**Chapter 9.B.**

**REEXAMINATIONS UNDER HOTMA 102/104**

[24 CFR 960.257, 960.259, 966.4]

**This chapter is applicable upon the PHA’s HOTMA 102/104 compliance date. Prior to this date, the PHA will follow policies as outlined in Chapter 9.A. of the model policy.**

**INTRODUCTION**

Except for non-public housing over income families, the PHA is required to reexamine each family’s income and composition periodically, and to adjust the family’s rent accordingly. PHAs must adopt policies for conducting annual and interim reexaminations that are consistent with regulatory requirements and must conduct reexaminations in accordance with such policies [24 CFR 960.257(c)].

The frequency with which the PHA must reexamine the income and composition of a family depends on whether the family pays income-based rent or flat rent. HUD requires the PHA to offer all families the choice of paying income-based rent or flat rent at least annually. The PHA’s policies for offering families a choice of rents are located in Chapter 6.

This chapter discusses both annual and interim reexaminations.

Part I: Annual Reexaminations for Families Paying Income-Based Rents. This part discusses the requirements for annual reexamination of income and family composition. Full reexaminations are conducted at least once a year for families paying income-based rents.

Part II: Reexaminations for Families Paying Flat Rents. This part contains the PHA’s policies for conducting full reexaminations of family income and composition for families paying flat rents. These full reexaminations are conducted at least once every three years. This part also contains the PHA’s policies for conducting annual updates of family composition for flat rent families.

Part III: Interim Reexaminations. This part includes HUD requirements and PHA policies related to when a family may and must report changes that occur between annual reexaminations.

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

Part V: Recalculating Tenant Rent. After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the tenant rent. While the basic policies that govern these calculations are provided in Chapter 6, this part describes the policies that affect these calculations during a reexamination.

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

**PART I: ANNUAL REEXAMINATIONS FOR FAMILIES PAYING INCOME‑BASED RENTS**

24 CFR 960.257

**9-I.A. OVERVIEW**

This section is an overview for Part 1. **No policy decisions are required**.

**9-I.B. SCHEDULING ANNUAL REEXAMINATIONS**

**☑ Decision Point: When will annual reexaminations take place?**

Things to Consider

* The model policy states that the annual reexamination process will begin 120 days in advance of its scheduled effective date, which generally will coincide with the family’s anniversary date. In order to make sure that current information is used, the process should not be started any earlier. However, PHAs with shorter processing times may choose to begin the process closer to the scheduled effective date of the reexamination.
* The model policy defines anniversary date to facilitate the discussion of effective dates.
* There is no requirement to conduct an annual reexamination when the family transfers to a new unit. However, many PHAs do so in order to coordinate the next annual reexamination with the anniversary date of the public housing lease. For this reason, the model ACOP states that if a move takes place, a new annual reexamination date will be established to coincide with the effective date of the lease.
* If you do not want to conduct an annual reexamination when a family moves to a new unit, select Option 2.
* The practice of conducting annual reexaminations so that the effective date will be the same for all residents of a given development is also acceptable. Under such a policy, annual reexaminations may or may not coincide with the family’s anniversary date. PHAs adopting this policy must ensure that families transferring between developments are reexamined “at least annually”. For example, a resident of Development “A” may be subject to annual reexaminations effective on May 1 of each year. If the resident moves in January to Development “B”, where annual reexaminations are effective on October 1, the PHA is still required to complete an annual reexamination no later than May 1 following the transfer. In this situation, the PHA could conduct an annual reexamination prior to the transfer in January, and thereafter conduct annual reexaminations effective October 1.
* To facilitate the review of community service compliance, Section 11-I.C. of the ACOP contains a policy stating that where the lease term does not coincide with the effective date of the annual reexamination, the PHA will change the effective date of the annual reexamination to coincide with the lease term. If the PHA selects Option 2, or otherwise revises this policy, the policy in Section 11-I.C. will need to be revised or deleted to ensure consistency between the two policies. In addition, the policy in Section 12-IV.G, Reexamination Policies Associated with Transfers, must also be revised.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Generally, the PHA will schedule annual reexaminations to coincide with the family's anniversary date. The PHA will begin the annual reexamination process approximately 120 days in advance of the scheduled effective 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 transfers to a new unit, the PHA will perform a new annual reexamination, and the anniversary date will be changed.

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

🞎 *Option 2: Delete the model ACOP language and substitute language as shown below.*

Generally, the PHA will schedule annual reexaminations to coincide with the family's anniversary date. The PHA will begin the annual reexamination process approximately 120 days in advance of the scheduled effective 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 transfers to a new unit, the PHA will not perform a new annual reexamination.

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

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

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

The PHA must establish a policy indicating how annual reexaminations will be conducted, and if attendance at an interview is required, which family members must attend.

