**Chapter 9.A.**

**REEXAMINATIONS**

[24 CFR 960.257, 960.259, 966.4]

**This chapter is applicable until the PHA’s HOTMA 102/104 compliance date. After this date, the PHA will follow policies as outlined in Chapter 9.B 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: 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 STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 960.257]**

HUD permits PHAs to streamline the income determination process for family members with fixed sources of income. While third-party verification of all income sources must be obtained during the intake process and every three years thereafter, in the intervening years the PHA may determine income from fixed sources by applying a verified cost of living adjustment (COLA) or rate of interest. The PHA may, however, obtain third-party verification of all income, regardless of the source. Further, upon request of the family, the PHA must perform third-party verification of all income sources.

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The PHA must compare the amount of income from the fixed source to the amount generated during the prior year. If the amounts are the same or if they have changed only as a result of the COLA or other rate of interest generated on the principal amount that remained otherwise constant, the amount is fixed. The PHA must document the tenant file how it made the determination that a source of income is fixed. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

Two streamlining options are available, depending upon the percentage of the family’s income that is received from fixed sources. If at least 90 percent of the family’s income is from fixed sources, the PHA may streamline the verification of fixed income but is not required to verify non-fixed income amounts. If the family receives less than 90 percent of its income from fixed sources, the PHA may streamline the verification of fixed income and must verify non-fixed income annually.

🗹 **Decision Point: Will the PHA streamline the income determination process for family members with fixed sources of income?**

Things to Consider

* The options for streamlining the annual reexamination process are intended to reduce administrative burden by eliminating the need for third-party verification in some situations.
* For example, a client who receives a pension may receive an updated award letter only once per year. A streamlining policy would allow the PHA to apply a verified COLA to the pension amount, eliminating the need for third-party verification dated within 60 days of the reexamination or the request.
* PHAs that adopt streamlined income determinations for fixed sources of income must still obtain family member signatures on the consent forms required by 24 CFR 5.230.
* Option 1 states that the PHA will streamline the income determination process for fixed sources of income.
* For ease of administration, Option 1 states that income from non-fixed sources will be verified annually regardless whether the family receives 90 percent or more of its income from fixed sources.
* Since streamlining policies are optional, Option 2 states that the PHA will instead opt to obtain third-party verification of fixed income annually.
* *Option 1: Use the model plan language shown below. No changes to the model plan are required.*

The PHA will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources. The PHA will document in the file how the determination that a source of income was fixed was made.

If a family member with a fixed source of income is added, the PHA will use third-party verification of all income amounts for that family member.

If verification of the COLA or rate of interest is not available, the PHA will obtain third-party verification of income amounts.

Third-party verification of fixed sources of income will be obtained during the intake process and at least once every three years thereafter.

Third-party verification of non-fixed income will be obtained annually regardless of the percentage of family income received from fixed sources.

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

The PHA chooses not to streamline the annual reexamination process for fixed-income sources. The PHA will obtain third-party verification of all sources of income annually.

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

**9-I.C. 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 reexam portals or web-based applications. The model plan language allows the PHA to decide between these options. Option 1 provides language for in-person reexams, while Option 2 provides language for reexams that are conducted by mail. If the PHA implements reexams 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 reexam 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 reexams, 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 reexams, the PHA will need to decide whether reexams will be conducted by mail, virtually, or a mix of the two. For example, the PHA may mail families a reexam 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 reexam portal or website; or the PHA may move to an entirely web-based system. The PHA may ask clients which reexam 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 reexams will be conducted.
* Further, if the PHA adopts remote reexams, the PHA must also decide whether remote reexams 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 reexams 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 reexam process will be specific to the PHA, while Option 2 provides some sample language, the PHA should insert policies specific to their agency.
* 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 reexams 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 if the required paperwork is not returned timely, or if it is returned timely but is not complete.

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

**9-I.D. 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, an Authorization for the Release of Information/Privacy Act Notice, 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.

🞎 *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, 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 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: 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 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.E. 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.”
* 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 conduct an interim reexamination 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 the 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.D 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, full reexaminations are conducted every 3 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”).

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; 24 CFR 966.4]**

**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**

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

Things to Consider

* At any time, the PHA may conduct an interim reexamination of family income and composition.
* 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)].
* 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.

🞎 *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).

The PHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.

🞎 *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**

🗹 **Decision Point: When must families report the birth, adoption or court-awarded custody of a child?**

Things to Consider

* For administrative ease and consistency, the policy regarding how long the family has to notify the PHA of the birth, adoption, or court awarded custody of a child, 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 must inform the PHA of the birth, adoption, or court-awarded custody of a child within 10 business days.

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

**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, 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**

🗹 **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 family 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.

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

🞎 *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*

**PHA-Required Interim Reexaminations**

🗹 **Decision Point: Under what circumstances will the PHA initiate interim reexaminations?**

Things to Consider

* Although PHAs may conduct an interim reexamination at any time, the PHA should establish criteria for conducting PHA-initiated interim reexaminations to ensure that families are treated consistently.
* The model ACOP identifies five instances in which the PHA will initiate an interim reexamination.
* For any change in family composition.
* EID Families: The model policy ensures that the family receives the benefit of the exclusion for the amount of time they are entitled to under the law.
* Zero-Income Families: The model policy institutes a fairly aggressive policy for reexamining the income of families who claim to have no income. In determining what type of policy to adopt relative to zero-income families, a PHA should consider the number of zero-income families in the PHA’s program, whether or not the policy of more frequent reexaminations is likely to increase PHA rent revenues, and whether the amount saved in subsidy costs will be offset by the increased administrative costs.
* Difficulty Anticipating Annual Income: The model policy states that the PHA will conduct interims if the PHA is unable to anticipate annual income for the next 12 months. This policy puts the burden on the PHA to schedule a reexamination in these cases, rather than requiring the family to report changes when they occur.

