

MINUTES OF A REGULAR MEETING OF THE COMMISSIONERS
OF THE
CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met for a regular session on Monday, February 25, 2013, in the offices of the City of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike, NW, in the City of Roanoke, Virginia.

I. CALL TO ORDER – ROLL CALL

Chair Boitnott called the meeting to order at 3:00 p.m. and declared that a quorum was present.

PRESENT: Commissioners Boitnott, Butler, Garner, Karnes, Smith, Witten

ABSENT: Commissioner Burruss

OFFICER PRESENT: Glenda Edwards, Secretary-Treasurer

ALSO PRESENT: Cathy Wells, VP of Administration; Jackie Austin, VP of Finance/CFO; Joel Shank, VP of Operations; David Bustamante, Director of Housing; Helen Shampine, HCV Director; Desi Wynter, Director of Redevelopment and Modernization; Terry Tucker, Resident Relations Coordinator; Katie Meyer, Executive Assistant; Nick Conte, Legal Counsel

Chair Boitnott welcomed everyone to today's meeting.

II. REPORTS

1. Financial Report

Chair Boitnott stated that Ms. Austin provided a Financial Narrative along with the

Financial Report and asked if there were any comments or questions. There were none.

2. Executive Director's Report

Chair Boitnott asked for the Executive Director's report.

Ms. Edwards referred to her written report in the Monthly Operations Report and stated that the Real Estate Assessment Center (REAC) physical inspection score for Villages at Lincoln was 97. RRHA's Public Housing Assessment System (PHAS) score for the year ending September 30, 2012, is 88, resulting in a Standard Performer designation. Mr. Bustamante is working on an appeal package for submission to HUD based on changes to the physical inspection scoring regulations that were made effective days before the inspection that occurred at Melrose Towers as well as a one point deduction on the financial sub-indicator due to the Debt Service Coverage Ratio (DSCR). The deduction related to the DSCR resulted from circumstances beyond RRHA's control due to the operating reserve offset imposed by Congress for the 2012 calendar year.

Ms. Edwards stated that the resident survey results regarding possible changes in the smoking policy at Morningside Manor have been reviewed by management staff. One hundred (100) of the 105 surveys that were distributed were returned. Based on surveys returned, 51% of residents want the building to continue to allow smoking in the units; 37% of residents want the building to be smoke-free, including the units; and 12% of residents responding to the survey had no preference.

Mr. Bustamante and Property Management have met with the Morningside Manor Resident Council to discuss the smoking policy, and the Council stated that they

are pleased with the actions taken to address concerns regarding smoking. Actions that have been implemented include no longer allowing smoking on the balconies on any floor and relocation of the smoking area from the front of the building near the sidewalk. Residents who indicated on the survey that they do not smoke but can smell smoke in their units have been provided with HEPA air purifiers and have also been reminded of the transfer policy and the process for requesting a transfer.

Ms. Edwards referred to the impact of the impending sequestration and asked Ms. Austin to brief the Board of Commissioners on the impact of the impending funding reductions.

Ms. Austin stated that the federal government is currently operating under a Continuing Resolution which is set to expire on March 27, 2013. There does not appear to be an appropriations bill ready for passage in the Congress, and it remains uncertain how Congress will choose to proceed, which means that the Housing Choice Voucher (HCV) and Public Housing programs could potentially be operating at historic lows. If sequestration is allowed to go into effect that would mean an automatic 5.1% reduction in funding amounts for both programs.

The Public Housing Program could potentially mean an operating subsidy funding level of either 51% or 71% for the remainder of the year depending on what Congress decides to do to resolve the looming deadline. The reduction in funding to 51% would occur if a Continuing Resolution for funding through September 30 is adopted without containing language in the bill to eliminate the operating reserve offset that was implemented during the 2012 calendar year. Due to the reserve offset, the funding for operating subsidy was prorated to 56% last year. Ms. Austin stated that

RRHA's Public Housing program still has operating reserves which can be used to mitigate the effects of the reduction in operating subsidy funding. RRHA will have to investigate ways to reduce spending. For example, several of the public housing sites have budgeted for capital improvements in their operating budgets this year but will most likely have to use those funds for operations.