🗹 **Decision Point: Will the PHA require annual reexamination interviews, and if so, who will be required to attend?**

Things to Consider

* While the PHA must establish policies governing how annual reexaminations will be conducted, unless it is necessary to accommodate persons with disabilities or LEP persons, the PHA is not required to conduct in-person interviews with families as part of the annual reexamination process. PHAs have the option to conduct reexaminations either in-person or remotely—either through the mail or through virtual platforms such as reexamination portals or web-based applications. The model plan language allows the PHA to decide between these options. Option 1 provides language for in-person reexaminations, while Option 2 provides language for reexaminations that are conducted by mail. If the PHA implements reexaminations via a portal or web-based system, the PHA should select Option 3 and insert language specific to that process.
* Regardless of which method is selected, the PHA must ensure that families’ personally identifiable information (PII) is protected during the reexamination process and that information is stored in systems or records (whether electronic or paper) that have appropriate administrative, technical, and physical safeguards to protect information. The PHA must be aware of any protections under state and local law as well. See Notice PIH 2015-06 for more information on the collection of PII.
* For those PHAs that require in-person reexaminations, most PHAs require the head of household, spouse, or cohead to attend such an interview. If interviews are required, the PHA must offer alternative arrangements for participants who are unable to attend due to a disability.
* HUD’s Public Housing Occupancy Guidebook [p. 153] states that “(i)t is not possible to perform an adequate reexamination without interviewing the family.”
* For those PHAs that adopt remote reexaminations, the PHA will need to decide whether reexaminations will be conducted by mail, virtually, or a mix of the two. For example, the PHA may mail families a reexamination packet and have them return the packet to the PHA by mail (using a postage-paid envelope provided by the PHA); the PHA may mail packets to families and give families the option whether to return the packet to the PHA via mail (using a postage-paid envelope provided by the PHA) or to recertify online through a reexamination portal or website; or the PHA may move to an entirely web-based system. The PHA may ask clients which reexamination method they prefer, either prior to the implementation of the system or as part of the annual notice to families of their reexam, or the PHA may simply inform families of how reexaminations will be conducted.
* Further, if the PHA adopts remote reexaminations, the PHA must also decide whether remote reexaminations will apply to all families or families who meet certain criteria. PHAs may choose to conduct reexaminations by mail for specifically designated participants and in person for others. For example, the PHA’s policy could state that reexaminations will be conducted by mail for elderly or disabled participants, or for participants with specified income sources (for example, participants whose only source of income is Social Security/SSI or TANF). Because such a policy would be PHA-specific, no model language is provided for this approach.
* Some of the benefits of remote reexaminations are that they may allow persons with limited mobility, persons who lack transportation, persons who must reserve transportation well in advance, or persons who are immunocompromised to no longer come to a PHA office; they may allow flexibility to people who are working and to avoid requesting time off to come into the PHA’s office; and they may benefit people who require childcare.
* Since the remote reexamination process will be specific to the PHA, while Option 2 provides some sample language, the PHA should insert policies specific to their agency.
* Option 1 provides for reexaminations to be conducted by mail, but also states that the PHA will conduct face-to-face interviews any time a family requests, and may do so if the required paperwork is not returned timely, or if it is returned timely but is not complete. This approach ensures that reexaminations can still be completed timely and also promotes families responding more quickly.
* Option 2 states that the PHA’s policy is to always conduct face-to-face interviews.
* Option 3 provides processes for PHAs that utilize an online portal for reexaminations.
* For administrative ease and consistency, the policies regarding notification and failure to appear at reexamination interviews are consistent with similar policies elsewhere in the model ACOP (e.g. eligibility interviews). If you make changes to the policies in this chapter, you may want to consider making them in other chapters as well.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

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

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

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

If a family fails to attend two scheduled interviews without PHA approval, the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

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

🞎 *Option 2: Delete model plan language and substitute language as shown below if your PHA conducts annual reexaminations by mail.*

Annual reexaminations will be conducted by mail. Notification of the annual reexamination will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the PHA, and the deadline for providing it. Documents will be accepted by mail, by email, by fax, or in-person. The PHA will, however, conduct reexaminations in person if requested as a reasonable accommodation or by LEP persons. Reasonable accommodation requests will be handled in accordance with policies in Chapter 2. Further, an in-person interview will be scheduled if the family requests assistance in providing information or documentation requested by the PHA or may be scheduled if the required paperwork is not returned timely, or if it is returned timely but is not complete.

If the reexamination notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 13) will be sent to the family’s address of record, as well as to any alternate address provided in the family’s file.

🞎 *Option 3: Delete model plan language and substitute language as shown below if your PHA conducts annual reexaminations via an online portal.*

Annual reexaminations will be conducted using the PHA’s online portal. Notification of the annual reexamination will be sent by first-class mail or email and will inform the family of the information and documentation that must be provided to the PHA, and the deadline for providing it. Information must be updated and documents uploaded via the PHA’s secure portal. The PHA will, however, conduct reexaminations in person if requested as a reasonable accommodation or by LEP persons. Reasonable accommodation requests will be handled in accordance with policies in Chapter 2. Further, an in-person interview will be scheduled if the family requests assistance. In addition, the PHA may schedule an in-person interview if the required paperwork is not returned timely, or if it is returned timely but is not complete.

