

Chapter 11

REEXAMINATIONS

INTRODUCTION

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

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

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

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

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

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

The FCRHA 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.

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

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

Fixed sources of income include Social Security and SSI benefits, pensions, annuities, disability or death benefits, and other sources of income subject to a COLA or rate of interest. The determination of fixed income may be streamlined even if the family also receives income from other non-fixed sources.

Two streamlining options are available, depending upon the percentage of the family's income that is received from fixed sources. If at least 90 percent of the family's income is from fixed sources, the PHA may streamline the verification of fixed income and may choose whether to verify non-fixed income amounts in years where no fixed-income review is required. If the family receives less than 90 percent of its income from fixed sources, the PHA may streamline the verification of fixed income and must verify non-fixed income annually.

FCRHA Policy

For non-MTW households, the FCRHA will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources.

Fixed income is defined as periodic payments received as 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; or

- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

The FCRHA will document in the file how the fixed income source was calculated.

If verification of the COLA or rate of interest is not available, the FCRHA will obtain third-party verification of income amounts.

Third-party verification of fixed sources of income will be obtained during the intake (including port-ins) process, at the first regularly scheduled reexamination and at least once every three years thereafter.

11-I.C. SCHEDULING ANNUAL REEXAMINATIONS

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

FCRHA Policy

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

Anniversary date is defined as either 12, 24, 36 or 60 months from the effective date of the family's last annual reexamination, depending on program type and whether a family is considered "Work Able" or "Non- Work Able". MTW Activity 14-9 established biennial and triennial reexaminations. A technical amendment to the plan, approved in April 2020 allowed for reexaminations every five (5) years for Non-Work Able households.

The FCRHA also may schedule a reexamination for completion prior to the anniversary date for administrative purposes.

Notification of and Participation in the Reexamination Process

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

FCRHA Policy

Heads of Household are required to participate in a reexamination interview. Exceptions to the reexamination interview can be made if participation in an in-person interview poses a hardship.

Notification of reexamination interviews will be sent by mail and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

If the family is unable to attend a scheduled interview, and an exception from the interview has not been granted, the FCRHA will send a second notification with a new interview date and appointment time. The notice stipulates that if a family fails to attend the second scheduled interview without FCRHA approval, the family will be determined ineligible for continued housing assistance and may request in writing an informal hearing by the deadline indicated in the notice. (Reference Chapter 12)

If the notice is returned by the post office with no forwarding address, the FCRHA will investigate if the participant resides at the unit and will forward the notice to the family's address of record, and to any alternate address provided in the family's file.

An advocate, interpreter, or other assistant may assist the family in the interview process. The family and the FCRHA must execute a certification attesting to the role and the assistance provided by any such third-party. (Reference Chapter 2)

11-I.D. CONDUCTING ANNUAL REEXAMINATIONS

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

FCRHA Policy

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

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

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

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

FCRHA Policy

The FCRHA's reexamination application asks the family to self-certify if any household member is subject to a lifetime sex offender registration requirement.

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

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

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

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

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

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

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

FCRHA Policy

During the reexamination process, the FCRHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612.

If the student continues to be income eligible based on his/her own income and the income of his/her parents (if applicable), the FCRHA will process a reexamination in accordance with the policies in this chapter.

11-I.F. EFFECTIVE DATES

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

FCRHA Policy

In general, changes in the family share of the rent that results from a regularly scheduled reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 calendar days in advance.

For increases to the family share:

- If there is a delay in processing caused by the FCRHA and the family share increases, the change will be effective on the anniversary date, but the increase to the family will take effect on the first of the month following the end of the 30-day notice period.
- If the family causes a delay in processing the regularly scheduled reexamination, *increases* in the family share of the rent will be applied retroactively, to the effective date of the regularly scheduled 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.

For decreases to the family share:

- If there is a delay in processing caused by the FCRHA and the family share decrease, the change will be effective on the anniversary date.
- If the family causes a delay in processing the regularly scheduled 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 requested information as outlined in 11.I.D, and this delay prevents the FCRHA from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

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

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

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

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

FCRHA Policy

Any change in family composition must be reported in writing to the FCRHA within ten (10) business days. The FCRHA will conduct interim reexaminations to account for any changes in household composition that occur between scheduled reexaminations.

New Family Members Not Requiring FCRHA Approval

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

FCRHA Policy

The family must inform the FCRHA of the birth, adoption, or court-awarded custody and guardianship of a child within ten (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 FCRHA 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 FCRHA must make appropriate adjustments in the family share of the rent and the HAP payment at the effective date of either the annual or interim reexamination [24 CFR 982.516(e)(2)].

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

FCRHA Policy

The FCRHA will only allow an addition of an adult family member (other than a foster adult or live-in aide) if the addition is by marriage. Families must request FCRHA approval to add a new family member, live-in aide, foster child, or foster adult. Requests must be made in writing and approved by the FCRHA prior to the individual moving into the unit. The FCRHA will consider exceptions to this policy as a reasonable accommodation.

If the FCRHA determines an individual meets the FCRHA's eligibility criteria and documentation requirements, the FCRHA will provide written approval to the family. The landlord or property manager must also approve the addition of the household member to be added to the lease. If the approval of a new family member, foster child, foster adult or live-in aide will cause overcrowding according to HQS standards, the approval letter will explain that the family will be issued a voucher and will be required to move.

If the FCRHA determines that an individual does not meet the FCRHA's eligibility criteria or documentation requirements, the FCRHA 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 FCRHA will make its determination within ten (10) business days of receiving all information required to verify the individual's eligibility.

Departure of a Family or Household Member

Families must promptly notify the FCRHA 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 FCRHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

FCRHA Policy

If a household member ceases to reside in the unit, the family must inform the FCRHA within 10 business days. This requirement also applies to a family member who has been considered temporarily absent at the point that the family concludes the individual is permanently absent.

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

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

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

FCRHA-Initiated Interim Reexaminations

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

FCRHA Policy

The FCRHA will conduct interim reexaminations if the family has reported zero income. The FCRHA will conduct an interim reexamination every 6 months as long as the family continues to report that they have no income.

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

Family-Initiated Interim Reexaminations

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

FCRHA Policy

Families funded under Moving to Work will be limited to one interim decrease per *calendar* year pursuant to MTW activity 2014-1.

Required Reporting

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

FCRHA Policy

Families are required to report in writing all changes in family composition within ten (10) business days of the date the change takes effect.

The FCRHA will conduct an interim reexamination in the following situations:

- The family requests an interim reexamination
- The family's household composition has changed.
- The family reports a change that will result in a reduced family income

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 FCRHA 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.

FCRHA Policy

Any change in household composition must be reported in writing to the FCRHA within ten (10) business days.

11-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

FCRHA Policy

The family may notify the FCRHA of changes in writing via mail, fax, email or in person. If the family provides oral notice, the FCRHA requires the family to submit the changes in writing.

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

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

Effective Dates

The FCRHA 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].

FCRHA Policy

For non-MTW households and MTW households with a change in family composition, if the family share of the rent *increases*, the increase will be effective on the first of the month following a 30-day notice of increase.

If a participant fails to report a change within the required timeframes or fails to provide all required information within the required time frames, the increase will be effective the first day of the second month following the change. The participant family will be responsible for any overpaid subsidy.

If the family share of the rent *decreases*, the decrease will be effective on the first of the month following the effective date of the change (e.g. termination date from employment or effective date of an award letter) provided that the participant has reported and provided verification of the change to the FCRHA within 10 business days of the change. In cases of an FCRHA delay in processing, the change will be made retroactively.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-III.A. OVERVIEW

After gathering and verifying required information for an annual or interim reexamination, the FCRHA must recalculate the family share of the rent and the subsidy amount, and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

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

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

- If the FCRHA'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*, during the term of a HAP contract, the PHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family's *second annual* reexamination, the PHA may, but is not required to, apply the decreased payment standard or may gradually implement the reduced payment standard (See Chapter 6 for the FCRHA's policy on decreases in the payment standard).
- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.

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

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the FCRHA'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 FCRHA'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 FCRHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

FCRHA Policy

Revised utility allowances will be applied to a family's rent and subsidy calculations at the regularly scheduled reexamination and unit transfers after the allowance is adopted.

The FCRHA has adopted flat utility allowances as part of activity 2018A-1 of its MTW Plan for MTW households. Non-MTW households have a utility allowance based on unit size, unit type and utilities paid.

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

The FCRHA 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 FCRHA'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).

FCRHA Policy

The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

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