

CHAPTER 5 PART 1 REXAMINATIONS

At least annually, the Shelton Housing Authority will conduct a reexamination of family income and circumstances. The results of the reexamination determine (1) the rent the family will pay, and (2) whether the family is housed in the correct unit size.

1. GENERAL

The Shelton Housing Authority will send a notification letter to the family letting them know that it is time for their annual reexamination, giving them the option of selecting either the flat rent or income method, and scheduling an appointment if they are currently paying an income rent. If the family thinks they may want to switch from a flat rent to an income rent, they should request an appointment. At the appointment, the family can make their final decision regarding which rent method they will choose. The letter also includes, for those families paying the income method, forms for the family to complete in preparation for the interview. The letter includes instructions permitting the family to reschedule the interview if necessary. The letter tells families who may need to make alternate arrangements due to a disability that they may contact staff to request an accommodation of their needs.

During the appointment, the Shelton Housing Authority will determine whether family composition may require a transfer to a different bedroom size unit, and if so, the family's name will be placed on the transfer list.

Also, during the recertification, each household shall be asked whether any member is subject to the lifetime registration requirement under a state registration program. The Shelton Housing Authority will verify this information using the Dru Sjodin National Sex Offender Database and document this information in the same method used at admission. For any admissions after June 25, 2001 (the effective date of the Screening and Eviction for Drug Abuse and Other Criminal Activity final rule), if the recertification screening reveals that the tenant or a member of the tenant's household is subject to a lifetime sex offender registration requirement, or that the tenant has falsified information or otherwise failed to disclose his or her criminal history on their application and/or recertification forms, the Shelton Housing Authority will pursue eviction of the household.

If a family is about to be evicted from housing based on either the criminal check or the sex offender registration program, the applicant will be informed of this fact and given an opportunity to dispute the accuracy of the information before the eviction occurs.

MISSED APPOINTMENTS

If the family fails to respond to the letter and fails to attend the interview, a second letter will be mailed. The second letter will advise of a new time and date for the interview, allowing for the same considerations for rescheduling and accommodation as above. The letter will also advise that failure by the family to attend the second scheduled interview will result in the Shelton Housing Authority taking eviction actions against the family.

A. Rent options –

1. **Annual choice by family.** Once a year, the Shelton Housing Authority must give each family the opportunity to choose between the two methods for determining the amount of tenant rent payable monthly by the family. The family may choose to pay as tenant rent either a flat rent as determined in accordance with [paragraph \(B\)](#) of this section, or an income-based rent as determined in accordance with [paragraph \(C\)](#) of this section. Except for financial hardship cases as provided in [paragraph \(D\)](#) of this section, the family may not be offered this choice more than once a year.

2. **Relation to minimum rent.** Regardless of whether the family chooses to pay a flat rent or income-based rent, the family must pay at least the minimum rent as determined in accordance with [24 CFR § 5.630](#).

B. Flat rent. The flat rent is determined annually, based on the market rental value of the unit as determined by this [paragraph \(B\)](#).

1. The Shelton Housing Authority must establish a flat rent for each public housing unit that is no less than 80 percent of the applicable Fair Market Rent (FMR) as determined under [24 CFR part 888, subpart A](#); or

2. HUD may permit a flat rent of no less than 80 percent of an applicable small area FMR (SAFMR) or unadjusted rent, if applicable, as determined by HUD, or any successor determination, that more accurately reflects local market conditions and is based on an applicable market area that is geographically smaller than the applicable market area used in [paragraph \(B\)\(1\)](#) of this section. If HUD has not determined an applicable SAFMR or unadjusted rent, the Shelton Housing Authority must rely on the applicable FMR under [paragraph \(B\)\(1\)](#) or may apply for an exception flat rent under [paragraph \(B\)\(3\)](#).