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

🞎 *Option 4: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-I.C. CONDUCTING ANNUAL REEXAMINATIONS**

🗹 **Decision Point: What policies govern completion and submission of required forms and tenant-supplied documents during the reexamination process?**

Things to Consider

* The model policy does not contain a list of specific information or documents the family will be required to complete as part of the annual reexamination process, other than to say the family must submit a PHA-designated reexamination form and supporting documentation related to the income, expenses, and family composition declared by the family. Although a more complete list of documents could be added to the policy, this is not advisable, since the complete list of required documents may change over time and will be provided in the notification to the family.
* For administrative ease and consistency, the policy regarding the number of days a family has to provide required documents they were unable to supply at the time of the interview (10 business days) is consistent with similar policies elsewhere in the model policy (e.g., eligibility interviews).
* The model policy allows the PHA to extend the family’s deadline for providing information. The policy does not specify how many requests will be allowed and under what circumstances an extension will be granted. This is to allow the PHA flexibility in handling the requests on a case-by-case basis. Extension criteria could be added if a PHA so chooses.
* Use Option 1 if your PHA conducts annual reexaminations in person.
* Option 2 supports annual reexaminations by mail or via the PHA’s portal.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment. The required information will include a PHA-designated reexamination form as well as supporting documentation related to the family’s income, expenses, and family composition.

Any required documents or information that the family is unable to provide at the time of the interview or any stated deadline must be provided within 10 business days of the interview.If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

🞎 *Option 2: Delete the model ACOP language and substitute language as shown below.*

Families will be asked to supply all required information (as described in the reexamination notice) before the deadline specified in the notice. The required information will include a PHA-designated reexamination form as well as supporting documents or forms related to the family’s income, expenses, and family composition.

The PHA will notify the family in writing if any required documentation or information is missing. The missing information or documentation must be provided within 10 business days of the date the PHA notifies the family. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time period (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

If the family requests or the PHA schedules an in-person interview, families will be asked to bring all required information (as described in the reexamination notice) to the reexamination appointment.

Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview. If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time period (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-I.D. CALCULATING ANNUAL INCOME AT ANNUAL REEXAMINATION [24 CFR 5.609(C)(2) and Notice PIH 2023-27]**

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

**☑ Decision Point: Will the PHA use streamlined determinations of income and determinations of income from means-tested federal assistance programs?**

Things to Consider

* The PHA identifies in Chapter 7 whether or not it will use streamlined income determinations or Safe Harbor determinations from means-tested federal assistance programs. If the PHA adopts the default policy to use these methods of verification, the PHA should include a policy in Chapter 9 stating that the income calculation methods used at annual reexamination as outlined in the chapter do not apply to those methods.
* If the PHA does not adopt such policies, the PHA may delete the policy decision point since all determinations will be made in accordance with the methods outlined in the chapter.
* NMA’s model policy in Chapter 7 does state the PHA will accept Safe Harbor determinations from means-tested federal assistance programs. It also states the PHA will not use streamlined income determinations. Option 1 reflects this. If, in Chapter 7, the PHA did decide to use streamlined income determinations and/or did not decide to accept Safe Harbor determinations, policy should be edited here to align with Chapter 7.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

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

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-I.E. OTHER CONSIDERATIONS**

**Change in Unit Size**

The PHA may use the results of the annual reexamination to require the family to move to an appropriate size unit [24 CFR 960.257(a)(4)]. Policies governing transfers are contained in Chapter 12, therefore, **no policy decisions are required in this section.**

**Criminal Background Checks**

**☑ Decision Point: Will the PHA conduct criminal background checks as part of the annual reexamination process?**

Things to Consider

* HUD authorizes PHAs to conduct criminal records checks on public housing residents for the purpose of lease enforcement and eviction [24 CFR 5.903(e)(1)(ii)].
* To ensure that PHAs have the authority to conduct criminal records checks annually or at other times, it is good practice for the PHA to require all household members age 18 or older to sign a consent form for a criminal background check as part of the annual reexamination process.
* Criminal background checks of residents will be conducted in accordance with the policy in Section 13-IV.B.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Each household member age 18 and over will be required to execute a consent form for a criminal background check as part of the annual reexamination process.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

🗹 **Decision Point: Will the PHA screen at annual reexaminations for lifetime registered sex offenders?**

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model plan are required.*

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

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Compliance with Community Service**

For families who include nonexempt individuals, the PHA must determine compliance with community service requirements once each 12 months [24 CFR 960.257(a)(3)]. Policies governing compliance with community service requirements are contained in Chapter 11, therefore, **no policy decisions are required in this section.**

**9-I.F. EFFECTIVE DATES**

As part of the annual reexamination process, the PHA must make appropriate adjustments in the rent after consultation with the family and upon verification of the information [24 CFR 960.257(a)].

**☑ Decision Point: How will the PHA determine the effective dates for annual reexaminations?**

Things to Consider

* The model policy assumes that 30 days can be considered adequate notice. However, state and local laws may require notice of more than 30 days for rent increases. If this is the case in your state, you will need to edit the model policy accordingly.
* The model policy also accounts for the fact that the effective date of a change will not always be based on the anniversary date.
* The final point in the model policy addresses how the PHA will determine whether any delay in processing a reexamination was caused by the family.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

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

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

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

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

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

If the PHA 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 PHA.

