This chapter is applicable upon the PHA’s HOTMA 102/104 compliance date. Prior to this date, the PHA will follow policies as outlined in Chapter 11.A. 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 IV: Non-Interim Reexamination Transactions. This part describes transactions that do not entail changes to the family’s adjusted income.

Policies governing reasonable accommodation, family privacy, required family cooperation and program abuse, as described elsewhere in this administrative plan, apply to 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. 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 of 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 reexamination portals or web-based applications. The model plan language allows the PHA to decide between these options. Option 1 provides language for in-person 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 reexamination process and that information is stored in systems or records (whether electronic or paper) that have appropriate administrative, technical, and physical safeguards to protect information. The PHA must be aware of any protections under state and local law as well. See Notice PIH 2015-06 for more information on the collection of PII.
* For those PHAs that require in-person 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 reexamination packet and have them return the packet to the PHA by mail (using a postage-paid envelope provided by the PHA); the PHA may mail packets to families and give families the option whether to return the packet to the PHA via mail (using a postage-paid envelope provided by the PHA) or to recertify online through a reexamination portal or website; or the PHA may move to an entirely web-based system. The PHA may ask clients which reexamination method they prefer, either prior to the implementation of the system or as part of the annual notice to families of their reexam, or the PHA may simply inform families of how 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 reexamination process will be specific to the PHA, while Option 2 provides some sample language, the PHA should insert policies specific to their agency.
* Option 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 reexamination 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.C. CONDUCTING ANNUAL REEXAMINATIONS**

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

Things to Consider

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

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

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

Things to Consider

* The PHA identifies in Chapter 7 whether or not it will use streamlined income determinations or Safe Harbor determinations from means-tested federal assistance programs. If the PHA adopts the default policy to use these methods of verification, the PHA should include a policy in Chapter 11 stating that the income calculation methods used at annual reexamination as outlined in the chapter do not apply to those methods.
* If the PHA does not adopt such policies, the PHA may delete the policy decision point since all determinations will be made in accordance with the methods outlined in the chapter.

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

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

🞎 *Option 2: Use PHA-established policy. Edit the model 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**

**Reporting**

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

Things to Consider

* The PHA must adopt policies prescribing when and under what conditions the family must report changes in family composition. PHAs must require families to report household composition changes; however, PHAs determine the timeframe in which reporting happens [Notice PIH 2023-27].
* 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).
* For administrative ease and consistency, the policy regarding how long the family has to notify the PHA of changes in household composition, is consistent with similar policies elsewhere in the model policy (10 business days).

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

All families must report all changes in family and household composition that occur between annual reexaminations.

🞎 *Option 2: 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**

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require PHA approval. However, the family is required to promptly notify the PHA of the addition. **No policy decisions are required.**

**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 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 space standards, whereas if the addition of a new family member or live-in aide causes a violation of 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 space 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 (other than due to birth, adoption, or court-awarded custody), live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than 30 consecutive days or 90 cumulative days within a 12-month period and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the 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 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 space 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**

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

🗹 **Decision Point: When must 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**

**Interim Decreases [24 CFR 982.516(c) and Notice PIH 2023-27]**

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

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

Things to Consider

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

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

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

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

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

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

However, the PHA will perform an interim reexamination for a decrease in adjusted income of any amount in two circumstances:

When there is a decrease in family size attributed to the death of a family member; or

When a family member permanently moves out of the assisted unit during the period since the family’s last reexamination.

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

**Interim Increases [24 CFR 982.516(c)(3) and Notice PIH 2023-27]**

***Increases Less than 10 Percent***

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

***Increases 10 Percent or Greater***

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

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

Things to Consider

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

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

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

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

The PHA will not perform an interim reexamination when a family reports an increase in income (whether earned or unearned income) within three months of their annual reexamination effective date. However, families who delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with the PHA policies in Chapter 14.

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

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

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

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

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

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

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

No PHA policy decisions are required.

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

No PHA policy decisions are required.

***Family Reporting***

The PHA must adopt policies consistent with HUD regulations prescribing when and under what conditions the family must report a change in family income or composition [982.516(b)(2).

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

Things to Consider

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

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

The family will be required to report all changes in income regardless of the amount of the change, whether the change is to earned or unearned income, or if the change occurred during the last three months of the certification period. Families must report changes in income within 10 business days of the date the change takes effect. The family may notify the PHA of changes either orally or in writing, including email. If the family provides oral notice, the PHA may also require the family to submit the changes in writing, including email.

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

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

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

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

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

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

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

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

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

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

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

**11-II.D. EFFECTIVE DATES [ 24 CFR 982.52(e) and Notice PIH 2023-27]**

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

No PHA policy decisions are required.

**Changes Not Reported Timely [Notice PIH 2023-27]**

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

Things to Consider

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

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

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

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

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

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

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

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

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

🞎 *Option 3: 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.

🞎 *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.**

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

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

**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: