

# Reexaminations

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# 1 Chapter Overview

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This chapter outlines the U.S. Department of Housing and Urban Development's (HUD) requirements for reexamining income and family composition for families in the Public Housing program and provides guidance to Public Housing Authorities (PHAs) in conducting reexaminations. A family's choice of rent determines when PHAs are to reexamine the family's income and composition. In accordance with requirements set in the Admissions and Continued Occupancy Policies (ACOP), PHAs may require families to report interim changes in family income or family circumstances as well.<sup>1</sup> A family's failure to comply with the PHA's reexamination requirements is grounds for terminating assistance.

PHAs must establish and adopt admission and occupancy policies concerning how annual and interim reexaminations will be conducted in accordance with such policies.<sup>2</sup> The following procedures and requirements are essential to the reexamination process.

## 2 The Reexamination Process

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### 2.1 Annual Reexaminations

The annual reexamination helps public housing administrators determine the continued eligibility of the family, the required unit size and the appropriate adjustments in the rent after consultation with the family and verification of the information. As part of the annual reexamination, the PHA must:

- Complete the reexamination within a year (12 months) of the previous annual reexamination or new admission for families paying income-based rent.<sup>3</sup> Reexamination completion status is based on the effective date of the submission of a HUD form 50058 with action type 2 in the Inventory Management System/PIH Information Center (IMS/PIC);<sup>4</sup>
- Require that the family supply any information requested to determine family income and composition.<sup>5</sup> In the case of families choosing to pay a flat rent, PHAs must conduct a reexamination of family composition annually, and conduct reexamination of family income at least once every three years;<sup>6</sup>
- Require the adult household members to sign the Form HUD-9886, Authorization for the Release of Information/Privacy Act Notice and all other consent forms;<sup>7</sup>
- Verify household income, assets, deductions, expenses, and family composition;<sup>8</sup>

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<sup>1</sup> 24 CFR § 960.257(b)

<sup>2</sup> 24 CFR § 960.257(d)

<sup>3</sup> 24 CFR § 960.257(a)

<sup>4</sup> Form HUD-50058 Instruction Booklet (1-2)

<sup>5</sup> 24 CFR § 960.259(a)(2)

<sup>6</sup> 24 CFR § 960.257(a)(2); 24 CFR § 960.253(f)

<sup>7</sup> 24 CFR § 5.230(b); 24 CFR § 960.259(b)

<sup>8</sup> 24 CFR § 960.257(a)

- Calculate adjustments in rent, as appropriate;<sup>9</sup>
- Update household size, utility allowance (if applicable), and choice of rent as needed;<sup>10</sup>
- Provide tenant with written notice of an increase in tenant payment;<sup>11</sup> and
- For reexaminations, Level 4 verifications must be dated within the 60-day period preceding the reexamination or the date the PHA requested the documentation.<sup>12</sup>

When completing a reexamination, PHAs are encouraged to carefully consider the following components and updates:

Component	Updates at Annual Reexamination
Changes in income, assets, deductions, expenses, and household characteristics	<ul style="list-style-type: none"> <li>• Obtain declaration of income, assets, deductions, expenses, and household characteristics.</li> <li>• Review documents for changes from previous year.</li> <li>• Follow verification hierarchy to verify and calculate income, assets, deductions, expenses, and household characteristics.<sup>13</sup></li> </ul>
Changes in family composition	<ul style="list-style-type: none"> <li>• Review and update the household size on the HUD-50058.</li> <li>• If household size changes, the family may be under-housed or over-housed in their current unit and may require a transfer to an appropriate sized unit</li> </ul>
Utility allowance	Verify that the utility allowance (if applicable) is correct based on lower of household size or unit size and using the PHA's current Utility Allowance Schedule.
Rent Choice	Offer the family a choice between the flat rent amount and income-based rent amount.
Determination of Rent	Verify that the total tenant payment (TTP) is correct based on income-based rent or flat rent.
Community Service/ Self-Sufficiency Requirement	<ul style="list-style-type: none"> <li>• Document adequately whether non-exempt tenants are complying with their community service or economic self-sufficiency responsibilities.</li> <li>• Determine any changes to the exempt or non-exempt status of family members.<sup>14</sup></li> </ul>

## 2.2 Streamlined Income Determination for Families on Fixed Sources of Income

For any family member with a fixed source of income, PHAs may elect to determine that family member's income based on a streamlined income determination, by applying the verified cost of living adjustment

<sup>9</sup> 24 CFR § 960.257(a)

<sup>10</sup> 24 CFR § 960.257(a); § 960.253(a) and (c)

<sup>11</sup> 24 CFR § 966.4(b)(1)(ii)

<sup>12</sup> Notice PIH 2017-12, *Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification System*

<sup>13</sup> Notice PIH 2017-12

<sup>14</sup> 24 CFR § 960.607

(COLA) or current rate of interest to the previously verified or adjusted income.<sup>15</sup> Applying a mandatory inflation factor may result in an increase in requests for interim reexaminations if the family did not actually receive an increase. If PHAs choose to implement this streamlined method of income determination at annual reexaminations, they must first adopt this provision in the ACOP and after the initial year of implementation, fully reverify and recalculate all income every 3 years.<sup>16</sup> Non-fixed sources of income remain subject to annual third-party verification for families with less than 90% of their income coming from fixed sources.

## 2.3 Streamlined Income Determination for Families with 90% or More Fixed Income Sources

At annual reexamination of program participants, PHAs may choose to implement a streamlined income determination when 90% or more of the family's adjusted income consists of fixed income sources. For families with 90% or more of their income coming from fixed sources, PHAs adopting this option do not have to do annual recertification of all sources of a family's income. Instead, PHAs must apply the appropriate COLA to fixed sources of income. PHAs have the discretion regarding whether to reverify and adjust non-fixed income sources.<sup>17</sup> Under this streamlining option, all income sources must be fully reverified and recalculated every 3 years.<sup>18</sup> PHAs are still required to follow-up on any discrepancies or new sources of income reported in HUD's Enterprise Income Verification system.<sup>19</sup>

## 2.4 Annual Reexaminations and Choice of Rent

Once a year, PHAs must give each family the opportunity to choose between a flat rent or income-based rent, the two methods for determining tenant rent.<sup>20</sup> PHAs must offer each family the choice at the time of annual reexaminations.<sup>21</sup>

### Annual reexamination requirements for income-based rent

If a family chooses an income-based rent at initial occupancy or any subsequent year, the PHA must:

- Conduct a full reexamination of family income and composition at least annually;<sup>22</sup>
- Inform the family of the flat rental amount and the income-based rental amount determined by the examination of family income and composition;<sup>23</sup> and
- Inform the family of the PHA policies on switching rent types in the event of a financial hardship.<sup>24</sup>

### Annual reexamination requirements for flat rents

If a family chooses a flat rent, the PHA must:

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<sup>15</sup> 24 CFR § 960.257(b)(3)

<sup>16</sup> 24 CFR § 960.257(b)(3)(ii); Notice PIH 2016-05, *Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies*

<sup>17</sup> 24 CFR § 960.257(c)(3)(i)

<sup>18</sup> 24 CFR § 960.257(c)(5)

<sup>19</sup> Notice PIH 2017-12

<sup>20</sup> 24 CFR § 960.253(a)(1)

<sup>21</sup> 24 CFR § 960.253(f)

<sup>22</sup> 24 CFR § 960.253(f)(2)(i)

<sup>23</sup> 24 CFR § 960.253(f)(2)(ii)

<sup>24</sup> 24 CFR § 960.253(f)(2)(iii)

- Conduct a reexamination of income at least once every 3 years and reexamination of family composition annually;<sup>25</sup>
- Use income information from the first annual rent option in the intervening years when the PHA chooses not to conduct a full examination of family income;<sup>26</sup>
- Inform the family of the updated flat rental amount and the income-based rent amount as determined during the most recent full reexamination;<sup>27</sup>
- Compare the updated flat rent amount to the previous flat rent amount to determine if a phase-in is required;<sup>28</sup> and
- Inform the family of the PHA policies on switching rent types in the event of a financial hardship.<sup>29</sup>

## 2.5 Interim Reexaminations

Interim reexaminations are conducted as a result of changes in family income, family composition, or circumstances impacting adjusted annual income that occur between reexaminations. The purpose of an interim reexamination is to determine the continued eligibility of the family and adjust the rent, if necessary. A family may request, and the PHA must process within a reasonable time of the request, an interim reexamination of family income or composition at any time due to changes since the last reexamination.<sup>30</sup> PHAs have the discretion to determine when and under what conditions the PHA will require an interim reexamination. However, the interim reexamination policies must be detailed in the ACOP and in the annual PHA Plan as necessary.<sup>31</sup>

## 3 Managing the Annual Reexamination Process

Generally, PHAs have flexibility in how they manage their reexamination process in order to maintain a balanced workload. These flexibilities include setting effective dates for reexaminations, conducting mail-in or in-person interviews and monitoring the overall process. See the Best Practices for Managing the Annual Reexamination Process Effectively at the end of this chapter.

### 3.1 Effective Date of Annual Reexamination

PHAs have discretion when determining when they will complete Annual Reexaminations. However, HUD requires that the effective date of the reexamination for a family paying an income-based rent occur no more than 12 months after the previous annual reexamination or new admission effective date.<sup>32</sup>

PHAs typically align a family's annual reexamination effective date with the anniversary of their admission into the program or their last interim reexamination. Neither of these methods are required, but are considered best practices for ease of scheduling and reporting.

<sup>25</sup> 24 CFR § 960.253(f)(1); 24 CFR § 960.257(a)(2)

<sup>26</sup> 24 CFR § 960.253(f)(3)(i)

<sup>27</sup> 24 CFR § 960.253(f)(3)(ii)

<sup>28</sup> 24 CFR § 960.253(b)(6)

<sup>29</sup> 24 CFR § 960.253(f)(3)(iii)

<sup>30</sup> 24 CFR § 960.257(b)(2)

<sup>31</sup> 24 CFR § 960.257(c)

<sup>32</sup> 24 CFR § 960.257(a)

### 3.1.1 Establishing the Reexamination Cycle

When a PHA chooses to establish reexamination cycles based on the date of program admission, the family's annual reexamination will be due the same date every year.

## 3.2 Mail-in versus In-person Reexaminations

HUD does not require that PHAs conduct in-person interviews as a part of the annual reexamination process. Some PHAs choose to complete some or all reexaminations via mail, while others request that some or all tenants appear in person, per the PHA's ACOP policy. However, all PHAs are required to conduct reexaminations in alternative formats to reasonably accommodate individuals with disabilities who may be unable to attend a face-to-face interview because of their disability.<sup>33</sup> Accommodations may include conducting a home visit to complete the reexamination process.

## 3.3 Effective Communication, Reasonable Accommodations, and Limited English Proficiency Requirements

All notifications and communications must ensure effective communication for individuals with disabilities. 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 provide reasonable accommodations for individuals with disabilities throughout the reexamination process and may not require individuals with disabilities to make either a new reasonable accommodation request or provide additional documentation during the reexamination process for existing accommodations that have already been granted.

PHAs must also take reasonable steps to ensure meaningful access to their programs and activities to individuals with limited English proficiency. 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 Fed. Reg. 2732 (Jan. 22, 2007)). LEP guidance and LEP information is available on HUD's [website](#).

## 3.4 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 a system of record with reporting features to help staff monitor and track the annual reexamination process. Housing software programs can identify reexamination 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 effective date;
- Reexamination effective date;

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<sup>33</sup> 24 CFR § 8.24(b)

- Initial reexamination notification date;
- Second notice date;
- Termination notice date;
- Notice of rent adjustment date; and
- Next annual reexamination date.

PHAs' computer software generally has the capability to provide audit reports identifying outstanding annual reexaminations. PHAs are strongly encouraged to review HUD's IMS/PIC system Reexamination 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 and are considered a best practice.

### 3.5 Mandated use of the Enterprise Income Verification (EIV) System

The 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 and various Section 8 programs. PHAs must use the EIV system in its entirety to verify tenant employment and income information during interim and mandatory reexaminations of family composition and income in accordance with 24 CFR §§ 5.233, 5.236, and other HUD administrative guidance. PHAs are required to review the EIV Income and Income Validation Tool reports during mandatory and interim reexaminations of family income and/or composition. Further, PHAs must notify all adult program participants (including minors upon their 18<sup>th</sup> birthday) of Debts Owed to Public Housing Agencies and Terminations, Form HUD-52675.<sup>34</sup>

## 4 Remaining Family Members and Prior Debt

If the Head of Household (HOH) dies or leaves the dwelling unit permanently for any reason, any remaining family members may continue to occupy the unit if there is at least one household member (not a live-in aide) or other individual of legal age who is a citizen or eligible non-citizen, and has capacity to execute the lease, in accordance with state and local laws. A new HUD Form-50058 must be completed updating the family's composition and entered into the IMS/PIC system.<sup>35</sup> A PHA may permit a temporary adult guardian currently not on the lease to reside in the unit until a court-appointed guardian is established. Once established, the PHA may add the new guardian as the new HOH in accordance with its screening policies. This would usually occur when the only remaining family members in the unit are minors, who otherwise would have to leave the unit. The PHA is to first consider whether there are any remaining family members capable of executing a lease before permitting a new head of household to assume the lease. A PHA must not hold remaining family members under age 18 responsible for the rent arrearages incurred by the former HOH, nor for any amounts incurred before a new HOH attained age 18.<sup>36</sup>

<sup>34</sup> Notice PIH 2018-18, *Administrative Guidance for Effective and Mandated Use of the Enterprise Income Verification (EIV) System*  
<sup>35</sup> 24 CFR § 966.4(a)(1)(v); Notice PIH 2012-04, *Effective Use of the Enterprise Income Verification (EIV) System's Deceased Tenants Report to Reduce Subsidy Payment & Administrative Errors*

<sup>36</sup> Since family members under 18 are not required to sign Form HUD-52675, family members under 18 cannot be held responsible for rent arrearages.



Under the Violence Against Women Act, PHAs may choose to bifurcate a lease, or remove a household member from a lease to evict, remove, terminate occupancy rights, or terminate assistance to such member who engage in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual. Such action by the PHA must be taken without regard to whether the household member is a signatory to the lease and without evicting, removing, terminating assistance to, or otherwise penalizing a victim of such criminal activity who is also a tenant or lawful occupant. If a PHA bifurcates a lease and the individual who was evicted or for whom assistance was terminated was the only eligible tenant, the PHA must provide to any remaining tenant(s) who were not already eligible, a period of 30 calendar days from the date of the lease bifurcation to establish eligibility for the Public Housing program or another covered housing program, or to find alternative housing. Court-ordered eviction of the perpetrator pursuant to applicable laws results in the underlying lease becoming null and void once the PHA regains possession of the unit. The PHA must execute a new lease with the remaining eligible tenant.<sup>37</sup>

## 5 Zero Income Families

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When families report zero income, PHAs have an obligation to pursue verification of income that reflects the family's lifestyle. One method is to examine the family's circumstances every 90 days until they have a stable income.<sup>38</sup> As a best practice, PHAs can request zero income families to complete a zero-income form. The form asks tenants to estimate how much they spend on telephone, cable TV, food, clothing, transportation, health care, child care, debts, household items, etc., and whether any of these costs are being paid by an individual outside the family. If any such payments are received, they are to be verified accordingly and considered income.

## 6 Over Income Families

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HUD establishes income limits by family size for the area in which each PHA is located. These income limits are used to determine the family's eligibility for the program and will be published by HUD annually. When a PHA becomes aware, either through an annual or interim reexamination, that a family exceeds the established limit (over-income limit), the PHA must document the tenant file.

If the PHA determines that the family continues to exceed the over-income limit after one year, the PHA must provide written notification to the family that their income has exceeded the over-income limit for one year and that if the family continues to exceed the limit for the next 12 consecutive months, the family will be subject to either paying a higher rent or termination from the program depending on the policies established by the PHA. If the PHA determines that a previously over-income family no longer exceeds the limit (either during an annual or interim reexamination), the family is no longer subject to these provisions and will be entitled to a new two-year grace period before either paying a higher rent or termination from the program.

Once the family has exceeded the over-income limit for two consecutive years, the PHA must either charge a higher rent (the greater of the fair market rent or the amount of subsidy provided for the unit) or initiate termination of tenancy for the family. The PHA has up to six months to terminate tenancy after the third

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<sup>37</sup> 24 CFR § 5.2009(b); Notice PIH 2017-08, *Violence Against Women Reauthorization Act of 2013 Guidance*

<sup>38</sup> 24 CFR § 960.257(d)



determination that the family exceed the over-income limit if the PHA's policy is to terminate rather than to charge a higher rent.

During the period prior to termination (up to, but not to exceed six months), the family will continue to have a choice between the lower of income-based or flat rent.<sup>39</sup> Please note that the over-income limit does not apply to PHAs operating fewer than 250 public housing units that are renting to families with income exceeding the over-income limit, if the PHAs are renting to those families because there are no income-eligible families on the PHA's waiting list.<sup>40</sup> The requirements, including those governing rental payments for such families, will continue as established in 24 CFR § 960.503.

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<sup>39</sup> Notice PIH 2019-11, *Final Implementation of Public Housing Over-Income Limit under the Housing Opportunity Through Modernization Act of 2016 (HOTMA)*

<sup>40</sup> 24 CFR § 960.503

## Best Practices

### Tips for Managing the Annual Reexamination Process Effectively

- Know the reexamination schedule for the entire year and update the schedule regularly;
- Begin the reexamination process on time to avoid missed deadlines. Ideally, the timeframe for initiating reexaminations is 120 days prior to the family's anniversary date. This will allow time to interview the families, verify information, process the calculation and set the effective date for the family's anniversary annually after providing the appropriate notice of any rent changes;
- Allocate adequate staff and other resources for the volume of reexaminations due;
- Prepare written procedures governing the reexamination process and enforce their use;
- Assign clear staff responsibility for completing reexaminations and supervising work;
- Train staff members and hold them accountable for on-time completion;
- Review the seasonality of annual reexaminations and, if necessary, conduct some annual reexaminations early to avoid experiencing months with an inordinately high number of annual reexaminations due;
- Develop tracking systems that document every stage of the reexamination process. (These systems may be manual handwritten logs or automated spreadsheets or software programs);
- Develop a reporting system (manual or automated) that summarizes activities and outcomes on a monthly or more frequent basis;
- Avoid delayed responses from third parties to prevent timely verification of information. Use other permissible verification methods without delay;
- Perform regular quality control reviews of completed reexaminations consistent with IMS/PIC requirements;
- Implement employee recognition and reward programs to encourage timely and efficient performance; and
- Evaluate regularly success and consider changes to systems, policies, procedures and staff training programs that might improve the overall process.