

Chapter 11

REEXAMINATIONS

INTRODUCTION

The PHA is required to reexamine each family's income and composition at least annually, and to adjust the family's level of assistance accordingly. Interim reexaminations are also needed in certain situations. This chapter discusses both annual and interim reexaminations, and the recalculation of family share and subsidy that occurs as a result. HUD regulations and PHA policies concerning reexaminations are presented in three parts:

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

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

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

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

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

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

11-I.B STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 982.516(b)]

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

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlines 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 and may choose whether~~ to verify non-fixed income amounts ~~in years where no fixed income review is required.~~ 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

PHA Policy

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 was made that a source of income was fixed.

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 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.

~~Third Party verification of fixed sources of income will be obtained at intake and annual re-certifications.~~

~~Third party verifications of non-fixed income will be obtained annually.~~

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11-I.C. SCHEDULING ANNUAL REEXAMINATIONS

The PHA must establish a policy to ensure that the annual reexamination for each family is completed *within* a 12-month period, and may require reexaminations more frequently [HCV GB p. 12-1].

PHA Policy

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.

Notification of and Participation in the Annual Reexamination Process

The PHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the PHA. However, PHAs should give tenants who were not provided the opportunity the option to complete Form HUD-92006 at this time [Notice PIH 2009-36].

PHA Policy

Families generally are required to participate in an annual reexamination interview, which must be attended by the head of household, spouse, or cohead or other adults. 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 ~~the information is required to be returned to the PHA, time, and location of the interview~~. In addition, it will inform the family of the information and documentation that must be ~~provided by the family 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 complete the paperwork for the recertification and return it to the CDA by the deadline, the CDA will send out one reminder notice. Only one reminder notice with a new deadline of submission/reschedule of the appointment is required/permissible. If the a family does not attend submit the required recertification packet by the second deadline the scheduled interview, the PHA will send a notification of termination of assistance for failure to comply with the Family Obligations final notification with a new interview date and appointment time.~~

If a family fails to submit the recertification materials after two notifications by the PHA 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 recertification interview process. The family and the PHA must execute a certification attesting to the role and the assistance provided by any such third party.

11-I.D. CONDUCTING ANNUAL REEXAMINATIONS

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

PHA Policy

Families will submit all required information (as described in the reexamination notice) by a specified date. 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.

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).

Additionally, HUD recommends that at annual examinations PHAs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [notice PIH 2012-28].

PHA Policy

The recertification packet will contain questions regarding 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.

If the PHA proposes to terminate assistance based on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the accuracy and relevance of the information prior to termination. [24 CFR 5.903(f) and 5.905(d).] (See Chapter 12.)

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

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

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

PHA Policy

In times of natural disasters or pandemics, the PHA may request a waiver from HUD for the occupancy standard.

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

Section 327 of Public Law 109-115 established new restrictions on the ongoing eligibility of certain students (both part- and full-time) who are enrolled in institutions of higher education.

If a student enrolled in an institution of higher education is under the age of 24, is not a veteran, is not married, does not have a dependent child, and is not a person with disabilities receiving HCV assistance as of November 30, 2005, the student's eligibility must be reexamined along with the income eligibility of the student's parents on an annual basis. In these cases, both the student and the student's parents must be income eligible for the student to continue to receive HCV assistance. If, however, a student in these circumstances is determined independent from his or her parents or is considered a *vulnerable youth* in accordance with PHA policy, the income of the student's parents will not be considered in determining the student's ongoing eligibility.

Students who reside with parents in an HCV assisted unit are not subject to this provision. It is limited to students who are receiving assistance on their own, separately from their parents.

PHA Policy

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 his/her 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 his/her own income or the income of his/her 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 his/her own income and the income of his/her parents (if applicable), the PHA will process a reexamination in accordance with the policies in this chapter.

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].

PHA Policy

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date. If household income has increased then the tenant portion of the rent will increase to 30%, at minimum, of adjusted monthly income. The PHA in the Family Obligations gives notice at re-examination time that rents will be changing.

The PHA is not required to give a 30-day notice of an increase in the tenant rent at anniversary date. The PHA will give a reasonable notice of new rent amounts. The PHA may have difficulties getting verifications of income and this may delay the PHA's notice of new rent amounts.

The PHA tries to give a 30-day notice of changes in rent. If the tenant's income changes within 21 days prior to the recertification rent, the PHA will treat this as an interim rent change request and will change the rent in accordance with the Interim Rent change policy. The PHA may review each case on an individual basis if a decrease is requested.