Ms. Austin stated that on February 22, 2013 HUD issued a letter to public housing authorities providing an update on the 2013 funding and potential sequestration cuts for the HCV program. The letter reiterates that the HCV program is operating under a Continuing Resolution and continues to be funded at 2012 levels until an appropriations bill is passed or Congress adopts a Continuing Resolution for the remainder of the year.

If sequestration occurs there will be an immediate across the board cut to the HCV program funding level for the remainder of 2013. This means that Housing Assistance Program (HAP) funding levels will be reduced to approximately 94%, and HUD's letter warns of actions that may need to be taken to reduce HAP costs to avoid a shortfall in the future. Currently RRHA's Section 8 HAP expenses are within the funding levels provided by HUD. There are measures RRHA can implement to reduce HAP expenses should the need arise, including not issuing new vouchers, not allowing moves when the move would increase costs to the program, not absorbing portability moves from other areas, and making sure tenants are not over-housed. RRHA currently has reserves to help offset the reduced funding amounts for the HCV program. The severity of the cuts and how long it takes Congress to act will determine whether the reserves are sufficient without necessitating implementation of other cost saving

measures. Most likely RRHA would not reach a shortfall in cash position this year.

In addition to reduced funding for HAP, sequestration will also have a significant impact on Administrative Fee funding with a proration of 69%. RRHA based its budgets for Administrative Fees at 79%. This means reserves will have to be used to fund the administrative processes of running the Section 8 program for the 2013 year if sequestration cuts are implemented.

Commissioner Garner asked about reserve levels for the HCV program. Ms. Austin stated that RRHA has reserves for HAP expenses and Administrative Fees, and HUD is holding additional reserve funds on behalf of RRHA which can be distributed as needed to cover program costs. Ms. Edwards stated that when RRHA starts leasing up or leasing down in the program it takes 4 to 6 months to see a significant impact on expenses. Ms. Edwards stated that the time period it takes to move the program is the challenge that RRHA confronts with each substantial change in program funding.

Chair Boitnott thanked Ms. Edwards and Ms. Austin for their reports and asked if there were any other questions. There were none.

3. Staff Reports

Chair Boitnott asked if there were any staff reports. There were none.

4. Committee Reports

Chair Boitnott asked for committee reports.

Commissioner Butler stated that the Affiliates Committee met, and the last remaining house on Miller's Hill has been sold by Day Avenue, LP with closing on February 22, 2013. Commissioner Butler stated that, regarding the sale and transfer of management of Eight Jefferson Place (8JP), a package has been submitted for HUD

approval, and it should be completed within 60 days.

Commissioner Garner asked for clarification. Commissioner Butler stated the management and ownership of 8JP are separate, and RRHA is the current management agent but does not own the building. The group that is pursuing purchase of the building also plans to take over management of 8JP upon acquisition. Ms. Edwards stated that RRHA is the management agent only.

Commissioner Garner stated that the auditors have been on site and are finalizing the notes and supplementary information for the audit. Progress is going well and a draft audit report should be available by the April 22, 2013 Board Meeting.

5. Commissioner Comments

Chair Boitnott asked if there were any Commissioner comments. There were none.

6. Residents or other community members to address the Board

Chair Boitnott asked if there were any residents or other community members who would like to address the Board. There were none.

III. CONSENT AGENDA

C-1 Minutes of the Regular Meeting of the Board of Commissioners held Monday, January 28, 2013.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of January 2013.

RECOMMENDED ACTION: File as submitted

Commissioner Garner introduced a motion to approve the Consent Agenda. The

motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott thereupon declared said motion carried as introduced.

IV. REGULAR AGENDA

1. Resolution No. 3732

Ms. Wells asked for approval of Resolution No. 3732 approving a revised Personnel Policy regarding Travel.

Chair Boitnott asked if there were any comments or questions. There were none.

