

Families will be asked to return the annual reexamination packet and submit verifications and other required documentation by the appointment date provided in the notice.

Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. 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 period (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

Additionally, HUD recommends that at the annual reexamination, OHCD 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 [Notice PIH 2012-28].

> OHCD Policy
> At the annual reexamination, the OHCD 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 OHCD 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 OHCD 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

The family must request written OHCD approval prior to adding any family member (see Chapter 11-11. B.) If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

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, does not have a dependent child, and is not a person with disabilities receiving 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.

OHCD Policy
During the annual reexamination process, OHCD 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 their 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 their parents (if applicable), OHCD will process a reexamination in accordance with the policies in this chapter.

11-I.E. EFFECTIVE DATES

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

OHCD 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 at least 30 days in advance, plus 3 business days for mailing or simply 30 days if sending by email and mailing.

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 a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP contract, and no 30-day notice plus 3 business days for mailing is required.

If OHCD chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by OHCD but will always allow for the 30-day notice period plus 3 business days for mailing.

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 OHCD chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by OHCD.
>
> 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 OHCD by the date specified, and this delay prevents OHCD from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

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. 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].

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 PHA must complete the interim reexamination within a reasonable time after the family's request.

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

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

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 family income and household composition. However, due to family obligations under the program, the PHA has limited discretion in this area.

> <u>OHCD Policy</u>
> Any change in household composition and/or household income must be reported to OHCD within 10 business days. OHCD will conduct interim re-examinations to account for the following that occur between annual re-examinations.

New Family Members <u>Not</u> Requiring PHA Approval
The addition of a family member as a result of birth, adoption, or court-awarded custody does not require PHA approval. However, the family is required to promptly notify the PHA of the addition [24 CFR 982.551(h)(2)].

> <u>OHCD Policy</u>
> The family must inform OHCD of the birth, adoption, or court-awarded custody of a child within 10 business days of the event.

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 PHA approval to add a new family member [24 CFR 982.551(h)(2)] or another 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 must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. 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].

> <u>OHCD Policy</u>
> Families must request OHCD 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 30 consecutive days or 90 cumulative days within a 12-month period and therefore no longer qualifies as a "guest". Request must be in writing and approved by OHCD prior to the individual moving into the unit.
>
> OHCD will only approve the addition of new household members who are live-in aides, foster children, foster adults, minor children and spouse by marriage.
>
> The OHCD will not approve the addition of a foster child or foster adult if it would result in overcrowding of the existing unit. If the authorized placement agency (e.g., public child welfare agency) requires that the foster child have a separate bedroom, the OHCD will provide the subsidy standard for one additional bedroom, in accordance with 5-II.B.
>
> If OHCD determines an individual meets OHCD's eligibility criteria and documentation requirements, OHCD will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to space standards, the approval letter will explain that the family will be issued a voucher and will be required to move.
>
> If OHCD determines that an individual does not meet OHCD's eligibility criteria or documentation requirements, OHCD 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.
>
> OHCD will make its determination within 10 business days of receiving all information required to verify the individual's eligibility.

Departure of a Family or Household Member

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

> <u>OHCD Policy</u>
> If a household member ceases to reside in the unit, the family must inform OHCD within 10 business 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 OHCD within 10 business days.

Can Section 8 be Transferred to Another Family Member?
A section 8 voucher can be transferred to another family member only if the family member lives with you under section 8 and is listed as spouse or co-head of the house. Transferring a section 8 voucher to a member not listed as spouse or co-head is usually not possible except in certain instances like the death of the household head.

What Happens to Section 8 Voucher if Head of Household Dies?
What happens to section 8 voucher if the head of household dies varies according to the housing authority. However, in most cases, either another adult member takes over, or a family member outside the voucher takes over when only minors are remaining, or a temporary guardian is employed in the absence of any other adult.

Ideally, the housing authority will ask for a proof of death before taking any action. The new head of housing will be required to sign a new lease with the updated information.

OHCD Policy

The order in which the voucher will be transferred if the head of household leaves the household or leaves the household through death. For the remaining household members, the order is as follows:

1. Spouse
2. Co-Head (if designated)
3. Other adult Household Member if minors are a part of the household
4. Other adult Household Members who are elderly or disabled
5. If only dependent minors remain in the household, see Chapter 6, Section 6 I.B. regarding caretakers and legal guardianship as being assigned voucher eligibility

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

Changes effective 12/2/24 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.

OHCD 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 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.

PHA-Required Interim Reexaminations

PHA-initiated interim reexaminations are those that are scheduled based on circumstances or criteria defined by the PHA.

OHCD Policy

OHCD will conduct interim reexaminations in each of the following instances:

- For any change in family composition.
- If the family has reported zero income, OHCD 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 it is not feasible to anticipate a level of income for the next 12 months (e.g., seasonal or cyclic income), OHCD will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.
- If at the time of the annual reexamination, tenant declarations were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, OHCD will conduct an interim reexamination.
- OHCD 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 PHA 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 PHA conduct an interim within a reasonable time any time the family requests due to a change in income or family composition since the last determination [24 CFR 982.516(c)(2)].

Required Reporting

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

OHCD Policy

Families are required to report all increases in income, within ten (10) business days, both earned and unearned. The PHA will only conduct an interim if the increase is due to a new source of income, including returning to work for a previous employer, or the resumption of previously terminated/suspended benefits. In all other cases, the PHA will note the information in the 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 PHA 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 noncompliance 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.

> OHCD Policy
>
> 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, OHCD will note the information in the tenant file, but will not conduct an interim reexamination.
>
> If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, the PHA will conduct an interim reexamination. See Section 11-II.D. for effective dates.
>
> Families may report changes in income or expenses at any time

11-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

> OHCD Policy
>
> The family may notify OHCD of changes either orally or in writing. If the family provides oral notice, OHCD will also require the family to submit the changes in writing.
>
> Generally, the family will not be required to attend an interview for an interim reexamination. However, if OHCD determines that an interview is warranted, the family may be required to attend.
>
> Based on the type of change reported, OHCD will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 business days from the date of a request from OHCD. This time frame may be extended for good cause with OHCD approval. OHCD will accept required documentation by mail, by email 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].

> OHCD Policy
>
> 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. If the Participant fails to provide verification within 30 days of when change was reported, the decrease in income will be effective following the month verification(s) were provided. No retroactive payment will be considered.

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 PHA 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 GB, pgs12-6 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 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]
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 when there is a change in family composition.

Subsidy Standards [24 CFR 982.505(c)(4)]
If there is a change in the family unit size (voucher 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 as identified in Section 6-III.C.

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].

> <u>OHCD Policy</u>
> 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 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 rent to owner

The family must be given an opportunity for an informal review 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).

OHCD Policy

If OHCD determines that a Voucher family is under-housed due to a change in family size, subject to the Occupancy Standards, the family, with the assistance of the HCV staff, shall try to find an acceptable unit as soon as possible but no later than the recertification date. If an acceptable unit is found by the family which is available for occupancy and/or lease with the current owner can be terminated in accordance with its term, the HAP contract with the current owner shall be terminated and Housing Assistance Payments shall be made available to the family for occupancy in another acceptable unit. If the family does not cooperate to find an acceptable unit, the family will be found ineligible for future assistance. The most appropriate occasion for such a transfer occurs at re-examination. Housing Assistance Payments will not be terminated unless the family rejects, without good reason, the offer of a unit, which the OHCD judges to be acceptable.

If the OHCD determines that a Voucher family is over-housed due to a change in family size, the OHCD will advise the family to move to an appropriately sized unit at the recertification effective date; if the family does not wish to move, the TTP calculation at the next recertification will be based on the lesser payment standard which corresponds to the new family size.

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 will state the family has the right to request an explanation of how the assistance was calculated and if the family disagrees, they have the right to informal hearing. The notice will include the procedures for requesting an informal review.

11-III.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.