

## Chapter 11.B.

### REEXAMINATIONS

#### INTRODUCTION

The CCHA 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 CCHA 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.

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

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 CCHA 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 CCHA must determine the income of the family for the previous 12-month period, except where the CCHA uses a streamlined income determination. Income from assets, however, is always anticipated, irrespective of the income examination type [Notice PIH 2023-27]. CCHAs 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 CCHA's policies related to streamlined income determinations and the use of Safe Harbor income verifications.

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

The CCHA 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].

### CCHA Policy

The CCHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the CCHA 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 CCHA will perform a new annual reexamination.

The CCHA 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**

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

### CCHA Policy

Annual reexaminations will be conducted online using the CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org). Notification of the annual reexamination will be sent by first-class mail/email with the deadline for completion. All required documents will be accepted by CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org).

If the deadline date is not met a new recertification letter will be mailed/emailed to the client. If the client fails to complete his/her recertification by the second deadline date, the family will be sent a notice of termination in accordance with policies contained in Chapter 12.

If the family or anyone in the family is a person with disabilities and requires a specific accommodation in order to fully utilize our programs and services and requires an in-person appointment they may contact the housing authority at 361-889-3300.

If the family is unable to attend a scheduled appointment, the family should contact the CCHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the CCHA will send a second notification with a new interview appointment time.

Families that fail to attend two scheduled interviews without CCHA approval will be sent a notice of termination in accordance with policies contained in Chapter 12.

An advocate, interpreter, or other assistant may assist the family in the interview process. The family and the CCHA must execute a certification attesting to the role and assistance of any such third party.

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

Annual reexaminations will be conducted online using the CCHA's Rent Café Portal. Notification of the annual reexamination will be sent by first-class mail/email with the deadline for completion. All required documents will be accepted by CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org).

If the deadline date is not met a new recertification letter will be mailed/emailed to the client. If the client fails to complete his/her recertification by the second deadline date, the family will be sent a notice of termination in accordance with policies contained in Chapter 12.

If the family or anyone in the family is a person with disabilities and requires a specific accommodation in order to fully utilize our programs and services and requires an in-person appointment they may contact the housing authority at 361-889-3300.

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

Additionally, HUD recommends that at annual reexaminations CCHAs 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].

At the annual reexamination, the CCHA 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 CCHA will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

If the CCHA proposes to terminate assistance based on lifetime sex offender registration information, the CCHA 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 CCHA 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 space standards (see Chapter 8), the CCHA must issue the family a new voucher, and the family and CCHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the CCHA 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 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 CCHA 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.

##### CCHA Policy

During the annual reexamination process, the CCHA 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), the CCHA will process a reexamination in accordance with the policies in this chapter.

#### **11-I.E. CALCULATING ANNUAL INCOME AT ANNUAL REEXAMINATION [24 CFR 5.609(c)(2) and Notice PIH 2023-27]**

The CCHA 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 CCHA uses a streamlined income determination as indicated in Chapter 7 of this policy. The CCHA 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 CCHA 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 CCHA 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 CCHA policies on when the COLA is applied and Chapter 7 on streamlined determination of income for inflationary adjustments.

Notice PIH 2023-27 lists the following steps to calculate both earned and unearned income at annual reexamination.

**Step 1:** The CCHA 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 CCHA's annual reexamination paperwork.

**Step 2:** The CCHA 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 CCHA must use the annual income from the interim to determine the family's total annual income. The CCHA may use verification obtained from the interim for this step.
- If the CCHA did not perform an interim or there have been changes since the last reexamination, the CCHA moves to Step 3.

**Step 3:** If there were changes in annual income not processed by the CCHA since the last reexamination, the CCHA 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 CCHA may use documentation of prior-year income to calculate the annual income. For example, the CCHA 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 CCHA, 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 CCHA notes discrepancies between EIV and what the family reports, the CCHA must follow the verification hierarchy (described in Chapter

7) to document and verify income. Exhibit 11-1 provides detailed examples of how the CCHA calculates income from different sources at annual reexamination using the above method.

#### CCHA Policy

Where the family disagrees with the CCHA or other agency's determination of income or the CCHA has other reason to use third-party verification in these circumstances, then the above will apply.

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

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

#### CCHA 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.

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 is required.

If the CCHA 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 the CCHA, but will always allow for the 30-day notice period.

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

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

If 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 CCHA 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 the CCHA.

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

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

## **PART II: INTERIM REEXAMINATIONS [24 CFR 982.516; Notice PIH 2023-27]**

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

Family circumstances may change between annual reexaminations. HUD and CCHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the CCHA 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 CCHA must conduct any interim reexamination within a reasonable period of time after the family request or when the CCHA 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 CCHA generally should conduct the interim reexamination not longer than 30 days after the CCHA becomes aware of changes in income.