Commissioner Garner introduced Resolution No. 3732 and moved its adoption as introduced:

**RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND
HOUSING AUTHORITY APPROVING A REVISED PERSONNEL POLICY
REGARDING TRAVEL**

WHEREAS, the Roanoke Redevelopment and Housing Authority (RRHA) has a Personnel Policy regarding Travel which was last revised December 20, 1996; and

WHEREAS, RRHA has undertaken a review of its personnel policies to ensure they are relevant, meet the needs of the agency and are legally compliant; and

WHEREAS, RRHA has determined that it is prudent and in the best interest of RRHA to revise Personnel Policy No. 910, Travel; and

WHEREAS, RRHA has determined that utilizing the Per Diem rates published by the U.S. General Services Administration ensures fair and reasonable allowances for meal and tips when employees or commissioners travel on official RRHA business; and

WHEREAS, the Personnel Committee of the RRHA Board of Commissioners supports and recommends approval of this revised policy;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the attached revised Personnel Policy No. 910 Travel Policy is approved effective March 1, 2013.

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott thereupon declared said motion carried and Resolution No. 3732 adopted as introduced.

2. Resolution No. 3733

Mr. Shank asked for approval of Resolution No. 3733 authorizing the execution of an Amendment to the Choice Neighborhoods Planning Grant Agreement with the U.S. Department of Housing and Urban Development.

Chair Boitnott asked if there were any comments or questions. There were none.

Commissioner Butler introduced Resolution No. 3733 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND
HOUSING AUTHORITY AUTHORIZING THE EXECUTION OF AN
AMENDMENT TO THE CHOICE NEIGHBORHOODS PLANNING
GRANT AGREEMENT WITH THE U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

WHEREAS, the Board of Commissioners of the Roanoke Redevelopment and Housing Authority (RRHA) approved a Strategic Plan October 2009 – September 2014 by Resolution No. 3561 on September 28, 2009 which included a goal to lead the development of sustainable, high-quality, mixed-income, small-scale housing driven by the needs of the people to be served; and

WHEREAS, by Resolution No. 3695 approved on April 23, 2012, the RRHA Board of Commissioners authorized submission of a Choice Neighborhoods Planning Grant application to the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, RRHA's Choice Neighborhoods Planning Grant application proposed to develop a transformation plan for the revitalization of the Loudon-Melrose/Shenandoah West neighborhood, in which both the Melrose Towers and Lansdowne Park public housing developments are located; and

WHEREAS, on October 11, 2012, HUD announced that RRHA's application was selected for award of a Choice Neighborhoods Planning Grant in the amount of \$200,000; and

WHEREAS, by Board Resolution No. 3729 on January 28, 2013, the RRHA Board of Commissioners authorized the RRHA Executive Director to sign certain documents in connection with the Choice Neighborhoods Planning Grant; and

WHEREAS, on January 29, 2013, RRHA submitted signed HUD-1044, Assistance Award/Amendment, forms to HUD; and

WHEREAS, on January 31, 2013, HUD notified RRHA that HUD has decided to remove the requirement for RRHA to submit a Final Draft Transformation Plan, requiring an Amendment to the Grant Agreement executed between RRHA and HUD.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Executive Director is authorized to sign and submit to the U.S. Department of Housing and Urban Development the attached First Amendment to the FY 2012 Choice Neighborhoods Planning Grant Agreement.

The motion was seconded by Vice-Chair Smith and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott thereupon declared said motion carried and Resolution No. 3733 adopted as introduced.

3. Resolution No. 3734

Ms. Shampine asked for approval of Resolution No. 3734 to approve revisions to the Administrative Plan for the Section 8 Housing Choice Voucher Program. Ms. Shampine gave a brief overview of the proposed revisions.

Chair Boitnott asked if there were any comments or questions. There were none.

