

## Chapter 11 REEXAMINATIONS

### INTRODUCTION

The PHA 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 PHA policies concerning reexaminations are presented in three parts:

Part I: Annual Reexaminations. This part discusses the process for conducting annual reexaminations.

Part II: Interim Reexaminations. This part details the requirements for families to report changes in family income and composition between annual reexaminations.

Part III: Recalculating Family Share and Subsidy Amount. This part discusses the recalculation of family share and subsidy amounts based on the results of annual and interim reexaminations.

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

### PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

#### 11-I.A. OVERVIEW

The PHA 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.

#### 11-I.B 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 be obtained during the intake process and every three years thereafter, 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.

### GCHA Policy

The PHA is not adopting the streamline annual reexamination policy.

## **11-I.C. SCHEDULING ANNUAL REEXAMINATIONS**

The PHA 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].

### GCHA Policy

The PHA will begin the annual reexamination process 120 days in advance of its scheduled effective date. Generally, the PHA 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 (new admission).

PHA will advise participants by USPS approximately 120 days before the effective date of the participants' annual reexamination explaining the participant's responsibility to complete the reexamination by deadlines outlined in the notice.

If the family moves to a new unit, the PHA will perform a new annual reexamination.

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

## **Notification of and Participation in the Annual Reexamination Process**

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

### GCHA Policy

Notification of annual reexamination packet will be sent by first-class mail and will contain a PHA designated re-examination form, HUD-9886, HUD-92006 an outline of documentation the participant must provide and a deadline for delivery back to the PHA.

## **11-I.D. CONDUCTING ANNUAL REEXAMINATIONS**

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

### GCHA Policy

Families will be asked to deliver all required forms and documentation as outlined in the re-examination notice to the PHA by the deadline specified in the notice. Information and documentation with the household's current income, expenses and household

composition will be requested. Supporting documentation should be dated within 120 days of the date on the annual re-examination notice.

**All household income must be reported to the PHA even if the source of the income is excluded from the annual income calculation.**

If the family is unable to return the annual re-examination form packet and documentation by the deadline given in the original notification, the family should contact the PHA in advance of the deadline to request an extension. The PHA will generally give the family 10 business days to provide their certification packet and supporting documents.

If the PHA has not received the re-examination forms and documentation by the deadline given in the annual re-examination letter and any extensions the PHA approved, the PHA will send a second letter to the household and the landlord with a new deadline and warning that failing to submit the required materials will result in termination of assistance on a specific date.

The PHA will request any documents or information the family failed to provide and give the household 10 business days to comply. If the family fails to provide the information or materials within the 10 business days, the family can submit a written request for an extension for reasons beyond the family's control. Extensions will be considered on a case-by-case basis. The family must provide verifiable documentation to collaborate the reason for the request.

Families who fail to provide information the PHA deems necessary to determine income, assets or household composition for the annual reexamination within the deadlines given by the PHA will be determined in breach of family obligations to complete the annual reexamination.

Failure to complete the annual reexamination will result in a mandatory termination of assistance as outlined in Chapter 12 for breach of family obligations.

An advocate, interpreter, or other assistant may assist the family in the annual reexam process. The family and the PHA must execute a certification attesting to the role and the assistance provided by any such third party.

Additionally, HUD recommends that at annual reexaminations PHAs ask whether the tenant, or any member of the tenant's household, is subject to a lifetime sex offender registration requirement in any state [Notice PIH 2012-28].

#### GCHA Policy

At the annual reexamination, the PHA will ask whether any member of the household, is subject to a sex offender registration requirement in any state. The PHA will use the On-Line Rental Exchange, Dru Sjodin National Sex Offender, or the Colorado Sex Offender Tracking and Registration database for all household members aged 14 and older to verify the information provided by the family.

If the PHA proposes to terminate assistance based on lifetime sex offender registration information, the PHA must notify the household of the proposed action and must provide the subject of the record and the tenant a copy of the record and an opportunity to dispute the

accuracy and relevance of the information prior to termination. [24 CFR 5.903(f) and 5.905(d)]. (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 PHA has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person's disability status
- Citizenship or immigration status

If adding a new family member to the unit causes overcrowding according to the housing quality standards (HQS) (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

### **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 PHA 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.

#### GCHA Policy

During the annual reexamination process, the PHA 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), the PHA will process a reexamination in accordance with the policies in this chapter.

### **11-I.F. EFFECTIVE DATES**

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

#### GCHA 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 the PHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the PHA, but will always allow for the 30-day notice period.

If the family causes a delay in processing the annual reexamination, but prior to the *increases* in the family share of the rent will be applied retroactively to the scheduled effective date of the annual reexamination. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

In general, a *decrease* in the family share of the rent that results from an annual reexamination will take effect on the family's anniversary date.

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

If the PHA chooses to schedule an annual reexamination for completion prior to the family's anniversary date for administrative purposes, the effective date will be determined by the PHA.

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 caused by the family if the family fails to provide information requested by the PHA by the date specified, and this delay prevents the PHA from completing the reexamination as scheduled.

## **PART II: INTERIM REEXAMINATIONS [24 CFR 982.516]**

### **11-II.A. OVERVIEW**

Family circumstances may change between annual reexaminations. HUD and PHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PHA must process interim reexaminations to reflect those changes. HUD regulations also permit the PHA to conduct interim reexaminations of income or family composition at any time. When an interim reexamination is conducted, only those factors that have changed are verified and adjusted [HCV GB, p. 12-10].

In addition to specifying what information the family must report, HUD regulations permit the family to request an interim determination if other aspects of the family's income or composition changes. The PHA must complete the interim reexamination within a reasonable time after the family's request.

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

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

The family is required to report all changes in family composition. The PHA must adopt policies prescribing when and under what conditions the family must report changes in income and family composition. However, due to family obligations under the program, the PHA has limited discretion in this area.

#### GCHA Policy

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

#### **New Family Members Not Requiring PHA Approval**

The addition of a family member as a result of birth, adoption, or court-awarded custody does not require PHA approval. However, the family is required to promptly notify the PHA of the addition [24 CFR 982.551(h)(2)].

#### GCHA Policy

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

The family is required to provide any documentation requested by PHA including, but not limited to, birth certificates and social security cards. For all required documentation, see Chapters 3, 6, and 7.

#### **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 PHA 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 PHA 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)].

If a change in family size causes a violation of Housing Quality Standards (HQS) space standards (see Chapter 8), the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the PHA must terminate the family's HAP contract in accordance with its terms [24 CFR 982.403].

### GCHA Policy

Families must request PHA 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 12-month period, or per the time limits of the lease, whichever is less, and therefore no longer qualifies as a "guest." Requests must be made in writing and approved by the PHA prior to the individual moving into the unit.

A family member who has previously been removed at the family's request, but is otherwise eligible, cannot be added back to the household for a period of at least 12 months (one year).

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

Any adult not included on the HUD Form 50058 who is in the unit more than the authorized guest policy, without written approval from PHA (and landlord) will be considered living in the unit as an unauthorized household member.

Any adult using the assisted unit address for any purpose will be considered living in the unit as an unauthorized household member.

The burden of proof that the individual is a guest rests on the family. In the absence of such proof the individual will be considered an unauthorized member of the household and the PHA may terminate assistance, since prior approval was not requested or approved for the additional person.

Statements from neighbors and/or landlords will be considered in making determination of how long a "guest" has been present in the assisted unit.

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

If the PHA determines an individual meets the PHA's eligibility criteria and documentation requirements, the PHA 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 a voucher and will be required to move before the person can join the household.

If the PHA determines that an individual does not meet the PHA's eligibility criteria or documentation requirements, the PHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

The PHA will make its determination within 10 business days of receiving all information required to verify the individual's eligibility.

### **Departure of a Family or Household Member**

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

#### GCHA Policy

If a household member ceases to reside in the unit, the family must provide written notice to PHA 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 an adult household member, other than the head of household, is leaving the unit, GCHA requires an acknowledgment form completed by the head of household, the adult that is leaving, the landlord and the Housing Authority.

GCHA may require additional verifiable documentation that proves where the household member will be residing such as, a copy of the lease, pay-stubs, driver's license, or reliable third-party verification.

GCHA may delay processing the certification to remove the household member for up to 60 days in case the family requests that the change not be made.

Once an adult household member has been removed, they cannot be added back to the household for one year.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must provide written notice to the PHA within 10 business days.

If PHA determines the family is over-housed, the PHA will notify the family in writing that their subsidy will decrease at their next annual reexamination.

If a family member leaves the unit for more than 60 days in a calendar year, except for medical circumstances, they will be considered to have left the family. This change must be reported in writing to PHA within 10 business days following the 60<sup>th</sup> day. PHA will then reevaluate the eligible voucher size for the family.

A child who is "temporarily away" (up to six months) from the home because of placement in foster care is considered a member of the family. At the end of the six-month period, verification of the out-of-home placement will require documentation from the court or social service agency that states the placement is extended for the family to continue to include the dependent as a family member. If the required documentation is not received at 6-months, the



family will be considered over-housed and their voucher size will be reduced if applicable, at the next annual reexamination.

In circumstances of a family break-up, PHA will decide which family member will retain the voucher, taking into consideration the following factors:

- To whom the voucher was issued.
- The interest of minor children or of ill, elderly, or disabled family members.
- Whether the assistance should remain with the family members remaining in the unit.
- Whether family members were forced to leave the unit because of actual or threatened physical violence by a spouse or other member(s) of the household.

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement of judicial decree, the PHA will be bound by the court's determination of which family members continue to receive assistance in the program. Because of the number of possible different circumstances in which a determination will have to be made, PHA will make determinations on a case-by-case basis.

PHA will issue a determination within 10 business days of the request for a determination. The family member requesting the determination may request an informal hearing.

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

Interim reexaminations can be scheduled either because the PHA has reason to believe that changes in income or expenses may have occurred, or because the family reports a change. When a family reports a change, the PHA may take different actions depending on whether the family reported the change voluntarily, or because it was required to do so.

#### **PHA-Initiated Interim Reexaminations**

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

#### GCHA Policy

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

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

If the family has reported zero income, the PHA will conduct a zero-income interview with the head of household within 90 days of the zero-income declaration. PHA will not accept a declaration of zero beyond 90 days.

If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next 12 months (e.g., seasonal, cyclic income or historical multiple short-term employment), the PHA will schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income. Income averaging may be used to calculate annual income.

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

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

For families whose rent has been based on false or incomplete information, there will be an interim reexamination completed to determine if termination or repayment procedures should be initiated.

### **Family-Initiated Interim Reexaminations**

The PHA must adopt policies prescribing when and under what conditions the family must report changes in family income or expenses [24 CFR 982.516(c)]. In addition, HUD regulations require that the family be permitted to obtain an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)].

#### ***Required Reporting***

HUD regulations give the PHA the freedom to determine the circumstances under which families will be required to report changes affecting income.

#### GCHA Policy

Families are required to report all new earned and unearned income sources within 10 business days of the date the change takes effect. Changes must be reported to the PHA even if the income is excluded for all household members including minors.

The PHA will not conduct interim reexaminations for income increases to previously reported income sources except for families that qualify for the earned income disallowance (EID), and only when the EID family's share of rent will change because of the increase. In all other cases, the PHA will note the information in the tenant file but will not conduct an interim reexamination.

Any new sources of earned income.

Employed families are required to report changes in employer

For employed individuals, additional employers.

Any new or addition unearned source of income must be reported in writing within 10 business days.

Any adult household member previously reporting zero income and is now reporting some form of income.

New family members added to household with a source of income. PHA will conduct an interim re-examination to review such additional income and will make the appropriate adjustments in the Housing Assistance Payment and family unit size.

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

In all other cases, the PHA will note the information in the tenant file but will not conduct an interim reexamination.

### ***Optional Reporting***

The family may request an interim reexamination any time the family has experienced a change in circumstances since the last determination [24 CFR 982.516(b)(2)]. The PHA 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.

#### GCHA Policy

If the family reports a change that it was not required to report such as an increase in earnings from a previously reported employer which would result in an increase in the family share of the rent, the PHA will note the information in the tenant file but will not conduct an interim reexamination.

If a family reported a change that it was not required to report and that would result in a decrease in the family share of rent, the PHA will conduct an interim reexamination. The change will take effect on the first day of the following month. Notice and documentation of the decrease must be received prior to the initialization of next month's check run, generally the 20<sup>th</sup> of the month. See Section 11-II.D. for effective dates.

Families may report changes in income or expenses at any time.

If a family reports a short-term emergency or temporary income decrease it was not required to report and supplied supporting documentation which would result in a decrease in the family share of rent, the PHA will conduct an interim reexamination effective on the first day of the month following the month the decrease will occur as reported by the family.

The PHA will return the annual income to amount previously reported no more than the first day of the second month following the short-term emergency or temporary interim change was effective. Unless the family supplies current family income documentations for all household members in a timely manner allowing time for the PHA to conduct the reexamination.

## **11-II.D. PROCESSING THE INTERIM REEXAMINATION**

### **Method of Reporting**

#### GCHA Policy

The family must notify the PHA of changes in writing.

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

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

### **Effective Dates**

The PHA 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].

#### GCHA Policy

If the family share of the rent is to *increase*:

The increase generally will be effective on the first of the month following 30 days' notice to the family.

If a family fails to report a change within the required time frames or fails to provide all required documentation within the required time frames, the increase will be applied retroactively to the date it would have been effective had the information and documentation been provided in a timely basis. The family will be responsible for any overpaid subsidy and may be offered a repayment agreement in accordance with the policies in Chapter 16.

If the family share of the rent is to *decrease*:

The decrease will be effective on the first day of the month following the month in which the change was reported, 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 not be made effective on the first day of the month. No retroactive payments will be made. Notice and documentation must be supplied prior to the initialization of the housing assistance payment check run, generally the 20<sup>th</sup> of the month.

## **PART III: RECALCULATING FAMILY SHARE AND SUBSIDY AMOUNT**

### **11-III.A. OVERVIEW**

After gathering and verifying required information for an annual or interim reexamination, the PHA must recalculate the family share of the rent and the subsidy amount and notify the family and owner of the changes [24 CFR 982.516(d)(2), HCV 12-6 and 12-10]. While the basic policies that govern these calculations are provided in Chapter 6, this part lays out policies that affect these calculations during a reexamination.

### **11-III.B. CHANGES IN PAYMENT STANDARDS AND UTILITY ALLOWANCES**

In order to calculate the family share of the rent and HAP amount correctly, changes in payment standards, subsidy standards, or utility allowances may need to be updated and included in the PHA's calculations.

Specific policies governing how subsidy standards, payment standards, and utility allowances are applied are discussed below.

### **Payment Standards [24 CFR 982.505]**

The family share of the rent and HAP calculations must use the correct payment standard for the family, taking into consideration the family unit size, the size of unit, and the area in which the unit is located [HCV GB, p. 12-5]. **See Chapter 6 for information on how to select the appropriate payment standard.**

When the PHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the PHA'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*, during the term of a HAP contract, the PHA is not required to reduce the payment standard as the HAP contract remains in effect. At the family's *second annual* reexamination, the PHA may, but is not required to, apply the decreased payment standard, or may gradually implement the reduced payment standard.

#### GCHA Policy

If a PHA changes its payment standard schedule resulting in a lower payment standard amount, during the term of a HAP contract, the PHA will not reduce the payment standard used to calculate subsidy for families under HAP contract if the HAP contract remains in effect.

With a PHA approved higher payment standard (up to 120% of the published FMR), the family will retain the reasonable accommodation for the higher payment standard until such time as a current payment standard is equal to or greater than the original higher reasonable accommodation.

- If the family moves to a new unit, or a new HAP contract is executed due to changes in the lease (even if the family remains in place) the current payment standard applicable to the family will be used when the new HAP contract is processed.
- **See Chapter 6 for information on how to select the appropriate payment standard.**

### **Subsidy Standards [24 CFR 982.505(c)(4)]**

If there is a change in the family unit size that would apply to a family during the HAP contract term, either due to a change in family composition, or a change in the PHA's subsidy standards

(see Chapter 5), the new family unit size must be used to determine the payment standard amount for the family at the family's *first annual* reexamination following the change in family unit size.

### **Utility Allowances [24 CFR 982.517(d)]**

The family share of the rent and HAP calculations must reflect any changes in the family's utility arrangement with the owner, or in the PHA's utility allowance schedule [HCV GB, p. 12-5]. Chapter 16 discusses how utility allowance schedules are established.

When there are changes in the utility arrangement with the owner, the PHA must use the utility allowances in effect at the time the new lease and HAP contract are executed.

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

#### GCHA 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.

The utility allowance is intended to cover the cost of utilities not included in the rent. The allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type in the same locality. Allowances are not based on an individual family's actual energy consumption.

PHA's utility allowance schedules, and the utility allowance for an individual family, must include the utilities and services that are necessary in the locality to provide housing that complies with the Housing Quality Standards.

PHA will not provide any allowance for non-essential utility costs, such as costs of cable or satellite television.

PHA will review the utility allowance schedule annually. If the review determines that a utility rate has changed by 10 percent or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next re-examination. A family's utility allowance is determined by the size of dwelling unit leased by a family or the voucher unit size for which the family qualifies using PHA subsidy standards, whichever is the lowest of the two [FR Notice 06/25/14]

Where families provide their own range and refrigerator, PHA will establish an allowance adequate for the family to purchase or rent a range or refrigerator, even if the family already owns either appliance. Allowances for ranges and refrigerators will be based on the lesser of the cost of leasing or purchasing the appropriate appliance over a 12-month period.

Where the calculation on HUD Form 50058 results in a utility reimbursement payment due the family [24 CFR 982.514(b)], PHA will provide a utility reimbursement payment for the family each month. The check will be made out to and sent directly to the utility provider.

If the landlord reports a flat fee for specific utilities the flat monthly fee should be added to the monthly rent amount rather than giving the family a utility allowance for that utility. For example, if the complex charges a flat fee of \$10.00 a month for water and \$500.00 for rent

change the rent figure to \$510.00 and provide no utility allowance for water to the utility provider.

### **11-III.C. NOTIFICATION OF NEW FAMILY SHARE AND HAP AMOUNT**

The PHA 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 notice will state the family has the right to request an explanation of how the assistance was calculated and if the family disagrees, they have the right to informal hearing. The notice will include the procedures for requesting an informal hearing. 24 CFR 982.555(a)(1)(i) (see Chapter 16).

### **11-III.D. DISCREPANCIES**

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