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

**INTRODUCTION**

This chapter contains the PHA’s policies for conducting reexaminations. These policies are contained in three parts:

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

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

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

**PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]**

**11-I.A. OVERVIEW**

This section explains the requirement for a PHA to conduct a reexamination of family income and composition at least annually, and the need for policies governing the annual reexamination process. **No policy decisions are required**.

**11-I.B. STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 982.516(b);** **New HCV GB, Reexaminations]**

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 determined 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 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.*

**11-I.C. SCHEDULING ANNUAL REEXAMINATIONS**

The PHA must establish a policy to ensure that the reexamination for each family is completed *within* a 12-month period, and may require reexaminations more frequently

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

Things to Consider

* The model plan 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.
* The model plan defines anniversary date to facilitate the discussion of effective dates.
* There is no requirement to conduct an annual reexamination when the family moves to a new unit (see Option 2). However, many PHAs do so in order to coordinate the next annual reexamination with the anniversary date of the HAP contract. For this reason, the model plan states that if a move takes, a new reexamination date will be established to coincide with the effective date of the HAP contract. Because program requirements allow owners to request increases in rent at any time (in accordance with the lease), it is not crucial for the HAP contract effective date to coincide with the reexamination effective date, and your PHA may choose not to include this policy.
* HUD guidance permits the PHA to schedule an annual reexamination to take effect earlier than the anniversary date for administrative convenience (for example, to balance workloads). This is stated as a PHA policy to make clear that if the PHA exercises this option, it will result in an exception to the general rule that effective dates coincide with anniversary dates.

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

The PHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the PHA will schedule annual reexamination effective dates to coincide with the family’s anniversary date.

*Anniversary date* is defined as 12 months from the effective date of the family’s last annual reexamination or, during a family’s first year in the program, from the effective date of the family’s initial examination (admission).

If the family moves to a new unit, the PHA will perform a new annual reexamination.

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

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

The PHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the PHA will schedule annual reexamination effective dates to coincide with the family’s anniversary date.

*Anniversary date* is defined as 12 months from the effective date of the family’s last annual reexamination or, during a family’s first year in the program, from the effective date of the family’s initial examination (admission).

If the family moves to a new unit, the PHA will not perform a new annual reexamination

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

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

**Notification and Participation in the 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 an interview. If interviews are required, the PHA must offer alternative arrangements for participants who are unable to attend due to a disability.
* For in-person reexams, for administrative ease and consistency, the policies regarding notification, undeliverable notices, and failure to appear at reexamination interviews are consistent with similar policies elsewhere in the model plan (e.g., eligibility interviews, briefings). If you make changes to these policies in this chapter, you may want to consider making them in other chapters as well.
* 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 immuno-compromised to no longer come to a PHA office; they may allow people who are working flexibility 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.
* Option 2 states that the PHA will conduct face-to-face interviews any time a family requests, or 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 1: Use the model plan language shown below. No changes to the model plan are required.*

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. If a family does not attend the scheduled interview, the PHA will send a second notification with a new interview date and appointment time.

If a family fails to attend two scheduled interviews without PHA approval, or if the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family’s address of record, and to any alternate address provided in the family’s file.

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

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

**11-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 plan 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 plan, 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 supply at the time of the interview (10 business days) is consistent with similar policies elsewhere in the model plan (e.g. eligibility interviews, briefings)
* The model plan 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.
* See Option 2 if your PHA conducts annual reexaminations by mail.

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

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

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

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

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, an Authorization for the Release of Information/Privacy Act Notice, 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 sent a notice of termination (see Chapter 12).

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 sent a notice of termination (see Chapter 12).

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

**11-I.E. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS [24 CFR 982.552(b)(5)]**

🗹 **Decision Point: How will the PHA determine the ongoing eligibility of students that are subject to the eligibility restrictions contained in 24 CFR 5.612?**

Things to Consider

* The PHA must ensure at each annual reexamination that all students subject to the restrictions on assistance remain income eligible.

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

During the annual reexamination process, the PHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612 by reviewing the student’s individual income as well as the income of the student’s parents. If the student has been determined “independent” from their parents or is considered a *vulnerable youth* based on the policies in Sections 3-II.E and 7-II.E, the parents’ income will not be reviewed.

If the student is no longer income eligible based on their own income or the income of their parents, the student’s assistance will be terminated in accordance with the policies in Section 12-I.D.

If the student continues to be income eligible based on their own income and the income of their parents (if applicable), the PHA will process a reexamination in accordance with the policies in this chapter.

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

**11-I.F. EFFECTIVE DATES**

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

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

Things to Consider

* The model plan 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 plan accordingly.
* The model plan 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 plan addresses how the PHA will determine whether any delay in processing a reexamination was caused by the family.
* If your PHA does not conduct annual reexaminations when a family moves to a new unit, select Option 2. This option simply deletes the exception to annual reexamination effective dates as a result of a move.