If the family causes a delay in processing the annual reexamination, *decreases* in the tenant 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 PHA by the date specified, and this delay prevents the PHA from completing the reexamination as scheduled.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**PART II: REEXAMINATIONS FOR FAMILIES PAYING FLAT RENTS**

24 CFR 960.253(f)

**9-II.A. OVERVIEW**

This section is an overview of Part II. **No policy decisions are required.**

**9-II.B. FULL REEXAMINATION OF FAMILY INCOME AND COMPOSITION**

**Frequency of Reexamination**

**☑ Decision Point: How frequently will the PHA conduct a full reexamination of family income and composition for families choosing to pay flat rents?**

Things to Consider

* Regulations at 24 CFR 960.253(f) state that for families who choose flat rents, the PHA must conduct a reexamination of family income “at least once every three years.”
* However, these regulations are not applicable to over-income families. Once an over-income determination is made, the PHA must conduct an income reexamination at 12 and 24 months, as applicable, to determine if the family remains over-income [Notice PIH 2023-03].
* Some PHAs have established policies mandating a full reexamination annually for families paying flat rents. While this approach is allowed under the regulations, it is not recommended due to the increased demand on staff resources.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

For families paying flat rents, the PHA will conduct a full reexamination of family income and composition once every three years.

However, for flat rent families who become over-income between full annual reexaminations, the PHA will review family income at 12 and 24 months following the initial over-income determination as needed to verify the family remains over-income. The family will continue to be given a choice between income-based and flat rent at each annual reexamination during the over-income grace period.

If the family is subsequently determined to no longer be over-income:

If the determination is the result of an annual reexamination, the family will be given a choice between income-based or flat rent at reexam. If the family selects flat rent, the PHA will resume reexamination of family income and composition once every three years.

If determination is as a result of an interim reexamination, the PHA will conduct an annual reexamination for the family at their next scheduled annual date. If the family selects flat rent, the PHA will resume reexamination of family income and composition once every three years. Families will only be given the choice between income-based and flat rent at annual reexamination.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Reexamination Policies**

**☑ Decision Point: How will the PHA process full reexaminations of family composition and income for families paying flat rents?**

Things to Consider

* The full reexamination for flat rent families is identical to the annual reexamination for families paying income-based rents. Rather than duplicate the policies in this section, the policy references the policies in Part I of this chapter.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

In conducting full reexaminations for families paying flat rents, the PHA will follow the policies used for the annual reexamination of families paying income-based rent as set forth in Sections 9-I.B through 9-I.E above.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-II.C. REEXAMINATION OF FAMILY COMPOSITION (“ANNUAL UPDATE”)**

As noted above, if full reexaminations are conducted every three years for families paying flat rents, in the years between full reexaminations, regulations require the PHA to conduct a reexamination of family composition (“annual update”). Over-income families who select the flat rent are not subject to annual update as their income must be reviewed at 12 and 24 months as applicable.

The annual update process is similar to the annual reexamination process, except that the PHA does not collect information about the family’s income and expenses, unless the family requests the PHA to determine the amount of income-based rent the family would pay and submits updated income information.

The family’s rent is not recalculated following an annual update.

Although this process is referred to in HUD regulations as a “reexamination of family composition,” families are required to report any changes in family composition according to the PHA’s interim policies in Part III of this chapter.

The purpose of the reexamination of family composition is to ensure that the size and type of unit in which the family is living is appropriate for the family’s size and needs [PH Occ GB, p. 155].

**Scheduling**

**☑ Decision Point: When will annual updates take place?**

Things to Consider

* The scheduling and timing of the annual update for flat rent families is identical to the scheduling of the annual reexamination for families paying income-based rents. Rather than duplicate the policies in this section, the policy references the policies in Part I of this chapter.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

For families paying flat rents, annual updates will be conducted in each of the 2 years following the full reexamination.

In scheduling the annual update, the PHA will follow the policy used for scheduling the annual reexamination of families paying income-based rent as set forth in Section 9-I.B. above.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Conducting Annual Updates**

🗹 **Decision Point: Will the PHA require annual update interviews, and if so, who will be required to attend?**

Things to Consider

* There is no requirement for a personal interview at the time of the annual update.
* Most families paying flat rent are employed, and would be required to take time off in order to attend an interview.
* The default policy does not call for a personal interview, but permits the PHA to require one if warranted by the family’s circumstances.
* Option 2 has been included for PHAs that conduct a personal interview as part of the annual update process.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Generally, the family will not be required to attend an interview for an annual update. However, if the PHA determines that an interview is warranted, the family may be required to attend.

🞎 *Option 2: Delete the model ACOP language and substitute language as shown below.*

Families generally are required to participate in an annual update interview, which must be attended by the head of household, spouse, or cohead. If participation in an in-person interview poses a hardship because of a family member’s disability, the family should contact the PHA to request a reasonable accommodation.

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

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

If a family fails to attend two scheduled interviews without PHA approval, the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

🗹 **Decision Point: What policies govern completion and submission of required forms and tenant-supplied documents during the annual update process?**

Things to Consider

* For administrative ease, the model policy in this section is similar to the policy in Part I of this chapter.
* The model policy does not contain a list of specific information or documents the family will be required to complete as part of the annual update process. Although a complete list of documents could be added to the policy, this is not advisable because the list of required documents may change over time, and will be provided in the notification to the family.
* For administrative ease and consistency, the policy regarding the number of days a family has to provide required documents (10 business days) is consistent with similar policies elsewhere in the model policy (e.g. eligibility interviews). The model policy also calls for a second written notice to be automatically sent to a family if they do not submit the required information within the 10 business days, or if their submission is incomplete.
* The model policy allows the PHA to extend the family’s deadline for providing information. The policy does not specify how many requests will be allowed and under what circumstances an extension will be granted. This is to allow the PHA flexibility in handling the requests on a case-by-case basis. Extension criteria could be added if a PHA so chooses.
* Option 2 is for PHAs that conduct a personal interview as part of the annual update process.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Notification of the annual update will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the PHA. The family will have 10 business days to submit the required information to the PHA. If the family is unable to obtain the information or documents within the required time frame, the family may request an extension. The PHA will accept required documentation by mail, by email, by fax, or in person.

