

Chapter 11

REEXAMINATIONS and MONITORING

INTRODUCTION

The IHA 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 IHA 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, IHA 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 IHA is aware of unoccupied public housing units which should be prepared for occupancy and made available for occupancy by the next eligible family. IHA is required to generate the report prior to disbursing the upcoming monthly housing assistance payment (HAP) to owners. IHA 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, IHA 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. IHA 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 IHA overpaid HAP on behalf of a single member deceased household and fails to collect the overpayment from the owner, the IHA 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.

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

HUD will monitor IHA'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 IHA has not taken the necessary corrective action, the IHA 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 IHA may use any or all of the allowable streamlining processes, regulations or notices as allowable by HUD. The IHA 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 IHA 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].

IHA Policy

The IHA will begin the annual reexamination process ninety (90) calendar days in advance of its scheduled effective date. Generally, the IHA 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 IHA will perform a new annual reexamination.

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

The IHA can also move up an Annual Reexamination anytime during the year but the next Annual from the changed Annual Reexamination cannot be more than twelve (12) months in time.

Notification of and Participation in the Annual Reexamination Process

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

IHA Policy

Families generally are required to participate in an annual reexamination interview, which must be attended by all adult family members. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the IHA to request a reasonable accommodation (see Chapter 2).

At IHA's discretion, the IHA may conduct the annual reexamination by mail.

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

If the family is unable to attend a scheduled interview, the family should contact the IHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the IHA will send a second notification with a new interview appointment time.

If a family fails to attend two (2) scheduled interviews without IHA approval, or if the notice is returned by the post office with no forwarding address, a notice of termination (see Chapter 12) will be sent to the family's address of record, and to any alternate address provided in the family's file. If the notice is returned with a forwarding address, then the letter would need to be resent to the forwarding address to be counted as part of the two (2) letters.

An advocate, interpreter, or other assistant may assist the family in the interview process.

Conducting Annual Reexaminations

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

IHA 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 an IHA-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 is unable to provide at the time of the interview must be provided within ten (10) business days of the interview. If the

Family is unable to obtain the information or materials within the required time frame, the family may request an extension.

If the family does not provide the required documents or information within the required time 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 IHA must issue the family a new voucher, and the family and IHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the IHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

HUD recommends and IHA 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. IHA 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, IHA 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 IHA 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 IHA 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 IHA 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 IHA), 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 IHA), traditional third-party verification form(s). [PIH 2010-19]

If the tenant does not provide the requested information, the IHA may mail or fax a third-party verification request form to the third-party source. The IHA 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 IHA should also remind the tenant that s/he is required to supply any information requested by the IHA for use in a regularly scheduled annual or interim reexamination of family income and composition.

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

Landlord rent increases will be processed on participants Annual Reexamination date. Landlords must use IHA approved forms and must be received 60 days in advance of the Annual Reexamination effective date for review to accept or deny due to Rent Reasonable tests.

Effective Dates

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

IHA 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 thirty (30) calendar days in advance.

If less than thirty (30) calendar 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 IHA 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 IHA, 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 IHA 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 IHA.

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

11-II.A. INTERIM REEXAMINATIONS [24 CFR 982.516]

Overview

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

If for some reason a landlord rent increase is necessary during the year other than at the Annual Reexamination, it must be received 60 days, prior to the increase, on IHA approved forms, signed by both the landlord and tenant. IHA will then review to accept or deny based upon Rent Reasonableness test.

Furthermore, at IHA discretion, Administration can pause the Interim Requirement of this Admin Plan, at any time, for any length of time, for reporting of family increases in income in between Annual Reexaminations.

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

If the voucher holder reports that they have lost all income in the household and they would be considered \$0 Income or No Income, a Zero Income Interrogatory will be required to be completed and monitored every 90 days until income is back into the house and exceeds the expenses that they have listed on the Zero Income Interrogatory. All expenses claimed on the Zero Income Form will total up and is countable as General Assistance and rent can be based upon this amount.

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

The IHA 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 IHA has limited discretion in this area.

IHA Policy

The IHA will conduct interim reexaminations to account for any changes, **increases and decreases**, in household composition and income that occur between annual reexaminations.

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

The families will be required to report all changes in income, increases or decreases, within ten (10) business days of the change. If temporary decreases only occur for one – two weeks, an average will be taken and addressed at the beginning of the next month. Actual income can be utilized from the families prior year tax return. The temporary change has to be reported to IHA by the family within ten (10) business days of the change. This includes (but not limited to) temporary layoffs, loss of clients for PRN employees, school bus drivers, temporary employees and income from child support. Once the income returns, participant will need to report it in writing, within ten (10) business days.

The IHA will process interim reexaminations when families have a permanent decrease in income at the family's request. This includes (but not limited to) termination from job, permanent layoff, resignation. The request must be done, in writing, by the participant coming into our office to complete paperwork or by email to the coordinator over the case. An Interim Form will need to be completed and signed by the family within ten (10) business days of the change. This can be adjusted during local, State and Federal

Emergencies.

If there is a pattern where income decreases right before the annual reexamination, the IHA will request tax return or W-9 for the previous year to determine annual income. This will be completed on a per case basis.

- 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, additions through the foster care program or other family members.

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, 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 IHA 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 IHA 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 IHA 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 IHA 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 IHA 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 IHA 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 IHA 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 IHA approval. However, the family is required to promptly notify the IHA of the addition [24 CFR 982.551(h)(2)].

IHA Policy

The family must inform the IHA of the birth, adoption or court-awarded custody 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 IHA 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 IHA 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 IHA must issue the family a new voucher, and the family and IHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental

by the family, the IHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

IHA Policy

Families must request IHA 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 thirty (30) consecutive, calendar days, or ninety (90) cumulative, calendar days, within a twelve-month period, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the IHA prior to the individual moving in the unit.

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

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

If the IHA determines an individual meets the IHA’s eligibility criteria as defined in Chapter 3, the IHA 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 IHA determines that an individual does not meet the IHA’s eligibility criteria as defined in Chapter 3, the IHA 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 IHA 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 IHA;
- Live-in aide; or
- Foster child/Foster adult
- Persons related by blood or marriage

Departure of a Family or Household Member

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

IHA Policy

If a household member ceases to reside in the unit, the family must inform the IHA within ten (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 IHA within ten (10) business days.

11-II.C: CHANGES AFFECTING INCOME OR EXPENSES

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

IHA –Initiated Interim Reexaminations

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

IHA Policy

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

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

If the family has reported zero/extremely low income, the IHA will conduct an EIV review of the income 90 days after the date reported. 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. IHA will require paid utility bills for 90 days to be submitted at interim evaluations for participants claiming zero/extremely low income. **Any amount of utility bill payments over the amount of the family's utility reimbursement payment will be averaged, annualized, and included as income.** If the family's expenses exceed their known income, IHA 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, it is not feasible to anticipate a level of income for the next 12 months (e.g. seasonal or cyclic income), the IHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.

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

The IHA 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. SSA/SSI COLA increases each year will be completed at the Annual Reexamination each year that one occurs.

Family-Initiated Reexaminations

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

IHA Policy

Families are required to report all increases in income and assets, including new employment, within ten (10) business days of the date the change takes effect. An interim reexamination will be conducted.

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 IHA 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.

The IHA will conduct interim reexaminations for families that qualify for the earned income disallowance (EID), when the EID family's share of rent will change as a result of the increase.

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 IHA 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.

IHA Policy

If a family reports a change that it was not required to report and that would result in a decrease in the family share of rent, the IHA 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-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

IHA Policy

The family must notify the IHA of changes in writing.

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

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

For each interim reexamination (form HUD-50058 action type 3) of family income and composition, the PHA is required to have the following documentation in the tenant file:

ICN Page when there is **no** household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report. (PHAs have the discretion to print the EIV Income report, however, only the ICN page is required.)

Effective Dates

The IHA 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].

IHA 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. 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, if it is the fault of the family because they failed to provide the required documentation. If the verification is due to

IHA staff, then the change will be made retroactive to the date the original change would have taken place.

11-III.A RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

Overview

After gathering and verifying required information for an annual or interim reexamination, the IHA 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 IHA'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 IHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the IHA'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.

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 IHA'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 IHA'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 IHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

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

The IHA 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 IHA'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).

IHA 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-III.D DISCREPANCIES

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