3. The Shelton Housing Authority may request, and HUD may approve, on a case-by-case basis, a flat rent that is lower than the amounts in [paragraphs \(B\)\(1\)](#) and [\(2\)](#) of this section, subject to the following requirements:

i. The Shelton Housing Authority must submit a market analysis of the applicable market.

ii. The Shelton Housing Authority must demonstrate, based on the market analysis, that the proposed flat rent is a reasonable rent in comparison to rent for other comparable unassisted units, based on the location, quality, size, unit type, and age of the public housing unit and any amenities, housing services, maintenance, and utilities to be provided by the Shelton Housing Authority in accordance with the lease.

iii. All requests for exception flat rents under this [paragraph \(B\)\(3\)](#) must be submitted to HUD.

4. For units where utilities are tenant-paid, the Shelton Housing Authority must adjust the flat rent downward by the amount of a utility allowance for which the family might otherwise be eligible under [24 CFR part 965, subpart E](#).

5. The Shelton Housing Authority must revise, if necessary, the flat rent amount for a unit no later than 90 days after HUD issues new FMRs.

6. If a new flat rent would cause a family's rent to increase by more than 35 percent, the family's rent increase must be phased in at 35 percent annually until such time that the family chooses to pay the income-based rent or the family is paying the flat rent established pursuant to this paragraph.

C. *Income-based rent.*

1. An income-based rent is a tenant rent that is based on the family's income and the Shelton Housing Authority's policies for determination of such rents.
2. The Shelton Housing Authority rent policies may specify that the Shelton Housing Authority will use percentage of family income or some other reasonable system to determine income-based rents. The Shelton Housing Authority rent policies may provide for depositing a portion of tenant rent in an escrow or savings account, for imposing a ceiling on tenant rents, for adoption of permissive income deductions (see 24 CFR [§ 5.611\(b\)](#)), or for another reasonable system to determining the amount of income-based tenant rent.
3. The income-based tenant rent must not exceed the total tenant payment (24 CFR [§ 5.628](#)) for the family minus any applicable utility allowance for tenant-paid utilities. If the utility allowance exceeds the total tenant payment, the Shelton Housing Authority shall pay such excess amount (the utility reimbursement) either to the family or directly to the utility supplier to pay the utility bill on behalf of the family.
4. The Shelton Housing Authority may elect to establish policies regarding the frequency of utility reimbursement payments for payments made to the family.
 - i. The Shelton Housing Authority will have the option of making utility reimbursement payments not less than once per calendar-year quarter, for reimbursements totaling \$45 or less per quarter. In the event a family leaves the program in advance of its next quarterly reimbursement, the Shelton Housing Authority must reimburse the family for a prorated share of the applicable reimbursement. Shelton Housing Authority's exercising this option must have a hardship policy in place for tenants.
 - ii. If the Shelton Housing Authority elects to pay the utility supplier, the Shelton Housing Authority must notify the family of the amount of utility reimbursement paid to the utility supplier.

D. *Ceiling rent.*

A Housing Authority using ceiling rents authorized and established before October 1, 1999, may continue to use ceiling rents, provided such ceiling rents are set at the level required for flat rents under this section. Shelton Housing Authority must follow the requirements for calculating and adjusting flat rents in [paragraph \(B\)](#) of this section when calculating and adjusting ceiling rents.

E. *Information for families*

For the family to make an informed choice about its rent options, the Shelton Housing Authority must provide sufficient information for an informed choice. Such information must include at least the following written information:

1. The Shelton Housing Authority's policies on switching type of rent in circumstances of financial hardship, and
2. The dollar amounts of tenant rent for the family under each option, following the procedures in [paragraph \(F\)](#) of this section.