If the family’s submission is incomplete, or the family does not submit the information in the required time frame, the PHA will send a second written notice to the family. The family will have 10 business days from the date of the second notice to provide the missing information or documentation to the PHA.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

🞎 *Option 2: Delete the model ACOP language and substitute language as shown below.*

Families will be asked to bring all required information (as described in the notice) to the annual update appointment. Any required documents or information that the family is unable to provide at the time of the interview must be provided within 10 business days of the interview.If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

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

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

***Change in Unit Size***

The PHA may use the results of the annual reexamination to require the family to move to an appropriate size unit [24 CFR 960.257(a)(4)]. Policies governing transfers are contained in Chapter 12, therefore, **no policy decisions are required in this section.**

***Criminal Background Checks***

**☑ Decision Point: Will the PHA conduct criminal background checks as part of the annual update process?**

Things to Consider

* HUD authorizes PHAs to conduct criminal records checks on public housing residents for the purpose of lease enforcement and eviction [24 CFR 5.903(e)(1)(ii)].
* To ensure that PHAs have the authority to conduct criminal records checks annually or at other times, it is good practice for the PHA to require all household members age 18 or older to sign a consent form for a criminal background check as part of the annual reexamination process.
* Criminal background checks of residents will be conducted in accordance with the policy in Section 13-IV.B.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Each household member age 18 and over will be required to execute a consent form for a criminal background check as part of the annual update process.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

***Compliance with Community Service***

For families who include nonexempt individuals, the PHA must determine compliance with community service requirements once each 12 months [24 CFR 960.257(a)(3)]. Policies governing compliance with community service requirements are contained in Chapter 11, therefore, **no policy decisions are required in this section.**

**PART III: INTERIM REEXAMINATIONS**

24 CFR 960.257(b); 24 CFR 966.4; and Notice PIH 2023-27

**9-III.A. OVERVIEW**

This part explains that HUD requires the family to report changes in family circumstances and requires the PHA to conduct interim reexaminations in certain situations. **No policy decisions are required.**

**9-III.B. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION**

**Reporting**

🗹 **Decision Point: Will the PHA conduct interim reexaminations for all changes in family composition that occur between annual reexaminations?**

Things to Consider

* PHAs must require families to report household composition changes; however, PHAs determine the timeframe in which reporting happens [Notice PIH 2023-27].
* A family may request an interim reexamination of family income or composition because of any changes since the last determination. The PHA must make the interim determination within a reasonable time after the family request [24 CFR 960.257(b)(5)].
* Although not required by the regulations, the model policy language states that the PHA will conduct interim reexaminations for all changes in family composition. The PHA may consider a transfer to comply with occupancy standards where there has been a change in family composition. Transfer policies are located in Chapter 12.
* The model policy clarifies that the requirement to report changes in family composition applies to all families regardless of whether they are paying income-based rent or flat rent.
* For administrative ease and consistency, the policy regarding how long the family has to notify the PHA of changes in household composition, is consistent with similar policies elsewhere in the model policy (10 business days).

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

All families, those paying income-based rent as well as flat rent, must report all changes in family and household composition that occur between annual reexaminations (or annual updates) within 10 business days of the change.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**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 PHA approval. However, the family is required to promptly notify the PHA of the addition [24 CFR 966.4(a)(1)(v)]. **No policy decisions are required.**

**New Family and HouseholdMembers Requiring Approval**

🗹 **Decision Point: How will the PHA treat requests to add a family member who must be approved by the PHA?**

Things to Consider

* The model policy states that families must request permission to add a new family member when someone’s stay in the unit is expected to exceed the time frames that define what constitutes a guest. The policy is based on the definition of *guest* developed in Chapter 3. If a PHA chooses to change the definition of *guest* in Section 3-I.J, the changes will need to be reflected in this section.
* A PHA refusal to allow a tenant to have a foster child or foster children may constitute a violation of the familial status provisions of the Fair Housing Act [PH Occ GB, p. 26].
* The PHA may adopt reasonable policies concerning residency by a foster child or a live-in aide and consider factors such as (1) whether the addition of a new occupant may necessitate a transfer of the family to another unit, and whether such units are available, and (2) the PHA’s obligation to make reasonable accommodation for persons with disabilities [24 CFR 966.4(d)(3)].
* To limit the number of required transfers, the model policy states that the PHA will not approve the addition of a new household member (that requires PHA approval) if it will require the family to move to a larger unit. The policy does allow for exceptions including reasonable accommodation.
* If you do not want to limit the addition of new household members based on whether or not the family will require a larger size unit, select option 2.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Families must request PHA 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 14 consecutive days or a total of 30 cumulative calendar days during any 12-month period and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the PHA prior to the individual moving into the unit.