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 CCHA determines that an interim reexamination of income is necessary, they must ask the family to report changes in all aspects of adjusted income.

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

#### **Reporting**

CCHAs must require families to report household composition changes; however, CCHAs determine the timeframe in which reporting happens [Notice PIH 2023-27]. The CCHA 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)].

#### CCHA Policy

All families must report all changes in family and household composition that occur between annual reexaminations within 10 business days of the change.

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

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

#### CCHA Policy

The family must inform the CCHA of the birth, adoption, or court-awarded custody of a child within 10 business days.

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

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request CCHA 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)].

If a change in family size causes a violation of space standards (see Chapter 8), the CCHA must issue the family a new voucher, and the family and CCHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the CCHA must terminate the family's HAP contract in accordance with its terms [24 CFR 982.403].

### CCHA Policy

Families must request CCHA approval to add a new family member (other than due to birth, adoption, or court-awarded custody), 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." Requests must be made in writing and approved by the CCHA prior to the individual moving into the unit.

The CCHA will not approve the addition of a new family or household member unless the individual meets the CCHA's eligibility criteria (see Chapter 3) and documentation requirements (see Chapter 7, Part II).

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

If the CCHA determines an individual meets the CCHA's eligibility criteria and documentation requirements, the CCHA 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 the CCHA determines that an individual does not meet the CCHA's eligibility criteria or documentation requirements, the CCHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The CCHA 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 CCHA 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 CCHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit. The CCHA must process an interim for all decreases in adjusted income when a family member permanently moves out of the unit.

If a household member ceases to reside in the unit, the family must inform the CCHA 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.



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

**Changes effective 12/2/24 and earlier:** 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 must 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.

**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.

### **CCHA 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.

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

### **Overview**

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 may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

### **PHA-Initiated Interim Reexaminations**

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

### **CCHA Policy**

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

**For families receiving the Earned Income Disallowance (EID), the CCHA will conduct an interim reexamination at the start and conclusion of the 24-month eligibility period.**

For families that report zero income at time of application or re-certification, the reporting policy for reporting income increase does not apply. All zero income families must be reassessed every 60 days and any new income must be reported by the family. The CCHA will also review the family's income status through HUD or other income reporting sources, and the income will be processed as an interim change.

If the family has reported zero income at time of application or re-examination, the family must provide a self-declaration statement every 60 days to verify their zero - income status. The CCHA will verify through HUD systems, or a third-party vendor, each zero - income family's employment and income status. If at any time during the certification year the family's income status changes from a zero - income family to an income earning family, the CCHA will process

the income as an interim change to the family's income status. Failure of a zero - income family to report any new income can result in termination from the housing choice voucher program for fraudulent activity by the family.

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

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

### **Required Reporting**

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

#### **CCHA Policy**

Families are required to report family income increases within ten (10) days of the increase occurring. (updated 8-28-24)> CCHA will note the information in the tenant file but will not conduct the interim increase until the next annual 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 CCHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

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

#### **CCHA 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, the PHA 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**

#### **CCHA Policy**

The family may notify the CCHA at any time of changes online using the CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org) by clicking "Report A Change".

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

Based on the type of change reported, the CCHA 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 CCHA. This time frame may be extended for good cause with CCHA approval. The CCHA will only accept required documentation using the CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org).

If the family or anyone in the family is a person with disabilities and requires a specific accommodation in order to fully utilize our programs and services, and requires an in-person appointment they may contact the housing authority at 361-889-3300.

### **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].

#### CCHA 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.

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

However, while the CCHA has some discretion, HUD requires that the CCHA 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 CCHA 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 CCHA 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.

#### CCHA Policy

The CCHA 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***

CCHAs 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***

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

- CCHAs 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
- CCHAs 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 CCHA has the discretion whether to consider a subsequent increase in earned income.

#### CCHA Policy

When a family reports an increase in their earned income between annual reexaminations, the CCHA 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 CCHA will process an interim reexamination for any increases in unearned income of 10 percent or more in adjusted income.

The CCHA 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 CCHA 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 CCHA must look at the earned and unearned income changes independently of each other to determine if an interim reexamination is performed. The CCHA 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 CCHA 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 CCHA would be required to perform an interim. If the change in earned income met the 10 percent threshold in this case, the CCHA would refer to CCHA 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 CCHA must conduct an interim reexamination in accordance with CCHA policy.

#### ***Family Reporting***

The CCHA 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)].

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

When the CCHA 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].

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 10 business days of the date the change takes effect.

Within 10 business days of the family reporting the change, the CCHA will determine whether the change will require an interim reexamination.

If the change will not result in an interim reexamination, the CCHA will note the information in the tenant file but will not conduct an interim reexamination. The CCHA will send the family written notification (which may be emailed) within 10 business days of making this determination informing the family that the CCHA will not conduct an interim reexamination.

If the change will result in an interim reexamination, the CCHA will determine the documentation the family will be required to submit based on the type of change reported and CCHA policies in Chapter 7. The CCHA 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 10 business days of receiving a request from the CCHA. This time frame may be extended for good cause with CCHA approval. The CCHA will accept required documentation by mail, email, or in person. The CCHA will conduct the interim within a reasonable time period based on the amount of time it takes to verify the information.

The family may notify the CCHA at any time of changes online using the CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org) by clicking "Report A Change". Generally, the family will not be required to attend an interview for an interim reexamination. However, if the CCHA determines that an interview is warranted, the family may be required to attend.

Based on the type of change reported, the CCHA 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 CCHA. This time frame may be extended for good cause with CCHA approval. The CCHA will only accept required documentation using the CCHA's Rent Café Portal at [www.apply.hacc.org](http://www.apply.hacc.org).

If the family or anyone in the family is a person with disabilities and requires a specific accommodation in order to fully utilize our programs and services, and requires an in-person appointment they may contact the housing authority at 361-889-3300.

cannot be verified until after the date the change would have become effective, the change will be made retroactively.

## **11-II.E. EFFECTIVE DATES [24 CFR 982.516(e) and Notice 2023-27]**

### **Changes Reported Timely [Notice PIH 2023-27]**

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

- For rent increases, the CCHA must provide the family with 30 days advance written notice. The rent increase is effective the first of the month after the end of that 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 CCHA policies:

- For rent increases, the CCHA 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 CCHA must implement the change no later than the first rent period following completion of the interim reexamination.

However, the CCHA 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. CCHAs may choose to establish conditions or requirements for when such a retroactive application would apply. CCHAs 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 CCHA 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.

#### CCHA 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 CCHA will apply the decrease the first of the month following completion of the interim reexamination.

However, the CCHA 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 CCHA management operations. The CCHA will decide to apply decreases retroactively on a case-by-case basis.

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

The CCHA will also clearly communicate the effect of the retroactive adjustment to the owner.

## **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 CCHA must recalculate the family share of the rent and the subsidy amount and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

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

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the CCHA'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 CCHA changes its payment standard or when there is a change in family composition.

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

- If the CCHA's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
- If the payment standard amount has increased, the increased payment standard will be applied at the first annual reexamination, or interim exam, following the effective date of the increase in the payment standard.
- If the payment standard amount has decreased, during the term of a HAP contract, the CCHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family's second annual reexamination, the CCHA may, but is not required to, apply the decreased payment standard or may gradually implement the reduced payment standard (See Chapter 6 for the CCHA'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 CCHA's subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family immediately or 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 CCHA'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 CCHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

### **CCHA 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-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 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).

### **CCHA 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 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 hearing.

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

During an annual or interim reexamination, the CCHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the CCHA may discover errors made by the CCHA. When errors resulting in the

overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 14.

#### **PART IV: NON-INTERIM REEXAMINATION TRANSACTIONS [Notice PIH 2023-27]**

Families may experience changes within the household that do not trigger an interim reexamination under CCHA policy and HUD regulations, but which HUD still requires the CCHA to report to HUD via Form HUD-50058. These are known as *non-interim reexamination transactions*. In these cases, CCHAs 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 CCHA set-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

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

## EXHIBIT 11-1: CALCULATING INCOME AT ANNUAL REEXAMINATION

### Example 1: Calculating Annual Income at Annual Reexamination Using EIV

Staff are processing the 3/1/2024 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 CCHA since the 3/1/2023 annual reexamination. The SSA published 2024 COLA is 7 percent.

