Chapter 11

REEXAMINATIONS

INTRODUCTION

CCHA 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 CCHA 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.
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> Part III: Non-Interim Reexamination Transaction. This part describes transactions that do not entail changes to the family's adjusted income.
>
> Part IV: 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

CCHA 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 and verified, and annual reexamination effective dates.

Unlike when performing an interim reexamination or at intake, at annual reexamination, the CCHA must determine the income of the family for the previous 12-month period, except where the CCHA uses a streamlined income determination. Income from assets, however, is always anticipated, irrespective of the income examination type [Notice PIH 2023-27]. CCHA also has the option of using a "safe harbor" income verification from another federal means-tested program to verify gross annual income. Chapter 7 contains the CCHA's policies related to streamlined income determinations and the use of safe harbor income verifications.

11-I.B. SCHEDULING ANNUAL REEXAMINATIONS

CCHA 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].

CCHA Policy

CCHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, CCHA 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, CCHA will perform a new annual reexamination.

CCHA 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

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

CCHA Policy

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 CCHA 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 CCHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, CCHA will send a second notification with a new interview date and appointment time.

If a family fails to attend two scheduled interviews without CCHA 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.

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

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

<u>CCHA Policy</u>

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 CCHA-designated reexamination form, ~~an Authorization for the Release of Information/Privacy Act Notice,~~ as well as supporting documents or forms related to the family's income, expenses, and family composition.

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

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

Additionally, HUD recommends that at annual reexaminations CCHAs 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].

<u>CCHA Policy</u>

At the annual reexamination, CCHA 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.

If CCHA proposes to terminate assistance based on lifetime sex offender registration information, CCHA 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 CCHA 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), CCHA must issue the family a new voucher, and the family and CCHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, CCHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

11-I.D. 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 in accordance with CCHA 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.

> CCHA Policy
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> During the annual reexamination process, CCHA 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 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), CCHA will process a reexamination in accordance with the policies in this chapter.

11-I.E. CALCULATING ANNUAL INCOME AT ANNUAL REEXAMINATION [24 CFR 5.609(c)(2) and Notice PIH 2023-27]

CCHA must determine the income of the family for the previous 12-month period and use this amount as the family income for annual reexaminations, except where CCHA uses a streamlined income determination as indicated in Chapter 7 of this policy. CCHA may also use Safe Harbor income determinations dated within the last 12 months from a means-tested federal public assistance program at annual reexamination as outlined in Chapter 7 of this policy.

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 CCHA policies and 24 CFR 5.657(c) or 960.257(b) must be considered.

Income from assets is always anticipated, irrespective of the income examination type.

A change in income may be a loss of income or the addition of a new source of income. Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same. CCHA should look at the entirety of the family's unearned income and earned income from the prior year in which earned income may have been one constant job or many different jobs that start and stop.

Cost of Living Adjustments (COLA) to Social Security income and Social Security disability income are always considered changes to income because the COLA is an adjustment that automatically occurs annually by law. See Chapter 6 for CCHA policies on when the COLA is applied and Chapter 7 on streamlined determination of income for inflationary adjustments.

Notice PIH 2023-27 lists the following steps to calculate both earned and unearned income at annual reexamination:

Step 1: CCHA determines annual income for the previous 12-month period by reviewing the following information:

- The EIV Income Report pulled within 120 days of the effective date of the annual reexamination;
- The income reported on the most recent HUD-50058; and
- The amount of prior-year income reported by the family on CCHA's annual reexamination paperwork.

Step 2: CCHA takes into consideration any interim reexamination of family income completed since the last annual reexamination.

- If there was an interim reexamination performed, CCHA must use the annual income from the interim to determine the family's total annual income, provided there are no additional changes.
- If CCHA did not perform an interim or there have been changes since the last annual reexamination, CCHA moves to Step 3.

Step 3: If there were changes in annual income not processed by CCHA since the last reexamination, CCHA must use current income. The family will be required to report their income for the prior year and whether there have been any permanent changes.

If there are no reported changes to an income source, CCHA may use documentation of prior-year income to calculate the annual income. For example, CCHA may use the following documentation:

- EIV + self certification (wages, Supplemental Security Income (SSI), Social Security, and unemployment)
- Current written third-party verification from the source verifying prior-year income that is dated within 120 days of receipt by CCHA, for example:
  - Year-end statements
  - Paycheck with year-to-date amounts
  - Tax forms (Form 1040, W2, 1099, etc)

If there are reported changes by the family or CCHA notes discrepancies between EIV and what the family reports, CCHA must follow the verification hierarchy (described in Chapter 7) to document and verify income. Exhibit 11-1 provides detailed examples of how CCHA calculates income from different sources at annual reexamination using the above method.

CCHA Policy

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

11-I.F. EFFECTIVE DATES

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

CCHA 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, 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 CCHA 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 CCHA, 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 CCHA 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 CCHA.

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 CCHA by the date specified, and this delay prevents CCHA from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516; Notice PIH 2023-27]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and CCHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances CCHA must process interim reexaminations to reflect those changes. ~~HUD regulations also permit CCHA 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. CCHA must complete the interim reexamination within a reasonable time after the family's request.~~

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

A family may request an interim determination of family income or composition because of any changes since the last determination. The CCHA must conduct any interim reexamination within a reasonable period of time after the family request or when the CCHA becomes aware of a change in the family's adjusted income that must be processed in accordance with HUD regulations. What qualifies as a "reasonable time" may vary based on the amount of time it takes to verify information, but the CCHA generally should conduct the interim reexamination not longer than 30 days after the CCHA becomes aware of changes in income.

Notice PIH 2023-27 changes the conditions under which interim reexaminations must be conducted, codifies when interim reexaminations should be processed and made effective, and requires related changes for annual reexaminations and streamlined income determinations. When the CCHA determines that an interim reexamination of income is necessary, they must ask the family to report changes in all aspects of adjusted income.

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

Reporting

~~The family is required to report all changes in family composition~~. CCHA must adopt policies prescribing when and under what conditions the family must report changes in income and family composition [24 CFR 960.257(b)(5)]. ~~CCHA must adopt policies prescribing when and under what conditions the family must report changes in income and housing composition. However, due to family obligations under the program, CCHA has limited discretion in this area.~~

> CCHA Policy
>
> All families must report all changes in family and household composition that occur between annual reexaminations within 10 business days of the change.
>
> ~~CCHA will conduct interim reexaminations to account for any changes in household composition that occur between annual reexaminations.~~

Conducting Interims [Notice PIH 2023-27]

CCHA must conduct interim reexaminations when a household adds or removes household members, including family members, foster adults, foster children, and live-in aides. An interim reexamination is processed to add the new member regardless of whether the change results in a decrease, increase, or no change in the family's annual adjusted income.

The exception to this policy is if, during the last three months of the family's recertification period, the family is adding or removing household members and the change would require an interim reexamination for an increase in the family's adjusted income, and the CCHA has a written policy not to conduct interim reexaminations under these circumstances, then the CCHA is not required to conduct an interim reexamination. If CCHA policy allows for this, the CCHA would instead include the change in household composition (and any related changes to income or allowances) at the family's next annual reexamination. A non-interim reexam transaction is not submitted in this case.

CCHA Policy

The CCHA will not conduct an interim reexamination when a family has a change in family composition within three months of the annual reexamination effective date. The CCHA will add the new household member at the family's annual reexamination.

Otherwise, interim reexaminations are always conducted for changes in household composition. Changes to the household's adjusted income are processed as follows:

- When the addition or removal of a household member changes the deductions for which the family qualifies, the PHA processes the interim increase or decrease regardless of the amount of the change.
- When a household member is added who has earned income that would cause the household's adjusted income to increase, the PHA must not consider increases in earned income, unless the family has previously received an interim reduction during the same reexamination cycle, and PHA policy allows for an interim reexamination in this circumstance. If the increase is not considered, then an interim reexamination is processed to add the new member, but their income is not added until the family's next annual reexamination.

CCHA Policy

When a household member is added who has earned income that would cause the household's adjusted income to increase between annual reexaminations, the CCHA 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 CCHA will process an interim to add the new member, but their income will not be added until the family's next annual reexamination.

- When a new household member is added who has unearned income, the CCHA must process an interim reexamination regardless of the amount of the increase.
- When a new household member is added who has both earned and unearned income, the CCHA must not consider increases in earned income. For the unearned income, the CCHA must process the interim increase regardless of the amount of the increase.

New Family Members Not Requiring CCHA Approval

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require CCHA approval. However, the family is required to promptly notify CCHA of the addition [24 CFR 982.551(h)(2)].