If a family moves to a new unit, the increase 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, *increases* in the family share of the rent will be applied retro-actively to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy.

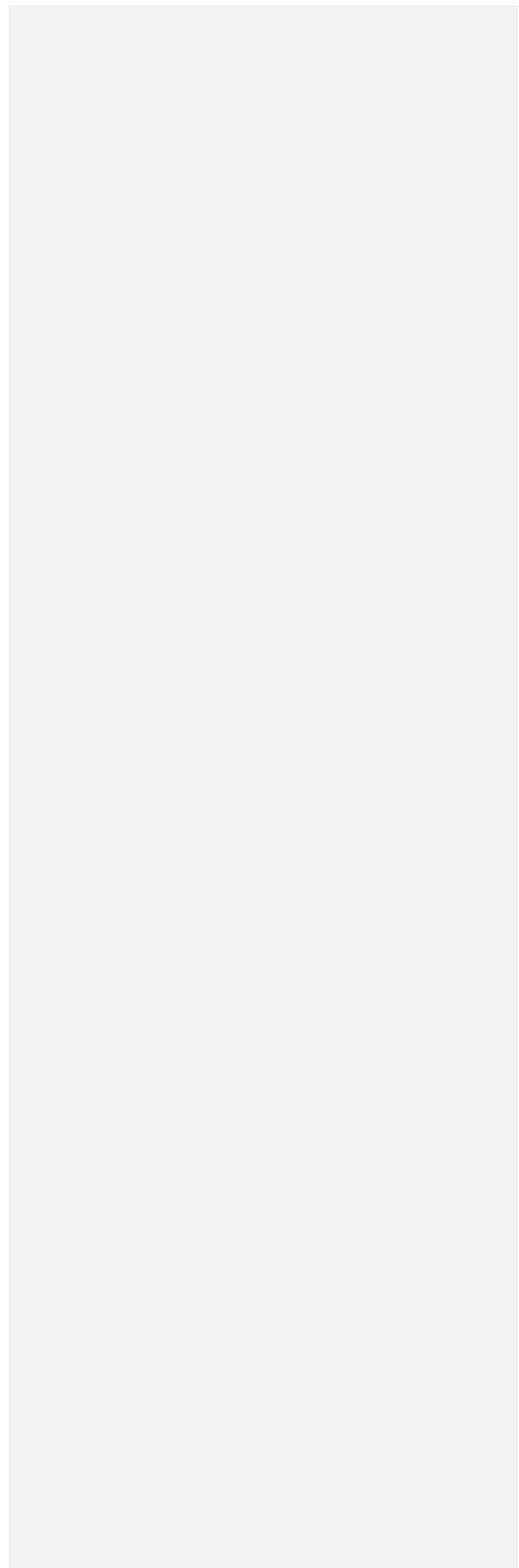
In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.

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.



PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and PHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PHA must process interim reexaminations to reflect those changes. HUD regulations also permit the PHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. The PHA must complete the interim reexamination within a reasonable time after the family's request.

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

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

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

PHA Policy

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

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 [24 CFR 982.551(h)(2)].

PHA Policy

The family must inform the PHA of the birth, adoption, or court-awarded custody of a child within 5 business days. The PHA will approve the addition of a child to the household upon receipt of (1) birth certificate; (2) legal proof of adoption; or (3) court order.

Under all circumstances a valid Social Security number must be provided. The standard deduction for a child (\$480) will go into effect on the first of the month after all requested information has been submitted to the PHA.

New Family and Household Members Requiring Approval

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

When any new family member is added, the PHA must make appropriate adjustments in the family share of the rent and the HAP payment at the effective date of either the annual or interim reexamination [24 CFR 982.516(e)(2)].

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

PHA Policy

The PHA will not automatically increase voucher bedroom size when members are added other than by birth, adoption, court awarded custody, marriage or as a live-in aide. The PHA will not approve the additions of new family members if doing so would cause the unit to be overcrowded according to HQS space standards (24CFR 982.403).

Additions of approved family members sustained for twelve (12) consecutive months may increase voucher size at the next re-examination following the 12 months (Chapter 5). PHA approval will be contingent on the availability of funds to serve a larger household

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 30 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) and the unit still meets HQS space standards.

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

The tenant must contact the landlord for written approval of the addition to the family and provide a copy of the written approval to the PHA before the PHA can approve the addition.

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 live-in aide will cause overcrowding according to HQS 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.