If a PHA wants to shift this burden to the family, policies under PHA-initiated interims, as well as family-initiated interims will need to be revised. The challenge will be making sure the reporting requirement is clearly understood by those affected, particularly if, the PHA does not generally require families to report increases in income between annuals

* Updating Provisional Documents: If third-party verification is received after an annual reexamination was already processed, the PHA must conduct an interim, considering the new data. Therefore, the model policy includes this circumstance as a PHA-initiated interim.
* Error Correction: The model policy clarifies that if the PHA needs to conduct an interim to correct a previous error, or to investigate a tenant fraud complaint, the PHA may initiate an interim reexamination.

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

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

For any change in family composition.

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

If the family has reported zero income, the PHA will conduct an interim reexamination every three 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 PHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

If at the time of the annual reexamination, tenant declarations were used on a provisional basis due to the lack of third-party verification, and third-party verification becomes available, the PHA will conduct an interim reexamination.

The PHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

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

**Family-Initiated Interim Reexaminations**

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 960.257(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 960.257(b)].

***Required Reporting***

The first category of family-initiated interims is one that results from changes the family is required to report.

The PHA may require families to report some, all, or none of the changes in income or expenses that would result in a rent increase.

🗹 **Decision Point: When will the family be required to report changes in income between annual reexaminations?**

Things to Consider

* The model policy only requires families to report increases in earned income, including new employment.
* Although increases in income will not affect families, the information that is gathered by requiring everyone to report these increases may be useful to help PHAs establish historical income data for families. This could help identify families that have a pattern of working most of the year, but never seem to be working at the time of their annual reexamination. PHAs could then use this historical data to anticipate annual income at the family’s next annual reexamination.
* A PHA that wants to conduct interim reexaminations for all changes in income should:
* Consider the administrative costs of processing interim reexaminations versus the increase in rent revenues
* Consider which interim changes are likely to result in large increases in the tenant rent (and large reductions in subsidy)
* Ensure that the policy can be easily understood by participants and staff members.
* The following list of examples is intended to illustrate the wide variety of interim policies the PHA could establish, but PHAs are not limited to these options. The PHA could require interim reexaminations:
* Whenever an increase in income would increase the tenant rent
* When the family’s monthly income increases by a specified dollar amount
* When the family’s source of income changes from unearned to earned
* When a family which previously reported no income obtains a source of income

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

Families are required to report all increases in earned income, including new employment, within 10 business days of the date the change takes effect.

The PHA 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.

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

All families, those paying income-based rent as well as flat rent, must report all changes in family income (earned or unearned) that occur between annual reexaminations.

The PHA will conduct interim reexaminations to account for any changes in family income that occur between annual reexaminations.

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

***Optional Reporting***

The second category of family-initiated interims is one that results from changes the family chooses to report even though HUD requirements and PHA policies do not require it.

🗹 **Decision Point: How will the PHA process family-reported changes in income or expenses between annual reexaminations, when there is no requirement to report these changes?**

Things to Consider

* If a family reports a change it is not required to report, the policy should clearly state under what circumstances the PHA will or will not conduct an interim reexamination based on the information reported by the family.
* HUD requires PHAs to process interims that will result in a decrease in the family share of rent.

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

If a family reports a change that it was not required to report and that would result in an increase in the tenant rent, the PHA will note the information in the tenant file, but will not conduct an interim reexamination.

If a family reports a change that it was not required to report and that would result in a decrease in the tenant rent, the PHA will conduct an interim reexamination. See Section 9-III.D. for effective dates.

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

🗹 **Decision Point: How long does a family have for reporting changes that it is not required to report?**

Things to Consider

* The model policy does not provide a time frame for reporting changes that the family is not required to report. Therefore, the effective date of any decrease will be associated with the date the change was reported, not the date the change occurred.

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

Families may report changes in income or expenses at any time.

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

**9-III.D. PROCESSING THE INTERIM REEXAMINATION**

This section discusses policies related to how the family must report changes, and the time frames for providing information the PHA may require.

**Method of Reporting**

🗹 **Decision Point: How should the family report changes?**

Things to Consider

* Most PHAs try to streamline the interim reporting process in order to minimize the burden placed on either families or staff. The model ACOP 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.

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

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.

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

🗹 **Decision Point: How must the family document the changes?**

Things to Consider

* 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 ACOP (10 business days).

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

Based on the type of change reported, the PHA will determine the documentation the family will be required to submit. The family must submit any required information or documents within 10 business days of receiving a request from the PHA. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, by email, or in person.

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

**Effective Dates**

🗹 **Decision Point: How will the PHA determine the effective dates for interim reexaminations?**

Things to Consider

* The PHA must establish policies for determining the effective dates of interim reexaminations and the policies must be applied uniformly for all families. The model ACOP assumes that 30 days can be considered adequate notice for rent increases. 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 ACOP accordingly.
* Rent decreases usually go into effect the first of the month following the reported change. Income decreases reported and verified before the tenant accounting cut-off date will be effective the first of the following month. Income decreases reported or verified after the tenant accounting cut-off date will be effective the first of the second month with a credit retroactive to the first month. The PHA may adopt a policy that states that a decrease that is verified to last less than 30 days will not be processed [PH Occ GB, p. 163].

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

If the tenant rent is to *increase*:

The increase generally will be effective on the first of the month following 30 days’ notice to the family.

If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided on a timely basis. The family will be responsible for any underpaid rent and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the tenant 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. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

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

**PART IV: RECALCULATING TENANT RENT**

**9-IV.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-IV.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-IV.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-IV.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: