

# Reexaminations

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### Changes from Previous Version

Page	Description of Change	Date Change Made
5	Corrected PIH Notice reference to PIH Notice 2016-05	July 2020

# 1 Chapter Overview

PHAs must<sup>1</sup> reexamine the income and composition of Housing Choice Voucher (HCV) families at least annually. In accordance with policies set in their administrative plans, PHAs may require families to report interim changes in family income or family circumstances as well. A family’s failure to comply with the PHA’s reexamination requirements is grounds for terminating assistance.

PHAs must<sup>2</sup> establish reasonable procedures for conducting reexaminations of families’ income that allow for proper and timely verification of all information and advance notification to the family of any rent change. The family must<sup>3</sup> supply any information requested by the PHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition and sign the HUD-9886.

## 2 Purpose and Basic Requirements of Reexaminations

This section covers annual reexaminations and interim reexaminations. It also discusses new regulatory options related to reexaminations.

### 2.1 Annual reexaminations

PHAs must<sup>4</sup> conduct an annual reexamination for all families. When completing a reexamination, PHAs must<sup>5</sup> obtain and document in the tenant file third-party verification of the following components, or document in the tenant file why third-party verification was not available. Table 1 shows the components that need to be reviewed at annual reexamination.

**Table 1: Components to be Reviewed and Updated at Annual Reexamination**

Component	Updates at Annual Reexamination
<b>Release and consent</b>	Collect updated HUD-9886 signed by all adult household members <sup>6</sup>
<b>Changes in income, assets, deductions, expenses, and household characteristics</b>	<ul style="list-style-type: none"> <li>• Obtain declaration of income, assets<sup>7</sup>, deductions, expenses and household characteristics.</li> <li>• Review for changes.</li> <li>• Follow verification hierarchy<sup>8</sup> to verify and calculate income, assets, deductions, expenses, and household characteristics.</li> </ul>

<sup>1</sup> 24 CFR § 982.516(a)(1)

<sup>2</sup> 24 CFR § 982.516(f)

<sup>3</sup> 24 CFR § 982.551(b)(2); 24 CFR § 5.230(a); 24 CFR § 982.552(b)(3)

<sup>4</sup> 24 CFR § 982.516(a)

<sup>5</sup> 24 CFR § 982.516(a)(2)

<sup>6</sup> 24 CFR § 982.516(g); 24 CFR § 5.230; 24 CFR § 982.552(b)(3)

<sup>7</sup> For a family with net assets equal to or less than \$5,000, a PHA may accept a family’s declaration that it has net assets equal to or less than \$5,000 without taking additional steps to verify the accuracy of the declaration. A PHA must obtain third-party verification of all family assets every three years (24 CFR 982.516(3)(ii)).

<sup>8</sup> See the Income Determination and Verifications Chapter (forthcoming) for further information.

Component	Updates at Annual Reexamination
<b>Changes in family composition</b>	<ul style="list-style-type: none"> <li>Review and update the voucher size on the HUD-50058</li> <li>If household size increases, the family may be overcrowded in their current unit.</li> </ul>
<b>Utility allowance</b>	Verify that the utility allowance is correct based on lower of voucher size or unit size and using the PHA's current Utility Allowance Schedule (see Calculating Rent and HAP Payments chapter and Utility Allowances chapter).
<b>Payment standard</b>	Verify that the payment standard is correct based on lower of voucher size or unit size and using the PHA's current Payment Standard Schedule (see Payment Standards chapter).

### 2.1.1 Streamlined Income Determination for Fixed Income Sources

PHAs are permitted to implement streamlined requirements for verifying and adjusting fixed income sources over a three-year cycle for families with an unadjusted income consisting of 90 percent or more from fixed income sources as defined in section 2.2.1. PHAs must also establish policies regarding whether and how to adjust any non-fixed income sources in the second and third years of a three year cycle. If PHAs choose to implement this streamlined type of income determination at annual reexamination, they must<sup>9</sup> fully reverify and recalculate the income every 3 years. PHAs must<sup>10</sup> adopt these policies in their administrative plan.

In the initial year of a three-year cycle, PHAs complete an annual income determination consistent with all applicable HUD regulations and guidance. In the second and third year of the three-year cycle, PHAs obtain from the family a certification that their fixed income sources have not changed, and that the family's income is still made of at least 90 percent from fixed income sources. If the family provides that certification in years two and three, the PHA will adjust the family's fixed income sources by the Cost of Living Adjustment (COLA) that is applicable to that fixed income source instead of fully re verifying and recalculating the income source.<sup>11</sup>

PHAs must also provide a reexamination of non-fixed incomes sources. PHAs may choose whether to fully verify non-fixed sources of income or adjust non-fixed sources of income by applying an inflation factor, but this policy must be included in the Administrative Plan. Applying a mandatory inflation factor may result in an increase in requests for interim reexaminations if they family did not actually receive an increase in non-fixed income.

Table 2 demonstrates how the streamlined income determination in years 2 and 3 would differ from the regular full income determination in year 1.

<sup>9</sup> 24 CFR § 982.516(b)(5)

<sup>10</sup> 24 CFR § 982.54

<sup>11</sup> 24 CFR § 982.516(b)(3)(ii); Streamlining Administrative Regulations for Multifamily Housing Programs and Implementing Family Income Reviews Under the Fixing America's Surface Transportation (FAST) Act, 82 Federal Reg. 58335 (December 12, 2017)

**Table 2: PHA Initial Adoption of Streamlined Income Determinations Reexamination Timeline**

<b>Year 1</b>	PHA completes an annual reexamination with a full income determination (including third party verification) of all income sources
<b>Years 2 &amp; 3</b>	PHA completes an annual reexamination with the following streamlined income determination for each type of source: <ul style="list-style-type: none"> <li>• Fixed Income – Applies inflation adjustment factor; does not collect third party verification</li> <li>• Non-fixed Income – PHA has discretion to either adjust or use previous year’s calculation. PHAs are still responsible for reviewing and following up on discrepancies regarding income sources in EIV.</li> <li>• Assets and Deductions – Completes verification and calculation of assets and deductions</li> </ul>
<b>Year 4</b>	Cycle begins again. PHA completes an annual reexamination with a full income determination (including third party verification) of all income sources, assets, and deductions

PHAs are still required<sup>12</sup> to follow-up on any discrepancies or new sources of income reported in HUD’s Enterprise Income Verification system. All income sources must<sup>13</sup> be fully reverified and recalculated every 3 years.

### 2.1.2 Definition of Fixed Income Sources

For the purposes of streamlined income determinations for fixed income families, HUD defines fixed income<sup>14</sup> to mean periodic payments at reasonably predictable levels from one or more of the following sources:

- Social Security, Supplemental Security Income, Supplemental Disability Insurance
- Federal, state, local, or private pension plans
- Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts

### 2.1.3 Cost of Living Adjustments (COLA)

PHAs may rely on either public information related to a specific COLA or they must obtain third-party documentation of the applicable COLA. For example, for Social Security income, a PHA may rely on the publicly available COLA, rather than relying on third-party documentation. PHAs must properly document any fixed source of income, and the applicable COLA or interest adjustment for each specific fixed source of income

<sup>12</sup> PIH Notice 2018-18 Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System

<sup>13</sup> 24 CFR § 982.516(b)(5)

<sup>14</sup> 24 CFR § 982.516(b)(2)

## 2.2 Interim Reexaminations

PHAs must<sup>15</sup> follow these requirements for interim redeterminations of income and family composition.

- PHAs must<sup>16</sup> process an interim whenever one is requested by the family.
- PHAs may conduct an interim reexamination at any time.
- PHAs must<sup>17</sup> adopt policies prescribing when and under what conditions the family must report a change in family income or composition and the timeframe within which the PHA will complete the interim redetermination. These policies must<sup>18</sup> be in each PHA's administrative plan.

PHAs may have a policy to process increases in income between annual reexaminations or may have a policy that no interim will be conducted for an increase in income between annual reexaminations.

In 2016, HUD adopted new regulations that allows for uniform policies related to interim reexaminations for the HCV and Public Housing Programs. Under the new regulations, PHAs may have a policy to streamline an interim reexamination when a family member is added without completing a full redetermination of income. This change allows PHAs to align their policies for their housing choice voucher and public housing programs.<sup>19</sup>

As part of this streamlined interim reexamination, the PHA is still required to verify eligibility of the new member, including social security number, criminal background, and citizenship, and submit a HUD-50058, including any applicable deductions, with the new household member's information. However, the PHA does not have to collect and verify the new family member's Income information until the next scheduled annual reexamination. The PHA must<sup>20</sup> adopt this policy in the administrative plan.

## 3 Notifications

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Reexaminations often result in a change in the Housing Assistance Payment, Tenant Rent, and Total Tenant Payment. At the effective date of the reexamination, the PHA must<sup>21</sup> make appropriate adjustments in the housing assistance payment and notify the tenant and the owner of any changes in the amount of the HAP and Tenant Rent. The PHA must<sup>22</sup> adopt policies prescribing how to determine the effective date of a change in the housing assistance payment resulting from an interim redetermination. Industry practice typically provides at least 30-days-notice of any increase in tenant payment.

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<sup>15</sup> 24 CFR § 982.516(c),(d), and (e)

<sup>16</sup> 24 CFR § 982.516(c)(2)

<sup>17</sup> 24 CFR § 982.516(d), (e)

<sup>18</sup> 24 CFR § 982.54(d)(18)

<sup>19</sup> Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs, Vol. 81, No. 45 (March 8, 2016).

<sup>20</sup> PIH Notice 2016-05: Streamlining Administrative Regulations or Programs Administered by Public Housing Agencies, pg. 32

<sup>21</sup> HAP Contract, page 5, section 7.c.2.; 24 CFR § 982.516(e)(2)

<sup>22</sup> 24 CFR 982.516(e)(1)

All notices must be provided in a manner that is accessible for persons with hearing and vision impairments.<sup>23</sup> PHAs must provide appropriate auxiliary aids and services necessary to ensure effective communication, which includes ensuring that information is provided in appropriate accessible formats as needed, e.g., Braille, audio, large type, assistive listening devices, and sign language interpreters.

PHAs must also take reasonable steps to ensure meaningful access to their programs and activities to individuals with limited English proficiency.<sup>24</sup> See *HUD's Final Guidance to Federal Financial Assistance Recipients: Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (LEP Guidance) (72 FR 2732 (January 22, 2007))*. LEP guidance and LEP information is available on HUD's website. Notices may need to be translated to ensure access for persons with LEP consistent with HUD's LEP Guidance. See the Fair Housing Requirements chapter for further information.

## 4 Mandated Use of the EIV System

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The Enterprise Income Verification (EIV) System is a web-based application, which provides PHAs with employment, wage, unemployment compensation and social security benefit information for tenants who participate in the Public Housing program. PHAs must<sup>25</sup> use the EIV system to verify tenant employment and income information during interim and mandatory reexaminations of family composition and income. PHAs are required to review the EIV's Income Report and Income Validation Tool (IVT) Report during mandatory and interim reexaminations of family income and/or composition.

## 5 Managing the Annual Reexamination Process

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PHAs must<sup>26</sup> complete an annual reexamination for each HCV participant family at least once every 12 months. However, PHAs have flexibility in how they manage their annual reexamination process in order to balance their workload.

### 5.1 Effective Date of Annual Reexamination

PHAs have flexibility in determining when they will complete the Annual Reexamination. The only two HUD requirements concerning the effective date are:

- The effective date must<sup>27</sup> fall within 12 months of their previous annual reexamination or new admission effective date.
- The effective date of an annual reexamination (action type 2) is the first of the month.

