

Chapter 11

REEXAMINATIONS and MONITORING

INTRODUCTION

The WMHA 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 WMHA policies concerning reexaminations are presented in three parts:

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

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

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

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

Monitoring Deceased Tenants PIH 2010-50 and PIH 2015-02 (See notice for additional details)

In accordance with PIH Notice 2010-19 and further notices issued after May 17, 2010, WMHA must generate the Deceased Tenants Report at least once a month. The purpose of generating the Deceased Tenants Report monthly is to eliminate and/or recover improper payments being made on behalf of deceased Section 8 tenants and ensure WMHA is aware of unoccupied public housing units which should be prepared for occupancy and made available for occupancy by the next eligible family. WMHA is required to generate the report prior to disbursing the upcoming monthly housing assistance payment (HAP) to owners. WMHA must review the report and follow up with the listed families immediately and take the necessary corrective actions outlined for HCV assistance.

For deceased single member households or a household where the remaining household member is a live-in aide, WMHA is required to discontinue HAP to the owner no later than the first of the following month after the month in which the death occurred. WMHA is required to immediately terminate program assistance for deceased single member households which will result in termination of the HAP contract and HAP to the owner in accordance with the PIH

2010-50 provisions. The owner is **not** entitled to HAP for any month following the month in which the death occurred. There are no exceptions to this policy.

If the WMHA overpaid HAP on behalf of a single member deceased household and fails to collect the overpayment from the owner, the WMHA is required to reimburse 100 percent of the overpayment to the HCV HAP account from the Administrative Fee Equity account, Central Office Cost Center (COCC) account, or other non-Federal funds. In addition, if such errors impacted any funding baseline determinations, funding for the affected renewal periods may be adjusted.

WMHA cannot reimburse prior year HAP costs with current year HAP funding because the funding carries forward but does not carry back.

HUD will monitor WMHA's Deceased Tenants Report on a quarterly basis. If at any time the report identifies deceased single member households who have been deceased for a period exceeding six months, and HUD determines that the WMHA has not taken the necessary corrective action, the WMHA may be subject to a withholding of its monthly administrative fee each month that the number of single deceased household members is greater than zero.

11-I.A. ANNUAL REEXAMINATIONS [24 CFR 982.516]

Overview

The WMHA may use any or all of the allowable streamlining processes, regulations or notices as allowable by HUD. The WMHA will use the provisions allowed under FAST to streamline the verification of fixed incomes and non-fixed incomes. The WMHA 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.

Scheduling Annual Reexaminations

The WMHA 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].

WMHA Policy

The WMHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the WMHA will schedule annual reexamination effective dates to coincide with the family's anniversary date.

Anniversary date is defined as 12 months from the effective date of the family's last annual reexamination or, during a family's first year in the program, from the effective date of the family's initial examination (admission).

If the family moves to a new unit, the WMHA will perform a new annual reexamination.

The WMHA also may schedule an annual reexamination for completion prior to the anniversary date for administrative purposes.

Notification of and Participation in the Annual Reexamination Process

The WMHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the WMHA.

WMHA Policy

At WMHA's discretion, the WMHA may conduct the annual reexamination online, by phone or in person.

Notification of annual reexamination forms will be sent by first-class mail and will contain the due date these forms need completed. In addition, it will inform the family of the information and documentation that must be submitted.

If the family is unable to complete the annual reexamination or submit documents the family should contact the WMHA in advance of the due date to discuss an extension. If a family does not submit the required information, WMHA will send a second request.

If a family fails to complete and submit their annual reexamination after the second request 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 this process.

Conducting Annual Reexaminations

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

WMHA Policy

Families will be asked to complete and submit all required information (as described in the reexamination notice) for their reexamination. The required information will include a WMHA-designated reexamination form, an Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.

Any required documents or information that the family did not provide must be provided within 10 business days. 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 frame (plus any extensions), the family will be sent a notice of termination (See Chapter 12).

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

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

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

HUD recommends and WMHA has adopted the policy that annual recertification/reexamination documents include a question asking whether the tenant or any member of the tenant's household is subject to a lifetime state sex offender registration program in any state. WMHA will verify this information using the Dru Sjodin National Sex Offender Database and document this information in the same method used at admission. [PIH Notice 2009-35]

For any admissions, if the recertification/reexamination screening reveals that the tenant or a member of the tenant's household is subject to a lifetime sex offender registration requirement, or that the tenant has falsified information or otherwise failed to disclose his or her criminal history on their application and/or recertification/reexamination forms, WMHA will pursue eviction or termination of tenancy to the extent allowed by their lease and state or local law.

Notwithstanding the above, if the tenant or a member of the tenant's household, regardless of when they were admitted, commits criminal activity while living in federally assisted housing,

the WMHA will pursue eviction or termination of tenancy to the extent allowed by their lease and state or local law.

For each historical adjustment including annual recertification (form HUD-50058 action type 14), the WMHA is required to do the following:

- Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and
- Print and maintain a copy of the EIV Income Report in the tenant file; and
- Resolve any income discrepancy with the family within 60 days of the EIV Income Report date. [PIH 2010-19]

For each annual reexamination of family income and composition, the WMHA is required to have the following documentation in the tenant file:

- **No Dispute of EIV Information:** EIV Income Report, current acceptable tenant-provided documentation, and *if necessary* (as determined by the WMHA), traditional third-party verification form(s).
- **Disputed EIV Information:** EIV Income report, current acceptable tenant-provided documentation, and/or traditional third-party verification form(s) for disputed information.
- **Tenant-reported income not verifiable through EIV system:** Current tenant-provided documents, and *if necessary* (as determined by the WMHA), traditional third-party verification form(s). [PIH 2010-19]

If the tenant does not provide the requested information, the WMHA may mail, fax, or email a third-party verification request form to the third-party source. The WMHA is *required* to request third-party verification when the tenant disputes EIV information and the tenant is unable to provide acceptable documentation to support disputed information. However, the WMHA should also remind the tenant that s/he is required to supply any information requested by the WMHA for use in a regularly scheduled annual or interim reexamination of family income and composition.

The WMHA may *determine* that the tenant is not in compliance with program requirements and terminate tenancy or assistance, or both, if the tenant fails to provide the requested information in a timely manner (as prescribed by the WMHA).

Effective Dates

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

WMHA 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. A reexamination will be conducted on the scheduled effective date to update the utility allowance and payment standard only if tenant rent will not increase as a result of the update.

If a family moves to a new unit, the increase will take effect on the effective date of the new lease and HAP contract, and no 30-day notice is required.

If the WMHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the WMHA, but will always allow for the 30-day notice period.

If the family causes a delay in processing the annual reexamination, *increases* in the family share of the rent will be applied retroactively, to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

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

If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.

If the WMHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the WMHA.

If the family causes a delay in processing the annual reexamination, *decreases* in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the WMHA by the date specified, and this delay prevents the WMHA from completing the reexamination as scheduled.

11-I.B. INTERIM REEXAMINATIONS [24 CFR 982.516]

Overview

Family circumstances may change throughout the period between annual reexaminations. HUD and WMHA policies dictate what kinds of information about changes in family circumstances

must be reported, and under what circumstances the WMHA must process interim reexaminations to reflect those changes. HUD regulations also permit the WMHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

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

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

11-I.C. CHANGES IN FAMILY AND HOUSEHOLD COMPOSITION

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

WMHA Policy

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

During an interim reexamination only the information affected by the changes being reported will be reviewed and verified.

Families will be required to report all increases in income within ten (10) businesses days of the occurrence.

Families are required to report the following changes to the WMHA between regular reexaminations. The changes must be reported within ten (10) business days from the date of the change. Failure to report may result in repayment and/or program termination. These changes will trigger an interim reexamination.

- A. An increase in household size. Families may only increase household size due to marriage, birth of additional child(ren), custody changes or legal adoptions involving minor children, or additions through the foster care program.

Other family members who have been deleted from the household or were never members of the household may not be added as program participants without WMHA approval. Approval will be given only under the following circumstances:

-
1. The HCV participant has a physical or mental impairment that is expected to be of long-continued or indefinite duration and the addition to the household would enable the HCV participant to continue to live independently; or
 2. It is necessary for the HCV participant to care for a family member that has a physical or mental impairment that is expected to be of long continued or indefinite duration.

In order to add a household member other than through birth or adoption (including a live-in aide) the family must request that the new member be added to the program. Before adding the new member to the lease, the individual must complete an application form stating their income, assets, so and all other information required of an applicant. The individual must provide their Social Security Number if declaring eligibility, and must verify their citizenship eligible immigrant status. The new family member will go through the screening process similar to the process for applicants. The WMHA will determine the eligibility of the individual before allowing them to be added to the program. If the individual is found to, be ineligible or does not pass the screening criteria, they will be advised in writing and given the opportunity for an informal review. If they are found to be eligible and do pass the screening criteria, the WMHA will grant approval to add their name to the program. At the same time, the family's annual income will be recalculated taking into account the income and circumstances of the new family member. The effective date of the new rent will be in accordance with the interim policies.

B. A household member is leaving or has left the family unit.

C. Family break-up

In circumstances of a family break-up, the WMHA will make a determination of which family member will retain the voucher, taking into consideration the following factors:

1. To whom the voucher was issued.
2. The interest of minor children or of ill, elderly, or disabled family members.
3. Whether the assistance should remain with the family members remaining in the unit.
4. Whether family members were forced to leave the unit because of actual or threatened physical violence by a spouse or other member(s) of the household.

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement of judicial decree, the WMHA will be bound by the court's determination of which family members continue to receive assistance in the program.

Because of the number of possible different circumstances in which a determination will have to be made, the WMHA will make determinations on a case-by-case basis.

- D. Any adult member of the household that was reported as unemployed on the most recent certification or recertification obtains employment.
- E. Any income is received by a family that on their most recent certification or recertification reported a zero (0) or extremely low household income.

The WMHA will promptly issue a determination of the request for a change. The family member requesting the determination may request an informal hearing in compliance with the informal hearing procedures.

Families are not required to, but may at any time, request an interim reexamination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such request, the WMHA will take timely action to process the interim reexamination and recalculate the family share.

Rent adjustments due to a reported change, which result in an increase, shall become effective as of the first day of the month following the end of the 30-day notice period.

For changes that result in an increase that were not reported within ten (10) business days, the increase will be made effective the first of the month following the effective date of the change.

New Family Members Not Requiring Approval

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

WMHA Policy

The family must inform the WMHA 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 WMHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the WMHA 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), the WMHA must issue the family a new voucher, and the family and WMHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the WMHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

WMHA Policy

Families must request WMHA 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 3 consecutive days and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the WMHA prior to the individual moving in the unit.

The WMHA will not approve the addition of a new family or household member unless the individual meets the WMHA’s eligibility criteria (see Chapter 3).

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

If the WMHA determines an individual meets the WMHA’s eligibility criteria as defined in Chapter 3, the WMHA 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 another voucher and will be required to move.

If the WMHA determines that an individual does not meet the WMHA’s eligibility criteria as defined in Chapter 3, the WMHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The WMHA will make its determination within 10 business days of receiving all information required to verify the individual’s eligibility.

Only the following will be considered as an addition to the household:

Minors – birth, adoption, custody;

Persons eighteen (18) years of age or older or other adults as deemed appropriate and qualified by the WMHA;

Live-in aide; or

Foster child/Foster adult

Departure of a Family or Household Member

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

WMHA Policy

If a household member ceases to reside in the unit, the family must inform the WMHA 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 cease to reside in the unit, the family must inform the WMHA within 10 business days.

11-I.D. CHANGES AFFECTING INCOME OR EXPENSES

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

WMHA –Initiated Interim Reexaminations

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

WMHA Policy

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

Families that report zero/extremely low income will be required to provide information regarding their means of basic subsistence, such as food, utilities, transportation, and other subsistence expenses in writing. If the family's expenses exceed their known income, WMHA will make inquiry as to the nature of the family's resources. If the family fails to provide true and complete information they will receive a notice of termination of assistance.

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

WMHA will conduct an interim for FSS enrollment if required.

The WMHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a tenant fraud complaint.

Family-Initiated Reexaminations

The WMHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

Required Reporting

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

WMHA Policy

Families are required to report all increases in income and assets, including new employment, within 10 business days of the date the change takes effect.

If the families TTP is the minimum rent and/or the family has requested a hardship exemption, the family must report any increase in income. The WMHA will adjust the rent at the end of the hardship period.

Families are required to report the following increases in income:

- Increased in income because a person with income joins the household;
- Increases in household income which as a result of a new income source.
- Increase in household income that was not anticipated at the annual recertification period.

Optional Reporting

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The WMHA 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.

WMHA Policy

If a family reports a change that it was not required to report and that would result in a decrease by more than 10 percent, the WMHA will conduct an interim reexamination. See Section 11-II.D. for the effective dates.

Families may report changes in income or expenses at any time.

11-I.E. PROCESSING THE INTERIM REEXAMINATION

Decreases in Adjusted Income Regulations: 24 CFR §§ 5.657(c)(2); 882.515(b)(2); 891.105; 891.410(g)(2); 891.610(g)(2); 960.257(b)(2); and 982.516(c)(2)

A family may request an interim determination of family income for any change since the last determination. However, PHA's may decline to conduct an interim reexamination of family income if the PHA estimates that the family's adjusted income will decrease by an amount that is less than 10 percent of the family's annual adjusted income.

PHAs must conduct an interim reexamination of family income when the PHA becomes aware that a family's annual adjusted income has changed by an amount that the PHA estimates will result in a decrease of 10 percent or more in annual adjusted income or a lower threshold set by HUD. In addition to decreases in family income, increases in deductions may produce a sufficient decrease in adjusted income to support an interim reexamination effective January 1, 2024, or later.

HUD is using its discretion, as authorized by HOTMA, to establish a lower threshold through notice to process interim reexaminations under certain circumstances. Specifically, HUD is requiring PHAs to apply a 0-percent threshold and to process an interim reexamination when there is a decrease in family size attributed to the death or permanent move-out from the assisted unit of a family member during the period since the family's last reexamination that results in a decrease in adjusted income of any amount. If there is no change/decrease in adjusted income as a result of the decrease in family size, then a non-interim transaction is processed instead of an interim reexamination. This 0-percent threshold for interim reexamination applies only to decreases in family size that result in a decrease in adjusted income. If the net effect of the changes in annual adjusted income due to a decrease in family size results in an increase in annual adjusted income, then the PHA will process the removal of the household member(s) as a non-interim reexamination transaction without making changes to the family's annual adjusted income.

Example: Interim Reexaminations / Decreases in Annual Adjusted Income

Scenario A: A family with an annual adjusted income of \$9,600 experiences a change in household composition and becomes eligible for two dependent deductions totaling \$960, resulting in a 10- percent decrease in the family’s adjusted income. The \$960 decrease in the family’s adjusted income would require an interim reexamination, because the income decrease meets the 10-percent threshold for an interim reexamination.

Scenario B: A family experiences an increase in deductible child-care expenses from \$0 to \$12,000 annually. Before the change, their annual adjusted income was \$40,000. Since the child-care expense deduction results in a greater than 10-percent reduction in annual adjusted income, an interim reexamination is required. 85

Scenario C: A family with an adjusted income of \$9,600 adds a dependent family member with no income. This would result in an adjusted income decrease of \$480 due to the dependent deduction. The decrease does not meet the 10-percent threshold of the family’s adjusted income, and because this is a family member joining the assisted unit (as opposed to a decrease a family size). The PHA is not required to conduct an interim reexamination. However, the PHA has adopted a policy that has decreased the threshold from a 10-percent change to a 5-percent change, therefore the decrease would meet the threshold, triggering an interim reexamination.

Scenario D: A family member moved out of the assisted unit. The family’s adjusted income prior to the change in household composition was \$20,000, but that number decreased to \$18,000 when the family member moved out. Since HUD requires PHAs to process decreases in adjusted income greater than 0 percent due to decreases in family size, the PHA/MFH Owner must process an interim reexamination.

Scenario E: A family member moves into the assisted unit who receives \$20,000 in pension income (which is more than 10% of the household’s adjusted income). At the same time, the head of household got a new job that increases the household’s income by \$15,000 per year. The PHA will process the increase in pension income due to the new household member but will not include the head of household increase in earned income until the next annual reexamination.

Increases in Adjusted Income Regulations: 24 CFR §§ 5.657(c)(3); 882.515(b)(3); 960.257(b)(3); and 982.516(c)(3); 891.105; 891.410(g)(2); and 891.610(g)(2)

PHAs must conduct an interim reexamination of family income when the PHA becomes aware that the family’s adjusted income has changed by an amount that the PHA estimates will result in an increase of 10 percent or more in annual adjusted income or another amount established through a HUD notice, with the following exceptions:

- PHAs 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

- PHAs 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.

Note: Families who delay reporting income increases until the last three months of their certification period may be subject to retroactive rent increases in accordance with the PHA policies.

PHAs **must not** process interim reexaminations for income increases that result in less than a 10-percent increase in annual adjusted income. When the family previously received an interim reexamination for a decrease to annual adjusted income during the same annual cycle, a PHA has the discretion to consider or ignore a subsequent increase in earned income for the purposes of conducting an interim reexamination. PHAs must identify in their ACOPs, Administrative Plans, and Tenant Selection Plans, as applicable, if they perform interim reexaminations for earned income increases that result in a 10-percent increase in annual adjusted income. If a PHA has a policy of considering increases in earned income after an interim conducted for a decrease in income, and the family's adjusted income has increased by 10 percent or more, the PHA must conduct an interim reexamination in accordance with local policies. Conversely, PHAs that adopt local policies to never consider increases in earned income must not perform an interim reexamination.

A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point the PHA must conduct an interim reexamination. When an increase of any size is reported by a family, it is a recommended best practice for the PHA to note the reported increase in the tenant file.

Example: Interim Reexaminations / Increases in Annual Adjusted Income

Scenario A: The Martinez family's annual reexamination is due on 11/1/2024. The family no longer has child-care expenses for their three children. The family stopped paying for daycare as of 8/31/2024 and reported the change (and certified no other changes to annual household income or expenses) to the PHA on 9/7/2024, resulting in an estimated 15-percent increase in the family's annual adjusted income. Although 15 percent is well above the 10-percent threshold, the PHA/MFH Owner does not process an interim reexamination, because they have a policy to not process changes reported within three months of the next annual reexamination.

Scenario B: The Allen family had an annual adjusted income of \$29,000 as of their last annual reexamination effective 5/1/2024. The family experienced the following changes to income and household composition since 5/1/2024:

- In July, the Allen family's eldest child, Kristina Allen (age 20), starts going to college full-time on a Pell Grant. Kristina is not employed, nor does she receive any other type of student financial assistance. The family now qualifies for a \$480 dependent deduction, because full-time students are considered dependents.
- The family reports Kristina's student status to the PHA, which noted the change in the family's file. The PHA/MFH Owner is not allowed to perform an interim reexamination, because the dependent deduction represents a 1.7-percent decrease

in the family's annual adjusted income, and the PHA did not establish a threshold lower than 10 percent for interim decreases in income.

- In October, the family added an adult family member, Tom Smith, to the household. The new adult family member receives a pension of \$275 monthly, or \$3,300 annually. The PHA determined that the Allen family's new annual adjusted income is \$31,820, accounting for both the addition of Tom's pension income and the deduction of the full-time student dependent allowance for Kristina. The Allen family's annual adjusted income increased a total of \$2,820, or only 9.7 percent. Since this decrease is below the 10-percent threshold, the PHA will not conduct an interim reexamination. Instead, they will process a non-interim transaction to add Tom to the family without changing the family's annual adjusted income effective 10/1/2024.

Scenario C: The Nguyen family's last annual reexamination was 4/1/2024. In June 2024, Patrick Nguyen lost his job, and the family's adjusted income fell from \$25,000 to \$13,000. The PHA conducted an interim reexamination for the decrease in income. In November 2024, Kelly Nguyen finds a job, and the family's adjusted income rises to \$18,000. The PHA has a policy of considering increases in earned income when an interim reexamination has been performed for a decrease in income. Since the family's adjusted income has increased by more than 10 percent when including earned income, and the family previously received an interim reduction during the same reexamination cycle, the PHA will conduct an interim reexamination for the increase.

Scenario D: The Mosberg family had an annual adjusted income of \$35,909 based on earned income (and two dependent deductions) as of the last annual reexamination effective 6/1/2024. The family experienced the following changes to income since 6/1/2024:

- In August, Libby reported she received a raise at work, increasing her annual earned income by \$2,650. She also recently started receiving monthly child support payments of \$150, or \$1,800 annually. She reported no other changes to the PHA/MFH Owner. While the combined increase of earned income (wages) and unearned income (child support) is a 12.3-percent increase in annual adjusted income since the 6/1/2024 annual reexamination, the PHA/MFH Owner must look at the earned and unearned income changes independently to determine if an interim reexamination should be performed. The earned income is about 7 percent of the increase, and the unearned income is approximately 5 percent of the total 12.3-percent increase.

The PHA documented in the tenant file that the family reported the change, but an interim reexamination was **not** performed, because the 5-percent increase in annual adjusted income based on **unearned** income does not meet the 10-percent threshold. Further, the PHA may not perform an interim reexamination for Libby's 7-percent increase in annual adjusted income based on earned income, because an interim reexamination for an income decrease during the reexamination cycle was not completed **and** it does not meet the 10-percent threshold to perform an interim. Note: Even if Libby's change in earned income had exceeded 10 percent of her annual income, the PHA may not perform an interim reexamination, because there was no prior interim reexamination for a decrease in income.

In November, Libby reported that her monthly child support payments increased again, from \$150 to \$325. She certified no other changes to income or deductions. Libby's annual **unearned** income from child support of \$3,900 is now a 10.8-

<p>percent increase in annual adjusted income (based on the effective 6/1/2024 annual reexamination), so the PHA must perform an interim reexamination, but only for</p> <p>the unearned child support income. The PHA will continue to disregard the increased earned income reported by the family until the Mosberg's next annual reexamination.</p>

PHA Discretion: PHAs have discretion on the following policies:

- Whether the PHA will conduct interim reexaminations for income increases reported by families within the last three months of a family's reexamination period; and
- Whether the PHA will count increases in earned income when estimating or calculating whether the family's adjusted income has increased and whether they will conduct interim reexaminations when families previously underwent interim reexaminations for decreases in income (both earned and unearned income).

WMHA Policy

WMHA will conduct an interim reexamination when a families income increases or decreases by 10 percent.

Non-Interim Reexamination Transactions Regulations: 24 CFR §§ 5.657(c)(2) 891.105; 891.410(g)(2); and 891.610(g)(2)

Families may experience changes within the household that do not trigger an interim reexamination under HOTMA but still need to be reported in a non-interim reexamination submission to HUD. In these cases, PHAs will submit a separate, new action code on form HUD-50058/HUD-50059. Further instructions on the use of this action code will be provided along with supplemental guidance on other revisions to forms HUD-50058. The code will be used for the following transaction types when an interim reexamination is not triggered under the final rule:

- Adding or removing a hardship exemption for the child-care 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 (the phased-in relief will begin at an eligible family's first annual or interim reexamination, whichever is sooner, after January 1, 2024);
- 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%) 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; and
 - 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).
 - Processing contract rent changes that do not correspond with an interim or annual reexamination (including PBV rent increases);
 - Implementing an update to the payment standard that does not correspond with an interim or annual reexamination. Note: PHAs will make all other changes to assets, income, and deductions at the next annual or interim reexamination of income, whichever is sooner.

Method of Reporting

WMHA Policy

The family must notify the WMHA of changes in writing, email, or online.

Based on the type of change reported, the WMHA 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 the WMHA. This time frame may be extended for good cause with WMHA approval. The WMHA will accept required documentation by mail, by fax, or in person.

Effective Dates

The WMHA 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].

WMHA 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 day of the month following the month in which the change was reported in writing and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will not be made retroactively.

Changes Not Reported Timely:

If the family has failed to report a change in family income or composition in a timely manner WMHA will implement any resulting rent increases retroactively to the first day of the month following the date of the change leading to the interim reexamination of family income.

11-I.F. RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

Overview

After gathering and verifying required information for an annual or interim reexamination, the WMHA 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-I.G. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the WMHA'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 WMHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the WMHA'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.
- See Homeownership section for special provisions on the HCV Homeownership Program regarding Payment Standards.
- If the FMR decreases for the area, the WMHA may keep the current payment standard, even if higher than 110% of the FMR.

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

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

Utility Allowances [24 CFR 982.517(d)]

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

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

At reexamination, the WMHA must use the WMHA current utility allowance schedule [24 CFR 982.517(d)(2)].

WMHA 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-I.H. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT

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

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

The family must be given an opportunity for an informal hearing regarding the WMHA'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).

WMHA Policy

The notice to the family will include the effective date of the new HAP payment, tenant rent, utility reimbursement (if applicable), and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-I.I. DISCREPANCIES

During an annual or interim reexamination, the WMHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the WMHA may discover errors made by the WMHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 13.