If adding a person to a household (other than a child by birth, adoption, or court-awarded custody) will require a transfer to a larger size unit (under the transfer policy in Chapter 12), the PHA will approve the addition only if the family can demonstrate that there are medical needs or other extenuating circumstances, including reasonable accommodation, that should be considered by the PHA. Exceptions will be made on a case-by-case basis.

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

If the PHA determines that an individual does not meet the PHA’s eligibility criteria or documentation requirements, the PHA 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 PHA will make its determination within 10 business days of receiving all information required to verify the individual’s eligibility.

🞎 *Option 2: Delete the model policy language and insert language below.*

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

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

If the PHA determines that an individual does not meet the PHA’s eligibility criteria or documentation requirements, the PHA 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 PHA will make its determination within 10 business days of receiving all information required to verify the individual’s eligibility.

* *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Departure of a Family or Household Member**

PHAs are required to process an interim for all decreases in adjusted income when a family member permanently moves out of the unit.

🗹 **Decision Point: When must a family report that a family member no longer resides in the unit?**

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

If a household member ceases to reside in the unit, the family must inform the PHA within 10 business days. This requirement also applies to family members who had been considered temporarily absent, who are now permanently absent.

The PHA will process an interim if the family’s adjusted income will decrease as a result of a family member permanently moving out of the unit.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-III.C. CHANGES AFFECTING INCOME OR EXPENSES**

🗹 **Decision Point: Are families that are paying flat rent required to report changes in income or expenses between reexaminations?**

Things to Consider

* Although it may seem obvious that flat rent families should not be required to report changes in income and expenses, because the regulations don’t specifically state this, a policy clarifying this issue is advisable.
* To require families who are paying flat rent to report changes in income and expenses is an added burden to both the family and the PHA.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

This section only applies to families paying income-based rent. Families paying flat rent are not required to report changes in income or expenses.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Interim Decreases [24 CFR 960.257(b)(2) and Notice PIH 2023-27]**

The PHA may decline to conduct an interim reexamination if the PHA estimates the family’s adjusted income will decrease by an amount that is less than 10 percent of the family’s adjusted income. The PHA may set a lower threshold in PHA policy.

🗹 **Decision Point: What are the PHA’s policies for interim decreases?**

Things to Consider

* The PHA must establish in policy the percentage threshold they will use for conducting interim decreases.
* Option 1 states that the PHA will conduct an interim for all decreases. This is consistent with pre-HOTMA requirements and provides the most benefit to families.
* If the PHA wishes to use 10 percent as the threshold, the PHA should adopt Option 2.
* If the PHA wishes to set a percentage threshold for decreases of less than 10 percent but more than 0 percent, the PHA should write its own policy identifying the amount of the threshold. The PHA may not adopt a threshold that is greater than 10 percent.
* PHAs are not permitted to establish a dollar figure instead of a percentage threshold.
* If the PHA sets a threshold amount that is greater than 0, the PHA may establish a policy to round calculated percentage decreases up or down to the nearest unit. Option 2 adopts such a policy to ensure consistency among staff.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

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

🞎 *Option 2: Delete model ACOP language and substitute language as shown below.*

Generally, the PHA will only conduct an interim when the family’s adjusted income has decreased by an amount that is 10 percent or more of the family’s adjusted income.

When determining the 10 percent threshold, the PHA will round calculated percentages up or down to the next nearest unit as applicable (e.g., a calculated decrease of 9.5 percent will be rounded to 10 percent).

However, the PHA will 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.

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**Interim Increases [24 CFR 960.257(b)(2) and Notice PIH 2023-27]**

***Increases Less than 10 Percent***

PHAs must not process interim reexaminations for income increases that result in less than a 10‑percent increase in annual adjusted income. **No PHA policy decisions are required.**

***Increases 10 Percent or Greater***

The PHA must conduct an interim reexamination of family income when the PHA becomes aware that the family’s adjusted income has changed by an amount that the PHA estimates will result in an increase of 10 percent or more in annual adjusted income. However, the PHA may not consider earned income in estimating whether adjusted income has increased unless the family previously received an interim decrease during the same certification period. The PHA may choose not to include earned income increases in determining whether the 10 percent threshold is met for increases when the family previously had an interim performed for a decrease in adjusted income (whether for earned income, unearned income, or a combination of the two) since the last reexamination.

🗹 **Decision Point: Will the PHA consider increases in earned income when there was a previous interim decrease since the family’s last annual that resulted in a rent decrease?**

Things to Consider

* PHAs may choose not to include earned income increases in determining whether the 10 percent threshold is met for increases in adjusted income when the family previously had an interim reexamination performed for a decrease in adjusted income (earned, unearned, or combined) since the last annual reexamination.
* PHAs must describe how they will handle this situation in their policies.
* If the PHA chooses not to conduct an interim in this circumstance, then the PHA will not conduct any interims for increases in earned income. For ease of administration, Option 1 reflects this policy.
* If the PHA wishes to conduct interims when a family has an increase in earned income and there was a previous decrease, the PHA should select Option 2.
* Regardless, the PHA must conduct interims for other changes in income that meet the 10 percent threshold.
* Unlike with decreases in income, the PHA may not establish an alternative threshold to the 10 percent amount.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are required.*

When a family reports an increase in their earned income between annual reexaminations, the PHA will not conduct an interim reexamination, regardless of the amount of the increase, and regardless of whether there was a previous decrease since the family’s last annual reexamination.