PHAs typically align a family's annual reexamination effective date with either the anniversary of the family's HAP contract or the anniversary of their admission to the program. Neither of these methods is required although they are considered best practices for ease of scheduling and reporting.

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<sup>23</sup> 24 CFR § 8.6 and 28 CFR § 35 subpart D

<sup>24</sup> Executive Order (EO) 13166; 72 FR 2732 (January 22, 2007)

<sup>25</sup> 24 CFR § 5.233

<sup>26</sup> 24 CFR § 982.516(a)(1)

<sup>27</sup> 24 CFR § 982.516(a)(1)

### 5.1.1 Anniversary Date of the HAP Contract

When a PHA chooses the anniversary date as the reexamination date, the PHA conducts a full reexamination of family composition and income to be effective the first of the month on the anniversary of the family's HAP contract for the unit they currently reside. Because a PHA may not exceed 12-months between annual reexaminations, if the family's HAP contract is effective after the first of the month, the next reexamination is due one year later effective the first of the previous month. In example 1, a sample of how the anniversary date of the HAP contract relates to the reexamination date is provided.

#### Example 1: Anniversary and Annual Reexamination Dates

A family is leasing up under the program for the first time.

The effective date of the family's lease and the PHA's HAP contract with the owner is May 15, 2019.

The *latest* date this family's first annual reexamination can be effect is May 1, 2020.

### 5.1.2 Twelve (12) Months from the Date of Program Admission

When a PHA chooses to establish reexamination cycles based upon the date of program admission, the family's annual reexamination will be due the same date every year and is not tied to the anniversary date of the current HAP contract. Example 2 provides two options for how a PHA might set a tenant's next annual reexamination month.

#### Example 2: Program Admission and Annual Reexamination Dates

A family is admitted to the program on February 1, 2019. The family moves to a new unit October 1, 2020.

- Option 1: PHA will complete an annual reexamination with the October 1, 2020 move and 'reset' the annual reexamination due date so that the next annual reexamination is due October 1, 2021. Under this option, the PHA will have completed two (2) annual reexaminations for the same family; the first effective February 1, 2020 and the second at the time the family is issued a voucher for the move effective October 1, 2020.
- Option 2: PHA will process the move without completing an annual reexamination. The family's next annual reexamination will remain due February 1, 2021.

## 5.2 Mail-in versus In-person Reexaminations

There is no requirement that PHAs conduct an in-person interview as a part of the annual reexamination process. Some PHAs choose to complete some or all of their reexaminations via mail, while others ask some or all tenants to appear in person.

PHAs are required<sup>28</sup> to conduct reexaminations in alternative formats as reasonable accommodations for individuals with disabilities who may be unable to attend a face-to-face interview because of their disability. PHAs may also need to provide other types of reasonable accommodations for persons with disabilities throughout the reexamination process.

### 5.3 Tracking the Reexamination Process

It is important that the PHA has tracking and monitoring procedures and systems in place to ensure that the required reexaminations for each assisted family is initiated and completed on time.

Most PHAs have an electronic system of record with reporting features to help supervisors monitor and track the annual reexamination process. Housing software programs can identify reexaminations due dates and monitor PHA monthly reexamination activity through computer-generated reports. Most software systems allow for reporting on various date-driven fields. The dates tracked for each family might include:

- Lease and HAP contract effective date;
- Reexamination effective date;
- Initial reexamination notification date;
- Second notice date;
- Termination notice date;
- Notice of rent adjustment date; and
- Date of the next annual reexamination.

Computer software may be able to provide audit reports identifying annual reexaminations that have not been completed. The PHA should also review HUD's IMS/PIC (Information Management System / PIH Information Center) Section Eight Management Assessment Program (SEMAP) module to identify late annual reexaminations. Many PHAs also maintain internal electronic reexamination activity or progress logs. These logs are used to assist staff in managing the on-time completion of the reexamination process.

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<sup>28</sup> 24 CFR § 100.204; 24 CFR § 8.33; 28 CFR § 35.130