F. *Choice between flat and income-based rents.*

Families must be offered the choice between a flat rental amount and a previously calculated income-based rent according to the following:

1. For a family that chooses the flat rent option, the Shelton Housing Authority must conduct a reexamination of family income and composition at least once every three years.
2. At initial occupancy, or in any year in which a participating family is paying the income-based rent, the Shelton Housing Authority must:
 - i. Conduct a full examination of family income and composition, following the provisions in 24 CFR [§ 960.257](#);
 - ii. Inform the family of the flat rental amount and the income-based rental amount determined by the examination of family income and composition;
 - iii. Inform the family of the Shelton Housing Authority's policies on switching rent types in circumstances of financial hardship; and
 - iv. Apply the family's rent decision at the next lease renewal.
3. In any year in which a family chooses the flat rent option but the Shelton Housing Authority chooses not to conduct a full examination of family income and composition for the annual rent option under the authority of [paragraph \(F\)\(1\)](#) of this section, the Shelton Housing Authority must:
 - i. Use income information from the examination of family income and composition from the first annual rent option;
 - ii. Inform the family of the updated flat rental amount and the rental amount determined by the most recent examination of family income and composition;
 - iii. Inform the family of the Shelton Housing Authority's policies on switching rent types in circumstances of financial hardship; and
 - iv. Apply the family's rent decision at the next lease renewal.

G. Switch from flat rent to income-based rent because of hardship.

1. A family that is paying a flat rent may at any time request a switch to payment of income-based rent (before the next annual option to select the type of rent) if the family is unable to pay flat rent because of financial hardship. The Shelton Housing Authority must adopt written policies for determining when payment of flat rent is a financial hardship for the family.
2. If the Shelton Housing Authority determines that the family is unable to pay the flat rent because of financial hardship, the Shelton Housing Authority must immediately allow the requested switch to income-based rent. The Shelton Housing Authority shall make the determination within a reasonable time after the family request.
3. The Shelton Housing Authority policies for determining when payment of flat rent is a financial hardship must provide that financial hardship include the following situations:
 - i. The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance;
 - ii. The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items; and
 - iii. Such other situations determined by the Shelton Housing Authority to be appropriate.

H. INTERIM REEXAMINATIONS

During an interim reexamination, only the information affected by the changes being reported will be reviewed and verified.

Families are required to report the following changes to the Shelton Housing Authority between regular reexaminations. If the family's rent is being determined under the income method, these changes will trigger an interim reexamination. The family shall report these changes within ten (10) calendar days of their occurrence.

1. A member has been added to the family through birth or adoption or court-awarded custody.
2. A household member is leaving or has left the family unit.

To add a household member other than through birth, adoption, or court-awarded custody, the family must request that the new member be added to the lease. Before adding the new member to the lease, the individual must complete an application form stating their income, assets, and all other information required of an applicant. The individual must provide their Social Security number and must verify their citizenship/eligible immigrant status. (Their housing will not be delayed due to delays in verifying eligible immigrant status other than delays caused by the family.) The new family member will go through the screening process like the process for applicants. The Shelton Housing Authority will determine the eligibility of the individual before adding them to the lease. If the individual is found to be ineligible or does not pass the screening criteria, they will be advised in writing and given the opportunity for an informal review. If they are found to be eligible and do pass the screening criteria, their name will be added to the lease. At the same time, if the family's rent is being determined under the income method, the family's annual income will be recalculated considering the circumstances of the new family member. The effective date of the new rent will be in accordance with Section J of this document.

A resident requesting a live-in-aide will be required to provide verification of the need for a live-in-aide. In addition, before approval of the live-in-aide, the individual (live-in-aide) must complete an application form for purposes of determining citizenship/eligible immigrant status and the live-in-aide will go through the screening process like the process for applicants. The Shelton Housing Authority will determine the eligibility of the live-in-aide before approval can be granted. If the individual is found to be ineligible or does not pass the screening criteria, the resident will be advised in writing and given the opportunity for an informal review. Under no circumstances will the live-in-aide be added to the lease or be considered the last remaining member of a tenant family.

Families are not required to, but may at any time, request an interim reexamination based on a decrease in income, an increase in allowable expenses, or other changes in family circumstances. Upon such request, the Shelton Housing Authority will take timely action to process the interim reexamination and recalculate the tenant's rent.

I. SPECIAL REEXAMINATIONS

If a family's income is too unstable to project for twelve (12) months, including families that temporarily have no income (zero income renters) or have a temporary decrease in income, the Shelton Housing Authority may schedule special reexaminations every ninety (90) calendar days until the income stabilizes and an annual income can be determined. (PLEASE REMEMBER THAT NO ONE HAS ZERO INCOME, MANY TIMES FAMILIES HAVE INCOME FOR THE PURCHASE OF PERSONAL NEEDS NOT COVERED BY FOOD STAMPS, CLOTHING, UTILITIES, ETC. A GOOD INTERVIEW COVERS THESE ITEMS AND DETERMINES RENT BASED OFF OF THE INCOME COVERED IN THE INTERVIEW, for example: My Boyfriend gives me money every month for diapers, clothes, my hair, nails, car insurance, and my mother gives me money every month for my clothes, cell phone, and my car payment, since these items are “provided monthly” they are not a gift and become “income.”)

J. EFFECTIVE DATE OF RENT CHANGES DUE TO INTERIM OR SPECIAL REEXAMINATIONS

Unless there is a delay in reexamination processing caused by the family, any rent increase will be effective the first of the second month after the month in which the family receives notice of the new rent amount. If the family causes a delay, then the rent increase will be effective on the date it would have been effective had the process not been delayed (even if this means a retroactive increase).

If the new rent is a reduction and any delay is beyond the control of the family, the reduction will be effective the first of the month after the interim reexamination should have been completed.

If the new rent is a reduction and the family caused the delay or did not report the change in a timely manner, the change will be effective the first of the month after the rent amount is determined.

K. HOUSING AUTHORITY MISTAKES IN CALCULATING RENT

If the Shelton Housing Authority makes a mistake in calculating a resident's rent contribution and overcharges the resident, the resident shall receive a refund for the amount of the mistake going back a maximum of twelve (12) months. The refund shall be given to the resident as soon as practical or credited to the resident's account, whichever the resident desires unless the resident owes the Housing Authority money in which case the debt shall be offset to the degree possible before the resident chooses between the two refund methods.

L. OVER-INCOME FAMILIES

Beginning March 24, 2019, the Shelton Housing Authority shall track all public housing residents who have an adjusted income over 120% of the Area Median Income (AMI). This

is defined by HUD as 2.4 times the HUD determined Very Low-Income limit for the Housing Authority's jurisdiction. The limit will be adjusted each year within sixty (60) days after HUD published new income limits. When the Housing Authority becomes aware, through an annual reexamination or an interim reexamination of an increase in income, that a family's adjusted income exceeds the applicable income limit, the Housing Authority must, per HUD regulation, document in the family's tenant file that the family exceeds the threshold to compare with the family's income a year later.

If, one year after the initial determination by the Housing Authority that a family's adjusted income exceeds the over-income limit, and the family's adjusted income continues to exceed the over-income limit, the Housing Authority must, as required by HUD regulation, provide written notification to the family that their adjusted income has exceeded the over-income limit for one year. The written notification shall further state that if the family's adjusted income continues to exceed the over-income limit for the next 12 consecutive months, the family will be subject to EITHER a higher rent (as determined on a HUD formula, which has not yet been provided by HUD) or termination. The Housing Authority will determine which of these two (2) options to implement upon issuance of upcoming HUD publication(s).

The form HUD-50058 actions that would trigger the two-year grace period are: '2 = Annual Reexamination' and '3 = Interim Reexamination.'

All notices and communications will be provided in a manner appropriate for persons with hearing, visual or other disabilities.

If the Shelton Housing Authority discovers through an annual or interim exam that the family's adjusted income falls below the over-income limit, the two-year period starts over again if the family exceeds the limit in the future.

The Housing Authority will follow the requirement to submit an annual report on the number of over-income families and the number of families on the public housing waiting lists when HUD makes the requirement effective through a separate PIH notice.

Exempted from this regulation are families with a valid Family Self-Sufficiency (FSS) contract, or families where at least one family member is receiving the Earned Income Disregard benefit.

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