The PHA will process an interim reexamination for any increases in unearned income of 10 percent or more in adjusted income.

The PHA will not perform an interim reexamination when a family reports an increase in income (whether earned or unearned income) within three months of their annual reexamination effective date. However, families who delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with the PHA policies in Chapter 15.

🞎 *Option 2: Delete model ACOP language and substitute language as shown below.*

Provided a family’s increase meets the 10 percent threshold, the PHA will conduct an interim when the family experiences an increase in earned income and the family previously had an interim performed for a decrease in adjusted income (whether for earned income, unearned income, or a combination of the two) since their last annual.

The PHA will not process an interim for increases in earned income when an interim was previously performed since the family’s last annual and the interim resulted in an increase in the family’s rent, nor will the PHA process an interim for an increase in earned income when the family has not had a previous interim reexamination since their last annual.

The PHA will also process an interim for any other increases in income that meet the 10 percent threshold.

The PHA will not perform an interim reexamination when a family reports an increase in income (whether earned or unearned income) within three months of their annual reexamination effective date. However, families who delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with the PHA policies in Chapter 15.

🞎 *Option 3: Use PHA-established policy. Edit the model plan language or delete it and insert the PHA’s policy.*

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

No PHA policy decisions are required.

***Cumulative Increases [Notice PIH 2023-27]***

No PHA policy decisions are required.

***Public Housing Over-Income Families [24 CFR 960.507(c); Notice PIH 2020-3; and Notice PIH 2023-27]***

No PHA policy decisions are required.

***Family Reporting***

The PHA must adopt policies consistent with HUD regulations prescribing when and under what conditions the family must report a change in family income or composition [24 CFR 960.257(b)(5)].

🗹 **Decision Point: When must a family report a change in income?**

Things to Consider

* PHAs are responsible for educating families on the requirements for reporting changes. Families are responsible for reporting these changes to the PHA. It is the PHA’s responsibility to track all reported changes to a family’s annual adjusted income to ensure that the PHA is correctly processing interim reexaminations in accordance with HUD’s requirements.
* PHAs may establish policies requiring that families report all changes in income and household composition, and the PHA will subsequently determine if the change requires an interim reexamination. Option 1 adopts such a policy. The model policy states that the family will be required to report all changes in income and the PHA will determine whether such change warrants an interim reexamination. If an interim is not required, the model policy states the PHA will note the file. This allows for the PHA to maintain a record of all family-reported information. By having families report all changes, the PHA cuts down on confusion about when an interim is required and alleviates the burden of calculating threshold amounts for the family.
* Alternatively, a PHA’s policies may require families to report only changes that the family estimates meet the threshold for an interim reexamination, and the PHA must determine if an interim reexamination is necessary. Option 2 of the model policy adopts such a policy. NMA does not recommend such a policy since it may be difficult for the family to calculate whether a change meets the threshold for a change to adjusted income and families may inadvertently fail to report changes.
* Most PHAs try to streamline the interim reporting process in order to minimize the burden placed on either families or staff. The model policy takes this approach by allowing families to report changes either orally or in writing. However, in certain circumstances, the PHA may need to require that the family submit documentation or attend an interview. The model policy allows for these steps, at the PHA’s discretion.
* The specific documentation that will be required will depend on the type of change the family reports and whether or not it is expected to change the tenant rent.
* Once the family has reported the change, the model policy puts the burden on the PHA to request from the family the specific information that is needed to complete the interim.
* For administrative ease and consistency, the time frame that a family will be given to submit PHA-required documents is consistent with similar policies elsewhere in the model policy (10 business days).

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

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. The family may notify the PHA of changes either orally or in writing, including email. If the family provides oral notice, the PHA may also require the family to submit the changes in writing, including email.

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

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

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

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

🞎 *Option 2: Delete model plan language and substitute language as shown below.*

Families will be required to report only changes that the family estimates meet the threshold for an interim reexamination. Families must report changes that meet the threshold within 10 business days of the date the change takes effect. The family may notify the PHA of changes either orally or in writing. If the family provides oral notice, the PHA may also require the family to submit the changes in writing. The family is not required to report changes it does not estimate meet the threshold for an interim reexamination.

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

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

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

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

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-III.D. EFFECTIVE DATES**

**Changes Reported Timely [24 CFR 960.257(b)(6) and Notice PIH 2023-27]**

No PHA policy decisions are required.

**Changes Not Reported Timely [24 CFR 960.257(b)(6)(ii) and (iii) and Notice PIH 2023-27]**

🗹 **Decision Point:** **For rent decreases when a family does not report timely, will the PHA apply decreases retroactively?**

Things to Consider

* For the most part, the regulations govern PHA notice requirements for the results of an interim reexamination.
* However, there is a discretionary component when a family fails to report a change timely that would result in a decrease. In this case, the PHA may apply rent decreases either to the first of the month following the change or retroactively. The PHA may choose to adopt a policy that would make the effective date of an interim reexamination retroactive to the first of the month following the date of the actual decrease in income, as opposed to the first of the month following completion of the reexamination.
* PHAs may also choose to establish conditions or requirements for when such a retroactive application would apply (e.g., 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 the PHA management operations). Option 1 generally adopts a policy of applying decreases prospectively but allows the PHA leeway to apply decreases retroactively in the case of extenuating circumstances. If the PHA wishes to apply decreases prospectively no matter the circumstances surrounding the family’s failure to report, the PHA should adopt Option 2.
* PHAs that choose to adopt Option 1 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 (i.e., most recent interim or annual reexamination or the family’s initial examination if that was the family’s only income examination before the interim reexamination in question). Option 1 makes this clear.
* In applying a retroactive change in rent or family share as the result of an interim reexamination, the PHA must clearly communicate the effect of the retroactive adjustment to the family so that there is no confusion over the amount of the rent that is the family’s responsibility. These policies may reduce the potential hardship on families and eliminate or significantly reduce the amount a family may owe the PHA for back rent if the family has had difficulty in making timely rent payments during the time between the loss of income and the interim reexamination. Option 1 adopts such language.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

In general, when the family fails to report a change in income or family composition timely, and the change would lead to a rent decrease, the PHA will apply the decrease the first of the month following completion of the interim reexamination.

However, the PHA will apply the results of the interim reexamination retroactively where a family’s ability to report a change in income promptly may have been hampered due to extenuating circumstances such as a natural disaster or disruptions to PHA management operations. The PHA will decide to apply decreases retroactively on a case-by-case basis. In such cases, the earliest date that the retroactive decrease will be 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.

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

🞎 *Option 2: Delete the model ACOP language and substitute language as shown below.*

When the family fails to report a change in income or family composition timely, and the change would lead to a rent decrease, the PHA will apply the decrease the first of the month following completion of the interim reexamination.

🞎 *Option 3: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**PART IV: NON-INTERIM REEXAMINATION TRANSACTIONS**

[Notice PIH 2023-27]

This section describes when the PHA must submit non-interim reexamination transactions**. No PHA policy decisions are required.**

**PART V: RECALCULATING TENANT RENT**

**9-V.A. OVERVIEW**

This part explains the requirement for PHAs to recalculate tenant rent, and to provide notice to the family of these changes. **No policy decisions are required.**

**9-V.B. CHANGES IN UTILITY ALLOWANCES [24 CFR 965.507, 24 CFR 966.4]**

The tenant rent calculations must reflect any changes in the PHA’s utility allowance schedule [24 CFR 960.253(c)(3)]. Chapter 16 discusses how utility allowance schedules are established.

🗹 **Decision Point: At which reexamination will revised utility allowances be applied, interim or annual?**

Things to Consider

* Regulations at 24 CFR 965.507 require the PHA to adjust utility allowances retroactively when rates change by 10 percent or more. The regulations are otherwise silent as to the effective date for revisions to the PHA’s utility allowances and when they must be applied in calculating tenant rent.
* While the model policy specifies that revised utility allowances will be applied at the next annual reexamination, a PHA could choose to use an updated schedule at interim reexamination.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

Unless the PHA is required to revise utility allowances retroactively, revised utility allowances will be applied to a family’s rent calculations at the first annual reexamination after the allowance is adopted.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-V.C. NOTIFICATION OF NEW TENANT RENT**

The public housing lease requires the PHA to give the tenant written notice stating any change in the amount of tenant rent, and when the change is effective [24 CFR 966.4(b)(1)].

🗹 **Decision Point: Will the notification to the family regarding the new tenant rent amount include any additional information?**

Things to Consider

* Although it is not required, it is good practice to include in the notice to the family the annual and adjusted income that was used to calculate the tenant rent. The model ACOP includes such a policy.

🞎 *Option 1: Use the model ACOP language shown below. No changes to the model ACOP are needed.*

The notice to the family will include the annual and adjusted income amounts that were used to calculate the tenant rent.

🞎 *Option 2: Use PHA-established policy. Edit the model ACOP language or delete it and insert the PHA’s policy.*

**9-V.D. DISCREPANCIES**

This section explains that when errors resulting in the overpayment or underpayment of rent are discovered, they will be corrected in accordance with the policies contained in Chapter 13. **No policy decisions are required.**

**FINALIZING THE DOCUMENT**

Take a final look at the changes you have made in this chapter of the ACOP.  
Have you:

(1) Added or subtracted any exhibits at the end of the chapter?  Yes  No.

(2) Added, subtracted or reordered any major sections (at the A, B, or C level?)  Yes  No

If you answered yes to either of these questions, you must adjust the chapter to match your changes.

**☑ Decision Point: Are any changes required to this chapter?**

No. No changes to the model policy are needed.

Yes. Edits only. Edit and insert PHA language as appropriate.

Yes. PHA changed the organization of the chapter. Adjust the chapter to reflect your changes **and** review the rest of the document to make sure that any references to section numbers are correct.

**☑ Decision Point: Are changes required in other chapters as a result of changes to this chapter?**

Check the “Things to Consider” under each decision point to identify if changes to the model policy will require changes to policies in other chapters of the ACOP.

No. Changes to other chapters are not necessary.

Yes. Changes to the following chapters are also required: