

## Chapter 7

### VERIFICATION

[24 CFR 982.516, 24 CFR 982.551, 24 CFR 5.230]

#### INTRODUCTION

The HHA must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain the family's consent to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The HHA must not pass on the cost of verification to the family.

The HHA will follow the verification guidance provided by HUD in PIH Notice 2004-01 Verification Guidance and any subsequent guidance issued by HUD. This chapter summarizes those requirements and provides supplementary HHA policies.

Part I describes the general verification process. More detailed requirements related to individual factors are provided in subsequent parts including family information (Part II), income and assets (Part III), and mandatory deductions (Part IV).

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the HHA.

#### PART I. GENERAL VERIFICATION REQUIREMENTS

##### 7-I.A. FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 982.516 AND 982.551, 24 CFR 5.230]

The family must supply any information that the HHA or HUD determines is necessary to the administration of the program and must consent to HHA verification of that information [24 CFR 982.551].

##### Consent Forms

It is required that all adult applicants and participants sign form HUD-9886, Authorization for Release of Information. The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the HHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

**Penalties for Failing to Consent [24 CFR 5.232]**

If any family member who is required to sign a consent form fails to do so, the HHA will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with HHA procedures.

**7-I.B. OVERVIEW OF VERIFICATION REQUIREMENTS****HUD's Verification Hierarchy**

HUD authorizes the HHA to use five methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the HHA to use the most reliable form of verification that is available and to document the reasons when the HHA uses a lesser form of verification.

HHA Policy

In order of priority, the forms of verification that the HHA will use are:

- Enterprise Income Verification (EIV) whenever available
- Third-party Written Verification
- Third-party Oral Verification
- Review of Documents
- Self-Certification

Each of the verification methods is discussed in subsequent sections below. Exhibit 7-1 at the end of the chapter contains an excerpt from the notice that provides guidance with respect to how each method may be used.

**Requirements for Acceptable Documents**HHA Policy

Any documents used for verification must be the original (not photocopies) and generally must be dated within 60 calendar days of the date they are provided to the HHA. The documents must not be damaged, altered or in any way illegible.

The HHA will accept documents dated within 60 days from the date of the interview if the document represents the most recent scheduled report from a source. For example, if the holder of a pension annuity provides semi-annual reports, the HHA would accept the most recent report.

Print-outs from web pages are considered original documents.

The HHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed, and sign the copy.

Any family self-certifications must be made in a format acceptable to the HHA and must be signed in the presence of a HHA representative.

### **File Documentation**

The HHA must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the HHA has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

### **7-I.C. ENTERPRISE INCOME VERIFICATION (EIV)**

Enterprise income verification (EIV) refers to the HHA's use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. EIV will be used to the extent that these systems are available to the HHA.

#### HHA Policy

The HHA will inform all applicants and participants of its use of the following EIV resources during the admission and reexamination process:

HUD's EIV system

The HHA must restrict access to and safeguard EIV data in accordance with HUD guidance on security procedures, as issued and made available by HUD.

There may be legitimate differences between the information provided by the family and EIV-generated information. In case of disputes, no adverse action can be taken against a family until the HHA has independently verified the EIV information and the family has been granted an opportunity to contest any adverse findings through the informal review/hearing process of the HHA if requested.

### **Definition of Substantial Difference**

EIV information is used differently depending upon whether there is a *substantial difference* between information provided by the family and the EIV information. In "HUD Guidelines for Projecting Annual Income When EIV Data is Available" [HUD website, April 2004], HUD recommends using \$200 per month as the threshold for a substantial difference. The HHA will therefore use \$200 per month as the threshold for a substantial difference.

See Chapter 6 for the HHA's policy on the use of EIV to project annual income and for the HHA's threshold for substantial difference.

### **When No Substantial Difference Exists**

If EIV information does not differ substantially from family information, the EIV documentation may serve as third-party written verification.

### **When a Substantial Difference Exists**

When there is a substantial difference between the information provided by the EIV source and the family, the HHA must request another form of third-party written verification and use any other verification methods (in priority order) to reconcile the difference(s).

### **Use of HUD's Enterprise Income Verification (EIV) System**

HUD's EIV system contains data showing earned income, unemployment benefits, Social Security and SSI benefits for participant families. HUD requires the HHA to use the EIV system when available. The following policies will apply when the HHA has access to HUD's EIV system.

The EIV system contains two main components: tenant income data reports and "exceeds threshold" reports.

#### ***Enterprise Income Verification (EIV) Reports***

The data shown on EIV reports is updated quarterly. Data may be between 3 and 6 months old at the time reports are generated.

#### **HHA Policy**

The HHA will obtain EIV reports for annual reexaminations on a monthly basis. Reports will be generated as part of the regular reexamination process.

EIV reports will be compared to family-provided information as part of the annual reexamination process. EIV reports may be used in the calculation of annual income, as described in Chapter 6.I.C. EIV reports may also be used to meet the regulatory requirement for third party verification, as described above. Policies for resolving discrepancies between EIV reports and family-provided information will be resolved as described in Chapter 6.I.C. and in this chapter.

EIV reports will be used in interim reexaminations when it is necessary to verify and calculate earned income, unemployment benefits, Social Security and/or SSI benefits.

EIV reports will be retained in participant files with the applicable annual or interim reexamination documents.

When the HHA determines through EIV reports and third party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.

***INCOME DISCREPANCY REPORT***

The Income Discrepancy report is a tool for identifying families who may have concealed or under-reported income. Data in the Income Discrepancy report represents income for past reporting periods and may be between 6 months and 30 months old at the time ETRs are generated.

Families who have not concealed or under-reported income may appear on the Income Discrepancy Report in some circumstances, such as loss of a job or addition of new family members.

**HHA Policy**

The HHA will generate and review Income Discrepancy Reports on a monthly basis. The Income Discrepancy Report threshold percentage will be adjusted as necessary based on the findings in the Income Discrepancy Reports.

In reviewing Income Discrepancy Reports, the HHA will begin with the largest discrepancies.

When the HHA determines that a participant appearing on the Income Discrepancy Report has not concealed or under-reported income, the participant's name will be placed on a list of "false positive" reviews. To avoid multiple reviews in this situation, participants appearing on this list will be eliminated from Income Discrepancy Report processing until a subsequent interim or annual reexamination has been completed.

When it appears that a family may have concealed or under-reported income, the HHA will request third-party written verification of the income in question.

When the HHA determines through Income Discrepancy Report review and third party verification that a family has concealed or under-reported income, corrective action will be taken pursuant to the policies in Chapter 14, Program Integrity.

***EIV Identity Verification***

The EIV system verifies tenant identities against SSA records. These records are compared to PIC data for a match on Social Security number, name, and date of birth.

When identity verification for a participant fails, a message will be displayed within the EIV system and no income information will be displayed.

**HHA Policy**

The HHA will identify participants whose identity verification has failed as part of the annual reexamination process.

The HHA will attempt to resolve PIC/SSA discrepancies by reviewing file documents. When the HHA determines that discrepancies exist due to HHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

## **7-I.D. THIRD-PARTY WRITTEN AND ORAL VERIFICATION**

### **Reasonable Effort and Timing**

Unless third-party verification is not required as described below, HUD requires the HHA to make at least two unsuccessful attempts to obtain third-party verification before using another form of verification [VG, p. 15].

#### HHA Policy

The HHA will diligently seek third-party verification using a combination of written and oral requests to verification sources. Information received orally from third parties may be used either to clarify information provided in writing by the third party or as independent verification when written third-party verification is not received in a timely fashion.

The HHA may mail, fax, e-mail, or hand deliver third-party written verification requests and will accept third-party responses using any of these methods. The HHA will send a written request for verification to each required source within 5 business days of securing a family's authorization for the release of the information and give the source 10 business days to respond in writing. If a response has not been received by the 11<sup>th</sup> business day, the HHA will request third-party oral verification.

The HHA will make a minimum of two attempts, one of which may be oral, to obtain third-party verification. A record of each attempt to contact the third-party source (including no-answer calls) and all contacts with the source will be documented in the file. Regarding third-party oral verification, HHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the HHA will accept the verbal response as oral verification but will also request that the source complete and return any verification forms that were provided.

If a third party agrees to confirm in writing the information provided orally, the HHA will wait no more than 5 business days for the information to be provided. If the information is not provided by the 6<sup>th</sup> business day, the HHA will use any information provided orally in combination with reviewing family-provided documents.

### **When Third-Party Information is Late**

When third-party verification has been requested and the timeframes for submission have been exceeded, the HHA will use the information from documents on a provisional basis. If the HHA later receives third-party verification that differs from the amounts used in income and rent determinations and it is past the deadline for processing the reexamination, the HHA will conduct an interim reexamination to adjust the figures used for the reexamination, regardless of the HHA's interim reexamination policy.

### **When Third-Party Verification is Not Required**

***Primary Documents***

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

***Certain Assets and Expenses***

The HHA will accept a self-certification from a family as verification of assets disposed of for less than fair market value [HCV GB, p. 5-28].

The HHA will determine that third-party verification is not available if the asset or expense involves an insignificant amount, making it not cost-effective or reasonable to obtain third-party verification [VG, p. 15].

**HHA Policy**

The HHA will use review of documents in lieu of requesting third-party verification when the market value of an individual asset or an expense is less than \$500 annually *and* the family has original documents that support the declared amount.

***Certain Income, Asset and Expense Sources***

The HHA will determine that third-party verification is not available when it is known that an income source does not have the ability to provide written or oral third-party verification [VG, p. 15]. For example, the HHA will rely upon review of documents when the HHA determines that a third party's privacy rules prohibit the source from disclosing information.

**HHA Policy**

The HHA also will determine that third-party verification is not available when there is a service charge for verifying an asset or expense *and* the family has original documents that provide the necessary information.

If the family cannot provide original documents, the HHA will pay the service charge required to obtain third-party verification, unless it is not cost effective in which case a self-certification will be acceptable as the only means of verification. The cost of verification will not be passed on to the family.

The cost of postage and envelopes to obtain third-party verification of income, assets, and expenses is not an unreasonable cost [VG, p. 18].

**7-I.E. REVIEW OF DOCUMENTS****Using Review of Documents as Verification****HHA Policy**

If the HHA has determined that third-party verification is not available or not required, the HHA will use documents provided by the family as verification.

The HHA may also review documents when necessary to help clarify information provided by third parties. In such cases the HHA will document in the file how the HHA arrived at a final conclusion about the income or expense to include in its calculations.

**7-I.F. SELF-CERTIFICATION**

HHA Policy

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the HHA.

The HHA may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the HHA and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a HHA representative or HHA notary public.

**PART II. VERIFYING FAMILY INFORMATION**

**7-II.A. VERIFICATION OF LEGAL IDENTITY**

HHA Policy

The HHA will require families to furnish verification of legal identity for each household member.

<b>Verification of Legal Identity for Adults</b>	<b>Verification of Legal Identity for Children</b>
Certificate of birth, naturalization papers Church issued baptismal certificate Current, valid driver's license or Department of Motor Vehicles identification card U.S. military discharge (DD 214) U.S. passport Employer identification card	Certificate of birth Adoption papers Custody agreement Health and Human Services ID School records

If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required.

If none of these documents can be provided and at the HHA’s discretion, a third party who knows the person may attest to the person’s identity. The certification must be provided in a format acceptable to the HHA and be signed in the presence of a HHA representative or HHA notary public.

Legal identity will be verified on an as needed basis.



**7-II.B. SOCIAL SECURITY NUMBERS [24 CFR 5.216 and HCV GB, p. 5-12]**

For every family member, the family must provide documentation of a valid social security number (SSN), or a self-certification stating that no SSN has been issued. The self-certification must be executed personally by any family member 18 or older, or by a parent or guardian for a minor.

HHA Policy

The HHA requires review of the original; however, HHA will also accept the following documents as evidence if the SSN is provided on the document:

Driver's license

Other identification card issued by a federal, state, or local agency, a medical insurance company or provider, or employer or trade union

Payroll stubs

Benefit award letters from government agencies; retirement benefit letters; life insurance policies

Court records (real estate, tax notices, marriage and divorce, judgment or bankruptcy records)

If the family reports an SSN but cannot provide acceptable documentation of the number, the HHA will require a self-certification stating that documentation of the SSN cannot be provided at this time. The HHA will require documentation of the SSN within 60 calendar days from the date of the family member's self-certification mentioned above. If the family is an applicant, assistance cannot be provided until proper documentation of the SSN is provided.

HHA Policy

The HHA will instruct the family to obtain a duplicate card from the local Social Security Administration (SSA) office.

For individuals who are at least 62 years of age and are unable to submit the required documentation of their SSN within the initial 60-day period, the HHA will grant an additional 60 calendar days to provide documentation.

Social security numbers must be verified only once during continuously-assisted occupancy.

If any family member obtains an SSN after admission to the program, the new SSN must be disclosed at the next regularly scheduled reexamination. In addition, if a child reaches the age of 6 and has no SSN, the parent or guardian must execute a self-certification stating that the child has no SSN at the next regularly scheduled reexamination.

The social security numbers of household members, such as live-in aids, must be verified for the purpose of conducting criminal background checks.

**7-II.C. DOCUMENTATION OF AGE**

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable.

**HHA Policy**

If an official record of birth or evidence of social security retirement benefits cannot be provided, the HHA will require the family to submit other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded) and to provide a self-certification.

Age must be verified only once during continuously-assisted occupancy.

**7-II.D. FAMILY RELATIONSHIPS**

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter.

**HHA Policy**

Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.

**Marriage****HHA Policy**

Certification by the head of household is normally sufficient verification. If the HHA has reasonable doubts about a marital relationship, the HHA will require the family to document the marriage.

A marriage certificate generally is required to verify that a couple is married.

In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married (e.g., by telling the community they are married, calling each other husband and wife, using the same last name, filing joint income tax returns).

**Separation or Divorce****HHA Policy**

Certification by the head of household is normally sufficient verification. If the HHA has reasonable doubts about a separation or divorce, the HHA will require the family to document the divorce, or separation.

A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced.

A copy of a court-ordered maintenance or other court record is required to document a separation.

If no court document is available, documentation from a community-based agency will be accepted.

**Absence of Adult Member**

HHA Policy

If an adult member who was formerly a member of the household is reported to be permanently absent, the family must provide evidence to support that the person is no longer a member of the family (e.g., documentation of another address at which the person resides such as a lease or utility bill).

**Foster Children and Foster Adults**

HHA Policy

Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required.

**7-III.E. VERIFICATION OF STUDENT STATUS**

HHA Policy

The HHA requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

The family claims full-time student status for an adult other than the head, spouse, or cohead, or

The family claims a child care deduction to enable a family member to further his or her education.

The family claims an income exclusion because the student is receiving earned income and only the first \$480 is included as income.

**7-II.F. DOCUMENTATION OF DISABILITY**

The HHA must verify the existence of a disability in order to allow certain income disallowances and deductions from income. The HHA is not permitted to inquire about the nature or extent of a person's disability [24 CFR 100.202(c)]. The HHA may not inquire about a person's diagnosis or details of treatment for a disability or medical condition. If the HHA receives a verification document that provides such information, the HHA will not place this information in the tenant file. Under no circumstances will the HHA request a participant's medical record(s). For more information on health care privacy laws, see the Department of Health and Human Services' website at [www.os.dhhs.gov](http://www.os.dhhs.gov).

The above cited regulation does not prohibit the following inquiries, provided these inquiries are made of all applicants, whether or not they are persons with disabilities [VG, p. 24]:

- Inquiry into an applicant's ability to meet the requirements of ownership or tenancy
- Inquiry to determine whether an applicant is qualified for a dwelling available only to persons with disabilities or to persons with a particular type of disability
- Inquiry to determine whether an applicant for a dwelling is qualified for a priority available to persons with disabilities or to persons with a particular type of disability
- Inquiring whether an applicant for a dwelling is a current illegal abuser or addict of a controlled substance
- Inquiring whether an applicant has been convicted of the illegal manufacture or distribution of a controlled substance

**Family Members Receiving SSA Disability Benefits**

Verification of the receipt of disability benefits from the Social Security Administration (SSA) is sufficient verification of disability for the purpose of qualifying for waiting list preferences (if applicable) or certain income disallowances and deductions [VG, p. 23].

**HHA Policy**

For family members claiming disability who receive disability benefits from the SSA, the HHA will attempt to obtain information about disability benefits through the HUD Enterprise Income Verification (EIV) system when it is available, or HUD's Tenant Assessment Subsystem (TASS). If documentation from HUD's EIV System or TASS is not available, the HHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming disability status. If the family is unable to provide the document(s), the HHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from [www.ssa.gov](http://www.ssa.gov). Once the applicant or participant receives the benefit verification letter they will be required to provide it to the HHA.

**Family Members Not Receiving SSA Disability Benefits**

Receipt of veteran's disability benefits, worker's compensation, or other non-SSA benefits based on the individual's claimed disability are not sufficient verification that the individual meets HUD's definition of disability in 24 CFR 5.603.

#### HHA Policy

For family members claiming disability who do not receive disability benefits from the SSA, a knowledgeable professional must provide third-party verification that the family member meets the HUD definition of disability. See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition.

## **7-II.G. CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]**

### **Overview**

Housing assistance is not available to persons who are not citizens, nationals, or eligible immigrants. Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and HHA verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, an eligible noncitizen or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during continuously-assisted occupancy. Verification of non-citizens having temporary status will need to be re-verified prior to the expiration date. [24 CFR 5.508(g)(5)]

### **U.S. Citizens and Nationals**

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

The HHA may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation.

#### HHA Policy

Family members who claim U.S. citizenship or national status will be required to provide additional documentation such as a birth certificate.

**Eligible Immigrants*****Documents Required***

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible non-citizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. Exhibit 7-2 at the end of this chapter summarizes documents family members must provide.

***HHA Verification*** [HCV GB, pp. 5-3 and 5-7]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in 7-II.C. of this plan. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, the HHA must verify immigration status with the United States Citizenship and Immigration Services (USCIS).

The HHA will follow all USCIS protocols for verification of eligible immigration status.

**7-II.H. VERIFICATION OF PREFERENCE STATUS**

The HHA must verify any preferences claimed by an applicant.

**HHA Policy**

The HHA will offer a preference to any family that has been terminated from its HCV program due to insufficient program funding. The HHA will verify this preference using the HHA's termination records.

**PART III. VERIFYING INCOME AND ASSETS**

Chapter 6, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides HHA policies that supplement the general verification procedures specified in Part I of this chapter.

**7-III.A. EARNED INCOME****Tips****HHA Policy**

Unless tip income is included in a family member's W-2 by the employer, persons who work in industries where tips are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

**7-III.B. BUSINESS AND SELF-EMPLOYMENT INCOME**HHA Policy

Business owners and self-employed persons will be required to provide:

An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.

All schedules completed for filing federal and local taxes in the preceding year.

If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The HHA will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy at all future reexaminations.

At any reexamination the HHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

If a family member has been self-employed less than three (3) months, the HHA will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three (3) to twelve (12) months the HHA will require the family to provide documentation of income and expenses for this period and use that information to project income.

**7-III.C. PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS****Social Security/SSI Benefits**HHA Policy

To verify the SS/SSI benefits of applicants, the HHA will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the HHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from [www.ssa.gov](http://www.ssa.gov). Once the applicant has received the benefit verification letter they will be required to provide it to the HHA.

To verify the SS/SSI benefits of participants, the HHA will obtain information about social security/SSI benefits through the HUD EIV System or the Tenant Assessment Subsystem (TASS). If benefit information is not available in HUD systems, the HHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the HHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-

1213, or by requesting it from [www.ssa.gov](http://www.ssa.gov). Once the participant has received the benefit verification letter they will be required to provide it to the HHA.

### **7-III.D. ALIMONY OR CHILD SUPPORT**

#### HHA Policy

The way the HHA will seek verification for alimony and child support differs depending on whether the family declares that it receives regular payments.

If the family declares that it *receives regular payments*, verification will be sought in the following order.

If payments are made through a state or local entity, the HHA will request a record of payments for the past 12 months and request that the entity disclose any known information about the likelihood of future payments.

Third-party verification from the person paying the support

Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules

Copy of the latest check and/or payment stubs

Family's self-certification of amount received and of the likelihood of support payments being received in the future, or that support payments are not being received.

If the family declares that it *receives irregular or no payments*, in addition to the verification process listed above, the family must provide evidence that it has taken all reasonable efforts to collect amounts due. This may include:

A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts

If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

Note: Families are not required to undertake independent enforcement action.



### **7-III.E. ASSETS AND INCOME FROM ASSETS**

#### **Assets Disposed of for Less than Fair Market Value**

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The HHA needs to verify only those certifications that warrant documentation [HCV GB, p. 5-28].

#### HHA Policy

The HHA will verify the value of assets disposed of only if:

The HHA does not already have a reasonable estimation of its value from previously collected information, or

The amount reported by the family in the certification appears obviously in error.

Example 1: An elderly participant reported a \$10,000 certificate of deposit at the last annual reexamination and the HHA verified this amount. Now the person reports that she has given this \$10,000 to her son. The HHA has a reasonable estimate of the value of the asset; therefore, re-verification of the value of the asset is not necessary.

Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately 5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the HHA will verify the value of this asset.

### **7-III.F. NET INCOME FROM RENTAL PROPERTY**

#### HHA Policy

The family must provide:

A current executed lease for the property that shows the rental amount or certification from the current tenant

A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, the HHA will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

**7-III.G. RETIREMENT ACCOUNTS**HHA Policy

When third-party verification is not available the type of original document that will be accepted depends upon the family member's retirement status.

*Before* retirement, the HHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 6 months from the effective date of the examination.

*Upon* retirement, the HHA will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.

*After* retirement, the HHA will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments.

**7-III.H. INCOME FROM EXCLUDED SOURCES**

A detailed discussion of excluded income is provided in Chapter 6, Part I.

The HHA must obtain verification for income exclusions only if, without verification, the HHA would not be able to determine whether the income is to be excluded. For example: If a family's 16 year old has a job at a fast food restaurant, the HHA will confirm that HHA records verify the child's age but will not send a verification request to the restaurant. However, if a family claims the earned income disallowance for a source of income, both the source and the income must be verified.

HHA Policy

The HHA will reconcile differences in amounts reported by the third party and the family only when the excluded amount is used to calculate the family share (as is the case with the earned income disallowance). In all other cases, the HHA will report the amount to be excluded as indicated on documents provided by the family.

**7-III.I. ZERO ANNUAL INCOME STATUS**

Families claiming to have no annual income will be required to execute verification forms to determine that certain forms of income such as unemployment benefits, TANF, SSI, etc. are not being received by the household.

## **PART IV. VERIFYING MANDATORY DEDUCTIONS**

### **7-IV.A. DEPENDENT AND ELDERLY/DISABLED HOUSEHOLD DEDUCTIONS**

The dependent and elderly/disabled family deductions require only that the HHA verify that the family members identified as dependents or elderly/disabled persons meet the statutory definitions. No further verifications are required.

#### **Dependent Deduction**

See Chapter 6 (6-II.B.) for a full discussion of this deduction. The HHA will verify that:

- Any person under the age of 18 for whom the dependent deduction is claimed is not the head, spouse, or cohead of the family and is not a foster child
- Any person age 18 or older for whom the dependent deduction is claimed is not a foster adult or live-in aide, and is a person with a disability or a full time student

#### **Elderly/Disabled Family Deduction**

See Eligibility chapter for a definition of elderly and disabled families and Chapter 6 (6-II.C.) for a discussion of the deduction. The HHA will verify that the head, spouse, or cohead is 62 years of age or older or a person with disabilities.

### **7-IV.B. MEDICAL EXPENSE DEDUCTION**

Policies related to medical expenses are found in 6-II.D. The amount of the deduction will be verified following the standard verification procedures described in Part I.

#### **Amount of Expense**

##### HHA Policy

The HHA will provide a third-party verification form directly to the medical provider requesting the needed information.

Medical expenses will be verified through:

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make medical expense payments and/or printouts or receipts from the source will be used. In this case the HHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The HHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming 12 months.

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming 12 months

In addition, the HHA must verify that:

- The household is eligible for the deduction.
- The costs to be deducted are qualified medical expenses.
- The expenses are not paid for or reimbursed by any other source.
- Costs incurred in past years are counted only once.

**Eligible Household**

The medical expense deduction is permitted only for households in which the head, spouse, or cohead is at least 62, or a person with disabilities. The HHA will verify that the family meets the definition of an elderly or disabled family provided in the Eligibility chapter and as described in Chapter 7 (7-IV.A.) of this plan.

**Qualified Expenses**

To be eligible for the medical expenses deduction, the costs must qualify as medical expenses. See Chapter 6 (6-II.D.) for the HHA’s policy on what counts as a medical expense.

**Unreimbursed Expenses**

To be eligible for the medical expenses deduction, the costs must not be reimbursed by another source.

HHA Policy

The family will be required to certify that the medical expenses are not paid or reimbursed to the family from any source.

**Expenses Incurred in Past Years**

HHA Policy

When anticipated costs are related to on-going payment of medical bills incurred in past years, the HHA will verify:

The anticipated repayment schedule

The amounts paid in the past, and

Whether the amounts to be repaid have been deducted from the family’s annual income in past years

**7-IV.C. DISABILITY ASSISTANCE EXPENSES**

Policies related to disability assistance expenses are found in 6-II.E. The amount of the deduction will be verified following the standard verification procedures described in Part I.

**Amount of Expense*****Attendant Care***HHA Policy

The HHA will provide a third-party verification form directly to the care provider requesting the needed information.

Expenses for attendant care will be verified through:

Third-party verification form signed by the provider, when possible

If third-party is not possible, copies of cancelled checks used to make attendant care payments and/or receipts from care source

If third-party or document review is not possible, written family certification as to costs anticipated to be incurred for the upcoming 12 months

***Auxiliary Apparatus***HHA Policy

Expenses for auxiliary apparatus will be verified through:

Third-party verification of anticipated purchase costs of auxiliary apparatus

If third-party is not possible, billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming 12 months

If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming 12 months

In addition, the HHA must verify that:

- The family member for whom the expense is incurred is a person with disabilities (as described in 7-II.F above).
- The expense permits a family member, or members, to work (as described in 6-II.E.).
- The expense is not reimbursed from another source (as described in 6-II.E.).
- The expense does not exceed the amount of the earned income of the individual freed for work.

**Family Member is a Person with Disabilities**

To be eligible for the disability assistance expense deduction, the costs must be incurred for attendant care or auxiliary apparatus expense associated with a person with disabilities. The HHA will verify that the expense is incurred for a person with disabilities (See 7-II.F.).

**Family Member(s) Permitted to Work**

The HHA must verify that the expenses claimed actually enable a family member, or members, (including the person with disabilities) to work.

HHA Policy

The HHA will seek third-party verification from a Rehabilitation Agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6-II.E.).

If third-party and document review verification has been attempted and is either unavailable or proves unsuccessful, the family must certify that the disability assistance expense frees a family member, or members (possibly including the family member receiving the assistance), to work.

**Unreimbursed Expenses**

To be eligible for the disability expenses deduction, the costs must not be reimbursed by another source.

HHA Policy

An attendant care provider will be asked to certify that, to the best of the provider's knowledge, the expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that attendant care or auxiliary apparatus expenses are not paid by or reimbursed to the family from any source.

**7-IV.D. CHILD CARE EXPENSES**

Policies related to child care expenses are found in Chapter 6 (6-II.F). The amount of the deduction will be verified following the standard verification procedures described in Part I of this chapter. In addition, the HHA must verify that:

- The child is eligible for care.
- The costs claimed are not reimbursed.
- The costs enable a family member to pursue an eligible activity.
- The costs are for an allowable type of child care.

- The costs are reasonable if seeking employment or furthering education.

**Eligible Child**

To be eligible for the child care deduction, the costs must be incurred for the care of a child under the age of 13. The HHA will verify that the child being cared for (including foster children) is under the age of 13 (See 7-II.C.).

**Unreimbursed Expense**

To be eligible for the child care deduction, the costs must not be reimbursed by another source.

**HHA Policy**

The child care provider will be asked to certify that, to the best of the provider's knowledge, the child care expenses are not paid by or reimbursed to the family from any source.

The family will be required to certify that the child care expenses are not paid by or reimbursed to the family from any source.

**Pursuing an Eligible Activity**

The HHA must verify that the family member(s) that the family has identified as being enabled to seek work, pursue education, or be gainfully employed, are actually pursuing those activities.

**HHA Policy***Information to be Gathered*

The HHA will verify information about how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the time required for study (for students), the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

*Seeking Work*

Whenever possible the HHA will use documentation from a state or local agency that monitors work-related requirements (e.g., welfare or unemployment). In such cases the HHA will request verification from the agency of the member's job seeking efforts to date and require the family to submit to the HHA any reports provided to the other agency.

In the event third-party verification is not available, the HHA will provide the family with a form on which the family member must record job search efforts. The HHA will review this information at each subsequent reexamination for which this deduction is claimed.

*Furthering Education*

The HHA will ask that the academic or vocational educational institution verify that the person permitted to further his or her education by the child care is enrolled and provide information about the timing of classes for which the person is registered.

#### *Gainful Employment*

The HHA will seek verification from the employer of the work schedule of the person who is permitted to work by the child care. In cases in which two or more family members could be permitted to work, the work schedules for all relevant family members may be verified.

### **Allowable Type of Child Care**

The type of care to be provided is determined by the family, but must fall within certain guidelines, as discussed in Chapter 6.

#### HHA Policy

The HHA will verify that the type of child care selected by the family is allowable, as described in Chapter 6 (6-II.F).

The HHA will verify that the fees paid to the child care provider cover only child care costs (e.g., no housekeeping services or personal services) and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

The HHA will verify the child care provider is not a family member residing in the household. Verification will be made through the head of household's declaration of family members who are expected to reside in the unit.

### **Reasonableness of Expenses**

Only reasonable child care costs can be deducted for seeking employment or furthering education.

#### HHA Policy

The actual costs the family incurs will be compared with the HHA's established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable. HHA will use local welfare agency guidelines.

If the family presents a justification for costs that exceed typical costs in the area, the HHA will request additional documentation, as required, to support a determination that the higher cost is appropriate.



**EXHIBIT 7-1: EXCERPT FROM HUD VERIFICATION GUIDANCE  
NOTICE (PIH 2004-01, pp. 11-14)**

<b>Upfront (UIV)</b>	<b>Highest (Highly Recommended, highest level of third party verification)</b>
<b>Written 3<sup>rd</sup> Party</b>	<b>High (Mandatory if upfront income verification is not available or if UIV data differs substantially from tenant-reported information)</b>
<b>Oral 3<sup>rd</sup> Party</b>	<b>Medium (Mandatory if written third party verification is not available)</b>
<b>Document Review</b>	<b>Medium-Low (Use on provisional basis)</b>
<b>Tenant Declaration</b>	<b>Low (Use as a last resort)</b>

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	<b>(LEVEL 5)</b>	<b>(LEVEL 4)</b>	<b>(LEVEL 3)</b>	<b>(LEVEL 2)</b>	<b>(LEVEL 1)</b>
Wages/Salaries	Use of computer matching agreements with a State Wage Information Collection Agency (SWICA) to obtain wage information electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the independent sources to obtain wage information.	In the event the independent source does not respond to the PHA’s written request for information, the PHA may contact the independent source by phone or make an in person visit to obtain the requested information.	When neither form of third party verification can be obtained, the PHA may accept original documents such as consecutive pay stubs (HUD recommends the PHA review at least three months of pay stubs, if employed by the same employer for three months or more), W-2 forms, etc. from the tenant. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares the family’s total annual income from earnings. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.
	Agreements with private vendor agencies, such as The Work Number or ChoicePoint to obtain wage and salary information.	The PHA may have the tenant sign a Request for Earnings Statement from the SSA to confirm past earnings. The PHA mails the form to SSA and the statement will be sent to the address the PHA specifies on the form.			
	Use of HUD systems, when available.				
<p><b>Verification of Employment Income:</b> The PHA should always obtain as much information as possible about the employment, such as start date (new employment), termination date (previous employment), pay frequency, pay rate, anticipated pay increases in the next twelve months, year-to-date earnings, bonuses, overtime, company name, address and telephone number, name and position of the person completing the employment verification form.</p> <p><b>Effective Date of Employment:</b> The PHA should always confirm start and termination dates of employment.</p>					

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Self-Employment	Not Available	The PHA mails or faxes a verification form directly to sources identified by the family to obtain income information.	The PHA may call the source to obtain income information.	The PHA may accept any documents (i.e. tax returns, invoices and letters from customers) provided by the tenant to verify self-employment income. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not obtained.	The PHA may accept a notarized statement or affidavit from the tenant that declares the family's total annual income from self-employment. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.
<p><b>Verification of Self-Employment Income:</b> Typically, it is a challenge for PHAs to obtain third party verification of self-employment income. When third party verification is not available, the PHA should always request a notarized tenant declaration that includes a perjury statement.</p>					
Social Security Benefits	Use of HUD Tenant Assessment System (TASS) to obtain current benefit history and discrepancy reports.	The PHA mails or faxes a verification form directly to the local SSA office to obtain social security benefit information. <b>(Not Available in some areas because SSA makes this data available through TASS. SSA encourages PHAs to use TASS.)</b>	The PHA may call SSA, with the tenant on the line, to obtain current benefit amount. <b>(Not Available in some areas because SSA makes this data available through TASS. SSA encourages PHAs to use TASS.)</b>	The PHA may accept an original SSA Notice from the tenant. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly social security benefits. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.
Welfare Benefits	Use of computer matching agreements with the local Social Services Agency to obtain current benefit amount electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the local Social Services Agency to obtain welfare benefit information.	The PHA may call the local Social Services Agency to obtain current benefit amount.	The PHA may review an original award notice or printout from the local Social Services Agency provided by the tenant. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly welfare benefits. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.

Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Child Support	Use of agreement with the local Child Support Enforcement Agency to obtain current child support amount and payment status electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the local Child Support Enforcement Agency or child support payer to obtain current child support amount and payment status.	The PHA may call the local Child Support Enforcement Agency or child support payer to obtain current child support amount and payment status.	The PHA may review an original court order, notice or printout from the local Child Support Enforcement Agency provided by the tenant to verify current child support amount and payment status. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares current child support amount and payment status. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.
Unemployment Benefits	<p>Use of computer matching agreements with a State Wage Information Collection Agency to obtain unemployment compensation electronically, by mail or fax or in person.</p> <p>Use of HUD systems, when available.</p>	The PHA mails, faxes, or e-mails a verification form directly to the State Wage Information Collection Agency to obtain unemployment compensation information.	The PHA may call the State Wage Information Collection Agency to obtain current benefit amount.	The PHA may review an original benefit notice or unemployment check stub, or printout from the local State Wage Information Collection Agency provided by the tenant. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares unemployment benefits. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.
Pensions	Use of computer matching agreements with a Federal, State, or Local Government Agency to obtain pension information electronically, by mail or fax or in person.	The PHA mails, faxes, or e-mails a verification form directly to the pension provider to obtain pension information.	The PHA may call the pension provider to obtain current benefit amount.	The PHA may review an original benefit notice from the pension provider provided by the tenant. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.	The PHA may accept a notarized statement or affidavit from the tenant that declares monthly pension amounts. <b>Note:</b> The PHA must document in the tenant file, the reason third party verification was not available.



Income Type	Upfront	Written Third Party	Oral Third Party	Document Review	Tenant Declaration
	(LEVEL 5)	(LEVEL 4)	(LEVEL 3)	(LEVEL 2)	(LEVEL 1)
Assets	Use of cooperative agreements with sources to obtain asset and asset income information electronically, by mail or fax or in person.	The PHA mails, faxes, or emails a verification form directly to the source to obtain asset and asset income information.	The PHA may call the source to obtain asset and asset income information.	The PHA may review original documents provided by the tenant. <b>Note: The PHA must document in the tenant file, the reason third party verification was not available.</b>	The PHA may accept a notarized statement or affidavit from the tenant that declares assets and asset income. <b>Note: The PHA must document in the tenant file, the reason third party verification was not available.</b>
Comments	Whenever HUD makes available wage, unemployment, and SSA information, the PHA should use the information as part of the reexamination process. Failure to do so may result in disallowed costs during a RIM review.	<b>Note:</b> The independent source completes the form and returns the form directly to the PHA. Agency. The tenant should not hand carry documents to or from the independent source.	The PHA should document in the tenant file, the date and time of the telephone call or in person visit, along with the name and title of the person that verified the current income amount.		The PHA should use this verification method as a last resort, when all other verification methods are not possible or have been unsuccessful. <b>Notarized statement should include a perjury penalty statement.</b>
<b>Note:</b> The PHA must not pass verification costs along to the participant.					
<b>Note:</b> In cases where the PHA cannot reliably project annual income, the PHA may elect to complete regular interim reexaminations (this policy should be apart of the PHA’s written policies.)					

<b>EXHIBIT 7-2: SUMMARY OF DOCUMENTATION REQUIREMENTS FOR NONCITIZENS [HCV GB, pp. 5-9 and 5-10]</b>	
<ul style="list-style-type: none"> <li>• All noncitizens claiming eligible status must sign a declaration of eligible immigrant status on a form acceptable to the HHA.</li> <li>• Except for persons 62 or older, all noncitizens must sign a verification consent form</li> <li>• Additional documents are required based upon the person's status.</li> </ul>	
<b>Elderly Noncitizens</b>	
<ul style="list-style-type: none"> <li>• A person 62 years of age or older who claims eligible immigration status also must provide proof of age such as birth certificate, passport, or documents showing receipt of SS old-age benefits.</li> </ul>	
<b>All other Noncitizens</b>	
<ul style="list-style-type: none"> <li>• Noncitizens that claim eligible immigration status also must present the applicable USCIS document. Acceptable USCIS documents are listed below.</li> </ul>	
<ul style="list-style-type: none"> <li>• Form I-551 Alien Registration Receipt Card (for permanent resident aliens)</li> <li>• Form I-94 Arrival-Departure Record annotated with one of the following:                             <ul style="list-style-type: none"> <li>• “Admitted as a Refugee Pursuant to Section 207”</li> <li>• “Section 208” or “Asylum”</li> <li>• “Section 243(h)” or “Deportation stayed by Attorney General”</li> <li>• “Paroled Pursuant to Section 221 (d)(5) of the USCIS”</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Form I-94 Arrival-Departure Record with no annotation accompanied by:                             <ul style="list-style-type: none"> <li>• A final court decision granting asylum (but only if no appeal is taken);</li> <li>• A letter from a USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from a USCIS district director granting asylum (application filed before 10/1/90);</li> <li>• A court decision granting withholding of deportation; or</li> <li>• A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90).</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Form I-688 Temporary Resident Card annotated “Section 245A” or Section 210”.</li> </ul>	<ul style="list-style-type: none"> <li>• Form I-688B Employment Authorization Card annotated “Provision of Law 274a. 12(11)” or “Provision of Law 274a.12”.</li> </ul>
<ul style="list-style-type: none"> <li>• A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant’s entitlement to the document has been verified; or</li> <li>• Other acceptable evidence. If other documents are determined by the USCIS to constitute acceptable evidence of eligible immigration status, they will be announced by notice published in the <i>Federal Register</i></li> </ul>	

## Chapter 8

### HOUSING QUALITY STANDARDS AND RENT REASONABLENESS DETERMINATIONS

[24 CFR 982 Subpart I and 24 CFR 982.507]

#### INTRODUCTION

HUD requires that all units occupied by families receiving Housing Choice Voucher (HCV) assistance meet HUD's Housing Quality Standards (HQS) and permits the HHA to establish additional requirements. The use of the term "HQS" in this plan refers to the combination of both HUD and HHA established requirements. HQS inspections are required before the Housing Assistance Payments (HAP) Contract is signed and at least annually during the term of the contract.

HUD also requires HHA to determine that units rented by families assisted under the HCV program have rents that are reasonable when compared to comparable unassisted units in the market area.

This chapter explains HUD and HHA requirements related to housing quality and rent reasonableness as follows:

Part I. Physical Standards. This part discusses the physical standards required of units occupied by HCV-assisted families and identifies decisions about the acceptability of the unit that may be made by the family based upon the family's preference. It also identifies life-threatening conditions that must be addressed on an expedited basis.

Part II. The Inspection Process. This part describes the types of inspections the HHA will make and the steps that will be taken when units do not meet HQS.

Part III. Rent Reasonableness Determinations. This part discusses the policies the HHA will use to make rent reasonableness determinations.

Special HQS requirements for homeownership, manufactured homes, and other special housing types are discussed in Chapter 15 to the extent that they apply in this jurisdiction.

#### PART I: PHYSICAL STANDARDS

##### 8.I.A. GENERAL HUD REQUIREMENTS

##### HUD Performance and Acceptability Standards

HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:

- Sanitary facilities

- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

A summary of HUD performance criteria is provided in Attachment 8-1. Additional guidance on these requirements is found in the following HUD resources:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)
- HUD Notice 2003-31, Accessibility Notice: Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Architectural Barriers Act of 1968 and the Fair Housing Act of 1988.

### **Tenant Preference Items**

HUD requires the HHA to enforce minimum HQS but also requires that certain judgments about acceptability be left to the family. For example, the HHA must ensure that the unit contains the required sanitary facilities, but the family decides whether the cosmetic condition of the facilities is acceptable. Attachment 8-2 summarizes those items that are considered tenant preferences.

### **Modifications to Provide Accessibility**

Under the Fair Housing Act of 1988 an owner must not refuse the request of a family that contains a person with a disability to make necessary and reasonable modifications to the unit. Such modifications are at the family's expense. The owner may require restoration of the unit to its original condition if the modification would interfere with the owner or next occupant's full enjoyment of the premises. The owner may not increase a customarily required security deposit. However, the landlord may negotiate a restoration agreement that requires the family to restore the unit and, if necessary to ensure the likelihood of restoration, may require the tenant to pay a reasonable amount into an interest bearing escrow account over a reasonable period of time. The interest in any such account accrues to the benefit of the tenant. The owner may also require

reasonable assurances that the quality of the work will be acceptable and that any required building permits will be obtained.[24 CFR 100.203; Notice 2003-31].

Modifications to units to provide access for a person with a disability must meet all applicable HQS requirements and conform to the design, construction, or alteration of facilities contained in the UFAS and the ADA Accessibility Guidelines (ADAAG) [28 CFR 35.151(c) and Notice 2003-31] See Chapter 2 of this plan for additional information on reasonable accommodations for persons with disabilities.

#### HHA Policy

Any owner that intends to negotiate a restoration agreement or require an escrow account must submit the agreement(s) to the HHA for review.

### **8.I.B. ADDITIONAL LOCAL REQUIREMENTS**

The HHA may impose additional quality standards as long as the additional criteria are not likely to adversely affect the health or safety of participant families or severely restrict housing choice. HUD approval is required if more stringent standards are imposed. HUD approval is not required if the HHA additions are clarifications of HUD's acceptability criteria or performance standards [24 CFR 982.401(a)(4)].

#### **Thermal Environment [HCV GB p.10-7]**

The HHA must define a "healthy living environment" for the local climate. This may be done by establishing a temperature that the heating system must be capable of maintaining, that is appropriate for the local climate.

#### **Clarifications of HUD Requirements**

##### HHA Policy

As permitted by HUD, the HHA has adopted the following specific requirements that elaborate on HUD standards.

##### *Walls*

In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it must be repaired or replaced.

##### *Windows*

Window sashes must be in good condition, solid and intact, and properly fitted to the window frame. Damaged or deteriorated sashes must be replaced.

Windows must be weather-stripped as needed to ensure a weather-tight seal.



Window screens must be in good condition (applies only if screens are present).

### ***Doors***

All exterior doors must be weather-tight to avoid any air or water infiltration, be lockable, have no holes, have all trim intact, and have a threshold.

All interior doors must have no holes, have all trim intact, and be openable without the use of a key.

### ***Floors***

All wood floors must be sanded to a smooth surface and sealed. Any loose or warped boards must be re-secured and made level. If they cannot be leveled, they must be replaced.

All floors must be in a finished state. Raw wood or unsealed concrete is not permitted.

All floors should have some type of baseboard, trim, or sealing for a "finished look." Vinyl baseboard is permitted.

### ***Sinks***

All sinks and commode water lines must have shut off valves, unless faucets are wall mounted.

All worn or cracked toilet seats and tank lids must be replaced and toilet tank lid must fit properly.

All sinks must have functioning stoppers.

### ***Security***

If window security bars or security screens are present on emergency exit windows, they must be equipped with a quick release system. The owner is responsible for ensuring that the family is instructed on the use of the quick release system.

**8.I.C. LIFE THREATENING CONDITIONS [24 CFR 982.404(a)]**

HUD requires the HHA to define life threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life-threatening conditions within 24 hours of HHA notification.

HHA Policy

The following are considered life-threatening conditions:

- Any condition that jeopardizes the security of the unit
- Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling
- Natural or LP gas or fuel oil leaks
- Any electrical problem or condition that could result in shock or fire
- Absence of a working heating system when outside temperature is below 60 degrees Fahrenheit.
- Utilities not in service, including no running hot water
- Conditions that present the imminent possibility of injury
- Obstacles that prevent safe entrance or exit from the unit
- Absence of a functioning toilet in the unit
- Inoperable smoke detectors
- Inoperable refrigerator or stove

If an owner fails to correct life threatening conditions as required by the HHA, the housing assistance payment will be abated and the HAP contract will be terminated. See 8-II-G.

If a family fails to correct a family caused life threatening condition as required by the HHA, the HHA may terminate the family's assistance. See 8-II.H.

The owner will be required to repair an inoperable smoke detector unless the HHA determines the family has intentionally disconnected it (by removing batteries or other means). In this case, the family will be required to repair the smoke detector within 24 hours.

**8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]****Family Responsibilities**

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain family-supplied appliances
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items that could not be charged against the tenant's security deposit under state law or court practice.

### **Owner Responsibilities**

The owner is responsible for all HQS violations not listed as a family responsibility above, even if the violation is caused by the family's living habits (e.g., vermin infestation). However, if the family's actions constitute a serious or repeated lease violation the owner may take legal action to evict the family.

### **8-I-E. SPECIAL REQUIREMENTS FOR CHILDREN WITH ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL [24 CFR 35.1225]**

If a HHA is notified by a public health department or other medical health care provider, or verifies information from a source other than a public health department or medical health care provider, that a child of less than 6 years of age, living in an HCV-assisted unit has been identified as having an environmental intervention blood lead level, the HHA must complete a risk assessment of the dwelling unit. The risk assessment must be completed in accordance with program requirements, and the result of the risk assessment must be immediately provided to the owner of the dwelling unit. In cases where the public health department has already completed an evaluation of the unit, this information must be provided to the owner.

Within 30 days after receiving the risk assessment report from the HHA, or the evaluation from the public health department, the owner is required to complete the reduction of identified lead-based paint hazards in accordance with the lead-based paint regulations [24 CFR 35.1325 and 35.1330]. If the owner does not complete the "hazard reduction" as required, the dwelling unit is in violation of HQS and the HHA will take action in accordance with Section 8-II.G.

HHA reporting requirements, and data collection and record keeping responsibilities related to children with an environmental intervention blood lead level are discussed in Chapter 16.

### **8-I-F. VIOLATION OF HQS SPACE STANDARDS [24 CFR 982.403]**

If the HHA determines that a unit does not meet the HQS space standards because of an increase in family size or a change in family composition, the HHA must issue the family a new voucher, and the family and HHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the HHA must terminate the HAP contract in accordance with its terms.

## PART II: THE INSPECTION PROCESS

### 8-II.A. OVERVIEW [24 CFR 982.405]

#### Types of Inspections

The HHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The HHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.
- *Annual Inspections.* HUD allows the HHA to inspect each unit under lease annually to confirm that the unit still meets HQS. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately.
- *Biennial Inspections.* 2014 Appropriations allows PHAs to comply with the requirement to inspect assisted dwelling units during the term of a HAP contract by inspecting such units not less than biennially instead of annually.
- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between annual inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be re-inspected by a supervisor or other qualified individual to ensure that HQS are being enforced correctly and uniformly by all inspectors.

#### Inspection of HHA-owned Units [24 CFR 982.352(b)]

The HHA must obtain the services of an independent entity to perform all HQS inspections in cases where an HCV family is receiving assistance in a HHA-owned unit. A HHA-owned unit is defined as a unit that is owned by the HHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the HHA). The independent agency must communicate the results of each inspection to the family and the HHA. The independent agency must be approved by HUD, and may be the unit of general local government for the HHA jurisdiction (unless the HHA is itself the unit of general local government or an agency of such government).

#### Inspection Costs

The HHA may not charge the family or owner for unit inspections [24 CFR 982.405(e)]. In the case of inspections of HHA-owned units, the HHA may compensate the independent agency from ongoing administrative fee for inspections performed. The HHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

**Notice and Scheduling**

The family must allow the HHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

**HHA Policy**

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 7:00 a.m. and 7:00 p.m. Generally inspections will be conducted on business days only. In the case of a life threatening emergency, the HHA will give as much notice as possible, given the nature of the emergency.

**Attendance at inspections by owner and family.**

HUD permits the HHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

**HHA Policy**

When a family occupies the unit at the time of inspection an adult family member must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

At initial inspection of a vacant unit, the HHA will inspect the unit in the presence of the owner or owner's representative. The presence of a family representative is permitted, but is not required.

**8-II.B. INITIAL HQS INSPECTION [24 CFR 982.401(a)]****Timing of Initial Inspections**

HUD requires the unit to pass HQS before the effective date of the lease and HAP Contract. HUD requires PHAs with fewer than 1,250 budgeted units to complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA). For PHAs with 1,250 or more budgeted units, to the extent practicable such inspection and determination must be completed within 15 days. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

**HHA Policy**

The HA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 15 days of submission of the Request for Tenancy Approval (RTA).

## **Inspection Results and Re-inspections**

### HHA Policy

For all new lease ups, HHA will re-inspect the unit within a reasonable time after receiving verification that corrections have been made.

For Annual Inspections only:

If any HQS violations are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by the HHA for good cause.

For serious HQS deficiencies; such as (health and safety etc..) The HHA will reinspect the unit within a reasonable time after receiving the owner notification that the required corrections have been made.

For minor HQS deficiencies; such as (cracked switch plates, peeling and chipping paint etc., not all inclusive) the HHA will accept written certification and/or pictures of the corrected repairs from the owner.

If the time period for correcting the deficiencies (or any HHA-approved extension) has elapsed, or the unit fails HQS at the time of the re-inspection, the HHA will notify the owner and the family the unit has been rejected and the family must search for another unit.

The HHA may agree to conduct a second re-inspection, for good cause, at the request of the family and owner.

Following a failed re-inspection, the family may submit a new Request for Tenancy Approval for the unit if the family has not found another unit by the time the owner completes all repairs and the family continues to wish to live in the unit.

## **Utilities**

Generally, at initial lease-up the owner is responsible for demonstrating that all utilities are in working order including those utilities that the family will be responsible for paying.

### HHA Policy

If utility service is not available for testing at the time of the initial inspection, the HHA will allow the utilities to be placed in service after the unit has met all other HQS requirements. The HHA will reinspect the unit to confirm that utilities are operational before the HAP contract is executed by the HHA.

## **Appliances**

### HHA Policy

If the family is responsible for supplying the stove and/or refrigerator, the HHA will allow the stove and refrigerator to be placed in the unit after the unit has met all other HQS requirements. The required appliances must be in place before the HAP contract is executed by the HHA. The HHA will execute the HAP contract based upon a certification from the family that the appliances have been installed and are working. A confirmatory inspection for family supplied appliances will be scheduled within 30 days of HAP contract approval.

**8.II.C. ANNUAL HQS INSPECTIONS [24 CFR 982.405(a)]****Scheduling the Inspection**

Section 220 of the HUD Appropriations Act of 2014 allows PHA's to conduct biennial HQS inspections. PHA's are still required to conduct an initial inspection for a housing unit.

Further, PHAs are also allowed to accept an alternative inspection for existing voucher assisted units.

HHA Policy

HHA will use as an alternative inspection if a Low Income Housing Tax Credit (LIHTC) or HOME program has conducted an inspection using UPCS regulations for annual or biennial inspections only. The HHA will use HQS guidelines for initial inspections.

Each unit under HAP contract must have an annual or biennial inspection not less than 12 months or no more than 24 months after the most recent inspection.

At HHA discretion, if a unit passes an inspection; initial or annual the HHA may elect to not inspect the unit within 12 months, but biennially.

HHA Policy

If an adult family member cannot be present on the scheduled date, the family should request that the HHA reschedule the inspection. If the family misses the first scheduled appointment without requesting a new inspection date, the HHA will automatically schedule a second inspection. If the family misses two scheduled inspections without HHA approval, the HHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

**8-II.D. SPECIAL INSPECTIONS [HCV GB p. 10-30]**

The HHA will conduct a special inspection if the owner, family, or another source reports HQS violations in the unit.

HHA Policy

During a special inspection, the HHA generally will inspect only those deficiencies that were reported. However, the inspector will record any additional HQS deficiencies that are observed and will require the responsible party to make the necessary repairs.

If the annual inspection has been scheduled or is due within 90 days of the date the special inspection is scheduled the HHA may elect to conduct a full annual inspection.

**8-II.E. QUALITY CONTROL INSPECTIONS** [24 CFR 982.405(b), HCV GB p. 10-32]

HUD requires a HHA supervisor or other qualified person to conduct quality control inspections of a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS.

The unit sample must include only units that have been inspected within the preceding 2 months. The selected sample will include (1) each type of inspection (initial, annual, and special), (2) inspections completed by each inspector, and (3) units from a cross-section of neighborhoods.



## **8.II.F. INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT**

### **Notification of Corrective Actions**

The owner and the family will be notified in writing of the results of all inspections. When an inspection identifies HQS failures, the HHA will determine (1) whether or not the failure is a life threatening condition and (2) whether the family or owner is responsible.

#### HHA Policy

When life threatening conditions are identified, the HHA will immediately notify both parties by telephone, facsimile, or email. The notice will specify who is responsible for correcting the violation. The corrective actions must be taken within 24 hours of the HHA's notice.

When failures that are not life threatening are identified, the HHA will send the owner and the family a written notification of the inspection results within 5 business days of the inspection. The written notice will specify who is responsible for correcting the violation, and the time frame within which the failure must be corrected. No more than 30 days will be allowed for the correction unless an extension for good cause is determined by the Housing Program Manager.

The notice of inspection results will inform the owner that if life threatening conditions are not corrected within 24 hours, and non-life threatening conditions are not corrected within the specified time frame (or any HHA-approved extension), the owner's HAP will be abated in accordance with HHA policy (see 8-II.G.). Likewise, in the case of family caused deficiencies, the notice will inform the family that if corrections are not made within the specified time frame (or any HHA-approved extension, if applicable) the family's assistance will be terminated in accordance with HHA policy (see Chapter 12).

### **Extensions**

For conditions that are life-threatening, the HHA cannot grant an extension to the 24 hour corrective action period. For conditions that are not life-threatening, the HHA may grant an exception to the required time frames for correcting the violation, if the HHA determines that an extension is appropriate [24 CFR 982.404].

#### HHA Policy

Extensions will be granted in cases where the HHA has determined that the owner has made a good faith effort to correct the deficiencies and is unable to for reasons beyond the owner's control. Reasons may include, but are not limited to:

A repair cannot be completed because required parts or services are not available.

A repair cannot be completed because of weather conditions.

A reasonable accommodation is needed because the family includes a person with disabilities.

The length of the extension will be determined on a case by case basis, but will not exceed 60 days, except in the case of delays caused by weather conditions. In the case of weather conditions, extensions may be continued until the weather has improved sufficiently to make repairs possible. The necessary repairs must be made within 15 calendar days, once the weather conditions have subsided.

## **Re-inspections**

### HHA Policy

If any HQS violations are identified, the owner will be notified of the deficiencies and be given a time frame to correct them. If requested by the owner, the time frame for correcting the deficiencies may be extended by HHA for good cause.

For serious HQS deficiencies, HHA will re-inspect the unit within a reasonable time after receiving the owner notification that the required corrections have been made.

For minor HQS deficiencies, the HHA will accept written certification and/or pictures of the corrected repairs from the owner.

If the time period for correcting the deficiencies (or any approved extension) has elapsed, or the unit fails HQS at the time of the re-inspection, the HHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit.

The HHA will conduct a re-inspection immediately following the end of the corrective period, or any HHA approved extension. It is the responsibility of the landlord to notify the Housing Authority representative the repairs have been completed. The Housing Authority will consider the repairs are completed based on the day the landlord reported the unit is ready for re-inspection.

If the deficiencies have not been corrected by the time of the re-inspection, the HHA will send a notice of abatement to the owner, or in the case of family caused violations, a notice of termination to the family, in accordance with HHA policies. If the HHA is unable to gain entry to the unit in order to conduct the scheduled re-inspection, the HHA will consider the family to have violated its obligation to make the unit available for inspection. This may result in termination of the family's assistance in accordance with Chapter 12.

## **8.II.G. ENFORCING OWNER COMPLIANCE**

If the owner fails to maintain the dwelling unit in accordance with HQS, the HHA must take prompt and vigorous action to enforce the owner obligations.

**HAP Abatement**

If an owner fails to correct HQS deficiencies by the time specified by the HHA, HUD requires the HHA to abate housing assistance payments no later than the first of the month following the specified correction period (including any approved extension) [24 CFR 985.3(f)]. No retroactive payments will be made to the owner for the period of time the rent was abated. Owner rents are not abated as a result of HQS failures that are the family's responsibility.

**HHA Policy**

The HHA will make all HAP abatements effective the first of the month following the expiration of the HHA specified correction period (including any extension).

The HHA will inspect abated units within 5 business days of the owner's notification that the work has been completed. Payment will resume effective on the day the unit passes inspection.

During any abatement period the family continues to be responsible for its share of the rent. The owner must not seek payment from the family for abated amounts and may not use the abatement as cause for eviction. The landlord is not entitled to any back rent from the HHA for units that have been abated due to a failed HQS.

**HAP Contract Termination**

The HHA must decide how long any abatement period will continue before the HAP contract will be terminated. The HHA should not terminate the contract until the family finds another unit, provided the family does so in a reasonable time [HCV GB p. 10-29] and must give the owner reasonable notice of the termination. The HHA will issue a voucher to permit the family to move to another unit as described in Chapter 10.

**HHA Policy**

The maximum length of time that a HAP may be abated is 90 days. However, if the owner completes corrections and notifies the HHA before the termination date of the HAP contract, the HHA may rescind the termination notice if (1) the family still resides in the unit and wishes to remain in the unit and (2) the unit passes inspection.

Reasonable notice of HAP contract termination by the HHA is 30 days.

**8.II.H. ENFORCING FAMILY COMPLIANCE WITH HQS [24 CFR 982.404(b)]**

Families are responsible for correcting any HQS violations listed in paragraph 8.I.D. If the family fails to correct a violation within the period allowed by the HHA (and any extensions), the HHA will terminate the family's assistance, according to the policies described in Chapter 12.

If the owner carries out a repair for which the family is responsible under the lease, the owner may bill the family for the cost of the repair.

**PART III: RENT REASONABLENESS [24 CFR 982.507]****8-III.A. OVERVIEW**

No HAP contract can be approved until the HHA has determined that the rent for the unit is reasonable. The purpose of the rent reasonableness test is to ensure that a fair rent is paid for each unit rented under the HCV program.

HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners not charge more for assisted units than for comparable units on the premises. This part explains the method used to determine whether a unit's rent is reasonable.

**HHA-owned Units [24 CFR 982.352(b)]**

In cases where an HCV family is receiving assistance in a HHA-owned unit, the HHA must obtain the services of an independent entity to determine rent reasonableness in accordance with program requirements, and to assist the family in negotiating the contract rent when the family requests assistance. A HHA-owned unit is defined as a unit that is owned by the HHA that administers the assistance under the consolidated ACC (including a unit owned by an entity substantially controlled by the HHA). The independent agency must communicate the results of the rent reasonableness determination to the family and the HHA. The independent agency must be approved by HUD, and may be the unit of general local government for the HHA jurisdiction (unless the HHA is itself the unit of general local government or an agency of such government).

**8-III.B. WHEN RENT REASONABLENESS DETERMINATIONS ARE REQUIRED****Owner-initiated Rent Determinations**

The HHA must make a rent reasonableness determination at initial occupancy and whenever the owner requests a rent adjustment.

The owner and family first negotiate the rent for a unit. The HHA (or independent agency in the case of HHA-owned units) will assist the family with the negotiations upon request. At initial occupancy the HHA must determine whether the proposed rent is reasonable before a HAP Contract is signed. The owner must not change the rent during the initial lease term. Subsequent requests for rent adjustments must be consistent with the lease between the owner and the family. Rent increases will not be approved unless any failed items identified by the most recent HQS inspection have been corrected.

**HHA Policy**

After the initial occupancy period, the owner may request a rent adjustment in accordance with the owner's lease. For rent increase requests after initial lease-up, the HHA may request owners to provide information about the rents charged for other units on the premises, if the premises include more than 4 units. In evaluating the proposed rents in comparison to other units on the premises the HHA will consider unit size and length of tenancy in the other units.

The HHA will determine whether the requested increase is reasonable within 15 business days of receiving the request from the owner. The owner will be notified of the determination by the inspector either in writing or orally.

All rents adjustments will be effective the first of the month following 60 days after the HHA's receipt of the owner's request or on the date specified by the owner, whichever is later.

### **HHA- and HUD-Initiated Rent Reasonableness Determinations**

HUD requires the HHA to make a determination of rent reasonableness (even if the owner has not requested a change) if there is a 5 percent decrease in the Fair Market Rent that goes into effect at least 60 days before the contract anniversary date. HUD also may direct the HHA to make a determination at any other time. The HHA may decide that a new determination of rent reasonableness is needed at any time.

#### HHA Policy

In addition to the instances described above, the HHA will make a determination of rent reasonableness at any time after the initial occupancy period if: (1) the HHA determines that the initial rent reasonableness determination was in error or (2) the HHA determines that the information provided by the owner about the unit or other units on the same premises was incorrect.

## **8-III.C. HOW COMPARABILITY IS ESTABLISHED**

### **Factors to Consider**

HUD requires HHAs to take into consideration the factors listed below when determining rent comparability. The HHA may use these factors to make upward or downward adjustments to the rents of comparison units when the units are not identical to the HCV-assisted unit.

- Location and age
- Unit size including the number of rooms and square footage of rooms
- The type of unit including construction type (e.g., single family, duplex, garden, low-rise, high-rise)
- The quality of the units including the quality of the original construction, maintenance and improvements made.
- Amenities, services, and utilities included in the rent

**Units that Must Not be Used as Comparables**

Comparable units must represent unrestricted market rents. Therefore, units that receive some form of federal, state, or local assistance that imposes rent restrictions cannot be considered comparable units. These include units assisted by HUD through any of the following programs: Section 8 project-based assistance, Section 236 and Section 221(d)(3) Below Market Interest Rate (BMIR) projects, HOME or Community Development Block Grant (CDBG) program-assisted units in which the rents are subsidized; units subsidized through federal, state, or local tax credits; units subsidized by the Department of Agriculture rural housing programs, and units that are rent-controlled by local ordinance.

**Rents Charged for Other Units on the Premises**

The Request for Tenancy Approval (HUD-52517) requires owners to provide information, on the form itself, about the rent charged for other unassisted comparable units on the premises if the premises include more than 4 units. HHA will use the RTA as a method to determine rent reasonable for multifamily units in accordance with HUD's PIH Notice.

By accepting the HHA payment each month the owner certifies that the rent is not more than the rent charged for comparable unassisted units on the premises. If asked to do so, the owner must give the HHA information regarding rents charged for other units on the premises.

**8-III.D. HHA RENT REASONABLENESS METHODOLOGY****How Market Data is Collected**HHA Policy

The HHA will collect and maintain data on market rents in the HHA's jurisdiction. Information sources include newspapers, realtors, market surveys, inquiries of owners and other available sources. The data will be maintained by bedroom size and market areas. Market areas may be defined by zip codes, census tract, neighborhood, and identifiable natural or man-made boundaries. The data will be updated on an ongoing basis and rent information that is more than 12 months old will be eliminated from the database.

**How Rents are Determined**HHA Policy

The rent for a unit proposed for HCV assistance will be compared to the rent charged for comparable units in the same market area. The HHA will develop a range of prices for comparable units by bedroom size within defined market areas. Units proposed for HCV assistance will be compared to the units within this rent range. Because units may be similar, but not exactly like the unit proposed for HCV assistance, the HHA may make adjustments to the range of prices to account for these differences.

The adjustment must reflect the local market. Not all differences in units require adjustments (e.g., the presence or absence of a garbage disposal may not affect the rent in some market areas).

Adjustments may vary by unit type (e.g., a second bathroom may be more valuable in a three-bedroom unit than in a two-bedroom).

The adjustment must reflect the rental value of the difference – not its construction costs (e.g., it might cost \$20,000 to put on a new roof, but the new roof might not make any difference in what a tenant would be willing to pay because rents units are presumed to have functioning roofs).

When a comparable project offers rent concessions (e.g., first month rent-free, or reduced rent) reported monthly rents will be adjusted accordingly. For example, if a comparable project reports rents of \$500/month but new tenants receive the first month's rent free, the actual rent for the unit would be calculated as follows:  $\$500 \times 11 \text{ months} = 5500/12 \text{ months} = \text{actual monthly rent of } \$488$ .

The HHA will notify the owner of the rent the HHA can approve based upon its analysis of rents for comparable units. The owner may submit information about other comparable units in the market area. The HHA will confirm the accuracy of the information provided and consider this additional information when making rent determinations. The owner must submit any additional information within 5 business days of the HHA's request for information or the owner's request to submit information.

Before any increase in rent to the owner is approved, any increase of more than 5% will not be approved without a Management review and approval. The management review could be a result of the contract being lowered.

**EXHIBIT 8-1: OVERVIEW OF HUD HOUSING QUALITY STANDARDS**

Note: This document provides an overview of HQS. For more detailed information see the following documents:

- 24 CFR 982.401, Housing Quality Standards (HQS)
- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

**Sanitary Facilities**

The dwelling unit must include sanitary facilities within the unit. The sanitary facilities must be usable in privacy and must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.

**Food Preparation and Refuse Disposal**

The dwelling unit must have space and equipment suitable for the family to store, prepare, and serve food in a sanitary manner.

**Space and Security**

The dwelling unit must provide adequate space and security for the family. This includes having at least one bedroom or living/sleeping room for each two persons.

**Thermal Environment**

The unit must have a safe system for heating the dwelling unit. Air conditioning is not required but if provided must be in proper operating condition. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

**Illumination and Electricity**

Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances. Minimum standards are set for different types of rooms. Once the minimum standards are met, the number, type and location of electrical sources are a matter of tenant preference.

**Structure and Materials**

The dwelling unit must be structurally sound. Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches or more off the ground. The elevator servicing the unit must be working [if there is one]. Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.



**Interior Air Quality**

The dwelling unit must be free of air pollutant levels that threaten the occupants' health. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate ventilation. Any sleeping room must have at least one window. If a window was designed to be opened, it must be in proper working order.

**Water Supply**

The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination. Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

**Lead-Based Paint**

Lead-based paint requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings. Owners must:

- Disclose known lead-based paint hazards to prospective tenants before the lease is signed,
- Provide all prospective families with "Protect Your Family from Lead in Your Home",
- Stabilize deteriorated painted surfaces and conduct hazard reduction activities when identified by the HHA
- Notify tenants each time such an activity is performed
- Conduct all work in accordance with HUD safe practices
- As part of ongoing maintenance ask each family to report deteriorated paint.

For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by the HHA). If lead hazards are identified during the risk assessment, the owner must complete hazard reduction activities.

See HCV GB p. 10-15 for a detailed description of these requirements. For additional information on lead-based paint requirements see 24 CFR 35, Subparts A, B, M, and R.

**Access**

Use and maintenance of the unit must be possible without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire.

**Site and Neighborhood**

The site and neighborhood must be reasonably free from disturbing noises and reverberations, excessive trash or vermin, or other dangers to the health, safety, and general welfare of the occupants.

**Sanitary Condition**

The dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation. The unit must have adequate barriers to prevent infestation.

**Smoke Detectors**

Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any person with a hearing impairment, smoke detectors must have an appropriate alarm system as specified in NFPA 74 (or successor standards).

**Hazards and Health/Safety**

The unit, interior and exterior common areas accessible to the family, the site, and the surrounding neighborhood must be free of hazards to the family's health and safety.

**EXHIBIT 8-2: SUMMARY OF TENANT PREFERENCE AREAS  
RELATED TO HOUSING QUALITY**

Note: This document provides an overview of unit and site characteristics and conditions for which the family determines acceptability. For more detailed information see the following documents:

- Housing Choice Voucher Guidebook, Chapter 10.
- HUD Housing Inspection Manual for Section 8 Housing
- HUD Inspection Form, form HUD-52580 (3/01) and Inspection Checklist, form HUD-52580-A (9/00)

Provided the minimum housing quality standards have been met, HUD permits the family to determine whether the unit is acceptable with regard to the following characteristics.

- *Sanitary Facilities.* The family may determine the adequacy of the cosmetic condition and quality of the sanitary facilities, including the size of the lavatory, tub, or shower; the location of the sanitary facilities within the unit; and the adequacy of the water heater.
- *Food Preparation and Refuse Disposal.* The family selects size and type of equipment it finds acceptable. When the family is responsible for supplying cooking appliances, the family may choose to use a microwave oven in place of a conventional oven, stove, or range. When the owner is responsible for providing cooking appliances, the owner may offer a microwave oven in place of an oven, stove, or range only if other subsidized and unsubsidized units on the premises are furnished with microwave ovens only. The adequacy of the amount and type of storage space, the cosmetic conditions of all equipment, and the size and location of the kitchen are all determined by the family.
- *Space and Security.* The family may determine the adequacy of room sizes and room locations. The family is also responsible for deciding the acceptability of the type of door and window locks.

- *Energy conservation items.* The family may determine whether the amount of insulation, presence of absence of storm doors and windows and other energy conservation items are acceptable.
  - *Illumination and Electricity.* The family may determine whether the location and the number of outlets and fixtures (over and above those required to meet HQS standards) are acceptable or if the amount of electrical service is adequate for the use of appliances, computers, or stereo equipment.
- (6) *Structure and Materials.* Families may determine whether minor defects, such as lack of paint, or worn flooring or carpeting will affect the livability of the unit.
- (7) *Indoor Air.* Families may determine whether window and door screens, filters, fans, or other devices for proper ventilation are adequate to meet the family's needs. However, if screens are present they must be in good condition.
- (8) *Sanitary Conditions.* The family determines whether the sanitary conditions in the unit, including minor infestations, are acceptable.
- (9) *Neighborhood conditions.* Families may determine whether neighborhood conditions such as the presence of drug activity, commercial enterprises, and convenience to shopping will affect the livability of the unit.

Families have no discretion with respect to lead-based paint standards and smoke detectors.

## Chapter 9

### GENERAL LEASING POLICIES

#### INTRODUCTION

This Section covers the lease-up process from the family's submission of a Request for Tenancy Approval to execution of the HAP contract.

In order for the HHA to assist a family in a particular dwelling unit, or execute a Housing Assistance Payments (HAP) contract with the owner of a dwelling unit, the HHA must determine that all the following program requirements are met:

- The unit itself must qualify as an eligible unit [24 CFR 982.305(a)]
- The unit must be inspected by the HHA and meet the Housing Quality Standards (HQS) [24 CFR 982.305(a)]
- The lease offered by the owner must be approvable and must include the required Tenancy Addendum [24 CFR 982.305(a)]
- The rent to be charged by the owner for the unit must be reasonable [24 CFR 982.305(a)]
- The owner must be an eligible owner, approvable by the HHA, with no conflicts of interest [24 CFR 982.306]
- For families initially leasing a unit only: Where the gross rent of the unit exceeds the applicable payment standard for the family, the share of rent to be paid by the family cannot exceed 40 percent of the family's monthly adjusted income [24 CFR 982.305(a)]

#### 9-I.A. TENANT SCREENING

The HHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy [24 CFR 982.307(a)(1)].

The HHA may elect to screen applicants for family behavior or suitability for tenancy. See Chapter 3 for a discussion of the HHA's policies with regard to screening applicant families for program eligibility [24 CFR 982.307(a)(1)].

The owner is responsible for screening and selection of the family to occupy the owner's unit. At or before HHA approval of the tenancy, the HHA must inform the owner that screening and selection for tenancy is the responsibility of the owner [24 CFR 982.307(a)(2)].

The HHA must provide the owner with the family's current and prior address (as shown in the HHA records); and the name and address (if known to the HHA) of the landlord at the family's current and prior address. [24 CFR 982.307 (b)(1)].

The HHA is permitted, but not required, to offer the owner other information in the HHA's possession about the family's tenancy [24 CFR 982.307(b)(2)].

The HHA's policy on providing information to the owner must be included in the family's briefing packet [24 CFR 982.307(b)(3)].

#### HHA Policy

The HHA will not screen applicants for suitability for tenancy.

The HHA will not provide additional screening information to the owner.

### **9-I.B. REQUESTING TENANCY APPROVAL [Form HUD-52517]**

After the family is issued a voucher, the family must locate an eligible unit, with an owner or landlord willing to participate in the voucher program. Once a family finds a suitable unit and the owner is willing to lease the unit under the program, the owner and the family must request the HHA to approve the assisted tenancy in the selected unit.

The owner and the family must submit two documents to the HHA:

- Completed Request for Tenancy Approval (RTA) – Form HUD-52517
- Copy of the proposed lease, including the HUD-prescribed Tenancy Addendum – Form HUD-52641-A

The RTA contains important information about the rental unit selected by the family, including the unit address, number of bedrooms, structure type, year constructed, utilities included in the rent, and the requested beginning date of the lease, necessary for the HHA to determine whether to approve the assisted tenancy in this unit. For multifamily units, the owner shall provide the last 3 comparable unit's rent that were leased at the complex.

Owners must certify to the most recent amount of rent charged for the unit and provide an explanation for any difference between the prior rent and the proposed rent.

Owners must certify that they are not the parent, child, grandparent, grandchild, sister or brother of any member of the family, unless the HHA has granted a request for reasonable accommodation for a person with disabilities who is a member of the tenant household.

For units constructed prior to 1978, owners must either 1) certify that the unit, common areas, and exterior have been found to be free of lead-based paint by a certified inspector; or 2) attach a lead-based paint disclosure statement.

Both the RTA and the proposed lease must be submitted no later than the expiration date stated on the voucher. [HCV GB p.8-15].

#### HHA Policy

The RTA must be signed by both the family and the owner.

The owner may submit the RTA on behalf of the family.

Completed RTA (including the proposed dwelling lease) must be submitted as hard copies, in-person, by mail, or by fax.

The family may not submit, and the HHA will not process, more than one (1) RTA at a time.

When the family submits the RTA, the HHA will review the RTA for completeness.

If the RTA is incomplete (including lack of signature by family, owner, or both), or if the dwelling lease is not submitted with the RTA, the HHA will notify the family and the owner of the deficiencies.

Missing information and/or missing documents will only be accepted as hard copies, in-person, by mail, or by fax. The HHA will not accept missing information over the phone.

When the family submits the RTA and proposed lease, the HHA will also review the terms of the RTA for consistency with the terms of the proposed lease.

If the terms of the RTA are not consistent with the terms of the proposed lease, the HHA will notify the family and the owner of the discrepancies.

Corrections to the terms of the RTA and/or the proposed lease will only be accepted as hard copies, in-person, by mail or by fax. The HHA will not accept corrections by phone.

Because of the time sensitive nature of the tenancy approval process, the HHA will attempt to communicate with the owner and family by phone, fax, or email. The HHA will use mail when the parties can't be reached by phone, fax, or email.

### **9-I.C. OWNER PARTICIPATION**

The HHA does not formally approve an owner to participate in the HCV program. However, there are a number of criteria where the HHA may deny approval of an assisted tenancy based on past owner behavior, conflict of interest, or other owner-related issues. No owner has a right to participate in the HCV program [24 CFR 982.306(e)]

See Chapter 13 for a full discussion of owner qualification to participate in the HCV program.

### **9-I.D. ELIGIBLE UNITS**

There are a number of criteria that a dwelling unit must meet in order to be eligible for assistance under the voucher program. Generally, a voucher-holder family may choose any available rental dwelling unit on the market in the HHA's jurisdiction. This includes the dwelling unit they are currently occupying.

### **Ineligible Units [24 CFR 982.352(a)]**

The HHA may not assist a unit under the voucher program if the unit is a public housing or Indian housing unit; a unit receiving project-based assistance under section 8 of the 1937 Act (42

U.S.C. 1437f); nursing homes, board and care homes, or facilities providing continual psychiatric, medical, or nursing services; college or other school dormitories; units on the grounds of penal, reformatory, medical, mental, and similar public or private institutions; a unit occupied by its owner or by a person with any interest in the unit.

### **HHA-Owned Units [24 CFR 982.352(b)]**

Otherwise eligible units that are owned or substantially controlled by the HHA issuing the voucher may also be leased in the voucher program. In order for a HHA-owned unit to be leased under the voucher program, the unit must not be ineligible housing and the HHA must inform the family, both orally and in writing, that the family has the right to select any eligible unit available for lease and that the family is free to select a HHA-owned unit without any pressure or steering by the HHA.

#### HHA Policy

The HHA does not have any eligible HHA-owned units available for leasing under the voucher program.

### **Special Housing Types [24 CFR 982 Subpart M]**

HUD regulations permit, but do not generally require, the HHA to permit families to use voucher assistance in a number of special housing types in accordance with the specific requirements applicable to those programs. These special housing types include single room occupancy (SRO) housing, congregate housing, group home, shared housing, manufactured home space (where the family owns the manufactured home and leases only the space), cooperative housing and homeownership option.

The regulations do require the HHA to permit use of any special housing type if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

HHA participates in the following special housing types:

Manufactured Home Space (where the family owns the manufacture home and leases only the space.

Homeownership Option

### ***MANUFACTURED HOMES [24 CFR 982.620 through 982.624]***

#### **OVERVIEW**

A manufactured home is a manufactured structure, transportable in one or more parts that is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways.

(1) A family can choose to rent a manufactured home already installed on a space and the PHA must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in 15-VI.D below.

(2) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space. PHAs may, but are not required to, provide assistance for such families.

### **SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE**

#### **Family Income**

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

#### **Lease and HAP Contract**

There is a separate Tenancy Addendum (Form 52642-a) and separate HAP Contract (Form 52642) for this special housing type.

### **PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

#### **Payment Standards**

The FMR for a manufactured home space is generally 40 percent of the published FMR for a 2-bedroom unit or, where approved by HUD, the 40th percentile of the rental distribution of manufactured home spaces for the FMR area. The PHA may establish a payment standard for manufactured home spaces that is between 90-110 percent of the FMR for manufactured home spaces.

#### **Utility Allowance**

The PHA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

#### **Space Rent**

The space rent is the sum of the rent to the owner for the manufactured home space, any charges for maintenance and management provided by the owner, and the utility allowance for tenant-paid utilities.

#### **Housing Assistance Payment**

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the (gross) manufactured home space rent minus the TTP.

#### **Rent Reasonableness**

Initially, and annually thereafter the PHA must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. The PHA must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the Manufactured Home Park or elsewhere.

### **HOUSING QUALITY STANDARDS**

Under either type of occupancy described in 15-VI.A above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

#### ***Manufactured Home Tie-Down***



A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage.

- Helena Housing Authority has a waiver from HUD dated March 9, 2006 to waive the tie-down requirement for manufactured homes in the Helena, Montana area.

## HOMEOWNERSHIP OPTION

### General Description and Information

This option will provide eligible families the opportunity of purchasing and owning a home using HCV assistance.

A family assisted under this program must be a qualified existing HCV participant who has been receiving HHA HCV assistance for a minimum of one year.

HHA Homeownership vouchers will limit the number of vouchers to be used for Homeownership during each fiscal year:

The policies on the Homeownership are listed in Chapter 16.

### Duplicative Assistance [24 CFR 982.352(c)]

A family may not receive the benefit of HCV tenant-based assistance while receiving the benefit of any of the following forms of other housing subsidy, for the same unit or for a different unit:

- Public or Indian housing assistance;
- Other Section 8 assistance (including other tenant-based assistance);
- Assistance under former Section 23 of the United States Housing Act of 1937 (before amendment by the Housing and Community Development Act of 1974);
- Section 101 rent supplements;
- Section 236 rental assistance payments;
- Tenant-based assistance under the HOME Program;
- Rental assistance payments under Section 521 of the Housing Act of 1949 (a program of the Rural Development Administration);
- Any local or State rent subsidy;
- Section 202 supportive housing for the elderly;
- Section 811 supportive housing for persons with disabilities; (11) Section 202 projects for non-elderly persons with disabilities (Section 162 assistance); or
- Any other duplicative federal, State, or local housing subsidy, as determined by HUD. For this purpose, 'housing subsidy' does not include the housing component of a welfare

payment, a social security payment received by the family, or a rent reduction because of a tax credit.

### **Housing Quality Standards (HQS) [24 CFR 982.305 and 24 CFR 982.401]**

In order to be eligible, the dwelling unit must be in decent, safe and sanitary condition. This determination is made using HUD's Housing Quality Standards (HQS) and/or equivalent state or local standards approved by HUD. See Chapter 8 for a full discussion of the HQS standards, as well as the process for HQS inspection at initial lease-up.

### **Unit Size**

In order to be eligible, the dwelling unit must be appropriate for the number of persons in the household. A family must be allowed to lease an otherwise acceptable dwelling unit with fewer bedrooms than the number of bedrooms stated on the voucher issued to the family, provided the unit meets the applicable HQS space requirements [24 CFR 982.402(d)]. The family must be allowed to lease an otherwise acceptable dwelling unit with more bedrooms than the number of bedrooms stated on the voucher issued to the family. See Chapter 5 for a full discussion of subsidy standards.

### **Rent Reasonableness [24 CFR 982.305 and 24 CFR 982.507]**

In order to be eligible, the dwelling unit must have a reasonable rent. The rent must be reasonable in relation to comparable unassisted units in the area and must not be in excess of rents charged by the owner for comparable, unassisted units on the premises. See Chapter 8 for a full discussion of rent reasonableness and the rent reasonableness determination process.

### **Rent Burden [24 CFR 982.508]**

Where a family is initially leasing a unit and the gross rent of the unit exceeds the applicable payment standard for the family, the dwelling unit rent must be at a level where the family's share of rent does not exceed 40 percent of the family's monthly adjusted income. See Chapter 6 for a discussion of calculation of gross rent, the use of payment standards, and calculation of family income, family share of rent and HAP.

## **9-I.E. LEASE AND TENANCY ADDENDUM**

The family and the owner must execute and enter into a written dwelling lease for the assisted unit. This written lease is a contract between the tenant family and the owner; the HHA is not a party to this contract.

The tenant must have legal capacity to enter a lease under State and local law. 'Legal capacity' means that the tenant is bound by the terms of the lease and may enforce the terms of the lease against the owner [24 CFR 982.308(a)]

**Lease Form and Tenancy Addendum [24 CFR 982.308]**

If the owner uses a standard lease form for rental to unassisted tenants in the locality or the premises, the lease must be in such standard form. If the owner does not use a standard lease form for rental to unassisted tenants, the owner may use another form of lease. The HAP contract prescribed by HUD contains the owner's certification that if the owner uses a standard lease form for rental to unassisted tenants, the lease is in such standard form.

All provisions in the HUD-required Tenancy Addendum must also be added word-for-word to the owner's standard lease form, for use with the assisted family. The Tenancy Addendum includes the tenancy requirements for the program and the composition of the household as approved by the HHA. As a part of the lease, the tenant shall have the right to enforce the Tenancy Addendum against the owner and the terms of the Tenancy Addendum shall prevail over any other provisions of the lease.

HHA Policy

The HHA does not provide a model or standard dwelling lease for owners to use in the HCV program.

**Lease Information [24 CFR 982.308(d)]**

The assisted dwelling lease must contain all of the required information as listed below:

- The names of the owner and the tenant:
- The unit rented (address, apartment number, and any other information needed to identify the contract unit)
- The term of the lease (initial term and any provisions for renewal)
- The amount of the monthly rent to owner
- A specification of what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family

**Term of Assisted Tenancy**

The initial term of the assisted dwelling lease must be for at least one year [24 CFR 982.309]. The initial lease term is also stated in the HAP contract.

The HUD program regulations permit the HHA to approve a shorter initial lease term if certain conditions are met.

HHA Policy

The HHA will not approve an initial lease term of less than one (1) year.

During the initial term of the lease, the owner may not raise the rent to the tenant [24 CFR 982.309].

Any provisions for renewal of the dwelling lease will be stated in the dwelling lease [HCV Guidebook, pg. 8-22]. There are no HUD requirements regarding any renewal extension terms, except that they must be in the dwelling lease if they exist.

The HHA may execute the HAP contract even if there is less than one year remaining from the beginning of the initial lease term to the end of the last expiring funding increment under the consolidated ACC. [24 CFR 982.309(b)].

### **Security Deposit [24 CFR 982.313 (a) and (b)]**

The owner may collect a security deposit from the tenant. The HHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants. However, if the HHA chooses to do so, language to this effect must be added to Part A of the HAP contract [Form HUD-52641].

#### HHA Policy

The HHA will allow the owner to collect any security deposit amount the owner determines is appropriate. Therefore, no modifications to the HAP contract will be necessary.

### **Separate Non-Lease Agreements between Owner and Tenant**

Owners may not demand or accept any rent payment from the family in excess of the rent to the owner minus the HHA's housing assistance payments to the owner [24 CFR 982.451(b)(4)].

The owner may not charge the tenant extra amounts for items customarily included in rent in the locality, or provided at no additional cost to unsubsidized tenants in the premises [24 CFR 982.510(c)].

#### HHA Policy

The HHA permits owners and families to execute separate and reasonable cost, non-lease agreements for services, appliances (other than range and refrigerator) and other items that are not included in the lease.

Any items, appliances, or other services that are customarily provided to unassisted families as part of the dwelling lease with those families, or are permanently installed in the dwelling unit must be included in the dwelling lease for the assisted family. These items, appliances or services cannot be placed under a separate non-lease agreement between the owner and family. Side payments for additional rent, or for items, appliances or services customarily provided to unassisted families as part of the dwelling lease for those families, are prohibited.

Any items, appliances, or other services that are not customarily provided to unassisted families as part of the dwelling lease with those families, are not permanently installed in the dwelling unit and where the family has the sole option of not utilizing the item,

appliance or service, may be included in a separate non-lease agreement between the owner and the family.

The family is not liable and cannot be held responsible under the terms of the assisted dwelling lease for any charges pursuant to a separate non-lease agreement between the owner and the family. Non-payment of any charges pursuant to a separate non-lease agreement between the owner and the family cannot be a cause for eviction or termination of tenancy under the terms of the assisted dwelling lease.

Separate non-lease agreements that involve additional items, appliances or other services may be considered amenities offered by the owner and may be taken into consideration when determining the reasonableness of the rent for the property.

### **HHA Review of Lease**

The HHA will review the dwelling lease for compliance with all applicable requirements.

#### HHA Policy

If the dwelling lease is incomplete or incorrect, the HHA will notify the family and the owner of the deficiencies. Missing and corrected lease information will only be accepted as hard copies, in-person, by mail, or by fax. The HHA will not accept missing and corrected information over the phone

Because the initial leasing process is time-sensitive, the HHA will attempt to communicate with the owner and family by phone, fax, or email. The HHA will use mail when the parties can't be reached by phone, fax, or email.

The HHA is permitted, but is not required, to review the lease to determine if the lease complies with State and local law and is permitted to decline to approve the tenancy if the HHA determines that the lease does not comply with State or local law [24 CFR 982.308(c)]

#### HHA Policy

The HHA will not review the owner's lease for compliance with state/local law.

**9-I.F. TENANCY APPROVAL [24 CFR 982.305]**

After receiving the family's Request for Tenancy Approval, with proposed dwelling lease, the HHA must promptly notify the family and owner whether the assisted tenancy is approved.

Prior to approving the assisted tenancy and execution of a HAP contract, the HHA must ensure that all required actions and determinations, discussed in Part I of this chapter have been completed.

These actions include ensuring that the unit is eligible; the unit has been inspected by the HHA and meets the Housing Quality Standards (HQS); the lease offered by the owner is approvable and includes the required Tenancy Addendum; the rent to be charged by the owner for the unit must be reasonable; where the family is initially leasing a unit and the gross rent of the unit exceeds the applicable payment standard for the family, the share of rent to be paid by the family does not exceed 40 percent of the family's monthly adjusted income [24 CFR 982.305(a)]; the owner is an eligible owner, not disapproved by the HHA, with no conflicts of interest [24 CFR 982.306]; the family and the owner have executed the lease, including the Tenancy Addendum, and the lead-based paint disclosure information [24 CFR 982.305(b)].

**HHA Policy**

The HHA will complete its determination within 10 business days of receiving all required information.

If the terms of the RTA/proposed lease are changed for any reason, including but not limited to negotiation with the HHA, the HHA will obtain corrected copies of the RTA and proposed lease, signed by the family and the owner.

Corrections to the RTA/proposed lease will only be accepted as hard copies, in-person, by mail, or by fax. The HHA will not accept corrections over the phone.

If the HHA determines the tenancy cannot be approved for any reason, the owner and the family will be notified in writing and given the opportunity to address any reasons for disapproval. The HHA will instruct the owner and family of the steps that are necessary to approve the tenancy.

Where the tenancy is not approvable because the unit is not approvable, the family must continue to search for eligible housing within the timeframe of the issued voucher.

If the tenancy is not approvable due to rent affordability (including rent burden and rent reasonableness), the HHA will attempt to negotiate the rent with the owner. If a new, approvable rent is negotiated, the tenancy will be approved. If the owner is not willing to negotiate an approvable rent, the family must continue to search for eligible housing within the timeframe of the issued voucher.

**9-I.G. HAP CONTRACT EXECUTION [24 CFR 982.305]**

The HAP contract is a written agreement between the HHA and the owner of the dwelling unit occupied by a housing choice voucher assisted family. Under the HAP contract, the HHA agrees to make housing assistance payments to the owner on behalf of a specific family occupying a specific unit and obliges the owner to comply with all program requirements.

The HAP contract format is prescribed by HUD.

If the HHA has given approval for the family of the assisted tenancy, the owner and the HHA execute the HAP contract.

The term of the HAP contract must be the same as the term of the lease [24 CFR 982.451(a)(2)].

The HHA is permitted to execute a HAP contract even if the funding currently available does not extend for the full term of the HAP contract.

The HHA must make a best effort to ensure that the HAP contract is executed before the beginning of the lease term. Regardless, the HAP contract must be executed no later than 60 calendar days from the beginning of the lease term.

The HHA may not pay any housing assistance payment to the owner until the HAP contract has been executed. If the HAP contract is executed during the period of 60 calendar days from the beginning of the lease term, the HHA will pay housing assistance payments after execution of the HAP contract (in accordance with the terms of the HAP contract), to cover the portion of the lease term before execution of the HAP contract (a maximum of 60 days).

Any HAP contract executed after the 60 day period is void, and the HHA may not pay any housing assistance payment to the owner.

**HHA Policy**

The owner and the assisted family will execute the dwelling lease and the owner must provide a copy to the HHA. The HHA will ensure that both the owner and the assisted family receive copies of the dwelling lease.

The owner and the HHA will execute the HAP contract. The HHA will not execute the HAP contract until the owner has submitted IRS form W-9. The HHA will ensure the owner receives a copy of the executed HAP contract.

See Chapter 13 for a discussion of the HAP contract and contract provisions.

**9-I.H. CHANGES IN LEASE OR RENT [24 CFR 982.308]**

If the tenant and the owner agree to any changes in the lease, such changes must be in writing, and the owner must immediately give the HHA a copy of such changes. The lease, including any changes, must remain in accordance with the requirements of this chapter.

Generally, HHA approval of tenancy and execution of a new HAP contract are not required for changes in the lease. However, under certain circumstances, voucher assistance in the unit shall not be continued unless the HHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner. These circumstances include:

- Changes in lease requirements governing tenant or owner responsibilities for utilities or appliances
- Changes in lease provisions governing the term of the lease
- The family moves to a new unit, even if the unit is in the same building or complex

In these cases, if the HCV assistance is to continue, the family must submit a new Request for Tenancy Approval (RTA) along with a new dwelling lease containing the altered terms. A new tenancy must then be approved in accordance with this chapter.

Where the owner is changing the amount of rent, the owner must notify the HHA of any changes in the amount of the rent to owner at least 60 days before any such changes go into effect [24 CFR 982.308(g)(4)]. The HHA will agree to such an increase only if the amount of the rent to owner is considered reasonable according to the rent reasonableness standards discussed in Chapter 8. If the requested rent is not found to be reasonable, the owner must either reduce the requested rent increase, or give the family notice in accordance with the terms of the lease.

No rent increase is permitted during the initial term of the lease [24 CFR 982.309(a)(3)].

**HHA Policy**

Where the owner is requesting a rent increase, the HHA will determine whether the requested increase is reasonable within 15 business days of receiving the request from the owner. The owner will be notified of the determination in writing or orally.

Rent increases will go into effect on the first of the month following the 60 day period after the owner notifies the HHA of the rent change or on the date specified by the owner, whichever is later. Any rent increase greater than 5% will warrant a Management Review before the increase is granted.



## Chapter 10

### MOVING WITH CONTINUED ASSISTANCE AND PORTABILITY

#### INTRODUCTION

Freedom of choice is a hallmark of the housing choice voucher (HCV) program. In general, therefore, HUD regulations impose few restrictions on where families may live or move with HCV assistance. This chapter sets forth HUD regulations and HHA policies governing moves within or outside the HHA's jurisdiction in two parts:

Part I: Moving with Continued Assistance. This part covers the general rules that apply to all moves by a family assisted under the HHA's HCV program, whether the family moves to another unit within the HHA's jurisdiction or to a unit outside the HHA's jurisdiction under portability.

Part II: Portability. This part covers the special rules that apply to moves by a family under portability, whether the family moves out of or into the HHA's jurisdiction. This part also covers the special responsibilities that the HHA has under portability regulations and procedures.

#### PART I. MOVING WITH CONTINUED ASSISTANCE

##### 10-I.A. ALLOWABLE MOVES

HUD regulations list five conditions under which an assisted family is allowed to move to a new unit with continued assistance. Permission to move is subject to the restrictions set forth in section 10-I.B.

- The family has a right to terminate the lease on notice to the owner (for the owner's breach or otherwise) and has given a notice of termination to the owner in accordance with the lease [24 CFR 982.314(b)(3)]. If the family terminates the lease on notice to the owner, the family must give the HHA a copy of the notice at the same time [24 CFR 982.314(d)(1)].
- The lease for the family's unit has been terminated by mutual agreement of the owner and the family [24 CFR 982.314(b)(1)(ii)].

##### HHA Policy

If the family and the owner mutually agree to terminate the lease for the family's unit, the family must use the HHA termination agreement.

- The owner has given the family a notice to vacate, has commenced an action to evict the family, or has obtained a court judgment or other process allowing the owner to evict the family [24 CFR 982.314(b)(2)]. The family must give the HHA a copy of any owner eviction notice [24 CFR 982.551(g)].

- The HHA has terminated the assisted lease for the family's unit for the owner's breach [24 CFR 982.314(b)(1)(i)].
- The HHA determines the family's current unit does not meet the HQS space standards because of an increase in family size or a change in family composition. In such cases, the HHA must issue the family a new voucher, and the family and HHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for the family, the HHA must terminate the HAP contract for the family's old unit in accordance with the HAP contract terms and must notify both the family and the owner of the termination. The HAP contract terminates at the end of the calendar month that follows the calendar month in which the HHA gives notice to the owner. [24 CFR 982.403(a) and (c)]

### **10-I.B. RESTRICTIONS ON MOVES**

A family's right to move is generally contingent upon the family's compliance with program requirements [24 CFR 982.1(b)(2)]. HUD specifies two conditions under which the HHA may deny a family permission to move and two ways in which the HHA may restrict moves by a family.

#### **Denial of Moves**

HUD regulations permit the HHA to deny a family permission to move under the following conditions:

##### ***Insufficient Funding***

The HHA may deny a family permission to move if the HHA does not have sufficient funding for continued assistance [24 CFR 982.314(e)(1)].

##### **HHA Policy**

The HHA will deny a family permission to move on grounds the HHA does not have sufficient funding for continued assistance if (a) the move is initiated by the family, not the owner or the HHA; (b) the HHA can demonstrate that the move will, in fact, result in higher subsidy costs; and (c) the HHA can demonstrate, in accordance with the policies in Part VIII of Chapter 12, that it does not have sufficient funding in its annual budget to accommodate the higher subsidy costs. This policy applies to moves within the HHA's jurisdiction as well as to moves outside it under portability.

##### ***Grounds for Denial or Termination of Assistance***

The HHA has grounds for denying or terminating the family's assistance [24 CFR 982.314(e)(2)].

##### **HHA Policy**

If the HHA has grounds for denying or terminating a family's assistance, the HHA will act on those grounds in accordance with the regulations and policies set forth in Chapters 3 and 12, respectively. In general, it will not deny a family permission to move for this reason; however, it retains the discretion to do so under special circumstances.

**Restrictions on Elective Moves [24 CFR 982.314(c)]**

HUD regulations permit the HHA to prohibit any elective move by a participant family during the family's initial lease term. They also permit the HHA to prohibit more than one elective move by a participant family during any 12-month period.

**HHA Policy**

The HHA will deny a family permission to make an elective move during the family's initial lease term. This policy applies to moves within the HHA's jurisdiction or outside it under portability.

The HHA will also deny a family permission to make more than one elective move during any 12-month period. This policy applies to all assisted families residing in the HHA's jurisdiction.

The HHA will consider exceptions to these policies for the following reasons: to protect the health or safety of a family member (e.g., lead-based paint hazards, domestic violence, dating violence, sexual assault, stalking, witness protection programs), to accommodate a change in family circumstances (e.g., new employment, school attendance in a distant area), or to address an emergency situation over which a family has no control.

In addition, the HHA will allow exceptions to these policies for purposes of reasonable accommodation of a family member who is a person with disabilities (see Chapter 2).

**10-I.C. MOVING PROCESS****Notification**

If a family wishes to move to a new unit, the family must notify the HHA and the owner before moving out of the old unit or terminating the lease on notice to the owner [24 CFR 982.314(d)(2)]. If the family wishes to move to a unit outside the HHA's jurisdiction under portability, the notice to the HHA must specify the area where the family wishes to move [24 CFR 982.314(d)(2), Notice PIH 2004-12]. The notices must be in writing [24 CFR 982.5].

**Approval****HHA Policy**

Upon receipt of a family's notification that it wishes to move, the HHA will determine whether the move is approvable in accordance with the regulations and policies set forth in sections 10-I.A and 10-I.B. The HHA will notify the family in writing of its determination within 10 business days following receipt of the family's notification.

**Reexamination of Family Income and Composition****HHA Policy**

For families approved to move to a new unit within the HHA's jurisdiction, the HHA will perform a new annual reexamination in accordance with the policies set forth in Chapter 11 of this plan.

For families moving into or families approved to move out of the HHA's jurisdiction under portability, the HHA will follow the policies set forth in Part II of this chapter.

## Voucher Issuance and Briefing

### HHA Policy

For families approved to move to a new unit within the HHA's jurisdiction, the HHA will issue a new voucher within 10 business days of the HHA's written approval to move. No briefing is required for these families. The HHA will follow the policies set forth in Chapter 5 on voucher term, extension, and expiration. If a family does not locate a new unit within the term of the voucher and any extensions, the family may remain in its current unit with continued voucher assistance if the owner agrees and the HHA approves. Otherwise, the family will lose its assistance.

For families moving into or families approved to move out of the HHA's jurisdiction under portability, the HHA will follow the policies set forth in Part II of this chapter.

## Housing Assistance Payments [24 CFR 982.311(d)]

When a family moves out of an assisted unit, the HHA may not make any housing assistance payment to the owner for any month **after** the month the family moves out. The owner may keep the housing assistance payment for the month when the family moves out of the unit.

If a participant family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit) and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

### HHA Policy

HHA will not cross subsidize from one unit to another.

## PART II: PORTABILITY

### 10-II.A. OVERVIEW

Within the limitations of the regulations and this plan, a participant family or an applicant family that has been issued a voucher has the right to use tenant-based voucher assistance to lease a unit anywhere in the United States providing that the unit is located within the jurisdiction of a PHA administering a tenant-based voucher program [24 CFR 982.353(b)]. The process by which a family obtains a voucher from one PHA and uses it to lease a unit in the jurisdiction of another PHA is known as portability. The first PHA is called the **initial PHA**. The second is called the **receiving PHA**.

The receiving PHA has the option of administering the family's voucher for the initial PHA or absorbing the family into its own program. Under the first option, the receiving PHA bills the initial PHA for the family's housing assistance payments and the fees for administering the family's voucher. Under the second option, the receiving PHA pays for the family's assistance out of its own program funds, and the initial PHA has no further relationship with the family.

The same PHA commonly acts as the initial PHA for some families and as the receiving PHA for others. Each role involves different responsibilities. The HHA will follow the rules and policies in section 10-II.B when it is acting as the initial PHA for a family. The HHA will follow the rules and policies in section 10-II.C when it is acting as the receiving PHA for a family.

## **10-II.B. INITIAL PHA ROLE**

### **Allowable Moves under Portability**

A family may move with voucher assistance only to an area where there is at least one PHA administering a voucher program [24 CFR 982.353(b)]. If there is more than one PHA in the area, the family may choose the receiving PHA [24 CFR 982.355(b)].

Applicant families that have been issued vouchers as well as participant families may qualify to lease a unit outside the HHA's jurisdiction under portability. The initial PHA, in accordance with HUD regulations and HHA's policy, determines whether a family qualifies.

### ***Applicant Families***

Under HUD regulations, most applicant families qualify to lease a unit outside the PHA's jurisdiction under portability. However, HUD gives the HHA discretion to deny a portability move by an applicant family for the same two reasons that it may deny any move by a participant family: insufficient funding and grounds for denial or termination of assistance.

### **HHA Policy**

In determining whether or not to deny an applicant family permission to move under portability because the HHA lacks sufficient funding or has grounds for denying assistance to the family, HHA will follow the policies established in section 10-I.B of this chapter.

In addition, HHA may establish a policy denying the right to portability to nonresident applicants during the first 12 months after they are admitted to the program [24 CFR 982.353(c)].

### **HHA Policy**

If neither the head of household nor the spouse/cohead of an applicant family had a domicile (legal residence) in the HHA's jurisdiction at the time the family's application for assistance was submitted, the family must live in the HHA's jurisdiction with voucher assistance for at least 12 months before requesting portability.

The HHA will consider exceptions to this policy for purposes of reasonable accommodation (see Chapter 2). However, any exception to this policy is subject to the approval of the receiving PHA [24 CFR 982.353(c)(3)].

***Participant Families***

The HHA must not provide portable assistance for a participant if a family has moved out of its assisted unit in violation of the lease. [24 CFR 982.3539b.)]

**HHA Policy**

The HHA will determine whether a participant family may move out of the HHA's jurisdiction with continued assistance in accordance with the regulations and policies set forth here and in sections 10-I.A and 10-I.B of this chapter. The HHA will notify the family of its determination in accordance with the approval policy set forth in section 10-I.C of this chapter.

**Determining Income Eligibility*****Applicant Families***

An applicant family may lease a unit in a particular area under portability only if the family is income eligible for admission to the voucher program in that area [24 CFR 982.353(d)(3)]. The family must specify the area to which the family wishes to move [Notice 2004-12].

The initial PHA is responsible for determining whether the family is income eligible in the area to which the family wishes to move [24 CFR 982.355(c)(1)]. If the applicant family is not income eligible in that area, the PHA must inform the family that it may not move there and receive voucher assistance [Notice PIH 2004-12].

***Participant Families***

The income eligibility of a participant family is not redetermined if the family moves to a new jurisdiction under portability [24 CFR 982.353(d)(2), 24 CFR 982.355(c)(1)].

**Reexamination of Family Income and Composition**

No new reexamination of family income and composition is required for an applicant family.

**HHA Policy**

For a participant family approved to move out of its jurisdiction under portability, the HHA generally will conduct a reexamination of family income and composition only if the family's annual reexamination must be completed on or before the initial billing deadline specified on form HUD-52665, Family Portability Information.

The HHA will make any exceptions to this policy necessary to remain in compliance with HUD regulations.

**Briefing**

The regulations and policies on briefings set forth in Chapter 5 of this plan require the HHA to provide information on portability to all applicant families that qualify to lease a unit outside the HHA's jurisdiction under the portability procedures. Therefore, no special briefing is required for these families.

#### HHA Policy

No formal briefing will be required for a participant family wishing to move outside the HHA's jurisdiction under portability. However, the HHA will provide the family with the same oral and written explanation of portability that it provides to applicant families selected for admission to the program (see Chapter 5). The HHA will provide the name, address, and phone of the contact for the HHA in the jurisdiction to which they wish to move. The HHA will advise the family which PHAs policies and procedures that they will be under, including subsidy standards and voucher extension policies.

#### **Voucher Issuance and Term**

An applicant family has no right to portability until after the family has been issued a voucher [24 CFR 982.353(b)]. In issuing vouchers to applicant families, the HHA will follow the regulations and procedures set forth in Chapter 5. A new voucher is not required for portability purposes.

#### HHA Policy

For families approved to move under portability, the HHA will issue a new voucher within 10 business days of the HHA's written approval to move.

The initial term of the voucher will be 60 days.

#### **Voucher Extensions and Expiration**

#### HHA Policy

The HHA will approve **no** extensions to a voucher issued to an applicant or participant family porting out of the HHA's jurisdiction except under the following circumstances: (a) the initial term of the voucher will expire before the portable family will be issued a voucher by the receiving PHA, (b) the family decides to return to the initial PHA's jurisdiction and search for a unit there, or (c) the family decides to search for a unit in a third PHA's jurisdiction. In such cases, the policies on voucher extensions set forth in Chapter 5, section 5-II.E, of this plan will apply, including the requirement that the family apply for an extension in writing prior to the expiration of the initial voucher term.

To receive or continue receiving assistance under the initial PHA's voucher program, a family that moves to another PHA's jurisdiction under portability must be under HAP contract in the receiving PHA's jurisdiction within 60 days following the expiration date of the initial PHA's voucher term (including any extensions). (See below under "Initial Billing Deadline" for one exception to this policy.)

#### **Initial Contact with the Receiving PHA**

Prior to approving a family's request to move under portability, the initial PHA must contact the receiving PHA to determine if the receiving PHA will be billings or absorbing. The receiving PHA must respond to this request in writing. If the receiving PHA agrees to absorb the voucher, it cannot reverse its decision at a later date without consent of the initial PHA.

After approving a family's request to move under portability, the initial PHA must promptly notify the receiving PHA to expect the family [24 CFR 982.355(c)(2)]. This means that the initial PHA must contact the receiving PHA directly on the family's behalf [Notice PIH 2004-12]. The initial PHA must also advise the family how to contact and request assistance from the receiving PHA [24 CFR 982.355(c)(2)].

#### HHA Policy

Because the portability process is time-sensitive, the HHA will notify the receiving PHA by phone, fax, or e-mail to expect the family. The HHA will also ask the receiving PHA to provide any information the family may need upon arrival, including the name, fax, email and telephone number of the staff person responsible for business with incoming portable families and procedures related to appointments for voucher issuance. The HHA will pass this information along to the family. The HHA will also ask for the name, address, telephone number, fax and email of the person responsible for processing the billing information.

#### **Sending Documentation to the Receiving PHA**

The HHA is required to send the receiving PHA the following documents:

- Form HUD-52665, Family Portability Information, with Part I filled out [Notice PIH 2004-12]
- A copy of the family's voucher [Notice PIH 2004-12]
- A copy of the family's most recent form HUD-50058, Family Report, or, if necessary in the case of an applicant family, family and income information in a format similar to that of form HUD-50058 [24 CFR 982.355(c)(4), Notice PIH 2004-12]
- Copies of the income verifications backing up the form HUD-50058 [24 CFR 982.355(c)(4), Notice PIH 2004-12]

#### HHA Policy

In addition to these documents, the HHA will provide the following information, if available, to the receiving PHA:

Social security Numbers (SSNs)

Documentation of SSNs for all family members

Documentation of legal identity

Documentation of citizenship or eligible immigration status

Documentation of participation in the earned income disallowance (EID) benefit

EIV information

The HHA will notify the family in writing regarding any information provided to the receiving PHA [HCV GB, p. 13-3].



**Initial Billing Deadline [Notice PIH 2004-12]**

When the HHA sends form HUD-52665 to the receiving PHA, it specifies in Part I the deadline by which it must receive the initial billing notice from the receiving PHA. This deadline is 60 days following the expiration date of the voucher issued to the family by the initial PHA. If the initial PHA does not receive a billing notice by the deadline and does not intend to honor a late billing submission, it must contact the receiving PHA to determine the status of the family. If the receiving PHA reports that the family is not yet under HAP contract, the initial PHA may refuse to accept a late billing submission. If the receiving PHA reports that the family is under HAP contract and the receiving PHA cannot absorb the family, the initial PHA must accept a late billing submission; however, it may report to HUD the receiving PHA's failure to comply with the deadline.

**HHA Policy**

If the HHA has not received an initial billing notice from the receiving PHA by the deadline specified on form HUD-52665, it will contact the receiving PHA by phone, fax, or e-mail on the next business day. If the PHA reports that the family is not yet under HAP contract, the HHA will inform the receiving PHA that it will not honor a late billing submission and will return any subsequent billings that it receives on behalf of the family. The HHA will send the receiving PHA a written confirmation of its decision by mail.

The HHA will allow an exception to this policy if the family includes a person with disabilities and the late billing is a result of a reasonable accommodation granted to the family by the receiving PHA.

**Monthly Billing Payments [24 CFR 982.355(e), Notice PIH 2004-12]**

If the receiving PHA is administering the family's voucher, the initial PHA is responsible for making billing payments in a timely manner. The first billing amount is due within 30 calendar days after the initial PHA receives Part II of form HUD-52665 from the receiving PHA. Subsequent payments must be **received** by the receiving PHA no later than the fifth business day of each month. The payments must be provided in a form and manner that the receiving PHA is able and willing to accept.

The initial PHA may not terminate or delay making payments under existing portability billing arrangements as a result of over leasing or funding shortfalls. The PHA must manage its tenant-based program in a manner that ensures that it has the financial ability to provide assistance for families that move out of its jurisdiction under portability and are not absorbed by receiving PHAs as well as for families that remain within its jurisdiction.

**HHA Policy**

The HHA will utilize direct deposit to ensure that the payment is received by the deadline unless the receiving PHA notifies the HHA that direct deposit is not acceptable to them.

**Annual Updates of Form HUD-50058**

If the HHA is being billed on behalf of a portable family, it should receive an updated form HUD-50058 each year from the receiving PHA. If the HHA fails to receive an updated 50058 by

the family's annual reexamination date, the HHA should contact the receiving PHA to verify the status of the family.

### **Subsequent Family Moves**

#### ***Within the Receiving PHA's Jurisdiction [24 CFR 314(e)(1), Notice PIH 2005-1]***

The initial PHA has the authority to deny subsequent moves by portable families whom it is assisting under portability billing arrangements if it does not have sufficient funding for continued assistance.

#### **HHA Policy**

If the HHA determines that it must deny moves on the grounds that it lacks sufficient funding (see section 10-I.B), it will notify all receiving PHAs with which it has entered into portability billing arrangements that they, too, must deny moves to higher cost units by portable families from the HHA's jurisdiction.

The HHA will allow exceptions to this policy for purposes of reasonable accommodation of a family member who is a person with disabilities.

#### ***Outside the Receiving PHA's Jurisdiction [Notice PIH 2004-12]***

If the HHA is assisting a portable family under a billing arrangement and the family subsequently decides to move out of the receiving PHA's jurisdiction, the HHA is responsible for issuing the family a voucher while the family is either being assisted or has a voucher from the receiving PHA and, if the family wishes to port to another jurisdiction, sending form HUD-52665 and supporting documentation to the new receiving PHA. Any extensions of the HHA's voucher necessary to allow the family additional search-time to return to the HHA's jurisdiction or to move to another jurisdiction would be at the discretion of the HHA.

#### **Denial or Termination of Assistance [24 CFR 982.355(c)(9)]**

If the HHA has grounds for denying or terminating assistance for a portable family that has not been absorbed by the receiving PHA, the HHA may act on those grounds at any time. (For HHA policies on denial and termination, see Chapters 3 and 12, respectively.)

### **10-II.C. RECEIVING PHA ROLE**

If a family has a right to lease a unit in the receiving PHA's jurisdiction under portability, the receiving PHA must provide assistance for the family [24 CFR 982.355(10)].

The receiving PHA's procedures and preferences for selection among eligible applicants do not apply, and the receiving PHA's waiting list is not used [24 CFR 982.355(10)]. However, the family's unit, or voucher, size is determined in accordance with the subsidy standards of the receiving PHA [24 CFR 982.355(7)], and the amount of the family's housing assistance payment

is determined in the same manner as for other families in the receiving PHA's voucher program [24 CFR 982.355(e)(2)].

### **Initial Contact with Family**

When a family moves into the HHA's jurisdiction under portability, the family is responsible for promptly contacting the HHA and complying with the HHA's procedures for incoming portable families [24 CFR 982.355(c)(3)].

If the voucher issued to the family by the initial PHA has expired, the HHA does not process the family's paperwork but instead refers the family back to the initial PHA [Notice PIH 2004-12].

When a portable family requests assistance from the HHA, the HHA must promptly inform the initial PHA whether the HHA will bill the initial PHA for assistance on behalf of the portable family or will absorb the family into its own program [24 CFR 982.355(c)(5)]. If the HHA initially bills the initial PHA for the family's assistance, it may later decide to absorb the family into its own program [Notice PIH 2004-12]. (See later under "Absorbing a Portable Family" for more on this topic.)

### **HHA Policy**

Within 10 business days after a portable family requests assistance, the HHA will notify the initial PHA whether it intends to bill the initial PHA on behalf of the portable family or absorb the family into its own program.

If for any reason the HHA refuses to process or provide assistance to a family under the portability procedures, the family must be given the opportunity for an informal review or hearing [Notice PIH 2004-12]. (For more on this topic, see later under "Denial or Termination of Assistance.")

### **Briefing**

HUD allows the HHA to require a briefing for an incoming portable family as long as the requirement does not unduly delay the family's search [Notice PIH 2004-12].

### **HHA Policy**

The HHA will require the family to attend a briefing. The HHA will provide the family with a briefing packet (as described in Chapter 5) and, inform the family about the HHA's payment and subsidy standards, procedures for requesting approval of a unit, the unit inspection process, and the leasing process.

### **Income Eligibility and Reexamination**

HUD allows the HHA to conduct its own income reexamination of a portable family [24 CFR 982.355(c)(4)]. However, the HHA may not delay voucher issuance or unit approval until the reexamination process is complete unless the reexamination is necessary to determine that an applicant family is income eligible for admission to the program in the area where the family

wishes to lease a unit [Notice PIH 2004-12, 24 CFR 982.201(b)(4)]. The HHA does not redetermine income eligibility for a portable family that was already receiving assistance in the initial PHA's voucher program [24 CFR 982.355(c)(1)].

#### HHA Policy

For any family moving into its jurisdiction under portability, the HHA will conduct a new reexamination of family income and composition. However, the HHA will not delay issuing the family a voucher for this reason. Nor will the HHA delay approving a unit for the family until the reexamination process is complete unless the family is an applicant and the HHA cannot otherwise confirm that the family is income eligible for admission to the program in the area where the unit is located.

In conducting its own reexamination, the HHA will rely upon any verifications provided by the initial PHA to the extent that they (a) accurately reflect the family's current circumstances and (b) were obtained within the last 120 days. Any new information may be verified by documents provided by the family and adjusted, if necessary, when third party verification is received.

#### **Voucher Issuance**

When a family moves into its jurisdiction under portability, the HHA is required to issue the family a voucher [24 CFR 982.355(b)(6)]. The family must submit a request for tenancy approval to the HHA during the term of the HHA's voucher [24 CFR 982.355(c)(6)].

#### ***Timing of Voucher Issuance***

HUD expects the HHA to issue the voucher within two weeks after receiving the family's paperwork from the initial PHA if the information is in order, the family has contacted the HHA, and the family complies with the HHA's procedures [Notice PIH 2004-12].

#### HHA Policy

When a family ports into its jurisdiction, the HHA will issue the family a voucher based on the paperwork provided by the initial PHA unless the family's paperwork from the initial PHA is incomplete, the family's voucher from the initial PHA has expired or the family does not comply with the HHA's procedures. The HHA will update the family's information when verification has been completed.

#### ***Voucher Term***

The term of the HHA's voucher may not expire before 30 calendar days from the term of the initial PHA's voucher [24 CFR 982.355(c)(6)].

#### HHA Policy

The HHA's voucher will expire 30 calendar days from the term of the initial PHA's voucher.

#### ***Voucher Extensions [24 CFR 982.355(c)(6), Notice 2004-12]***

The HHA may provide additional search time to the family beyond the expiration date of the initial PHA's voucher; however, if it does so, it must inform the initial PHA of the extension. It must also bear in mind the billing deadline provided by the initial PHA. Unless willing and able to absorb the family, the HHA should ensure that any voucher expiration date would leave sufficient time to process a request for tenancy approval, execute a HAP contract, and deliver the initial billing to the initial PHA.

#### HHA Policy

The HHA generally will not extend the term of the voucher that it issues to an incoming portable family unless the HHA plans to absorb the family into its own program, in which case it will follow the policies on voucher extension set forth in section 5-II.E.

The HHA will consider an exception to this policy as a reasonable accommodation to a person with disabilities (see Chapter 2).

#### **Notifying the Initial PHA**

The HHA must promptly notify the initial PHA if the family has leased an eligible unit under the program or if the family fails to submit a request for tenancy approval for an eligible unit within the term of the HHA's voucher [24 CFR 982.355(c)(8)]. The HHA is required to use Part II of form HUD-52665, Family Portability Information, for this purpose [24 CFR 982.355(e)(5), Notice PIH 2004-12]. (For more on this topic and the deadline for notification, see below under "Administering a Portable Family's Voucher.")

If an incoming portable family ultimately decides not to lease in the jurisdiction of the HHA but instead wishes to return to the initial PHA's jurisdiction or to search in another jurisdiction, the HHA must refer the family back to the initial PHA. In such a case the voucher of record for the family is once again the voucher originally issued by the initial PHA. Any extension of search time provided by the HHA's voucher is only valid for the family's search in the HHA's jurisdiction. [Notice PIH 2004-12]

#### **Administering a Portable Family's Voucher**

##### ***Initial Billing Deadline***

If a portable family's search for a unit is successful and the HHA intends to administer the family's voucher, the HHA must submit its initial billing notice (Part II of form HUD-52665) (a) no later than 10 business days following the date the HHA **executes** a HAP contract on behalf of the family **and** (b) in time that the notice will be **received** no later than 60 days following the expiration date of the family's voucher issued by the initial PHA [Notice PIH 2004-12]. A copy of the family's form HUD-50058, Family Report, completed by the HHA must be attached to the initial billing notice. The HHA may send these documents by mail, fax, or e-mail.

#### HHA Policy

The HHA will send its initial billing notice by fax or e-mail, if necessary, to meet the billing deadline but will also send the notice by regular mail.

If the HHA fails to send the initial billing within 10 business days following the date the HAP contract is executed, it is required to absorb the family into its own program unless (a) the initial PHA is willing to accept the late submission or (b) HUD requires the initial PHA to honor the late submission (e.g., because the HHA is over leased) [Notice PIH 2004-12].

***Ongoing Notification Responsibilities [Notice PIH 2004-12, HUD-52665]***

**Annual Reexamination.** The HHA must send the initial PHA a copy of a portable family's updated form HUD-50058 after each annual reexamination for the duration of time the HHA is billing the initial PHA on behalf of the family, regardless of whether there is a change in the billing amount.

HHA Policy

The HHA will send a copy of the updated HUD-50058 by regular mail at the same time the participant and owner are notified of the reexamination results.

**Change in Billing Amount.** The HHA is required to notify the initial PHA, using form HUD-52665, of any change in the billing amount for the family as a result of:

- A change in the HAP amount (because of a reexamination, a change in the applicable payment standard, a move to another unit, etc.)
- An abatement or subsequent resumption of the HAP payments
- Termination of the HAP contract
- Payment of a damage/vacancy loss claim for the family
- Termination of the family from the program

The timing of the notice of the change in the billing amount should correspond with the notification to the owner and the family in order to provide the initial PHA with advance notice of the change. Under no circumstances should the notification be later than 10 business days following the effective date of the change in the billing amount.

***Late Payments [Notice PIH 2004-12]***

If the initial PHA fails to make a monthly payment for a portable family by the fifth business day of the month, the HHA must promptly notify the initial PHA in writing of the deficiency. The notice must identify the family, the amount of the billing payment, the date the billing payment was due, and the date the billing payment was received (if it arrived late). The HHA must send a copy of the notification to the Office of Public Housing (OPH) in the HUD area office with jurisdiction over the HHA. If the initial PHA fails to correct the problem by the second month following the notification, the HHA may request by memorandum to the director of the OPH with jurisdiction over the HHA that HUD transfer the unit in question. A copy of the initial

notification and any subsequent correspondence between the PHAs on the matter must be attached. The HHA must send a copy of the memorandum to the initial PHA. If the OPH decides to grant the transfer, the billing arrangement on behalf of the family ceases with the transfer, but the initial PHA is still responsible for any outstanding payments due to the HHA.

### ***Overpayments [Notice PIH 2004-12]***

In all cases where the HHA has received billing payments for billing arrangements no longer in effect, the HHA is responsible for returning the full amount of the overpayment (including the portion provided for administrative fees) to the initial PHA.

In the event that HUD determines billing payments have continued for at least three months because the HHA failed to notify the initial PHA that the billing arrangement was terminated, the HHA must take the following steps:

- Return the full amount of the overpayment, including the portion provided for administrative fees, to the initial PHA.
- Once full payment has been returned, notify the Office of Public Housing in the HUD area office with jurisdiction over the HHA of the date and the amount of reimbursement to the initial PHA.

At HUD's discretion, the HHA will be subject to the sanctions spelled out in Notice PIH 2004-12.

### ***Denial or Termination of Assistance***

At any time, the HHA may make a determination to deny or terminate assistance to a portable family for family action or inaction [24 CFR 982.355(c)(9), 24 CFR 982.355(c)(10)].

In the case of a termination, the HHA should provide adequate notice of the effective date to the initial PHA to avoid having to return a payment. In no event should the HHA fail to notify the initial PHA later than 10 business days following the effective date of the termination of the billing arrangement. [Notice PIH 2004-12]

### **HHA Policy**

If the HHA elects to deny or terminate assistance for a portable family, the HHA will notify the initial PHA within 10 business days after the informal review or hearing if the denial or termination is upheld. The HHA will base its denial or termination decision on the policies set forth in Chapter 3 or Chapter 12, respectively. The informal review or hearing will be held in accordance with the policies in Chapter 16. The HHA will furnish the initial PHA with a copy of the review or hearing decision.

### **Absorbing a Portable Family**

The HHA may absorb an incoming portable family into its own program when the HHA executes a HAP contract on behalf of the family or at any time thereafter providing that (a) the

HHA has funding available under its annual contributions contract (ACC) and (b) absorbing the family will not result in over leasing [24 CFR 982.355(d)(1), Notice PIH 2004-12].

If the HHA absorbs a family from the point of admission, the admission will be counted against the income-targeting obligation of the HHA [24 CFR 982.201(b)(2)(vii)].

If the HHA absorbs a family after providing assistance for the family under a billing arrangement with the initial PHA, HUD encourages the HHA to provide adequate advance notice to the initial PHA to avoid having to return an overpayment. The HHA must specify the effective date of the absorption of the family. [Notice PIH 2004-12]

#### HHA Policy

If the HHA decides to absorb a portable family upon the execution of a HAP contract on behalf of the family, the HHA will notify the initial PHA by the initial billing deadline specified on form HUD-52665. The effective date of the HAP contract will be the effective date of the absorption.

If the HHA decides to absorb a family after that, it will provide the initial PHA with 30 days' advance notice.

Following the absorption of an incoming portable family, the family is assisted with funds available under the consolidated ACC for the HHA's voucher program [24 CFR 982.355(d)], and the HHA becomes the initial PHA in any subsequent moves by the family under portability.



## Chapter 11

### REEXAMINATIONS

#### INTRODUCTION

The HHA 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 HHA 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 HHA 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.

##### **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.

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.

### HHA Policy

HHA will streamline the annual reexamination process by applying the verified COLA or interest rate to fixed-income sources. HHA will document in the file how the determination that a source of income was fixed was made.

If a family member with a fixed source of income is added, HHA 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, HHA 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.

HHA chooses the option to not verify non-fixed income in intervening years where the family's income is comprised of at least 90 percent from fixed sources. In households with fixed income sources that makes up less than 90% of household income, HHA will apply a COLA to each of the fixed income sources individually and will determine all other household income (non-fixed) pursuant to standard annual and interim reexaminations income verification requirements.

*Board Approved 12/15/2020*

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

The HHA 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].

### HHA Policy

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

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

The HHA 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**

The HHA is required to obtain the information needed to conduct annual reexaminations. How that information will be collected is left to the discretion of the HHA.

### HHA Policy

Families generally are required to participate in an annual reexamination interview, which must be attended by the head of household, spouse, or cohead. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the HHA to request a reasonable accommodation (see Chapter 2).

Notification of annual reexamination interviews will be sent by first-class mail 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 the HHA in advance of the interview to schedule a new appointment. If a family does not attend the scheduled interview, the HHA will send a second notification with a new interview appointment time.

If a family fails to attend two scheduled interviews without HHA 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. The family and the HHA must execute a certification attesting to the role and assistance of any such third party.

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

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

### HHA 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 a HHA-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 business 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.

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

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

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

### HHA 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 HHA 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 HHA, 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 will be required to pay the amount owed to HHA by the first of the following month as described in Chapter 14.

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 HHA 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 HHA.

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 the HHA by the date specified, and this delay prevents the HHA 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 HHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the HHA must process interim reexaminations to reflect those changes. HUD regulations also permit the HHA 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 HHA must complete the interim reexamination within a reasonable time after the family's request.

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

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

The HHA 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, the HHA has limited discretion in this area.

**HHA Policy**

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

**New Family Members Requiring Approval**

The addition of a family member as a result of birth, adoption, or court-awarded custody does require HHA approval. However, the family is required to promptly notify the HHA of the addition [24 CFR 982.551(h)(2)].

**HHA Policy**

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

**New Family and Household Members Requiring Approval**

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

**HHA Policy**

Families must request HHA 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, and therefore no longer qualifies as a “guest.” Requests must be made in writing and approved by the HHA prior to the individual moving in the unit.

The HHA will not approve the addition of a new family or household member unless the individual meets the HHA’s eligibility criteria (see Chapter 3).

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

If the HHA determines an individual meets the HHA's eligibility criteria as defined in Chapter 3, the HHA 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 the HHA determines that an individual does not meet the HHA's eligibility criteria as defined in Chapter 3, the HHA 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 HHA 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 HHA 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 HHA also needs to know when any live-in aide, foster child, or foster adult ceases to reside in the unit.

#### HHA Policy

If a household member ceases to reside in the unit, the family must inform the HHA 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 the HHA within 10 business days.

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

At any time, the PHA may conduct an Interim reexamination of family income because of any changes since the family's last rent determination. The PHA must adopt policies prescribing when and under what conditions the family must report a change in family income and the effective date of a change in the housing assistance payment resulting from an interim redetermination.

### **HHA-Initiated Interim Reexaminations**

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

#### HHA Policy

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

For families receiving the Earned Income Disallowance (EID), the HHA will conduct an interim reexamination at the start of the 12 month 100% exclusion period, at the start of the second 12-month exclusion period (50 percent phase-in period) and at the conclusion of the Earned Income Disallowance (EID).

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

#### HHA Policy

Families are required to report all increases in earned income, including new employment, within 10 calendar days of the date the change takes effect.

HHA will not conduct interim reexaminations between annual re-certifications when families have an increase in income except in the following circumstances:

- Families with zero income will be required to report and verify all increases in income/assets within thirty (10) days of the change. An interim reexamination will be conducted;
- Families participating in the Family Self Sufficiency Program;
- At the start of the 12 month 100% exclusion period; at the start of the 50% exclusion period and at the end of the Earned Income Disallowance;
- To correct an income calculation error or incorrect information which resulted in an incorrect rent calculation;
- There is evidence or a pattern that the family is manipulating the program by a pattern of reducing income just prior to the annual recertification and increasing their income right after.
- Or if the family has an incremental income increase of \$5,000 or more annually.

### ***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 HHA 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.

#### HHA 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, the HHA will note the file.

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

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

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

#### **Method of Reporting**

##### HHA Policy

The family must notify the HHA of changes in writing within 10 days of the change. The HHA will schedule an interim reexamination if required to conduct and interim reexamination, and the family must provide documentation of the change. If the family does not provide documentation during the reexamination if required, the family must submit any required information or documents within 10 business days to the HHA. This time frame may be extended for good cause with HHA approval. The HHA will accept required documentation by mail, by fax, or in person.

#### **Effective Dates**

The HHA 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].

##### HHA 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 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 required to pay the full amount the first of the following month in accordance with Chapter 12.

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 following the month the verification is received.

### **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 HHA 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 HHA'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 HHA changes its payment standards or the family's situation changes, new payment standards are applied at the following times:

- If the HHA'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 for families under a housing assistance payment (HAP) contract at the time of the decrease in the payment standard, the previous higher payment standard will continue to be applied for the family's subsidy calculation for as long as the family continues to receive voucher assistance in that unit under the existing HAP contract. All other family subsidy calculation procedures remain the same.
- 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 the HHA'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 HHA's utility allowance schedule [HCV GB, p. 12-5]. Chapter 6 discusses how utility allowance schedules are established.

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

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

### **HHA Policy**

Revised utility allowances will be applied to a family's rent and subsidy calculations at the first annual or interim reexamination after the allowance is adopted.

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

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

HHA Policy

The notice to the family will include the annual and adjusted income amounts that were used to calculate the family share of the rent and the housing assistance payment. The notice also will state the procedures for requesting an informal hearing.

**11-III.D. DISCREPANCIES**

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