

Chapter 11

REEXAMINATIONS

INTRODUCTION

The HACFL 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 HACFL policies concerning reexaminations are presented in three parts:

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

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

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

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

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

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

11-I.B. SCHEDULING ANNUAL REEXAMINATIONS

The HACFL 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].

HACFL Policy

The HACFL will begin the annual reexamination process 90-120 days in advance of its scheduled effective date. Generally, the HACFL 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 HACFL will perform a new annual reexamination.

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

HACFL Policy

Families generally are required to participate in an annual reexamination interview, which must be attended by all adults in the family composition. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the HACFL to request a reasonable accommodation (see Chapter 2). Elderly and disabled individuals will be allowed to complete a re examination via mail with the addition of a telephone interview.

Notification of annual reexamination interviews will be sent by first-class mail and will contain the date, time, location of the interview, and an application form to be brought in completed to the interview or send via mail whichever is applicable. In addition, it will inform the family of the information and documentation that must be brought and/or included in the mail response along with the application.

If the family is neither elderly nor disabled and is unable to attend a scheduled interview, the family should contact the HACFL in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the HACFL will send a second notification with a new interview appointment time. In the case of elderly and/or disabled families who are recertified via mail, failure to provide all required documentation as well as completed applications by the time and date required will result in a termination of benefits as per HACFL's policies. It may also preclude the family from participating in recertification by mail in the future. Only two recertification packages will be mailed to the family.

If a non-elderly/disabled family fails to attend two scheduled interviews without HACFL approval, or if the notice is returned by the post office with no forwarding address, a

notice of termination (see Chapter 12) will be sent to the family's address of record. If an elderly or disabled family fails to respond to the requests for information or complete required documentation for the interview and/or be available via phone on the date of the phone interview for two consecutive instances a notice of termination will be sent to the family's address on record.

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

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

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

HACFL Policy

Families will be asked to bring and/or send via mail as applicable all required information (as described in the reexamination notice) to the reexamination appointment. The required information will include a HACFL-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.

Any required documents or information that the family is unable to provide at the time of the interview (phone interview for elderly or disabled clients) must be provided within 10 calendar 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. The extension must be requested in writing and accompanied by documentation certifying the need for the extension. Extensions will only be granted on the basis of medical emergencies and or proven inability of the family to obtain the information within the time allocated because the issuing agency notified in writing that it would not be available within that period of time. An extension will not be granted if it will signify that the Annual Reexamination will be late. In that case the AR will be processed using the next form of verification that is appropriate and corrected as needed when other confirmation arrives.

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

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

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

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

11-I.D. EFFECTIVE DATES

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

HACFL 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 15 days in advance.

If less than 15 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 15-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 15-day notice is required.

If the HACFL 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 HACFL, but will always allow for the 15-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 HACFL 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 HACFL.

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 HACFL by the date specified, and/or fails to attend one or more appointments or complete mandatory forms or consents and this delay prevents the HACFL from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change throughout the period between annual reexaminations. HUD and HACFL policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the HACFL must process interim reexaminations to reflect those changes. HUD regulations also permit the HACFL 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 HACFL must complete the interim reexamination within a reasonable time after the family's request.

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

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

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

HACFL Policy

The HACFL may conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations. The HACFL will not accept any additions to the family other than by marriage, adoption, birth and/or court awarded custody.

New Family Members Not Requiring Approval

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

HACFL Policy

The family must inform the HACFL of the birth, adoption or court-awarded custody of a child within 10 calendar days

New Family and Household Members Requiring Approval

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

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

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

HACFL Policy

Families must request HACFL 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 twelve month period, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the HACFL prior to the individual moving in the unit.

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

In addition the HACFL will approve additions to the family in the following cases:

- Addition by marriage/or marital-type relation to the Head of Household as long as the as the person being added is eligible as described in Chapter 3 of the HACFL’ Section 8 Administrative Manual.
- Addition of a minor who is a member of the nuclear family who had been living elsewhere and whose custody has now changed to a member of the nuclear family.
- A child related to the head of household or spouse by court awarded custody.
- Foster children and adults. Foster children and adults are individuals who:
 - Are entrusted into the care of someone other than a custodial parent through a court order and under the auspices of state and local law.
 - Are subject to the supervision of a child or adult welfare agency
 - Receive a foster care payment that is made to the care providing family.

The HACFL will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards. The HACFL must receive confirmation from the welfare agency that the child is expected to remain in placement for twelve (12) months or longer in order to count towards voucher size.

Within the guidelines described above if the HACFL determines an individual meets the HACFL’s eligibility criteria as defined in Chapter 3, the HACFL will provide written

approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued another voucher and will be required to move.

If the HACFL determines that an individual does not meet the HACFL's eligibility criteria as defined in Chapter 3, the HACFL 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 HACFL will make its determination within 14 calendar days of receiving all information required to verify the individual's eligibility.

Departure of a Family or Household Member

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

HACFL Policy

If a household member ceases to reside in the unit, the family must inform the HACFL within 10 calendar days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent. The HACFL will require that the family present a court registered Location of Domicile Form for each household member who is going to be reported as permanently absent. The HCFL may require presentation of other documentation as determined by the HACFL.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the HACFL within 10 calendar days.

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

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

HACFL-Initiated Interim Reexaminations

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

HACFL Policy

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

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

If the family has reported zero income, the HACFL 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), the HACFL may 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-provided documents were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, the HACFL may conduct an interim reexamination.

The HACFL 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 HACFL 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 HACFL the freedom to determine the circumstances under which families will be required to report changes affecting income.

HACFL Policy

Families are required to report all increases in earned income /assets, including new employment, which result in a change of income higher than \$200 per month within 10 calendar days of the date the change takes effect. If an income increase of less than \$200 or less per month is reported by the family the HACFL will not conduct an Interim Recertification.

The HACFL will also conduct interim reexaminations for families that qualify for the earned income disallowance (EID), only when the EID family's share of rent will change as a result of the increase. In all other cases, the HACFL will note the information in the tenant file, but will not conduct an interim reexamination.

Families are not required to report any other changes in income or expenses.

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 HACFL 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.

HACFL Policy

The HACFL will require an interim reexamination any time the family has experienced a change in circumstances (income and/or family composition) since the last determination which has resulted in an increase in monthly income above \$200.00 per month.

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 HACFL 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 HACFL will conduct an interim reexamination if the decrease in income has lasted more than 30 days. 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

HACFL Policy

The family must notify the HACFL of changes in writing by completing an interim reexamination form in person at the office..

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

Based on the type of change reported, the HACFL will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 calendar days of receiving a request from the HACFL. This time frame may be extended for good cause with HACFL approval. The HACFL will accept required documentation by mail, by fax, or in person. If the family has initiated the request for an Interim Recertification and fails to provide required/requested documentation within the time provided by the HACFL of the request the HACFL will not perform an Interim Recertification.

Effective Dates

The HACFL 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].

HACFL Policy

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

The increase generally will be effective on the first of the month following a minimum of 15 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 if the change is reported on or before the 15th of the month 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 HACFL will not process a decrease in income until all information has been verified and all required documentation presented. The HACFL will not process the decrease if the amount

of the decrease has been for 30 days or less and/or is expected to last less than 30 days.

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

- If the HACFL's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
 - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
 - If the payment standard amount has *decreased*, the decreased payment standard will be applied at the *second annual* reexamination following the effective date of the decrease in the payment standard.
- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

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 HACFL's subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

Utility Allowances [24 CFR 982.517(d)]

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the HACFL'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 HACFL must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

HACFL Policy

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

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

The HACFL 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 HACFL'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).

HACFL Policy

The notice to the family will not include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment.

11-III.D. DISCREPANCIES

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