Chapter 11

REEXAMINATIONS

INTRODUCTION

The DMMHA 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. HUD regulations and PHA policies concerning reexaminations are presented in two 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, and the process for interim reexaminations based on such reporting.
PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.A. OVERVIEW

The DMMHA 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.

During an annual or interim reexamination, the DMMHA may discover that information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the DMMHA may discover errors made by the DMMHA. When errors resulting in the overpayment or underpayment of subsidy are discovered, corrections will be made in accordance with the policies in Chapter 14.

11-I.B. ANNUAL REEXAMINATIONS/PROCESSING

The DMMHA must ensure that the annual reexamination for each family is completed within a 12-month period. In addition, DMMHA has established a payment standard for the Housing Voucher program pursuant to HUD regulations. The payment standard will be periodically reviewed and adjusted pursuant to HUD regulations.

Family Reexaminations

The circumstances of all individuals or families in occupancy will be re-examined at least once annually, either in person or by a mailed re-examination packet, in order to determine continued eligibility, to determine the appropriate Subsidy in accordance with the Subsidy Standards Policy, and if necessary, to adjust the monthly rent amount the family is to contribute.

The Case Manager will initiate re-examinations, verify information, and complete all income and rent computations in accordance with Federal Regulations. All household members of the age 18 years and older must sign all forms and provide requested verifications or the individual or family will be subject to termination of assistance for non-cooperation.

Pursuant to DMMHA Governing Board approval on June 23, 2014, effective July 1, 2014, all annual reexaminations for families on fixed incomes and all approved Reasonable Accommodations for Home Visits shall be afforded the right to process their annual reexamination by mail.

Contract Rent/New Lease Agreement

Owner(s) must submit requests for Contract Rent increases to the family and DMMHA 60 days prior to the effective date. Requests for Contract Rent increases will be reviewed for approval based on rent reasonableness. Owner(s) will also be made aware of the regulatory provision which permits them to request that the occupying tenant enter into another lease agreement with a specified term. The request for a new lease agreement may be made anytime after the initial lease term. If the tenant elects not to enter into such a lease agreement, the owner may terminate the lease. Following the expiration date of the one year term specified in the Housing Assistance Payments Contract and of the Lease Agreement, and unless the owner has requested the family enter into a new lease for a specified term, and the family has agreed, the Lease Agreement will become automatically renewable on a monthly basis. In all instances of renewal or a new lease,
the term of the Housing Assistance Payments Contract and the Lease Agreement may not exceed the term of the Annual Contributions Contract.

**STREAMLINED ANNUAL REEXAMINATIONS [24 CFR 982.516(b)]**

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

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

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

The DMMHA may pursue streamlining the annual reexamination process.

At such time as the DMMHA decides to pursue this, the DMMHA will do so by applying the verified COLA or interest rate to fixed-income sources. The DMMHA will document in the file how it made the determination that a source of income was fixed.

- If a family member with a fixed source of income is added, the DMMHA will use third-party verification of all income amounts for that family member.
- If verification of the COLA or rate of interest is not available, the DMMHA will obtain third-party verification of income amounts.
- Third-party verification of fixed sources of income will be obtained during the intake process and at least once every three years thereafter.
- Third-party verification of non-fixed income will be obtained annually regardless of the percentage of family income received from fixed sources.
11-I.C. DETERMINING ONGOING ELIGIBILITY OF CERTAIN STUDENTS
[24 CFR 982.552(b)(5)]

In accordance with HUD’s final rule published December 30, 2005, on Eligibility of Students for Assisted Housing under Section 8 of the U.S. Housing Act of 1937, and Supplementary Guidance published April 10, 2006, the DMMHA established the following policies for verifying student eligibility, income and verification.

For students of higher education (full-time or part-time) that are under the age of 24 years, DMMHA will consider as household income any financial assistance (in excess of amounts received for tuition) that the student receives from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002). Loan proceeds such as Perkins Loans, Stafford Loans and Plus Loans are not considered income for purposes of determining student eligibility for Section 8 housing assistance.

DMMHA will verify that a student is “independent” from his/her parents in accordance with the following:

1. Student must be of legal contract age per state law;
2. Student must have established separate household for at least one year from parents/guardian – DMMHA will require verification, acceptable to DMMHA, of previous address(es) to determine whether the student established a separate household; and
3. Student must not be claimed as tax dependent on parents tax returns – DMMHA will require parents’ prior year tax returns to verify whether the student was claimed as a dependent.

DMMHA will verify the income of any student that is unmarried and does not have a dependent child to determine if the student is eligible for housing assistance by conducting the following two part test:

1. Verify the student’s income to determine eligibility; and
2. Verify the parent’s income “individually and jointly”.
   a. If the parents are living together, DMMHA will require a joint certification in the form of the most recent tax return.
   b. If the parent is widowed or single, DMMHA will require the tax return from the individual parent.
   c. If the parents are divorced, DMMHA will require the tax return of the parent with which the student has lived with for the last 12 months.
   d. If the student lived with each parent for 6 months, DMMHA will require the tax return of both parents.
   e. In the event that the DMMHA is unable to obtain the verification of parental income, the DMMHA may, at its sole discretion, accept from the parents a declaration and certification of income in the form of an affidavit from the parent.
As a result of the above regulatory requirement, the DMMHA will require all applicants to notify DMMHA, in writing, within fourteen (14) calendar days of enrolling in or no longer attending an educational institution either part-time or full-time.

11-I.D. EFFECTIVE DATES
The DMMHA must establish policies, as set forth below, concerning the effective date of changes that result from an annual reexamination [24 CFR 982.516].

1. 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 calendar days in advance.

2. If the family causes a delay in processing the reexamination (family fails to provide verification within two attempts by the DMMHA) the delay may result in termination and/or the family will not receive a 30-day notice of an increase in their portion of rent to the owner.
   However, if a family moves to a new unit, or signs a new lease, the increase will take effect on the effective date of the new lease and HAP contract, and no notice is required.

3. 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.
   However, if a family moves to a new unit, or signs a new lease, the decrease will take effect on the effective date of the new lease and HAP contract.
PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]

11-II.A. OVERVIEW

Family circumstances may change between annual reexaminations. HUD and DMMHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the DMMHA must process interim reexaminations to reflect those changes. HUD regulations also permit the DMMHA 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.

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 change. The DMMHA must complete the interim reexamination within a reasonable time after the family’s request.

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

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

The DMMHA 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 DMMHA approval. However, the family is required to notify the DMMHA in writing of the addition within 14 calendar days. The 14 calendar days may be extended at the sole discretion of the DMMHA due to extenuating circumstances [24 CFR 982.551(h)(2)].

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 in writing DMMHA approval to add a new family member [24 CFR 982.551(h)(2)] or other household member (live-in aide or foster child) [24 CFR 982.551(h)(4)].

When any new family member is added, the DMMHA must make appropriate adjustments in the family share of the rent and the HAP payment at the effective date of either the annual or interim reexamination [24 CFR 982.516(e)(2)].

Families must request in writing DMMHA 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 14 days within a twelve month period, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the DMMHA prior to the individual moving in the unit.

The DMMHA will not approve the addition of a new family or household member unless the individual meets the DMMHA’s eligibility criteria (see Chapter 3).
The DMMHA will not approve the addition of a foster child or foster adult if it will cause a violation of HQS space standards.

If the DMMHA determines an individual meets the DMMHA’s eligibility criteria as defined in Chapter 3, the PHA will provide written approval to the family.

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

**Departure of a Family or Household Member**

Families must also notify the DMMHA in writing within fourteen (14) calendar days if any family member no longer lives in the unit [24 CFR 982.551(h)(3)]. Because household members are considered when determining the family unit (voucher) size [24 CFR 982.402], the DMMHA also needs to know within fourteen (14) calendar days when any live-in aide, foster child, or foster adult ceases to reside in the unit. 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. When any family member departs, the DMMHA must conduct a reexamination.

**11-II.C. CHANGES AFFECTING INCOME OR EXPENSES**

Interim reexaminations can be scheduled either because the DMMHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change.

**DMMHA-Initiated Interim Reexaminations**

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

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

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

2. If the family has reported zero income, before any income exclusions, the DMMHA will check EIV data every six (6) months and, if appropriate, conduct an interim reexamination.

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

**Family-Initiated Interim Reexaminations**

The DMMHA must adopt policies, as set forth below, 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)].
Interim Reexaminations will be conducted in the following circumstances:

1) Any change that results in a decrease in the monthly rental amount currently being paid by the family.
2) Any increase in the amount of family income of $1000 or more per month.
3) Family composition changes.
4) Changes in source of income.
5) Families participating in the Family Self-Sufficiency Program may be recertified at any time upon written request given to their Housing Case Manager.

11-ILD. PROCESSING THE INTERIM REEXAMINATION

Method of Reporting

The family must notify the DMMHA of changes to family size, income, or expenses in writing within fourteen (14) calendar days of the change.

Generally, the family will not be required to attend an interview for an interim reexamination. However, if the DMMHA determines that an interview is warranted, the family may be required to attend. If it is determined that an interview is needed, the family will be sent an appointment letter.

Based on the type of change reported, the DMMHA will determine the documentation that the family will be required to submit. The family must submit any required information or documents within 14 calendar days of receiving a request from the DMMHA. The DMMHA will accept required documentation by mail, electronically, by fax, or in person.

Effective Dates

1) If the family share of the rent is to increase based on the reexamination:

   Increases in the family's portion of the Contract Rent will become effective on the first day of the month following the date that the change is verified by DMMHA and upon a minimum 30 calendar day notice to the participant. Verification notices shall be mailed to the client and the property owner within 30 calendar days of verification.

   If the family causes a delay in processing the reexamination (family fails to provide verification within two attempts by the DMMHA) the delay may result in termination and/or the family will not receive a 30-day notice of an increase in their portion of rent to the owner.

2) If the family share of the rent is to decrease:

   Decreases in the family's portion of the Contract Rent will become effective on the first day of the month following the date the change is verified by DMMHA.

   DMMHA will decrease family portion of rent by removing wages from the file for employed participants who take a medical leave of absence from employment when the medical leave of absence is thirty (30) calendar days or more. It is the family’s responsibility to report to DMMHA in writing when the employment continues.

   If a family moves to a new unit, the decrease will take effect on the effective date of the new lease and HAP contract.