Departure of a Family or Household Member

Families must promptly notify the PHA if any family member no longer lives in the unit[24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the PHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

PHA Policy

If a household member ceases to reside in the unit, the family must inform the PHA in writing within 5 business days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

11-ILC. CHANGES AFFECTING INCOME OR EXPENSES

Interim reexaminations can be scheduled either because the PHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the PHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

PHA-Initiated Interim Reexaminations

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

PHA Policy

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

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

If the family has reported zero income, the PHA may conduct an interim reexamination every 3 months as long as the family continues to report that they have no income. Ultimately it is the family's responsibility to timely report.

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 may schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

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

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

HUD regulations give the PHA the freedom to determine the circumstances under which families will be required to report changes affecting income.

PHA Policy

Families are required to report all increases in income, including new employment, within 5 business days of the date the change took effect.

If all family members are contributing to paying a portion of their rent, then the PHA will note the information in the tenant file but will not increase the rent. If the family is not paying a portion of the rent, then the PHA will conduct an interim rent change.

Increases in the family portion of the rent will provide for a 30-day notice of the change in rent calculations. If the family has reported zero income or very low income that results in \$0 for TTP, the family is required to report all changes in income within 5 days of the change and this may result in an increase in the family rent. All other reports of an increase in income from families who have a dollar amount for TTP not caused by the \$50 minimum rent will result in the PHA noting the information in the tenant file but not conducting an interim reexamination unless the income reported had stopped at an earlier interim re-examination within that year. For example: If a family has child support and is working and pays a portion of the rent. Then the family reports that child support has stopped and the rent portion is lowered. When the family reports that child support has started again the PHA will include the child support in the rent calculation again.

All income sources previously reported by the family will be reviewed when an interim re-examination is requested by the family.

Families are required to report all increases in income, including new employment, within 5 days of the date the change takes effect.

The PHA will conduct interim reexaminations for families that qualify for the earned income disallowance (EID) when the EID family's share of rent will change as a result of the increase or the family has completed 24 months of 100% disregard.

If the family share of the rent is to increase:

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

If a family fails to report a change in income within the required time frames that would have resulted in an increase in rent portion or fails to provide information within 10 days of the required reporting period, the increase will be applied retroactively, to the date it would have been effective if the information would have been provided on a timely basis. The PHA may recover the overpaid

subsidy by withholding that amount from the HAP payment made on behalf of the tenant.

If the family share is to decrease:

A request to decrease the household rent portion must be made in writing. An Interim Rent Change is triggered by a decrease in household income that is expected to exist thirty (30) days or longer. This includes persons who are employed by a temporary staffing agency and who have not had an assignment or have had a change in hours or pay for 30 days or longer. The decrease will be effective on the first day of the month after a 21 day verification period. The 21 day verification period starts on whichever is later:

1) The written notification to the CDA from the tenant

OR

2) The date of the last payment received

The PHA may shorten or waive the 21 day verification period if the family is in danger of the landlord filing an unlawful detainer for non-payment of rent caused by the reported loss of income.

The family will have 10 business days after the written notice of the change to submit the required information to the PHA.

If the tenant does not respond to written requests from the PHA for information within the 21 day time period, then the PHA may close the request with notice to the tenant. The notice to the tenant must contain information regarding the ability to request an informal hearing or a reasonable accommodation. The tenant may renew the request with a new 21 day verification period if a change is again requested or renewed. If the tenant does not supply **all** requested information in the twenty-one day time period then the interim rent change becomes effective the first of the month after the tenant has supplied the information.

Persons who report a loss in child support:

The Interim Rent Change based on loss of child support will be calculated after one full month of not receiving child support. The change will be the first of the month after the one full month of not receiving child support. The family must certify in writing within 5 days of the change that child support has stopped and that no future payments are expected because the payor is incarcerated or deceased. If child support should begin again the tenant must report within 5 days

of the change and the rent increase will go retroactive to the point of when it began again with a 30 day notice.

Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The PHA must process the request if the family reports a change that will result in a reduced family income [HCV GB, p. 12-9].

If a family reports a decrease in income from the loss of welfare benefits due to fraud or non-compliance with a welfare agency requirement to participate in an economic self-sufficiency program, the family's share of the rent will not be reduced [24 CFR 5.615]. For more information regarding the requirement to impute welfare income see Chapter 6.

PHA Policy

If a family reports a change that would result in an increase in the family share of the rent but all members of the family are currently paying a portion 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 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.

Families must report changes in income or expenses in writing within 5 business days of the change. Failure to report may result in termination of rental assistance.