> ~~CCHA Policy~~
>
> ~~The family must inform CCHA of the birth, adoption, or court-awarded custody of a child within 10 business days.~~

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 CCHA 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, CCHA must conduct a reexamination to determine any new income or deductions associated with the additional family member and to make appropriate adjustments in the family share of the rent and the HAP payment [24 CFR 982.516(e)].~~

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

> CCHA Policy
>
> Families must request CCHA approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than 30 consecutive days or 90 cumulative days within a 12-month period and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by CCHA prior to the individual moving into the unit.
>
> CCHA will not approve the addition of a new family or household member unless the individual meets CCHA's eligibility criteria (see Chapter 3) and documentation requirements (see Chapter 7, Part II). Additionally, CCHA will require that the family obtain written consent from the owner before any new member is added into the household.
>
> CCHA will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.
>
> If CCHA determines an individual meets CCHA's eligibility criteria and documentation requirements, CCHA will provide written approval to the family. If the approval of a new family member or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued a voucher and will be required to move.
>
> If CCHA determines that an individual does not meet CCHA's eligibility criteria or documentation requirements, CCHA 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.
>
> CCHA 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 CCHA if any ~~family~~ household 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], CCHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit. CCHA must process an interim for all decreases in adjusted income when a family member permanently moves out of the unit.

CCHA Policy

If a household member ceases to reside in the unit, the family must inform CCHA within 10 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.

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

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

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.

CCHA Policy

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.

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

~~Interim reexaminations can be scheduled either because CCHA 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, CCHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.~~

~~**CCHA-Initiated Interim Reexaminations**~~

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

~~CCHA Policy~~

~~CCHA will conduct interim reexaminations in each of the following instances:~~

~~For families receiving the Earned Income Disallowance (EID), CCHA will conduct an interim reexamination at the start and conclusion of the second 12 month exclusion period (50 percent CCHAse-in period).~~

~~If the family has reported zero income, CCHA may conduct an interim reexamination every 3 months as long as the family continues to report that they have no income.~~

~~If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), CCHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.~~

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

~~CCHA 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.~~

Overview

Interim reexaminations for changes in income or expenses may be scheduled either because CCHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change.

CCHA must estimate the income of the family for the upcoming 12-month period to determine family income for an interim reexamination [24 CFR 5.609(c)(1)]. Policies for projecting income are found in Chapter 6.

Interim Decreases [24 CFR 982.516(c)(2) and Notice PIH 2023-27]

A family may request an interim determination of family income for any change since the last determination. However, the CCHA may decline to conduct an interim reexamination if the CCHA estimates the family's adjusted income will decrease by an amount that is less than 10 percent of the family's adjusted income. The CCHA may set a lower threshold in CCHA policy such as performing an interim for any decreases in adjusted income, although HUD prohibits the CCHA from setting a dollar-figure threshold.

However, while the CCHA has some discretion, HUD requires that the CCHA 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.

In the above circumstances. the CCHA must perform an interim reexamination for any decrease in adjusted income.

If the net effect of the changes in adjusted income due to a decrease in family size results in no change or an increase in annual adjusted income, then CCHA must process the removal of the household member(s) as a non-interim reexamination transaction without making changes to the family's annual adjusted income.

> CCHA Policy
>
> The CCHA will conduct an interim reexamination any time the family's adjusted income has decreased by any amount.

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

Increases Less than 10 Percent

CCHA must not process interim reexaminations for income increases that result in less than a 10 percent increase in annual adjusted income.

Increases 10 Percent or Greater

CCHA must conduct an interim reexamination of family income when CCHA becomes aware that the family's adjusted income has changed by an amount that CCHA estimates will result in an increase of 10 percent or more in adjusted income, with the following exceptions:

- CCHA may not consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased, unless the family has previously received an interim reduction during the same reexamination cycle; and
- CCHA may choose not to conduct an interim reexamination during the last three months of a certification period if a family reports an increase in income within three months of the next annual reexamination effective date.

When the family previously received an interim reexamination for a decrease to adjusted income during the dame annual reexamination cycle, CCHA has the discretion whether to consider a subsequent increase in earned income.

> CCHA Policy
>
> When a family reports an increase in their earned income between annual reexaminations, CCHA 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.

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

CCHA 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 CCHA policies in Chapter 14.

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

When the family reports an increase in both earned and unearned income at the same time, the CCHA must look at the earned and unearned income changes independently of each other to determine if an interim reexamination is performed. The CCHA will only conduct an interim reexamination when the increase independently meets the 10 percent threshold and all other requirements for performing interim reexaminations. For example, if a family reported increases in both earned and unearned income that overall resulted in a 12 percent increase in their adjusted income, but the change in earned income represented a 7 percent increase and the change in unearned income represented a 5 percent increase, the CCHA may not perform an interim for either change since neither change meets the 10 percent threshold amount independently. If the change in unearned income met the 10 percent threshold in this case, the CCHA would be required to perform an interim. If the change in earned income met the 10 percent threshold in this case, the CCHA would refer to CCHA policy to determine whether an interim was required.

Cumulative Increases [Notice PIH 2023-27]

A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point the CCHA must conduct an interim reexamination in accordance with CCHA policy.

CCHA Policy

The family will be required to report all changes in income regardless of the amount of the change, whether the change is to earned income or unearned income, or if the changed 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 will notify CCHA of changes in writing.

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

If the change will not result in an interim reexamination, CCHA will note the information in the tenant file but will not conduct an interim reexamination.

If the change will result in an interim reexamination, CCHA will determine the documentation the family will be required to submit based on the type of change reported and the gamily will be required to submit based on the type of change reported and CCHA policies in Chapter 7. CCHA 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 CCHA. This time frame may be extended for good cause with CCHA approval. CCHA will accept required documentation by mail, email, fax, or in person. CCHA 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 CCHA determines that an interview is warranted, the family may be required to attend.

~~Family-Initiated Interim Reexaminations~~

~~CCHA 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 CCHA the freedom to determine the circumstances under which families will be required to report changes affecting income.~~

~~CCHA Policy~~

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

~~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)]. CCHA 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.~~

~~CCHA Policy~~

~~If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, CCHA will have discretion in determining whether to conduct an interim reexamination.~~

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

~~11-II.D. PROCESSING THE INTERIM REEXAMINATION~~

~~Method of Reporting~~

~~CCHA Policy~~

~~The family must notify CCHA of changes in writing.~~

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

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

~~Effective Dates~~

~~CCHA 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].~~

~~CCHA Policy~~

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

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

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

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

~~The decrease will be effective on the first of the month which falls within 30 days of the family's written notification to CCHA of the change.~~

11-II.D. EFFECTIVE DATES [24 CFR 982.516(e) and Notice PIH 2023-27]

Changes Reported Timely [Notice PIH 2023-27]

If the family reports a change in family income or composition timely in accordance with CCHA policies:

- For rent increases, CCHA must provide the family with 30 days advance written notice. The rent increase is effective the first of the month after the end of that 30-day notice period.

- Rent decreases are effective on the first of the month after the date of the actual change leading to the interim reexamination of family income. This means the decrease will be applied retroactively.

Changes Not Reported Timely [Notice PIH 2023-27]

If the family failed to report a change in family income or composition timely in accordance with CCHA policies:

- For rent increases, the CCHA must implement any resulting rent increases retroactively to the first of the month following the date of the change leading to the interim reexamination of family income.
- For rent decreases, the CCHA must implement the change no later than the first rent period following completion of the interim reexamination.

However, the CCHA may choose to adopt a policy that would make the effective date of the rent decrease retroactive to the first of the month following completion of the reexamination. CCHAs may choose to establish conditions or requirements for when such a retroactive application would apply. CCHAs that choose to adopt such policies 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.

In applying a retroactive change as the result of an interim reexamination, CCHA 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.

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

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

Families may experience changes within the household that do not trigger an interim reexamination under PHA policy and HUD regulations, but which HUD still requires the PHA to report to HUD via Form HUD-50058. These are known as *non-interim reexamination transactions*. In these cases, PHAs will submit a separate, new action code on Form HUD-50058. The following is a list of non-interim reexamination transactions:

- Adding or removing a hardship exemption for the childcare expense deduction;
- Updating or removing the phased-in hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction (families will begin receiving a 24-month phased-in relief at their next annual or interim reexamination, whichever occurs first);
- Adding or removing general hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction;
- Adding or removing a minimum rent hardship;
- Adding or removing a non-family member (i.e., live-in aide, foster child, foster adult);
- Ending a family's EID or excluding 50 percent (decreased from 100 percent) of a family member's increase in employment income at the start of the second 12- month EID period.
- Adding a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Removing a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Adding/updating a family or household member's Social Security number;
- Updating a family member's citizenship status from eligible to ineligible or vice versa, resulting in a change to the family's rent and/or utility reimbursement, if applicable (i.e., family begins receiving prorated assistance or previously prorated assistance becomes full assistance), or updating the prorated rent calculation due to the addition or removal of family members in household with an ineligible noncitizen(s); and
- Rent increases

PHAs must make all other changes to assets, income, and deductions at the next annual or interim reexamination of income, whichever is sooner.

PART IV: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-IV.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, CCHA 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-IV.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 CCHA'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 standard or when there is a change in family composition.

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

- ~~If CCHA'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 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.~~
- ~~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 CCHA'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 CCHA'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, CCHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

> CCHA 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-IV.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

CCHA 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 CCHA'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).

> CCHA Policy
>
> The standard notice will include the required information as stated above. At the family's request, CCHA will provide to the family the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-IV.D. DISCREPANCIES

During an annual or interim reexamination, CCHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, CCHA may discover errors made by CCHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 14.