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CHAPTER 12 REEXAMINATIONS

12.1 CHAPTER OVERVIEW

The PHA is required to reexamine the income and composition of housing choice voucher families at least annually. The annual reexamination determines the continued eligibility of the family and establishes the housing assistance payment (HAP) to be made on behalf of the family. The PHA *may* require families to report interim changes in family income or family circumstances as well. A family's failure to comply with PHA reexamination requirements is grounds for terminating assistance.

The PHA must establish reexamination procedures that allow for proper and timely verification of all information and advance notification to the family of any rent change.

12.2 FREQUENCY OF ANNUAL REEXAMINATIONS

The PHA must establish a policy regarding annual reexamination effective dates that ensures that reexamination for every family takes effect *within* a 12-month period. PHAs may require reexaminations more frequently when the family has seasonal or irregular income, to balance the PHA's workload, or for other good reasons.

The reexamination date may correspond with the date when other annual functions are performed (e.g., annual HQS inspections). However, this is not required.

It is recommended that PHAs choose one of the following reexamination dates:

- *The anniversary date of the HAP contract.* Most PHAs choose this as the reexamination date for administrative ease. This choice allows the effective date of changes in HAP resulting from the reexamination process to coincide with the anticipated effective date of any changes in the rent to owner.
- *Twelve (12) months from the date of initial verification.* The PHA may choose to establish reexamination cycles based upon the date of initial information verification. In this case the reexamination effective date is the first of the month following the month in which family information was initially verified. This choice allows the PHA to issue new housing choice vouchers to families who move at the anniversary date without necessarily having to conduct a reexamination at that time.

12.3 MONITORING

It is important that the PHA has tracking and monitoring procedures and systems in place to ensure that the required reexaminations for each assisted family are initiated and completed on time.

The PHA's plan for reexaminations should provide for supervisory monitoring of the timely initiation of the reexamination process, the progress of each reexamination, and its completion. Computer software programs customized for the housing choice voucher program should be able to identify reexaminations due and monitor PHA monthly reexamination activity through computer-generated reports. The software should allow for reporting on various date-driven fields. At a minimum, the dates tracked for each family should include:

- Lease and HAP contract effective date
- Reexamination effective date
- Initial reexamination notification date
- Second notice date
- Termination notice date
- Notice of rent adjustment date
- Date of the next annual reexamination

Computer software should be able to provide audit reports identifying annual reexaminations that have not been completed.

In lieu of computer generated reports, many PHAs maintain manual reexamination activity or progress logs. These logs are used to assist staff in managing the on-time completion of the reexamination process.

12.4 REEXAMINATION PROCEDURES

Notification to Participant that the Annual Reexamination is Due

The PHA should initiate reexamination procedures 90 to 120 days before the date reexamination results are to take effect. This allows the PHA ample time to obtain all required verifications and provide reasonable advance notice to both the family and the property owner of any change in the family share and HAP.

Most PHAs require families to complete the reexamination in person. Families are notified in writing of the date of the reexamination appointment, the location of the appointment, and what they are required to bring to the interview. The notification letter generally directs the family to request another appointment if there is a scheduling conflict. Some PHAs complete reexaminations by mail, scheduling appointments only if there is no response to the mailed reexamination request or the documentation returned to the PHA is incomplete. Another option is do both in-person and mail reexaminations depending upon circumstances. For example, a PHA's procedures might call for mail reexaminations only for elderly participants and participants with disabilities with a straightforward income and allowance profile or those who may have difficulty keeping interview appointments. Alternatively, the PHA may conduct "in-

home” reexamination interviews for the elderly and for families in which the head of household is a person with disabilities.

If the assisted family head of household does not respond to the reexamination notification, the PHA usually mails a second notice. The second notice is more forceful in nature. The notice reminds the family that the annual reexamination is a family obligation and that failure to complete a reexamination could result in termination from the program. The notice contains instructions on what the participant must do to comply. (Samples of both initial notice and second notice letters are provided in Appendix 12-1 and 12-2.)

If the assisted family does not respond to the second notice, the PHA must send a termination notice to both the family and the owner. This notice advises the family that assistance will be terminated and states the effective date of the termination and the reason. This termination notice must also inform the participant of his or her right to a hearing (see Chapter 16). (A sample termination notice is provided in Appendix 12-3.)

Reexamination Documents

The following are standard forms used by PHAs when completing reexaminations:

Application for Continued Occupancy. Developed by the PHA, this is the document that records all updated information reported by the family. It generally contains sections for household composition, student/disability status of household members, income and assets, medical and disability expenses, and rent calculation. While HUD does not require that this form be used, it is recommended as an organized way to record family information. PHA staff often use it as an interview tool. The participant and PHA signatures on the form serve as certifications of the information collected (see sample, Exhibit 12-4).

Form HUD-50058, Family Report. This is a HUD required form on which PHAs record pertinent family, demographic and program information. PHAs must transmit this form electronically to HUD’s Multifamily Tenant Characteristics System (MTCS) database. The completed form HUD-50058 is the PHA’s official notice to HUD of the terms of the contract for each family.

Form HUD-9886, Authorization for Release of Information/Privacy Act Notice. This is a HUD-required consent form authorizing HUD and the PHA to request information from third parties to verify a household’s eligibility for assistance and factors affecting the rent calculation or the family’s selection preference. Each member of the household age 18 and older must sign the form at every annual reexamination as a condition of continued assistance. PHA use of the form is restricted as described in the accompanying instructions. The signed form is valid for a period of 15 months from the date of the signature.

Verification forms. Developed by the PHA, these forms are used to obtain income, expense and other information directly from third parties (e.g., employers, benefit providers).

Copies of completed forms for each family should be provided to the family and retained in the tenant's file.

Third Party Verifications

At the annual reexamination, PHAs use the same procedures for obtaining and verifying information that were used at admission (see Chapter 5). Verification obtained at reexamination must be no more than 120 days old on the effective date.

The PHA must obtain and document in the tenant file third party verification of the following specific items:

- Reported family annual income;
- The cash value of assets and income derived from assets;
- Expenses related to deductions from annual income; and
- Any other factors that affect the calculation of adjusted income.

VERIFICATION METHODS

Three methods of verification are acceptable for the tenant file to be properly documented. In order of acceptability they are:

- *Third Party*: Written (provided directly to the PHA by the source and not hand-carried by the family) or oral (direct contact by PHA with a reliable source).
- *Review of Documents*: Original documents provided by family, viewed by PHA staff, copied and placed in the tenant file.
- *Family certification or notarized statement*: Written statement signed by the family certifying that the information provided is complete and correct.
- When the preferred verification form is not successful and staff resort to the second or third alternative, staff must record in the tenant file efforts to obtain preferred forms of verification and the reason an alternative method was used.

If third party verification is not received in a timely fashion, the PHA should choose an acceptable alternate form of verification and document the effort made by the PHA to obtain third party verification.

Some PHAs allow families to submit current award letters for Social Security, Supplemental Security Income (SSI), or Transitional Assistance for Needy Families (TANF), if the PHA has attempted and been unsuccessful in obtaining a response to the income verification request.

Verification of Social Security Numbers (SSN). Each family member, regardless of age, must submit to the PHA evidence of a valid SSN or a certification that an SSN has not been assigned. This submission needs to occur only once during continuously assisted occupancy. However, the PHA should review the file at each reexamination to assure that the required documentation is present. When a new family member moves into an assisted unit, the required SSN evidence must be submitted at the first reexamination following occupancy.

Verification of Citizenship/Alien Status. Each member of the assisted family, regardless of age, must certify citizenship or eligible immigration status at least once during continuously assisted occupancy. Documentation of eligible immigration status must be obtained, verification through the INS must be completed, and the documentation must be maintained in the tenant file. If new members join the household, the certification/verification process must be completed when the change in household composition is reported. The PHA should review the file at each reexamination to assure that this documentation is present. The PHA must apply all procedures in a uniform manner. No applicant or resident may be asked for additional information based on the personal characteristics of the family member.

Calculation of Total Tenant Payment and Housing Assistance Payment

The calculation of the total tenant payment (TTP) and the housing assistance payment (HAP) for the reexamination is completed following the same procedures as those used for the initial eligibility determination (see Chapter 5). The PHA should enter updated information regarding the family's composition, income, assets, and deductions on a family information form, and complete a form HUD-50058.

Assisted families are not required to demonstrate income eligibility at the time of reexamination.

When completing a reexamination, PHAs must carefully consider the following:

- Changes in income, assets, and family composition and circumstances, especially significant changes, should be evaluated and the family should provide an explanation if there appear to be discrepancies with past information or other current information.
- Changes in family composition may require the family to move to a larger or smaller unit (see Chapters 5, 7 and 10).
- The HAP calculation must use the correct payment standard for the family and for the appropriate size unit and area.
- The HAP calculation must reflect any changes in the utility arrangement or in the PHA's utility allowance schedule.
- Rent increases requested by owners must be processed (see Section 12.5).

Notification of Annual Reexamination Results

The PHA must notify the family and the owner of the results of the annual reexamination in writing. Generally:

- *Decreases* in the family's share of the rent are effective on the first day of the month following the change.
- *Increases* are effective on the first day of the month after reasonable advance notice to the family. Reasonable notice is generally assumed to be at least 30 days from the first of the month.

The notice should inform the family and the owner of the following:

- The amount and effective date of the new HAP;
- The amount and effective date of the new family share of the rent; and
- The amount and effective date of the new rent to owner.

If the TTP increases as a result of the reexamination, the assisted family must be given the opportunity for an informal hearing (see Chapter 16).

If owner or family agrees to a new lease, a new HAP contract and tenancy addendum must be executed.

Families Ineligible for Continued Assistance

If the annual reexamination results in a zero HAP, the family may continue as a program participant for six months from the date of the reexamination effective date. During that period the HAP contract between the PHA and the owner remains in effect. If the family circumstances change during the six month period and the family again needs assistance, the PHA conducts an interim reexamination and reinstates assistance. At the end of six months, if the subsidy has not been restored, the HAP contract will terminate. The PHA must provide the family and the owners at least 30 days advance notification of the proposed termination and an opportunity to request an informal hearing.

Applying a Different Payment Standard

The PHA must apply a new payment standard at the annual reexamination if any of the following events occur:

- If the PHA has increased the payment standard applicable to the family or area, it must use the increased payment standard.

- If the PHA has adopted new subsidy standards, the payment standard for the appropriate unit size under the PHA’s new subsidy standard is used if the family moves. If the family does not move, the payment standard for the new subsidy standards applies only if it is higher than the family’s previous payment standard. If the payment standard for the appropriate unit size under the PHA’s new subsidy standard is lower than the family’s previous payment standard, the payment standard for the new subsidy standards applies at the effective date of the family’s second regular reexamination following the effective date of the decrease in the payment standard amount.
- If the family’s size or composition changes, the payment standard for the appropriate unit size is used.

APPLYING A REVISED PAYMENT STANDARD
AT ANNUAL REEXAMINATION

Main Street Housing Authority has increased its two-bedroom payment standard from \$650 to \$690. At their annual reexamination, the subsidy for Aaron and Anna Maples’ two-bedroom unit will be increased to reflect the new payment standard.

Old payment standard	\$650	New payment standard	\$690
Old TTP	<u>320</u>	New TTP	<u>390</u>
Old HAP	\$330	New HAP	\$300

(Because the Maples’ income—and TTP—increased, the HAP has actually decreased. If the Maples’ income and TTP had stayed the same, the HAP would have increased to \$370.)

APPLYING THE PAYMENT STANDARD
FOR A NEW SUBSIDY STANDARD

The Sample Housing Authority changed its subsidy standard to permit separate bedrooms for adults of the same sex. (Previously SHA had required any two people of the same sex to share a bedroom.)

The elderly Sample sisters shared a two-bedroom apartment with their one bedroom voucher under the SHA’s previous subsidy standard. At the time of the Sample sister’s reexamination, SHA will increase the Sample’s voucher size to two bedrooms and will pay subsidy based on a two-bedroom voucher for a two-bedroom unit.

John and Joshua Blue, elderly brothers who share a one-bedroom unit with their one-bedroom voucher, will also receive a two-bedroom voucher at reexamination. However, unless they decide to move to a two-bedroom unit, their subsidy will continue to be based on the one-bedroom payment standard since the HAP is always based on the lower of the voucher size or the size of the actual unit.

See Chapter 7 for a complete discussion of payment standards.

12.5 INCREASES IN RENT TO OWNER

An owner may increase the unit rent any time an increase is allowed under the terms of the lease. The owner must give the PHA at least 60 days advance notice of any changes in the amount of rent to the owner.

The allowed rent increase is the *lesser* of the following:

- The reasonable rent as determined by the PHA (see Chapter 9); or
- The amount requested by the owner.

TIPS FOR ACHIEVING REEXAMINATION GOALS

- Know the reexamination schedule for the entire year and update it regularly.
- Begin the reexamination process on time to avoid missed deadlines.
- Allocate adequate staff and other resources for the volume of reexaminations due.
- Prepare written procedures governing the reexamination process and enforce their use.
- Assign clear staff responsibility for completing reexaminations and supervising work. Train staff members and hold them accountable for on-time completion.
- Develop tracking systems that document every stage of the reexamination process. These systems may be manual (e.g., handwritten logs) or automated (spreadsheets or software programs).
- Develop a reporting system (manual or automated) that summarizes activities and outcomes on a monthly or more frequent basis. Share outcomes with staff.
- Do not allow delayed responses from third parties to prevent timely verification of information. Use other permissible verification methods without delay.
- Perform regular quality control reviews of completed reexaminations consistent with SEMAP requirements.
- Implement employee recognition and reward programs to encourage good performance.
- Regularly evaluate success and consider changes to systems, policies, procedures and staff training programs that might improve PHA performance.

12.6 INTERIM REEXAMINATION

Interim Reporting Policies

PHAs must develop their own interim reporting requirements, which must be stated in the administrative plan and the briefing materials. The policy must include:

- Clear guidance on when (how soon after the change occurs) and under what circumstances the family must report a change in family income or composition; and
- Rules on effective dates of any changes in the HAP resulting from an interim reexamination.

While HUD allows PHAs to develop their own interim reexamination policies, HUD requires that these policies:

- Require participants to report changes in family composition;
- Require PHAs to process interim reexaminations when a family reports a reduction in income; and
- Prohibit processing of an interim reexamination when the family reports a loss of welfare benefits due to fraud or a failure to participate in self-sufficiency or work activity.

PHAs may require a family to report some, all, or none of the changes in income or expenses that would result in a rent increase. If only certain changes must be reported, the PHA policy should state that no action would be taken if a family reports changes it is not required to report.

INTERIM REPORTING POLICY

A family reports an increase in Social Security benefits and part-time earnings of a previously unemployed household member. The PHA's policy requires that increases in earnings be reported on an interim basis, but not Social Security increases, which are reported only at annual reexamination. The PHA's policy should state that the Social Security increase in this example would not be used in calculating the new TTP at the interim reexamination.

When deciding the type of changes families should be required to report on an interim basis, the PHA should:

- Consider the administrative costs of processing interim increases in income versus the cost savings if the HAP is reduced;
- Concentrate on the type of interim changes that are most likely to result in large increases in a family's share of the rent (and a corresponding large reduction in subsidy); and,

- Develop a policy that can be easily explained and understood by participants as well as staff who must enforce it.

PHAs must apply interim reporting rules uniformly to all families. Verification rules are the same as those used for annual reexaminations, except only those factors that changed will need to be verified at an interim reexamination.

A family's failure to abide by a PHAs interim reporting requirements is cause for termination of assistance.

Notification Requirements

Families and owners must be notified in writing of interim reexamination results and the effective date of the change in HAP and family share of the rent. Generally:

- Decreases in the family share of the rent are effective on the first day of the month following the date of the reported change. At the PHA's policy discretion, if the family failed to report the change as required, the notice may or may not be effective retroactively.
- Increases are effective on the first day of the month after giving reasonable written notice. (At the PHA's policy discretion, if the family failed to abide by reporting requirements, the notice may or may not include a demand for repayment of excess assistance received for prior months.)

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

12.6 RELATED SEMAP INDICATORS

SEMAP Indicator 9 requires that annual reexaminations take effect at intervals not exceeding 12 months, allowing an additional two months for electronic reporting to HUD of the annual reexamination form HUD-50058, and processing of the data into MTCS.

The SEMAP ratings for this indicator are:

- If fewer than five percent of all PHA annual reexaminations are no more than two months overdue, the PHA will receive 10 points;
- If five to 10 percent are more than two months overdue, the PHA will receive five points; and
- If more than 10 percent are more than two months overdue, the PHA will receive zero points.

SEMAP Indicator 3, Determination of Adjusted Income, measures whether, at admission and during annual reexamination, the PHA verifies and correctly determines adjusted annual income for each assisted family. The indicator also measures whether the PHA uses the appropriate utility allowances when determining gross rent for the unit when the family is responsible for utilities under the lease.

The PHA must conduct a quality control review of tenant files from new admissions and annual reexaminations to support its certification of performance under this indicator.

The SEMAP ratings for this indicator are:

- The maximum points a PHA can receive for Indicator 3 is 20 points.
- The PHA will receive 20 points if the PHA's SEMAP certification indicates, based on its quality control review of tenant files, that for at least 90 percent of families the following statements are true:
 - The PHA obtains third party, written verification from independent sources of all factors affecting the determination of adjusted income, including family income, assets totaling more than \$5,000 and expenses related to income and deductions. The PHA uses the verified information to determine adjusted income or documents the tenant files to indicate why independent verification is not possible.
 - The PHA properly attributes and calculates allowances for any medical, child care, and disability assistance expenses; and
 - The PHA uses the appropriate utility allowances to determine gross rent for the unit leased.
- The PHA receives 15 points if the PHA's SEMAP certification form indicates the statements above, except that the PHA obtains and uses third party verification, properly attributes allowance, and uses the appropriate utility allowances for only 80-89 percent of families.
- The PHA receives zero points for this indicator if the PHA's SEMAP certification form does not support the statements above.

EXHIBIT 12-1

SAMPLE

NOTICE TO PARTICIPANT THAT THE ANNUAL REEXAMINATION IS DUE

Date _____ Participant Name: _____

To: _____ Housing Voucher #: _____

_____ Review Month: _____

Dear Participant:

Federal regulations require that all families participating in the housing choice voucher program report their income and family composition at least once every year. **THIS IS TO INFORM YOU THAN AN APPOINTMENT HAS BEEN SCHEDULED FOR YOU ON _____ IN ORDER TO COMPLETE YOUR ANNUAL REEXAMINATION.**

Your appointment will be held at _____. Please complete the attached documents before coming to your appointment. Make sure that you sign and date all forms.

In addition, please bring income verification for all family members and information regarding bank accounts and other assets. Any documents used to verify income and/or assets must be original documents and must be dated after the date of this letter. Examples of income/asset verification are listed on the 2nd page of this letter.

If you have any questions, please contact _____, your housing specialist, at _____.

If you are 62 years of age or older or a person with disabilities and require special assistance to complete your annual reexamination, please contact your housing specialist and arrangements will be made to accommodate your needs. ***Please be advised that if you fail to keep this appointment your housing choice voucher assistance may be terminated.***

Sincerely,

Housing Specialist

SAMPLE

NOTICE TO PARTICIPANT THAT THE ANNUAL REEXAMINATION IS DUE (CONT'D)

Public Aid, caseworker's computer printed statement or cancellation letter;

Employment Verification, three current consecutive check stubs (last one no more than 60 days from date of your certification/recertification appointment) with year to date earnings or letter from employer including fax number;

Unemployment, original award letter from Unemployment Compensation and current stub or exhaust letter;

Child Support/Alimony, notarized letter from the provider, and/or court order;

DCFS, statement of income, name and telephone number of caseworker.

Pension/Annuity, award letter including fax number and copy of current check (last one no more than 60 days from date of your certification/recertification appointment);

SSI/Social Security Benefits, award letter and current statement from the Social Security Administration;

Bank Accounts/Assets (saving, checking, stocks, bonds, property, IRA's mutual funds, annuities, trust, inheritances, settlements) two most recent monthly statements or letters from bank stating current balance and annual interest rate or bank/pass book;

Original Social Security Cards and Birth Certificates, also, please bring in any of the following verification that applies to your family;

Full-time Student Status, (for students 18 years or older), current letter from the registrar or admissions officer;

Medical Deduction (for households in which the head or spouse is at least 62 or a person with disabilities), printout from pharmacy or receipts for medications and/or medical visits anticipated to be paid by you within then next 12 months.

Child Care, provider's name, address, and Social Security Number/I.D. Number and phone number.

If you will claim no income, you must bring verification of loss of all income sources previously counted.

If you have any questions, please contact your Housing Specialist.

EXHIBIT 12-2

SAMPLE

SECOND NOTICE TO PARTICIPANT THAT THE ANNUAL REEXAMINATION IS DUE

DATE: _____

TO: _____

Dear _____:

On _____, I sent you a letter dated _____ scheduling an annual reexamination appointment. You failed to keep the appointment and we have had no contact with you regarding that appointment.

I have scheduled a second appointment for you on _____ at _____. Please bring your income verification for all family members and information regarding bank accounts and other assets. Any documents used to verify income and/or assets must be original documents and must be dated after the date of this letter. Examples of income/assets are attached.

If you do not attend this appointment or if I do not hear from you within thirty (30) days of the date of this letter, I will assume that you are no longer interested in participating in the housing choice voucher program and your housing assistance will be terminated.

Please contact _____ at _____
extension _____ if you have any questions.

Sincerely,

Housing Specialist

EXHIBIT 12-3

SAMPLE
INTENT TO TERMINATE NOTICE

DATE: _____

TO: _____ Housing Choice Voucher # _____

Dear _____:

This is to advise you that effective _____, _____ intends to terminate your participation in the housing choice voucher program. This means that you will no longer receive assistance in your current unit or in any future units.

This action is taking place because:

As required by HUD guidelines, you have the right to request an informal hearing regarding this decision. Your written request for a hearing must be received by this office within thirty (30) days from the date of this letter. You can mail or deliver your written hearing request to: _____

_____. ***Please indicate:***
Your name, housing voucher #, current address and a brief statement of the reason(s) for requesting an informal hearing.

If you have any questions, please contact _____ at extension _____.

Sincerely,

EXHIBIT 12-4

APPLICATION FOR CONTINUED OCCUPANCY

Family Head _____

Contact Person _____

Address _____

Telephone No. _____

Telephone No. _____

STATEMENT OF FAMILY COMPOSITION AND INCOME

List all persons presently living in your unit: (Use the back of this sheet if necessary)

Full Name	Social Security Number	Date of Birth	Age	Sex	Relationship to Head
1.					HEAD
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					

List all persons who moved out during the past 12 months (include deaths, marriages, permanent placement in nursing home, etc.)

Full Name	Relationship	Out	Date	Reason
1.				
2.				

Fill in these blanks for you or each person in your unit who is working.

Worker	Employer's Name & Address	Dates Worked	Pay Rates
1.		From: To:	\$ Per
2.		From: To:	\$ Per

If you or any person in your unit receives income from any of the following sources check the source(s) and fill in the blanks.

- Welfare Assistance
 Retirement/Pension
 Supplemental Security Income (SSI)
 Unemployment Compensation
 VA Benefits
 Child Support
 Social Security
 Other

Received by (Name)	Received From (Source)	Amount
		\$ Per
		\$ Per
		\$ Per

Do you or any member of your family have the following assets?

Savings/Checking Account (give name of bank) attach bank statement	Stocks or Bonds (List by company)	Cash Value of Insurance Policy	Property

****ALL REPORTED INCOME MUST BE DOCUMENTED**

I/We certify that the information given to the _____ Housing Authority on household composition, income, net family assets, allowances and deductions is accurate and complete to the best of my/our knowledge and belief. I/We understand that giving false statements or information can be grounds for punishment under federal and state laws. I/We also understand that giving false statements or information can be grounds for termination of housing assistance.

 HEAD DATE SPOUSE DATE