11-ILD. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

PHA Policy

The family will notify the PHA of changes in writing within 5 days of the change. Oral notification is not accepted.

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 will be required to attend.

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 supporting documents within 10 business days of providing the written notice of the income change. This time frame may be extended for good cause with PHA approval. The PHA will accept required documentation by mail, by email, by fax, or in person. Failure to submit the required documentation may impact the interim effective date.

Effective Dates

The PHA must establish the time frames in which any changes that result from an interim reexamination will take effect [24 CFR 982.516(d)]. The changes may be applied either retroactively or prospectively, depending on whether there is to be an increase or a decrease in the family share of the rent, and whether the family reported any required information within the required time frames [HCV GB, p. 12-10].

PHA Policy

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

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

If a family fails to report a change in income within the required time frames which would have resulted in an increase in rent portion, or fails to provide information within 10 days of the required reporting period, the increase will be applied retroactively, to the date it would have been effective if the information would have been provided on a timely basis. The PHA may recover the overpaid subsidy by withholding that amount from the HAP payment made on behalf of the tenant.

If the family share is to decrease:

A request to decrease the household rent portion must be made in writing. An Interim Rent Change is triggered by a decrease in household income that is expected to exist thirty (30) days or longer. This includes persons who are employed by a temporary staffing agency and who have not had an assignment or

have had a change in hours or pay for 30 days or longer. The decrease will be effective on the first day of the month after a 21 day verification period. The 21 day verification period starts on whichever is later:

1) The written notification to the CDA from the tenant

OR

3) The date of the last payment received

The family will have 10 business days after the written notice of the change to submit the required information to the PHA. If the tenant does not respond to requests for information within the 21 day time period, then the PHA may close the request with written notice to the tenant. The written notice must contain regarding the ability to request an informal hearing and/or a reasonable accommodation. The tenant may renew the request with a new 21 day verification period if a change is again requested or renewed. If the tenant does not supply **all** requested information in the twenty-one day time period then the interim rent change becomes effective the first of the month after the tenant has supplied the information.

Persons who report a loss in child support:

The Interim Rent Change based on loss of child support will be calculated after one full month of not receiving child support. The change will be the first of the month after the one full month of not receiving child support. The family must certify in writing within 5 days of the change that child support has stopped and that no future payments are expected because the payor is incarcerated or deceased. If Child support should begin again the tenant must report within 5 days of the change and the rent increase will go retroactive to the point of when it began again with a 30 day notice.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-III.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic

policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

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

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the PHA's calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

Payment Standards [24 CFR 982.505]

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [HCV GB, p. 12-5]. See Chapter 6 for information on how to select the appropriate payment standard.

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

- If the PHA's payment standard amount changes during the term of the HAP contract, the date on which the new standard is applied depends on whether the standard has increased or decreased:
 - If the payment standard amount has *increased*, the increased payment standard will be applied at the *first annual* reexamination following the effective date of the increase in the payment standard.
 - If the payment standard has decreased during the term of the HAP contract, the PHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family's second annual reexamination, the PHA may, but is not required to, apply the decreased payment standard or may gradually implement the reduced payment standard (See Chapter 6 for the PHA's policy on decreases in the payment standard).

If the payment standard amount has *decreased*, the decreased payment standard will be applied at the *second annual* reexamination following the effective date of the decrease in the payment standard.

PHA NOTICE:

According to the local HUD field office, if a new HAP contract was signed for the tenant at recertification because the owner offered a new lease then the new payment standard even if lower will be used at the start of the new lease.

- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

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

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the PHA's subsidy standards (see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

Utility Allowances [24 CFR 982.517(d)]

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the PHA's utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the PHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

At reexamination, the PHA must use the PHA current utility allowance schedule [HCV GB. P. 8-18].

PHA Policy

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

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

The PHA must notify the owner and family of any changes in the amount of the HAP payment [HUD-52641, HAP Contract]. The notice must include the following information [HCV GB, p. 12-6]:

- The amount and effective date of the new HAP payment
- The amount and effective date of the new family share of the rent
- The amount and effective date of the new tenant rent to owner

The family must be given an opportunity for an informal hearing regarding the PHA's determination of their annual or adjusted income, and the use of such income to compute the housing assistance payment [24 CFR 982.555(a)(1)(i)] (see Chapter 16).

PHA Policy

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 an informal hearing. The notice will include the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

During an annual or interim reexamination, the PHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the PHA may discover errors made by the PHA. When errors resulting in the

overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.