#### Last reexamination – 3/1/2023 Annual Reexamination

Ruby:

Wages: \$30,000

Georgia:

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

The EIV report pulled on 12/15/2023

Ruby:

Wages Total: \$33,651

Quarter 3 of 2023: \$8,859 (City Public School)

Quarter 2 of 2023: \$8,616 (City Public School)

Quarter 1 of 2023: \$8,823 (City Public School)

Quarter 4 of 2022: \$7,353 (City Public School)

Georgia:

SSI Total: \$10,980

2023 benefit \$915 monthly

Income Reported on Reexamination Application	
<b>Ruby:</b> Wages at City Public School: \$32,000 (switched jobs but no permanent change to amount)	<b>Georgia:</b> SSI benefits: \$10,980 (no changes)
<b>Calculating Ruby's wages:</b> Step 1: Determine prior annual income from EIV (i.e., Q4 2022 through Q3 of 2023: \$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 CCHA will use \$33,651 for annual wages for the 3/1/2024 annual reexamination given there have been no additional changes to annual income.	<b>Calculating Georgia's SSI benefit:</b> 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 CCHA 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 3/1/2024 annual reexamination: COLA: \$64.05 (\$915 x 0.07) New gross SSI benefit: \$11,748.60 (\$979.05 x 12 months)
If Ruby did not agree with the annual wages reported in EIV, the CCHA/MFH Owner would be required to verify her current income in accordance with HUD's verification hierarchy.	
<b>Summary of Annual Income (as reported on the HUD-50058)</b>	
<b>Ruby (Head of Household):</b> Other Wage: \$33,651 Myers Family Total Annual Income: \$45,399	<b>Georgia (Other Youth Under 18):</b> SSI: \$11,748

## Example 2: Calculating Annual Income at Annual Reexamination Using EIV:

### Family Disagrees with EIV

Staff are processing Paul Hewson's 5/1/2024 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 7/1/2023. After the 7/1/2023 interim, Paul worked briefly at two different jobs, but he says he is no longer working and is not planning to work.

#### 5/1/2023 Annual Reexamination

Wages: \$28,000

#### The EIV report pulled on 1/15/2024

Wages Total: \$18,271

Quarter 3 of 2023: \$2,500 (Viking Bakery)

Quarter 3 of 2023: \$796 (Sweet Tooth Candy Bar)

Quarter 2 of 2023: \$1,300 (Sasha's Sweets)

Quarter 2 of 2023: \$584 (Larry's Concessions)

Quarter 2 of 2023: \$2,401 (Viking Bakery)

Quarter 1 of 2023: \$6,500 (Sasha's Sweets)

Quarter 4 of 2022: \$600 (Sasha's Sweets)

SS/SSI: No history of benefits

<p style="text-align: center;"><u>Income Reported on Reexamination Application</u></p> <p>Wages: \$0 (permanent change; no longer receiving)</p> <p>Social Security: \$14,400 (\$1,200 monthly)</p> <p>Paul certified on the CCHA’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 3/1/2024.</p>
<p style="text-align: center;"><u>Calculating Wages and SS Benefit</u></p> <p>Step 1: Determine prior annual income taking into consideration the 7/1/2023 interim reexamination (i.e., EIV wages reflected Q4 2022 through Q3 2023: \$18,271)</p> <p>Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there was a 7/1/2023 interim that reduced wages to \$7,500.</p> <p>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.</p> <p>Process the annual reexamination effective 5/1/2024 using annual SS income of \$14,400 and \$0 wages.</p>
<p style="text-align: center;"><u>Summary of Annual Income (as reported on the HUD-50058)</u></p> <p>Paul (Head of Household): \$14,400 (SS)</p> <p>Hewson Family Total Annual Income: \$14,400</p>

### Example 3: Calculating Annual Income at Annual Reexamination

Staff are processing the 11/1/2024 annual reexamination for Samantha and Fergus Pool, head of household and spouse. On 2/14/2024 Samantha reported her monthly child support payment was reduced from \$200 to \$100 per month, but 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 CCHA did not establish a lower threshold. Samantha did not report any additional changes to the CCHA.

#### Last reexamination – 11/1/2023 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)

#### The EIV report pulled on 9/16/2024

##### Samantha:

Wages Total: \$0 (no wage data reported since Q1 2023)

##### Fergus:

Wages Total: \$8,600

Quarter 1 of 2024: \$2,100 (Ian's Fish 'n' Chips)

Quarter 1 of 2024: \$500 (Claire's Healthcare Supplies)

Quarter 4 of 2023: \$1,000 (Claire's Healthcare Supplies)

Quarter 3 of 2023: \$1,800 (The Onion Garden Shop)

Quarter 2 of 2023: \$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 CCHA'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 CCHA for the 11/1/2024 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 CCHA 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 11/1/2024 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 CCHA 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 11/1/2024 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 CCHA 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 3/1/2024 through the current month. Process the annual reexamination effective 11/1/2024 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 2023 through Q1 of 2024: \$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 CCHA 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 CCHA 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 CCHA 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 CCHA 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 CCHA 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 11/1/2024 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 CCHA must verify and adjust to reflect current non-wage income. The CCHA 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 11/1/2024 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

Poole Family Total Annual Income: \$40,860