

# Chapter 3

## Annual and On-Going Activities

### Overview

This chapter describes the requirements and activities that take place once a family has begun to receive assistance under the voucher program. These include:

- Annual Activities
  - Annual reexamination of family income and circumstances to capture changes in the family's situation
  - Although no longer mandatory, PHA policy may provide annual inspection of assisted units to ensure that the owner and the tenant are maintaining the unit to HUD inspection standards
- Periodic Activities (as required or requested)
  - Interim reexamination of family income and circumstances to capture changes that a family must and may report between annual reexaminations
  - Owner requests for increases in the Contract Rent
  - A family move or other change of unit in either the HCV and PH, e.g. changes in household composition that impact unit size.
  - Addressing family or owner non-compliance with rules which may involve terminating the HAP Contract or terminating the family's assistance.
  - Requests for reasonable accommodations

| <b>What May Happen?</b>                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Families Change</i>                                                                                                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>• A member moves out or passes away</li> <li>• A child is born or adopted; a new adult or child joins the household</li> <li>• A child turns 18; an adult turns 62</li> <li>• Members become disabled (or recovers from disability)</li> </ul>                                                                                                |
| <i>Income/Expenses Change</i>                                                                                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>• A member gets a raise, a job, an extra job, a different job; works more or fewer hours</li> <li>• A member quits a job, gets laid off, terminated</li> <li>• A member starts or stops receiving benefits or benefits change; retires</li> <li>• A family remains at 120% AMI (Over Income) after 24 months (Public Housing Only)</li> </ul> |
| <i>Unit Circumstances Change</i>                                                                                                                                                                                                                                                                                                                                                     |
| <ul style="list-style-type: none"> <li>• Owner or families cause units to fail inspection standards</li> <li>• Unit is destroyed by a disaster</li> <li>• Owner wants a rent increase</li> <li>• Owner wants to change the terms of lease; sell the unit; use a new management agent</li> <li>• Unit goes into foreclosure</li> <li>• Family wants to move</li> </ul>                |
| <i>HUD or PHA Rules Change</i>                                                                                                                                                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>• Fair Market Rents and/or Payment Standards</li> <li>• Subsidy Standards</li> <li>• Utility Allowances</li> </ul>                                                                                                                                                                                                                            |
| <i>And more .....</i>                                                                                                                                                                                                                                                                                                                                                                |

### **Eligibility Requirements for New Family Members**

- New family members must meet the same eligibility/screening requirements that the current members of the household were required to meet at admission. This includes:
  - Proof of name, age, SSN, and citizenship status and must provide documentation to support any

circumstances that affect how eligibility and income are determined such as disability, dependent status, student status.

- All new adult members must sign the HUD-9886-A authorization form, the HUD 52675 (Debts owed to Public Housing Agencies and Terminations) and must pass criminal background screening.
- If a new family member does not provide required documentation or pass eligibility screening, the individual may not be approved as a new family member.
- New family members must provide proof of SSN at the time the family requests the person to be added to the voucher.
  - HUD PIH Notice 2016-05 eliminates the requirement to conduct a reexamination of income whenever a new family member is added.
- For children under the age of six who have not yet been assigned an SSN, proof of SSN must be provided within 90 days of adding the child to the household. A 90-day extension may be granted for extenuating circumstances. For example: if the family can demonstrate the SSN has been requested but has not yet been received.
  - Reminder: Persons who do not claim to be citizens or have eligible immigration status are not required to provide a SSN. The Housing Assistance Payment (HAP) is prorated for mixed families.

### **Household and Eligibility Factors for Current Participants**

- Household composition and eligibility factors that will not change (such as age) do not have

to be re-verified at Annual or Interim Reexaminations.

- However, it is good practice to confirm at each Annual Reexamination that appropriate documentation is in the file.
- Effective February 1, 2025, consent documents are no longer required on an annual basis (required for admission).
  - PHAs must have a policy to determine whether applicants or participants are ineligible for benefits if they, or their family members, refuse to provide or revoke the authorization to obtain financial records.
- Household composition and eligibility factors that may change must be re-verified.

### Student Status

- A change in student status may affect what income is counted and whether the student is eligible to receive voucher assistance.
- The eligibility of status for students must be reviewed at each reexamination.

### Disability Status

- A change in disability status may affect:
  - What income is counted;
  - Whether someone qualifies for medical allowances;
  - Whether someone qualifies for a Live-In Aide; and
  - Unit Size.

## Annual Reexaminations

(24 CFR 982.516)

The PHA will complete an annual reexamination for both Public Housing and Housing Choice Voucher families. However, the requirements of the annual reexamination will differ depending upon type of income (both PH and HCV) or choice of type of rent (Public Housing only).

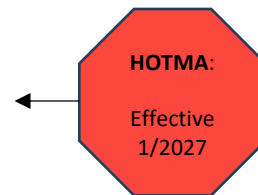
### Typical Reexamination Timeline

| 120-90 Days<br>(Month 4)              | 90-60 Days<br>(Month 3)        | 60-30 Days<br>(Month 2)                                                                           | Effective Date |
|---------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------|----------------|
| Schedule interview/send reexam packet | Review reexam and verification | Continue verification review.<br>Send notice of completed reexam 30 days prior to Effective Date. |                |

- PIH Notice 2016-05 allows a PHA to streamline the reexamination income verification process for any source of fixed income. The verification of fixed sources of income requires initial verification and subsequent verification every third year. The PHA would apply an annual cost of living adjustment to the fixed income between verification years. Fixed income includes:
  - Income from Social Security payments;
  - Federal, state, local, and private pension plans; and
  - Other periodic payments from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.
- Households with assets greater than \$5,000 must still be verified annually.
  - Households with total asset value less than \$5,000 will be verified no less often than every third year.

<sup>1</sup> If the family has 90% or more of their income from a fixed source, the total household income may follow this rule (24 CFR 982.516)

- Effective January 1, 2027, the \$5,000 threshold for asset self-certification will be \$54,898 (adjusted annually by HUD)
- New family member income and assets may be verified and included in the calculation of total tenant payment when added to the household (discretionary policy per Administrative Plan / Admission and Continued Occupancy Policy) but must be reviewed at the next scheduled annual re-examination.
- HUD requires that families receive notice of an increase in the family's Total Tenant Payment (TTP). Therefore, the target date for on-time reexamination completion is 30 days in advance of the effective date.
- Effective January 1, 2027, PHAs will be required to use prior income of the household received during the preceding 12 months to determine annual income for Annual Recertification.
  - The review must include all changes in income, whether processed as an interim or not, at the annual recertification.
  - Past income that will not be recurring during the upcoming period may be excluded from annual income.



#### Public Housing – Income Based or Flat Rent

- For Public Housing residents, the Annual Reexamination requirement depends on whether the family chose an income-based or a flat rent.
  - For families who chose an income-based rent, reexaminations of income must be conducted annually (verification may follow the streamlined verification above).
  - For families who chose a flat rent, reexaminations of income and

circumstances must be conducted every three years.

- HUD requires that families receive notice of an increase in the family's Total Tenant Payment. Therefore, the target date for on-time reexaminations is 30 days or more in advance of the effective date.

### **Public Housing – Over Income Families**

#### **HOTMA Section 103**

- If a PHA discovers through an annual reexamination or an interim reexamination that a family's income exceeds the applicable over-income limit, the PHA must notify the family and document that the family exceeds the threshold and make a note in the tenant file to compare it with the family's income twelve months later.
  - Over-income is set by the using the Very low-income level multiplied by 2.4 to equal to approximately 120% of the AMI.
- PHAs must provide written notification to the family if the family's income continues to exceed the over-income limit twelve months later after the initial over-income finding by the PHA.
- The PHA must send the third notice to the family at the end of a 24-month grace period and must state whether the PHA will allow the family:
  - To execute a Non-Public Housing Lease (within 60 days) and allowed to remain as a Non-Public Housing Over Income family subject to an alternative rent; or
  - Termination based on the PHA's policies.
- However, if a PHA discovers through an annual or interim reexamination that a previously over-income family has income that is now below the over-income limit, the family is no longer

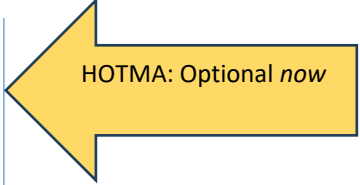
subject to these provisions. A previously over-income family would be entitled to a new 24-month grace period if the family's income once again exceeds the over-income limit.

- HUD will provide additional information and guidelines for PHAs to set alternative rents for non-public housing over-income families that the PHA has allowed to remain in public housing.

### Reexamination Package

- Most PHAs send families a reexamination package in advance of the interview and request that the family complete an application (similar to the one completed for New Admission) and required forms, and to bring documents to support family income, assets, expenses and allowances.
- Many PHAs are moving to a completely online reexamination process using different software.
- PHAs can choose how to conduct the annual reexamination process:
  - Conduct face-to-face interviews, or
  - Allow families to complete the reexamination process through the mail or other remote option, or
  - Combination of face-to-face and remote.
- Documentation provided must be “current” -- dated within 120 days of the reexamination effective date or 60 days from the date of the PHA's request.
  - Effective with HOTMA, PHAs *may* accept letters dated within the last 120 calendar days or within the appropriate benefit year for fixed income sources.
- PHAs are permitted to use **pre-deduction**

**income** based on income determinations made by other means-tested federal public assistance programs within the previous 12 months.



HOTMA: Optional *now*

### Preparing and Conducting the Interview

- Before meeting with the family, staff should review background information to prepare for the interview. Review the family's current HUD-50058 and generate an EIV Income Report to:
  - Become familiar with the income reported previously and any new information that exists in EIV;
  - Determine whether each family member's SSN has been confirmed in HUD's EIV system; and
  - Determine whether EIV Income Verification Tool (IVT) reports any income discrepancy, potential multiple subsidy, identity verification, or immigration status issue.
- During the interview, review the information the family has reported on the application to make sure it is complete and readable.
  - Compare the information the family provides to EIV information and discuss any differences with the family.
  - Review documents provided by the family and identify any that are missing. Notify the family in writing at the interview of any additional documents the family is required to provide and when they must be received.
- Reminders:
  - Any new family members or members who have turned 18 years old since the last reexamination must provide required eligibility documentation and be screened for criminal activity as

specified in the PHA's Administrative Plan.

### Completing the Reexamination

- PHAs use the same verification process that is used for New Admissions and create a new HUD-50058 transaction [50058 transaction type "2" Annual or "9" Searching during Annual].
  - Annual income calculated using documentation provided by the family (e.g., pay stubs) must be compared with the information in EIV.
  - If the Annual Income computed using EIV data is more than \$2,400 higher than the income calculated using information by the family, additional verification is required.
  - If any discrepancy is \$2,400 or less, no additional verification is needed AND Annual Income is calculated using the documentation provided by the tenant.
  - If EIV identifies any unreported or under-reported income for a previous period, (in accordance with the PHAs interim reporting policy) efforts must be made to collect from the tenant any excess subsidy paid.
- If there has been a change in family composition:
  - Review PHA inspection standards to determine whether the unit is overcrowded. If the unit is overcrowded, the family may be required to move to a larger unit. (See Moves later in this Chapter).
  - Review the PHA Subsidy Standards, to determine whether the same, a higher, or a lower unit size (on the voucher) now applies to the family.

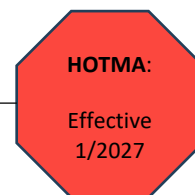
- A written notice of the family's TTP and family share of rent is provided to the family and the owner.

**Family Non-Compliance** (24 CFR 982.551)

- Failure to cooperate with the reexamination process by failing to provide required information is cause for termination of assistance.
- If a family causes an unreasonable delay in the reexamination processing, the PHA may:
  - Implement any decrease in the family share the first of the month following the completion of the recertification processing; or
  - Implement any increase in family share retroactive to the family's recertification effective date.

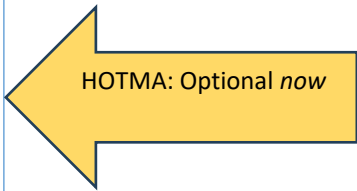
**Interim Reexaminations****Reporting Changes Between Annual Reexaminations** (24 CFR 982.516)

- The PHA must conduct a reexamination if requested by a family due to any changes since the last examination.
- HUD permits PHAs to develop policies about other circumstances that must be reported. The PHA's Administrative Plan may require families to report some or all changes that would result in an increase in the family share.
- Effective January 1, 2027, HUD is implementing new rules regarding Interim re-examinations.
  - Interim reexamination will use current/anticipated income rather than the prior year income to determine adjusted income.
  - PHAs must perform an interim reexamination if the family has a decrease of 10% or more in adjusted income
    - PHA may establish a policy to



reduce this threshold in their Administrative Plan.

- Most increases in **earned income** will not require an interim unless the PHA has a policy for income review following an interim for reduction of income
  - An increase in unearned income of 10% or greater will require an interim reexamination
  - PHA may decline to conduct an interim (based on policy) if the increase of income occurred in the last three months before a regular annual examination.
- EIV is not required (unless by PHA policy) for interim reexaminations
- Failure to report a change that is required to be reported is grounds for termination of assistance. The PHA must also require the family to repay any excess subsidy that was paid on their behalf.
- The Administrative Plan/ACOP and program materials should make clear to program participants and staff:
  - What is required to be reported and within what timeframes;
  - What the PHA will do if the family reports something that is not required to be reported;
  - When any change in family share will become effective; and
  - What steps the PHA will take if a family fails to report



HOTMA: Optional *now*

### Verification at Interim Reexaminations

- PHAs are required to verify only those factors that have changed and follow the same

verification process described for New Admissions and Annual Reexaminations for those changes. How changes in income are handled may depend upon how the income was treated at the last reexamination.

- **Reduced Welfare Benefits:** If a family requests an Interim Reexamination because Welfare benefits have been reduced due to family non-compliance, the PHA must not process the Interim.
- **Seasonal or Intermittent Income.** If the family requests an interim for loss of income, be sure to check how the annual income was calculated on the last reexamination before processing an interim decrease. The annual income may have already accounted for the anticipated reduction.

### Notification

- Families and owners must be notified of the reexamination results and the effective date of the change. Generally:
  - Decreases in the family share are effective the first of the month following the change; and
  - Increases are effective the first of the month after reasonable written notice has been given.
- The PHA's notification to the family must advise of the opportunity for an informal hearing.

### Family Moves

(24 CFR 982. Subpart H)

#### Family Wishes to Move or Has Moved

- A family may request to move to a new unit if:
  - The lease for the old unit has terminated
  - The owner has given the tenant notice to vacate

- The tenant has given notice of lease termination (if the tenant has the right to terminate the lease upon notice)
  - If the family or member has been a victim under VAWA
- Families must give the owner proper notice in accordance with their leases, or they must receive permission from the owner to terminate the lease early. The family must provide the PHA with a copy of any notice given to the owner.
- HUD does not limit the number of moves a family may make. PHAs may establish policies that prohibit a move in the initial year of assisted occupancy or that limit the family to one move in any 12-month period.
- PHAs may, with prior notice to HUD, deny the family's request to move if the PHA has insufficient funding for continued assistance or because assistance is being terminated.
- Families and owners are required to report to the PHA if the family vacates the unit.
- If the family vacates (or has vacated) the assisted unit but has not yet found a new unit, the PHA must complete the Annual Reexamination as an "Annual Reexamination Searching" transaction (50058 type "9").

See Notice PIH 2016-09 regarding Mandatory and Discretionary Denials and VAWA

### Required Moves

- Families may be required to move if:
  - The unit is overcrowded;
  - The HAP contract is terminated because the owner has failed to comply with inspection standards or other requirements of the HAP contract; or
  - The owner terminates the lease and HAP contract for cause.
- A family who refuses to move may also be terminated from the program.

- If a family is required to move because the unit is overcrowded, the PHA may not terminate current HAP payments unless the family's subsidy has expired and the family has rejected, without good reason, the offer of a new unit

## **Special Circumstances**

### Owner Change Utilities or Utility Responsibilities

- New HAP contracts are not required as long as the family remains in the same unit and lease requirements remain the same. The PHA notice of the new family share modifies the existing HAP contract.
- If the owner changes utility types or changes utility responsibilities:
  - The owner must report the change to the PHA;
  - The PHA must conduct a new rent reasonableness determination based upon the changed utilities and adjust the contract rent if appropriate; and
  - A new HAP contract and lease must be executed.

### PHA Revised Payment Standards

- This section applies when a PHA has changed its Payment Standard amounts, NOT when a family's Payment Standard changes because the family's household size changes.
- Payment Standard Increases:
  - When payment standards increase during the term of the HAP contract, the new payment standard must be used beginning no later than the earliest of:
    - The effective date of an increase in the gross rent that would result in an increase in family share;

- The family's first regular or interim reexam; or,
  - One year following the effective date of the increase in payment standards
- Payment Standard Decreases
    - When payment standards decrease during the term of the HAP contract, the PHA must decide to:
      - Hold harmless by choosing not to reduce the payment standard amount as long as the family continues to reside in the same unit;
      - Gradually reduce the payment standard amount used by phasing in the reduction; or,
      - Reduce the payment standard two years after the effective date of the decrease in payment standards

### Death of a Head of Household

- If another adult household member remains in the unit, the family may designate another adult as head of household.
- If a death leaves only minor children in the unit, PHAs may permit an adult to join the household to care for the children, while formal custody is being arranged.
- If a death leaves only a live-in aide in the unit, the live-in aide does not have the right to receive housing assistance, and the HAP contract must be terminated.

### Family Breakups

- PHAs must have a policy describing how the PHA will decide which family members should receive assistance should the family split apart.

- If the family has agreed upon who will retain the assistance, the PHA can accept that determination.
- If a court makes a decision as part of legal action such as a divorce, the PHA must accept that determination.

### Family Absence from the Unit

- In order to ensure that subsidy funds are well used, PHAs must have a policy that limits the number of days the family may be absent from the unit.
- HUD requires that the maximum period of absence be no longer than 180 days. PHAs may choose a shorter period.
- The PHA must require the family to notify the PHA if the family expects to be absent from a unit and provide documentation of the family's presence in the unit, if requested.
- Violation of the PHA's policy is grounds for termination of assistance.

## **Contract Rent Adjustments**

### **Eligibility for Rent Increase**

- An owner must be in compliance with the requirements of the HAP contract, and the unit must meet housing inspection standards.
- The owner may not receive a rent adjustment during the initial lease term.
- The owner must give the tenant notice of the proposed rent increase in accordance with the lease.
- The owner must request the rent increase at least 60 days before the proposed effective date of the increase.

**Approval**

- The PHA must determine that the requested rent is reasonable.
- For PHA-owned units, the appropriate HUD office must approve all contract rent adjustments.

**Family Non-Compliance**

- Failure to cooperate with the reexamination process by failing to provide required information is cause for termination of assistance.
- If a family causes an unreasonable delay in the reexamination processing, the PHA may:
  - Implement any decrease in the family share the first of the month following the completion of the reexamination processing; or
  - Implement any increase in family share retroactive to the family's reexamination effective date.

**Notification**

- Families and owners must be notified of the reexamination results and the effective date of the change. Generally:
  - Decreases in the family share are effective the first of the month following the change;
  - Increases are effective on the first of the month after reasonable written notice has been given. Typically, this is a minimum of at least 30 days.

The PHAs notification to the family must advise of the opportunity for an informal hearing.