Vice-Chair Smith introduced Resolution No. 3734 and moved its adoption as introduced:

**RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND
HOUSING AUTHORITY TO APPROVE REVISIONS TO THE
ADMINISTRATIVE PLAN FOR THE SECTION 8 HOUSING CHOICE
VOUCHER PROGRAM**

WHEREAS, the Roanoke Redevelopment and Housing Authority's (RRHA) Board of Commissioners and staff are committed to providing safe and affordable housing to eligible individuals and families, including persons with disabilities; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has authorized Public Housing Agencies (PHA) to administer a Housing Choice Voucher (HCV) program, through the use of the PHA's Administrative Plan; and

WHEREAS, the Administrative Plan must state the PHA's policies on matters of which the PHA has discretion to establish local policies; and

WHEREAS, a PHA must administer its program in accordance with its Administrative Plan; and

WHEREAS, a PHA is required to revise its Administrative Plan as necessary to remain in compliance with HUD regulations and requirements set forth in 24 CFR 5, 8, 35, 92, 882, 887, 888, 903, 908, 982, 983, 984, and 985; and

WHEREAS, the current Administrative Plan for the Section 8 HCV Program of the RRHA, was approved by the RRHA Board of Commissioners by Resolution No. 3709 on July 23, 2012; and

WHEREAS, on January 22, 2013, HUD issued Notice PIH 2013-03 establishing temporary guidelines for public housing agencies in fulfilling certain Public Housing and Housing Choice Voucher program guidelines during this period of decreased resources available to PHAs; and

WHEREAS, the guidelines in PIH 2013-03, available to PHAs through March 31, 2014, are intended to facilitate the ability of PHAs to continue without interruption and with minimal burden, the delivery of rental assistance to eligible families in their communities; and

WHEREAS, on January 28, 2013, HUD issued Notice PIH 2013-04 providing guidance and clarification on the requirements to verify income that is excluded from the determination of annual income; and

WHEREAS, RRHA has determined that it is in the RRHA's best interest to adopt policy changes allowed by PIH Notices 2013-03 and 2013-04.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Roanoke Redevelopment and Housing Authority that the attached revised sections of policies in the RRHA Administrative Plan for the Section 8 Housing Choice Voucher Program, are approved.

The motion was seconded by Commissioner Karnes and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott thereupon declared said motion carried and Resolution No. 3734 adopted as introduced.

4. Resolution No. 3735

Mr. Bustamante asked for approval of Resolution No. 3735 to approve revisions to the Admissions and Continued Occupancy Policy for the Public Housing Program.

Chair Boitnott asked if there were any comments or questions. There were none.

Commissioner Garner introduced Resolution No. 3735 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND
HOUSING AUTHORITY TO APPROVE REVISIONS TO THE
ADMISSIONS AND CONTINUED OCCUPANCY POLICY FOR THE
PUBLIC HOUSING PROGRAM

WHEREAS, the Roanoke Redevelopment and Housing Authority's (RRHA) Board of Commissioners and staff are committed to providing safe and affordable housing to eligible individuals and families, including persons with disabilities; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) has authorized Public Housing Agencies (PHA) to administer a Public Housing program, through the use of the PHA's Admissions and Continued Occupancy Policy (ACOP); and

WHEREAS, the ACOP must state the PHA's policies on matters of which the PHA has discretion to establish local policies; and

WHEREAS, a PHA must administer its program in accordance with its ACOP; and

WHEREAS, a PHA is required to revise its ACOP as necessary to remain in compliance with HUD regulations and requirements set forth in 24 CFR 5, 8, 902, 903, 945, 960, 965, 966; and

WHEREAS, the current ACOP for the Public Housing program of the RRHA, was approved by the RRHA Board of Commissioners by Resolution No. 3708 on July 23, 2012; and

WHEREAS, on January 22, 2013, HUD issued Notice PIH 2013-03 establishing temporary guidelines for public housing agencies in fulfilling certain Public Housing and Housing Choice Voucher program guidelines during this period of decreased resources available to PHAs; and

WHEREAS, the guidelines in PIH 2013-03, available to PHAs through March 31, 2014, are intended to facilitate the ability of PHAs to continue without interruption and with minimal burden, the delivery of rental assistance to eligible families in their communities; and

WHEREAS, on January 28, 2013, HUD issued Notice PIH 2013-04 providing guidance and clarification on the requirements to verify income that is excluded from the determination of annual income; and

WHEREAS, RRHA has determined that it is in the RRHA's best interest to adopt policy changes allowed by PIH Notices 2013-03 and 2013-04.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Roanoke Redevelopment and Housing Authority that the attached revised sections of policies in the RRHA Admissions and Continued Occupancy Plan for the Public Housing program, are approved.

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott thereupon declared said motion carried and Resolution No. 3735

adopted as introduced.

5. Executive Session

Vice-Chair Smith moved that the Commissioners enter into Executive Session for the purpose of discussion of specific personnel matters of the RRHA in accordance with Virginia Code Section 2.2-3711 (A)(1) and for the purpose of consultation with legal counsel and briefings by staff members pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the RRHA in accordance with Virginia Code Section 2.2-3711(A)(7).

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

The Board of Commissioners entered into Executive Session at 3:26 p.m.

The Board reconvened into open session at 4:20 p.m.

Commissioner Karnes introduced a motion stating that the members of the Board of Commissioners hereby certify to the best of their knowledge that only public business matters lawfully exempted from open meeting requirements and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board in the immediately preceding Executive Session.

The motion was seconded by Commissioner Garner and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

3.

V. **ADJOURNMENT**

There being no further business to come before the Board, Commissioner Garner moved that the meeting be adjourned.

The motion was seconded by Commissioner Karnes and upon roll call the following vote was recorded:

AYES: Commissioners Butler, Garner, Karnes, Witten, Smith, Boitnott

NAYS: None

Chair Boitnott declared the meeting adjourned at 4:21 p.m.

Adam Boitnott, Chair

Glenda Edwards, Secretary-Treasurer

PROPOSED REVISION
Effective March 1, 2013

Policy No. 910
Date: December 20, 1996
Page 1 of 4

| TRAVEL ~~POLICY~~

I. PURPOSE

To establish guidelines for business travel.

II. SCOPE

All employees and commissioners traveling on Authority~~RRHA~~ business.

III. POLICY

It is the policy of the Authority~~RRHA~~ to reimburse employees and officials~~commissioners~~ for costs incurred for travel and related expenses while on official business of the Authority~~RRHA~~.

IV. PROCEDURE

A. Use of Personal Vehicle. Employees and officials~~commissioners~~ will be reimbursed for use of their personal vehicle while on official business at the rate currently in effect and established by the IRS

B. Travel Expenses. Employees and officials~~commissioners~~ traveling on official travel status~~RRHA business~~ will be allowed~~provided~~ a maximum per diem of \$40 per day to include meals~~Per Diem allowance for meal and tips, exclusive of tip expenses. Per Diem is a daily meal/tip allowance for which no documentation or accounting is required.~~ The Per Diem allowance excludes transportation costs, lodging, and registration fees

RRHA will adhere to the currently published Per Diem rates of the U.S. General Services Administration for this purpose. Current published rates can be found at <http://www.gsa.gov/portal/category/21287>.

Employees and officials~~commissioners~~ are to utilize reasonable efforts to contain costs while traveling on official business and are to travel by economy class when flying. Employees and officials will be allowed a maximum per diem of \$50 per day in high cost areas such as Washington DC, Atlanta, Chicago, based on documentation of actual costs.

C. Travel Expense Vouchers are to be completed and submitted to the immediate supervisor no later than 5 business days after the return from travel.

Glenda Edwards

From: Choice Neighborhoods <ChoiceNeighborhoods@hud.gov>
Sent: Thursday, January 31, 2013 2:51 PM
To: Glenda Edwards; Desi Wynter
Cc: Henderson, John A
Subject: Amendment to your CN Planning Grant Agreement
Attachments: Choice Neighborhoods-FY12 Planning Grant Agreement-First Amendment deleting Final Draft Transformation Plan City of Roanoke RHA.pdf

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Dear FY2012 Choice Neighborhoods Planning Grantee,

HUD has decided to remove the requirement for you to submit a Final Draft Transformation Plan. Since this requirement was part of the Grant Agreement that your organization signed, this Amendment to the Grant Agreement must be signed by you and by HUD.

If you have any questions on the content of this Amendment, please contact Nicole Puri at Nicole.d.puri@hud.gov. For questions about how this impacts your Transformation Plan, please contact your Team Coordinator.