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

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

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

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

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

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

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the 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 family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

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

🞎 *Option 2: Delete the model plan language and substitute the language shown below if your PHA does not conduct annual reexaminations when a family moves to a new unit.*

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

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

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

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

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the 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, d*ecreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

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

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

**PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]**

**11-II.A. OVERVIEW**

This section explains that HUD requires the family to report changes in family circumstances and requires the PHA to conduct interim reexaminations in certain situations. HUD also requires the PHA to establish policies concerning whether to conduct interim reexaminations in other situations. **No policy decisions are required.**

**11-II.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.
* At any time, the family may request an interim determination 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 982.516 (b)(1).
* The Streamlining Final Rule removed the requirement that PHAs conduct a reexamination of income whenever a new family member is added. The rule did not, however, eliminate the requirement to verify other aspects of program eligibility.
* Option 1 states that the PHA will conduct a full interim reexaminations for all changes in family composition so that the PHA will know whether the unit is overcrowded due to changes to family composition.
* If the PHA does not wish to conduct a reexamination of income whenever a new family member is added, select Option 2.
* If the PHA selects Option 2, families who add a family member under the age of 6 are entitled to receive the dependent deduction even if the PHA does not conduct an interim recertification of income at the time the child is added. Therefore Option 2 states that the PHA will conduct a reexamination in this case (24 CFR 5.216(e)(2)(ii)(B)).

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

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

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

The PHA will not conduct a reexamination of income when a new family member is added. However, the PHA will verify all other aspects of program eligibility when the family requests to add a new member.

However, if the new member is under the age of 6, an interim reexamination will be conducted so that the family member may be counted as part of the assisted household and given the dependent deduction.

🞎 *Option 3: Delete the model policy language and insert language below.*

The PHA will conduct an interim reexamination to account for any changes in household composition that occur between annual reexaminations which decrease the amount of the family’s adjusted annual income and rent.

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

**New Family Members Not Requiring PHA 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 plan (10 business days).
* If you change the policy here, you will also need to change the policy in Section 5‑I.C.

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

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 plan language or delete it and insert the PHA’s policy.*

**New Family and Household Members Requiring Approval**

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

Things to Consider

* The model plan 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.
* The model plan requires families to request approval for new household members (live-in aide, foster child, foster adult) to reside in the unit but establishes a different standard for disapproving foster children and foster adults (based on HQS space standards) than for family members and live-in aides. The addition of a foster child or foster adult will not be approved if it will cause a violation of HQS space standards, whereas if the addition of a new family member or live-in aide causes a violation of HQS space standards, the family will be issued a voucher and required to move.
* Section 3-I.K., “Foster Children and Foster Adults,” includes a similar policy on the approval of foster children and adults. If changes are made to the policy here, changes must also be made to the policy in 3-I.K.
* The addition of a new family member or live-in aide could result in overcrowding according to HQS standards. The model policy states that the family will be informed of any such problem when the new family member is approved. If the PHA will use a separate process for informing the family of the problem, the model plan should be amended to reflect that policy.

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

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 30 consecutive days or 90 cumulative days within a 12-month period and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the 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).

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

If the PHA determines an individual meets the PHA’s eligibility criteria and documentation requirements, the PHA will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued a voucher and will be required to move.

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

**Departure of a Family or Household Member**

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

Things to Consider

* For administrative ease and consistency the policy regarding notification of a family member no longer residing in the assisted unit, is consistent with similar policies elsewhere in the model plan (10 business days).
* If you change the policy here, you will also need to change the policy in Section 5‑I.C.

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

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 member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

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

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

**Changes effective 12/2/24 and earlier:**Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family’s first regular reexamination following the change in family unit size. **No policy decisions are required.**

**Changes effective 12/3/24 and later:** Irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size may be used to determine the payment standard immediately or at the family’s first regular reexamination following the change in family unit size.

🗹 **Decision Point: When will the PHA apply the new family unit size?**

Things to Consider

* The PHA may apply the new family unit size immediately or may wait until the family’s first annual reexamination following the change. Since the regulations previously required that the change be made at an annual reexamination, for ease of administration, Option 1 of the model policy continues this practice.
* If the PHA wishes to apply changes immediately, Option 2 should be selected.

🞎 *Option 1: To apply changes at annual reexamination, use the model plan language shown below. No changes to the model plan are required.*

If the family unit size (voucher size) changes during the term of a HAP contract, the new family unit size will be used to determine the payment standard at the family’s first regular reexamination following the change in family unit size.

🞎 *Option 2: To apply changes immediately, delete the model plan language and substitute language as shown below.*

If the family unit size (voucher size) changes during the term of a HAP contract, the new family unit size will be used to determine the payment standard on the effective date of the interim reexamination implementing the change in family size.

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

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

**PHA-Required Interim Reexaminations**

🗹 **Decision Point: In 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 plan identifies five instances in which the PHA will initiate an interim reexamination, none of which are triggered by changes reported by the family.
* For any change in family composition.
* EID Families: The model plan ensures that the family receives the benefit of the exclusion amounts for the amount of time they are entitled to under the law.
* Zero-Income Families: The model plan 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 HCV program, whether or not the policy of more frequent reexaminations is likely to reduce PHA subsidy amounts, and whether the amount saved in subsidy costs will be offset by the increased administrative costs.
* Difficulty Anticipating Annual Income: The model plan 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 plan includes this circumstance as a PHA-initiated interim.
* Error Correction: The model plan 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 plan language shown below. No changes to the model plan are required.*

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 3 months as long as the family continues to report that they have no income.

If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income); the 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 is now 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 plan 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 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

***Required Reporting***

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 plan only requires families to report increases in earned income, including new employment.
* Although the increases in income will not affect families, the information that is gathered 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 cost savings of reductions to the HAP
* Consider which interim changes are likely to result in large increases in the family share of 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 family share of 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 plan language shown below. No changes to the model plan are required.*

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 model plan language and substitute language as shown below.*

Families are required to report all increases in income within 10 business days of the change occurring. The PHA will conduct an interim reexamination to recalculate the new family share of rent and new subsidy amount.

🞎 *Option 3: Use PHA-established policy. Edit the model plan 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. HUD requires PHAs to process interims that will result in a decrease in the family share of rent.

🗹 **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.

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

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

If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, the PHA will conduct an interim reexamination. See Section 11-II.D. for effective dates.

🞎 *Option 2: Use PHA-established policy. Edit the model plan 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 plan 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.
* Some PHAs require decreases in income to be reported by a certain day of the month in order for a change in the family’s share of the rent to take effect on the first day of the following month. Changes reported after that day do not take effect until the first of the second month following the reported change. This approach allows the PHA more time to process the interim, and may eliminate the need for retroactive effective dates. However, PHAs should consider the impact this type of policy will have on a family that has lost its income and will have to wait an additional month to have their rent reduced.

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

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

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

**11-II.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 plan 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 plan language shown below. No changes to the model plan are required.*

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 plan 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 family share of the rent.
* Once the family has reported the change, the model plan 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 plan (10 business days).

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

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 plan 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 plan 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 plan accordingly.
* If a PHA requires interim decreases to be reported by a certain day of the month in order to be considered “timely” this policy will need to be amended to explain the impact that untimely reporting will have on decreases in the family share of rent.

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

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

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

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

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

The decrease will be effective on the first day of the month following the month in which the change was reported and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

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

**PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT**

Most of the information in this part is required by regulation and requires no PHA policy decisions.

**11-III.A. OVERVIEW**

This section explains the requirement for PHAs to recalculate family share and subsidy amount, and to provide notice to the owner and family of these changes. **No policy decisions are required.**

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

**Payment Standards [24 CFR 982.505 and** **FR Notice 5/7/24]**

This section explains how changes in payment standards are to be considered when processing interim and annual reexaminations. **No policy decisions are required**.

**Subsidy Standards [24 CFR 982.505(c)(4)]**

This section explains how changes in family unit size must be considered when processing interim and annual reexaminations. **No policy decisions are required.**

**Utility Allowances [24 CFR 982.517(d)]**

The family share of the rent and HAP calculations must reflect any changes in the family’s utility arrangement with the owner, or in the PHA’s utility allowance schedule [HCV GB, p. 12-5].

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

Things to Consider

* The regulations state that the PHA must use the current utility allowance schedule at reexamination. They do not specify annual or interim reexamination.
* The HCV Guidebook states that revised allowances will be used to calculate a family’s gross rent at its next annual reexamination.
* The model plan adopts the safe harbor language from the HCV Guidebook and states that revised utility allowances will be applied at the first annual reexamination that is effective after the allowance is adopted.
* A PHA could choose to use an updated schedule at interim reexamination. However, if this decision is made, changes in payment standards and utility allowances will be implemented at different times because the payment standard effective dates are regulatory.

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

Revised utility allowances will be applied to a family’s rent and subsidy calculations at the first annual reexamination after the allowance is adopted [HCV GB, p. 18-9].

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

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

The HAP contract requires the PHA to notify the owner and family of any changes in the housing assistance payment.

🗹 **Decision Point: Will the notification to the family regarding new family share and HAP amount include any additional information?**

Things to Consider

* The HCV Guidebook states that the notice should include the amount and effective date of the new HAP payment, the amount and effective date of the new family share of the rent, and the amount and effective date of the new tenant rent to owner.
* 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 family share of the rent. The model plan includes such a policy.

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

The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment.

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

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

**11-III.D. DISCREPANCIES**

This section explains that when errors resulting in the overpayment or underpayment of subsidy are discovered, they will be corrected in accordance with the policies contained in Chapter 14. **No policy decisions are required.**

**FINALIZING THE DOCUMENT**

Take a final look at the changes you have made in this chapter of the administrative plan.  
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 plan 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 plan policy will require changes to policies in other chapters of the plan.

No. Changes to other chapters are not necessary.

Yes. Changes to the following chapters are also required: