

Chapter 11

RE-EXAMINATIONS

INTRODUCTION

LMHA 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 LMHA policies concerning reexaminations are presented in four 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.

Part IV: Non-Interim Reexamination Transaction. This part describes transactions that do not entail changes to the family's adjusted income.

Exhibit 11-1: Calculating Income at Annual Reexamination (three examples)

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

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

LMHA 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.

Unlike when performing an interim reexamination or at intake, at annual reexamination, LMHA will determine the income of the family for the previous 12-month period. Income from assets, however, is always anticipated, irrespective of the income examination type [PIH Notice 2023-27]. Chapter 7 contains LMHA'S policies related to streamlined income determinations and the use of safe harbor income verifications. (Move to Chapter 7?)

11-I.B. SCHEDULING ANNUAL REEXAMINATIONS

LMHA 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].

LMHA Policy

LMHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, LMHA 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).

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

Notification of and Participation in the Annual Reexamination Process

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

LMHA 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 LMHA to request a reasonable accommodation (see Chapter 2).

Notification of annual reexamination interviews will be generally sent by first-class mail, but may be delivered by Fax, email, or tenant portal, 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 LMHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, LMHA will send a second notification with a new interview appointment time.

If a family fails to attend two scheduled interviews without LMHA 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.

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

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

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

LMHA 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 LMHA-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 10 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 in writing, not to exceed 10 days.

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) or **NSPIRE space standards** (see Chapter 8), LMHA must issue the family a new voucher, and the family and LMHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, LMHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

LMHA shall request documentation of the need for a Reasonable Accommodation, as identified on the Request for Reasonable Accommodation Form, annually for program participants during the recertification process.

The family must supply any information requested by LMHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements. LMHA will ensure that all applicants/residents are aware of the opportunity to request reasonable accommodations.

11-I.D. CRIMINAL BACKGROUND AT ANNUAL REEXAMINATION

LMHA is authorized to obtain criminal conviction records from law enforcement agencies to verify a household's eligibility for continued participation in the HCV program. This authority assists LMHA in complying with HUD requirements and LMHA policies to terminate assistance to participants who are engaging in or have engaged in certain criminal activities. In order to obtain access to the records LMHA must require every participant family to submit a consent form signed by each adult household member [24 CFR 5.903] at annual reexamination and at the time of a move with continued assistance. LMHA will process the criminal background screening in accordance with the policies described in Section 3-III.D.

LMHA is required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [24 CFR 982.553(a)(2)(i)].

At the annual reexamination, LMHA will ask whether the tenant, or any member of the tenant's household, is subject to a lifetime or any other sex offender registration requirement in any state. LMHA will use the Dru Sjodin National Sex Offender database to verify the information provided by the tenant.

If LMHA proposes to terminate assistance based on a criminal record or on lifetime sex offender registration information, LMHA must notify the household of the proposed action and must provide the subject of the record and the participant a copy of the record and an opportunity to dispute the accuracy and relevance of the information **prior to termination of assistance**. [24 CFR 5.903(f) and 5.905(d)].

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

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

If a student enrolled in an institution of higher education is:

- under the age of 24,
- is not a veteran,
- is not married,
- does not have a dependent child, and
- is not a person with disabilities receiving HCV assistance as of November 30, 2005,

the student's eligibility must be reexamined along with the income eligibility of the student's parents on an annual basis. In these cases, both the student and the student's parents must be income eligible for the student to continue to receive HCV assistance. If, however, a student in these circumstances is determined independent from his or her parents **or is considered a vulnerable youth** in accordance with LMHA policy, the income of the student's parents will not be considered in determining the student's ongoing eligibility.

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

LMHA Policy

During the annual reexamination process, LMHA will determine the ongoing eligibility of each student who is subject to the eligibility restrictions in 24 CFR 5.612 by reviewing the student's individual income as well as the income of the student's parents. If the student has been determined "independent" from his/her parents **or is considered a vulnerable youth** based on the policies in Sections 3-II.E and 7-II.E, the parents' income will not be reviewed.

If the student is no longer income eligible based on his/her own income or the income of his/her parents, the student's assistance will be terminated in accordance with the policies in Section 12-I.D.

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

11-I.F. EFFECTIVE DATES

11-I.F. CALCULATING ANNUAL INCOME AT ANNUAL REEXAMINATION [24 CFR 5.609(c)(2) and PIH Notice 2023-27]

LMHA will determine the income of the family for the previous 12-month period and use this amount as the family income for annual reexaminations.

When determining the income of the family for the previous 12-month period, any change of income since the family's last annual reexamination, including those that did not meet the threshold to process an interim reexamination in accordance with LMHA policies and 24 CFR 5.657(c) or 960.257(b) must be considered.

Income from assets is always anticipated, irrespective of the income examination type.

A change in income may be a loss of income or the addition of a new source of income.

Changing to a different employer in the prior year does not necessarily constitute a change if the income earned from either employer is substantially the same. LMHA will look at the entirety of the family's unearned income and earned income from the prior year in which earned income may have been one constant job or many different jobs that start and stop.

Cost of Living Adjustments (COLA) to Social Security income and Social Security disability income are always considered changes to income because the COLA is an adjustment that automatically occurs annually by law. See Chapter 6 for LMHA policies on when the COLA is applied and Chapter 7 on streamlined determination of income for inflationary adjustments.

PIH Notice 2023-27 lists the following steps to calculate both earned and unearned income at annual reexamination.

LMHA Policy

Step 1: LMHA determines annual income for the previous 12-month period by reviewing the following information:

- The EIV Income Report pulled within 120 days of the effective date of the annual reexamination;
- The income reported on the most recent HUD-50058; and
- The amount of prior-year income reported by the family on LMHA'S annual reexamination paperwork.

Step 2: LMHA takes into consideration any interim reexamination of family income completed since the last annual reexamination.

- If there was an interim reexamination performed, LMHA will use the annual income from the interim to determine the family's total annual income, provided there are no

additional changes.

- If the LMHA did not perform an interim or there have been changes since the last reexamination, LMHA moves to Step 3.

Step 3: If there were changes in annual income not processed by LMHA since the last reexamination, LMHA will use current income. The family will be required to report their income for the prior year and whether there have been permanent changes.

If there are no reported changes to an income source, LMHA may use documentation of prior-year income to calculate the annual income. For example, LMHA may use the following documentation:

- EIV + self-certification (wages, Supplemental Security Income (SSI), Social Security, and unemployment)
- Current written third-party verification from the source verifying prior-year income that is dated within 120 days of receipt by LMHA, for example:
- Year-end statements
- Paycheck with year-to-date amounts
- Tax forms (Form 1040, W2, 1099, etc.)

If there are reported changes by the family or LMHA notes discrepancies between EIV and what the family reports, LMHA will follow the verification hierarchy (described in Chapter 7) to document and verify income. Exhibit 11-1 provides detailed examples of how LMHA calculates income from different sources at annual reexamination using the above method

11-I.F.G. EFFECTIVE DATES [24 CFR 982.516(e) and PIH Notice 2023-27]

~~Changes Reported Timely [PIH Notice 2023-27]~~

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

LMHA Policy

In general, an *increase* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least 30 days in advance.

- If less than 30 days remain before the scheduled effective date, the increase will take effect on the first of the month following the end of the 30-day notice period.
- 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 LMHA 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 LMHA, 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 LMHA 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 LMHA.
- 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 LMHA by the date specified, and this delay prevents LMHA from completing the reexamination as scheduled.

PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

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

PIH Notice 2023-27 changes the conditions under which interim reexaminations must be conducted, codifies when interim reexaminations should be processed and made effective, and requires related changes for annual reexaminations and streamlined income determinations.

When LMHA determines that an interim reexamination of income is necessary, they must ask the family to report changes in all aspects of adjusted income.

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

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

Reporting

LMHA 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, LMHA has limited discretion in this area.

LMHA Policy

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

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

LMHA Policy

The family must inform LMHA of the birth, adoption or court-awarded custody of a child within 10 business days.

New Family and Household Members Requiring Approval

With the exception of children who join the family as a result of birth, adoption, or court-awarded custody, a family must request LMHA 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, LMHA 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), LMHA must issue the family a new voucher, and the family and LMHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, LMHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

LMHA Policy

Families must request LMHA 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 30 consecutive days, or 90 cumulative days, within a twelve-month period, or in accordance with the lease terms, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by LMHA prior to the individual moving in the unit.

LMHA will not approve the addition of a new family or household member unless the individual meets LMHA’s eligibility criteria (see Chapter 3) and documentation requirements (see Chapter 7, Part II).

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

If LMHA determines an individual meets LMHA’s eligibility criteria as defined in Chapter 3, LMHA 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 LMHA determines that an individual does not meet LMHA’s eligibility criteria as defined in Chapter 3, LMHA 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.

LMHA 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 – significant other, marriage.
- Adult child that has previously been in the household while the family was on the program will not be automatically eligible to be added back into the household (must have management approval)
- Live in aide
- Foster child/Foster adult
- Other good cause as confirmed and approved by management

Departure of a Family or Household Member

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

LMHA Policy

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

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

11-II.C. CHANGES AFFECTING INCOME OR EXPENSES

Interim Decreases [24 CFR 982.516(c)(2) and PIH Notice 2023-27]

LMHA Policy

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

LMHA will conduct an interim reexamination any time the family's adjusted income has decreased by an amount that is greater than 10 percent of the family's annual adjusted income.

LMHA will not conduct an interim reexamination any time the family's adjusted income has decreased by an amount that is less than 10 percent of the family's annual adjusted income.

Interim Increases [24 CFR 982.516(c)(3) and PIH Notice 2023-27]

Increases Less than 10 Percent

LMHA Policy

LMHA will not process interim reexaminations for income increases that result in less than a 10 percent increase in annual adjusted income.

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

Increases 10 Percent or Greater

LMHA Policy

LMHA will conduct an interim reexamination of family income when LMHA becomes aware that the family's adjusted income has changed by an amount that LMHA estimates will result in an increase of 10 percent or more in adjusted income, only when the family has previously received an interim reduction during the same reexamination cycle; and

LMHA will not conduct an interim reexamination during the last three months of a certification period if a family reports an increase in income within three months of the next annual reexamination effective date.

When the family previously received an interim reexamination for a decrease to adjusted income during the same annual reexamination cycle, a PHA has the discretion whether to consider a subsequent increase in earned income.

Concurrent Increases in Earned and Unearned Income [Notice PIH 2023-27]

When the family reports an increase in both earned and unearned income at the same time, LMHA will look at the earned and unearned income ~~changes independently of each other~~ to determine if an interim reexamination is performed.

Earned Income	Unearned Income
<ul style="list-style-type: none"> • Includes earnings and income received from: • Wages • Tips • Salaries • Other employee compensation, such as commission from sales • Net income from self-employment 	<ul style="list-style-type: none"> • Includes amounts received by or on behalf of any adult or minor in the family from: • Child support and alimony payments • Pension and annuity payments • Transfer payments including: <ul style="list-style-type: none"> ○ Welfare assistance ○ Social Security ○ Government subsidies for certain benefits ○ Any cash or other monetary in-kind benefits that are not specifically excluded
To Determine if Interim Reexamination is Required	
Earned Income > 10% = Interim Reexam.	Unearned Income > 10% = Interim Reexam.
Earned Income < 10% = No-Interim Reexam.	Unearned Income < 10% = No Interim Reexam.
Note: <i>The adjusted income increase must independently concurrently meet the 10% threshold. See LMHA Policy below</i>	

LMHA Policy

LMHA will only conduct an interim reexamination when the adjusted income increase ~~independently~~ meets the 10 percent threshold and all other requirements for performing interim reexaminations.

For example, if a family reported increases in both earned and unearned income that overall resulted in a 12 percent increase in their adjusted income, ~~but the change in earned income represented a 7 percent increase and the change in unearned income represented a 5 percent increase,~~ LMHA will ~~not~~ perform an interim ~~for either change~~ since ~~neither~~ the change meets the 10 percent threshold amount ~~independently~~.

- If the change in *unearned income* met the 10 percent threshold in this case, LMHA will perform an interim.
- If the change in *earned income* met the 10 percent threshold in this case, LMHA would refer to LMHA policy to determine whether an interim was required.
- LMHA will not perform an interim reexamination when a family reports an increase in income (whether earned or unearned income) within three months of their annual reexamination effective date. However, families who delay reporting income increases until

the last three months of their certification period may be subject to retroactive rent increases.

Cumulative Increases [PIH Notice 2023-27]

A series of smaller reported increases in adjusted income may cumulatively meet or exceed the 10-percent increase threshold, at which point LMHA will conduct an interim reexamination in accordance with LMHA policy.

LMHA-Initiated Interim Reexaminations

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

LMHA Policy

LMHA will conduct interim reexaminations in each of the following instances:

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

Note: HOTMA eliminated the EID from HUD regulations, families who were receiving the EID benefit as of December 31, 2023, may continue to receive the full benefit until the remaining timeframe for an individual or family's EID expires. Because the EID lasts up to 24 consecutive months, no family will still be receiving the EID benefit after December 31, 2025. (PIH Notice 2023-27).

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

Family-Initiated Interim Reexaminations

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

LMHA Policy

LMHA will only conduct interim reexaminations for families that qualify for the earned income disallowance (EID), and only when the EID family's share of rent will change as a result of the increase of **more than 10 percent**. In all other cases, LMHA will note the information in the tenant file, but will not conduct an interim reexamination.

- Note: HOTMA eliminated the EID from HUD regulations, families who were receiving the EID benefit as of December 31, 2023, may continue to receive the full benefit until the remaining timeframe for an individual or family's EID expires. Because the EID lasts up to 24 consecutive months, no family will still be receiving the EID benefit after December 31, 2025. (PIH Notice 2023-27).

Families are not required to report any other changes in income or expenses.

Families receiving a temporary minimum rent hardship exemption and/or paying minimum rent

will be required to report any changes in income and the change will be processed. Changes should be reported within 10 business days.

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)]. LMHA 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.

LMHA Policy

If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, LMHA will note the information in the tenant file, but will not conduct an interim reexamination except for by request from Family Self-Sufficiency participants. LMHA will process a change that results in an increase in the family share of the rent for FSS participants if requested by the family.

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, LMHA will conduct an interim reexamination. See Section 11-II.D. for the effective dates.

11-II.D. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

LMHA Policy

~~The family must notify LMHA of changes in writing.~~

The family may notify LMHA of changes **either orally, in writing, by mail, or electronically**. If the family provides oral notice, LMHA may also require the family to submit the changes in writing. Generally, the family will not be required to attend an interview for an interim reexamination. However, if LMHA determines that an interview is warranted, the family may be required to attend.

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

Effective Dates [24 CFR 982.516(e) and PIH Notice 2023-27]

Changes Reported Timely [PIH Notice 2023-27]

PIH Notice 2023-27 updated regulation and codified long-standing guidance on when interim reexaminations are made effective. LMHA 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].

LMHA Policy

For tenant portion *increases*:

If the family share of the rent is to *increase*: LMHA will provide the family with 30 days advance written notice. The increase is effective the first of the month after the end of that 30-day-notice period.

~~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.~~

For rent *decreases*:

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 and all required documentation was submitted. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

Changes Not Reported Timely [Notice PIH 2023-27]

LMHA Policy

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.

For tenant portion *increases*:

If the family share of the rent is to *increase*: LMHA will implement any resulting increases retroactively to the first of the month following the date of the change leading to the interim reexamination of family income.

For rent *decreases*:

If the family share of the rent is to *decrease*: LMHA will implement the change no later than the first rent period following completion of the interim reexamination.

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

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.

LMHA Policy

If a family reports a change that it was not required to report and that would result in an increase in the family share of the rent, LMHA will note the information in the tenant file, but will not conduct an interim reexamination except for by request from Family Self-Sufficiency participants. LMHA will process a change that results in an increase in the family share of the rent for FSS participants if requested by the family.

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, LMHA will conduct an interim reexamination. See Section 11-II.D. for the effective dates.

PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT

11-III.A. OVERVIEW

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

- If LMHA'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.

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

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

LMHA 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

LMHA 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 annual and adjusted income amounts utilized to determine the family share and HAP subsidy amount.~~

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

LMHA Policy

The notice to the family will include the amount and effective date of the new HAP payment, the new family share of the rent, utility allowance payments (if applicable), and the new tenant rent to owner. The notice also will state the procedures for requesting an informal hearing.

11-III.D. DISCREPANCIES

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

PART IV: NON-INTERIM REEXAMINATION TRANSACTIONS [PIH Notice 2023-27]

Families may experience changes within the household that do not trigger an interim reexamination under LMHA policy and HUD regulations but which HUD still requires LMHA to report to HUD via Form HUD-50058. These are known as *non-interim reexamination transactions*. In these cases, LMHA will submit a separate, new action code on Form HUD-50058.

The following is a list of non-interim reexamination transactions:

- Adding or removing a hardship exemption for the childcare expense deduction;
- Updating or removing the phased-in hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction (the phased-in relief will begin at an eligible family's first annual or interim reexamination, whichever is sooner, after January 1, 2024);
- Adding or removing general hardship relief for the health and medical care expense deduction and/or reasonable attendant care and auxiliary apparatus expense deduction;
- Adding or removing a minimum rent hardship;
- Adding or removing a non-family member (i.e., live-in aide, foster child, foster adult);
- Ending a family's EID or excluding 50 percent (decreased from 100 percent) of a family member's increase in employment income at the start of the second 12-month EID period.
- Adding a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Removing a family member and the increase in adjusted income does not trigger an interim reexamination under the final rule;
- Adding/Updating a family or household member's Social Security number; and
- Updating a family member's citizenship status from eligible to ineligible or vice versa, resulting in a change to the family's rent and/or utility reimbursement, if applicable (i.e., family begins receiving prorated assistance or previously prorated assistance becomes full assistance) or updating the prorated rent calculation due to the addition or removal of family members in household with an ineligible noncitizen(s).

LMHA Policy

LMHA will make all other changes to assets, income, and deductions at the next annual or interim reexamination of income, whichever is sooner.

EXHIBIT 11-1: CALCULATING INCOME AT ANNUAL REEXAMINATION

Example 1: Calculating Annual Income at Annual Reexamination Using EIV

Staff are processing the 3/1/2024 annual reexamination for Ruby Myers and her minor daughter, Georgia. No interim reexaminations have been processed, and Ruby has not reported any changes to annual income to LMHA since the 3/1/2023 annual reexamination. The SSA published 2024 COLA is 7 percent.

Last reexamination – 3/1/2023 Annual Reexamination	
Ruby: Wages: \$30,000	Georgia: SSI: \$10,980 (\$915 monthly)

The EIV report pulled on 12/15/2023

Ruby:

Wages Total: \$33,651

Quarter 3 of 2023: \$8,859 (City Public School)

Quarter 2 of 2023: \$8,616 (City Public School)

Quarter 1 of 2023: \$8,823 (City Public School)

Quarter 4 of 2022: \$7,353 (City Public School)

Georgia:

SSI Total: \$10,980

2023 benefit \$915 monthly

Income Reported on Reexamination Application	
Ruby: Wages at City Public School: \$32,000 (switched jobs but no permanent change to amount)	Georgia: SSI benefits: \$10,980 (no changes)
Calculating Ruby's wages: Step 1: Determine prior annual income from EIV (i.e., Q4 2022 through Q3 of 2023: \$33,651). Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination (in this case, there have been no interim reexaminations processed since the last annual reexamination). Step 3: Ruby certifies that the \$33,651 of wages in EIV is accurate and reflects her current annual income, so the PHA will use \$33,651 for annual wages for the 3/1/2024	Calculating Georgia's SSI benefit: Step 1: Determine the prior annual income from EIV (i.e., \$915 x 12 months: \$10,980). Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination (in this case, there have been no interim reexaminations processed since the last annual reexamination). Step 3: Ruby certifies the SSI income in EIV is accurate and reflects Georgia's current annual income. The PHA must adjust the prior-year income (2023 SSI benefit) by the

annual reexamination given there have been no additional changes to annual income.	7- percent COLA and will use this amount to calculate annual SSI income for the 3/1/2024 annual reexamination: COLA: \$64.05 (\$915 x 0.07) New gross SSI benefit: \$11,748.60 (\$979.05 x 12 months)
If Ruby did not agree with the annual wages reported in EIV, the PHA/MFH Owner would be required to verify her current income in accordance with HUD's verification hierarchy.	
Summary of Annual Income (as reported on the HUD-50058)	
Ruby (Head of Household): Other Wage: \$33,651 Myers Family Total Annual Income: \$45,399	Georgia (Other Youth Under 18): SSI: \$11,748

**Example 2: Calculating Annual Income at Annual Reexamination Using EIV:
Family Disagrees with EIV**

Staff are processing Paul Hewson's 5/1/2024 annual reexamination. Since the last annual reexamination, Paul reported a decrease in annual income that exceeded 10 percent. Last year, Paul reported a decrease in earned income because he transferred from a full-time job at Sasha's Sweets to a part-time job at Viking Bakery. Following HUD's EIV verification hierarchy, staff confirmed Paul was no longer employed at Sasha's Sweets and decreased his anticipated annual income from \$28,000 to \$7,500 resulting from his new part-time employment at Viking Bakery; an interim reexamination was processed effective 7/1/2023. After the 7/1/2023 interim, Paul worked briefly at two different jobs, but he says he is no longer working and is not planning to work.
5/1/2023 Annual Reexamination
Wages: \$28,000

The EIV report pulled on 1/15/2024

Wages Total: \$18,271
Quarter 3 of 2023: \$2,500 (Viking Bakery)
Quarter 3 of 2023: \$796 (Sweet Tooth Candy Bar)
Quarter 2 of 2023: \$1,300 (Sasha's Sweets)
Quarter 2 of 2023: \$584 (Larry's Concessions)
Quarter 2 of 2023: \$2,401 (Viking Bakery)
Quarter 1 of 2023: \$6,500 (Sasha's Sweets)

Quarter 4 of 2022: \$600 (Sasha's Sweets)
SS/SSI: No history of benefits

Income Reported on Reexamination Application	
Wages: \$0 (permanent change; no longer receiving)	
Social Security: \$14,400 (\$1,200 monthly)	
Paul certified on LMHA's annual reexamination paperwork that he does not agree with the annual wages of \$18,271 reported in EIV and it is not reflective of his current anticipated annual income. He reported he is currently unemployed, and provided a copy of an award letter from the Social Security Administration to document that he will begin receiving a monthly disability benefit of \$1,200 effective 3/1/2024.	
Calculating Wages and SS Benefit	
<p>Step 1: Determine prior annual income taking into consideration the 8/1/2023 interim reexamination (i.e., EIV wages reflected Q4 2022 through Q3 2023: \$18,271)</p> <p>Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there was a 7/1/2023 interim that reduced wages to \$7,500.</p> <p>Step 3: Obtain documentation to verify current income and confirm Paul is no longer employed at Viking Bakery or The Sweet Tooth Candy Bar (the employers reported in the most recent quarter of EIV). This step is necessary, because Paul did not agree with the EIV income report or income reported on the last interim reexamination. Paul reported that he is no longer working at all.</p> <p>Process the annual reexamination effective 5/1/2024 using annual SS income of \$14,400 and \$0 wages.</p>	
Summary of Annual Income (as reported on the HUD-50058)	
Paul (Head of Household): \$14,400 (SS)	
Hewson Family Total Annual Income: \$14,400	

Example 3: Calculating Annual Income at Annual Reexamination

Staff are processing the 11/1/2024 annual reexamination for Samantha and Fergus Pool, head of household and spouse. On 2/14/2024 Samantha reported her monthly child support payment was reduced from \$200 to \$100 per month, but an interim reexamination was not processed because the reduction in child support income for Samantha's daughter, Hailey, did not result in a decrease of 10 percent or more in annual adjusted income, and LMHA did not establish a lower threshold. Samantha did not report any additional changes to LMHA.	
Last reexamination – 11/1/2023 Annual Reexamination	
<p>Samantha:</p> <p>Business income: \$28,000</p> <p>VA disability pension: \$12,000</p> <p>Child support: \$2,400</p>	<p>Fergus:</p> <p>Wages: \$8,250</p> <p>Other non-wage income: \$3,000 (Go Fund Me online fundraiser)</p>

The EIV report pulled on 9/16/2024

Samantha:

Wages Total: \$0 (no wage data reported since Q1 2023)

Fergus:

Wages Total: \$8,600

Quarter 1 of 2024: \$2,100 (Ian's Fish 'n' Chips)

Quarter 1 of 2024: \$500 (Claire's Healthcare Supplies)

Quarter 4 of 2023: \$1,000 (Claire's Healthcare Supplies)

Quarter 3 of 2023: \$1,800 (The Onion Garden Shop)

Quarter 2 of 2023: \$3,200 (Ivar's Fish Haus)

Current Family Circumstances: Income Reported on Reexamination Application

Samantha and Fergus reported how much income was earned/received in the previous 12-month period and noted permanent changes, where applicable, for each source of their income on LMHA's annual reexamination form. However, no information was reported by the family concerning other non-wage income. Fergus reported only wages and his current employment at Ian's Fish 'n' Chips for the annual reexamination. The family supplied the supporting documentation noted below to LMHA for the 11/1/2024 annual reexamination.

Samantha:

Business income: \$28,750 (last year); has decreased to \$18,000 (permanent change)

VA disability benefit: \$12,000 (last year); has increased to \$12,300 (permanent change)

Child support: \$2,400 (last year); has decreased to \$1,200 (permanent change)

Fergus:

Wages: \$6,000

Calculating Samantha's Net Business Income

Step 1: Determine prior annual net business income (i.e., \$28,000 on last HUD-50058.

Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.

Step 3: Adjust to reflect current net business income. Samantha reported on the annual reexamination application that business income permanently decreased to \$18,000. LMHA will obtain supporting documentation from Samantha that demonstrates current net business income. Samantha provided documentation that supported the current annual net business income is \$18,000. Process the annual reexamination effective 11/1/2024 using annual net business income determined in Step 3.

Calculating Samantha's VA Pension Income

Step 1: Determine prior annual VA pension income (i.e., \$12,000 supported by a VA award letter Samantha supplied that documents the prior year monthly VA pension was \$1,000).

Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.

Step 3: LMHA will adjust to reflect current VA pension income. Samantha supplies a VA award letter showing a monthly pension of \$1,025, or \$12,300 annually. Process the annual reexamination effective 11/1/2024 using annual VA pension income determined in Step 3 (\$12,300 in this example).

Calculating Samantha's Child Support Income

Step 1: Determine prior annual child support income (i.e., \$2,400 on the last HUD-50058).

Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination. The family reported a decrease from \$200 to \$100 monthly, but the change was not processed because it did not meet the threshold.

Step 3: The family reported changes, so LMHA will adjust to reflect current child support income. In this example, the family submitted a child support history report from the local child support office that documents regular \$100 monthly child supports payments beginning 3/1/2024 through the current month. Process the annual reexamination effective 11/1/2024 using current annual child support income determined in Step 3 (\$1,200 in this example).

Calculating Fergus' Wages

Step 1: Determine prior annual income from wages in EIV (i.e., Q2 2023 through Q1 of 2024: \$8,600).

Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.

Step 3: There is a discrepancy between what the family reported and EIV, so LMHA will verify and adjust to reflect current annual income from wages. Fergus reported \$6,000 in annual income from wages on the annual reexamination from a single employer, Ian's Fish 'n' Chips.

LMHA projected annual income of \$7,800 based on the two paystubs for this employer, and EIV shows \$8,600 earned in the most recent four quarters in EIV. To complete Step 3, LMHA will do the following:

- Resolve the discrepancy between EIV wages, the \$6,000 annual income Fergus reported, and the \$7,800 projected based on the paystubs he provided, and
- Verify he is no longer employed at Claire's Healthcare Supplies in accordance with HUD's verification hierarchy and local policies.

LMHA determined that Fergus reported his net vs. gross annual income from wages, which he corrected on the annual reexamination form to reflect his current gross annual income of \$9,000. LMHA verified Fergus was no longer employed at Claire’s Healthcare Supplies and obtained two additional paystubs. Based on four current and consecutive paystubs, Fergus is now projected to earn \$9,360 annually. Process the annual reexamination effective 11/1/2024 using income from wages determined in Step 3 (\$9,360 in this example).

Calculating Fergus’ Other Non-Wage Income	
Step 1: Determine prior annual income from other non-wage income (i.e., \$3,000 on the last HUD– 50058).	
Step 2: Take into consideration any interim reexamination of family income completed since the last annual reexamination. In this case, there have been no interim reexaminations processed since the last annual reexamination.	
Step 3: The family did not report any non-wage income on the annual reexamination form, but it was included on the last HUD–50058. LMHA will verify and adjust to reflect current non-wage income. LMHA will verify no income was received through a “Go Fund Me” online fundraiser so that it may be excluded. Fergus provided a self-certification that he hasn’t solicited funds online and doesn’t plan to in the following year; he also provided records from the account that documented no fundraising activity in the prior 12-month period. Process the annual reexamination effective 11/1/2024 using annual non-wage income of \$0 determined in Step 3.	
Summary of Annual Income (as reported on the HUD-50058)	
Samantha (Head of Household): Own business: \$18,000 Pension: \$12,300 Child support: \$1,200	Fergus (Co-head): Wages: \$9,360
Poole Family Total Annual Income: \$40,860	