Please note that this Amendment means that you will not have to submit a Final Draft Transformation Plan on July 11th, 2014. You still must submit all other deliverables, including the Outline, Outline with Content, Draft Transformation Plan and Final Transformation Plan by the dates in your Grant Agreement.

The signed Amendment should be returned to HUD via overnight carrier no later than March 29, 2013. Once the Amendments are received and executed by HUD, the original will be kept by the Department and an executed copy will be returned to you by e-mail. If you have not already returned your Grant Agreement, you may return this Amendment along with your Grant Agreement; there is no need to submit them separately.

If you have already sent us your signed Grant Agreement, please execute and return the Amendment separately to:

Nicole D. Puri
U.S. Department of Housing and Urban Development
Office of Public Housing Investments
451 Seventh Street, SW, Room 4130
Washington, D.C. 20410

Thank you,
The Choice Neighborhoods team

First Amendment to the
FY 2012 Choice Neighborhoods
PLANNING GRANT AGREEMENT

The FY 2012 Choice Neighborhoods Planning Grant Agreement ("Grant Agreement") made by and between the United States Department of Housing and Urban Development ("HUD") and the Lead and Co-Applicant(s) ("Grantee") is amended by deleting the following language on page 15, Article VI.(A)(3) of the Grant Agreement:

Final Draft Transformation Plan. The Grantee should submit a final draft of the Transformation Plan to HUD no later than 21 months after the Grant Award Date.

Further, Article VI.(A)(4) of the Grant Agreement is renumbered as Article VI.(A)(3) to reflect the removal of the Final Draft Transformation Plan requirement. The Grantee remains obligated to submit a final Transformation Plan to HUD no later than 24 months after the Grant Award Date as required by Article III.(C)(3).

Glenda Edwards
Executive Director
City of Roanoke Redevelopment and Housing Authority

Sandra B. Henriquez
Assistant Secretary, Public and Indian Housing
U.S. Department of Housing and Urban Development

Date

Below is a list of proposed revisions that have been incorporated in the Section 8 Administrative Plan effective March 1, 2013. These revisions reflect allowable changes in Notices PIH 2013-3 and 2013-4.

Revision Section	Changes Made in Administrative Plan
2-II.B.	Added text to reflect approval of payment standard to 120% without HUD approval as a reasonable accommodation for a person with disabilities
6-I.C.	Added text & reference s allowing RRHA to use either actual past income or projected future income to determine the family's annual income
6-I.G.	Added text to allow tenant certification for assets below \$5,000 without supporting documentation
7-I.E.	Guidance on verification of excluded and partially excluded income, family self-certification
11-I.C.	Added text to allow streamlined reexamination of annual income for elderly or disabled families when 100 percent of the family's income consists of fixed income. The income may be calculated using the published cost of living adjustments.

Chapter 2

FAIR HOUSING AND EQUAL OPPORTUNITY

PART II: POLICIES RELATED TO PERSONS WITH DISABILITIES

2-II.B. DEFINITION OF REASONABLE ACCOMMODATION

A person with a disability may require special accommodations in order to have equal access to the HCV program. The types of reasonable accommodations the RRHA can provide include changes, exceptions, or adjustments to a rule, policy, practice, or service.

Federal regulations stipulate that requests for accommodations will be considered reasonable if they do not create an "undue financial and administrative burden" for the RRHA, or result in a "fundamental alteration" in the nature of the program or service offered. A fundamental alteration is a modification that alters the essential nature of a provider's operations.

Types of Reasonable Accommodations

When needed, the RRHA must modify normal procedures to accommodate the needs of a person with disabilities. Examples include:

- Permitting applications and reexaminations to be completed by mail or telephone interview
- Conducting home visits
- Using higher payment standards (either within the acceptable range of up to 120 percent of the fair market rent or with HUD approval of a payment standard outside the RRHA range) if the RRHA determines this is necessary to enable a person with disabilities to obtain a suitable housing unit [Notice PIH 2013-3]
- Providing time extensions for locating a unit when necessary because of lack of availability of accessible units or special challenges of the family in seeking a unit
- Permitting an authorized designee or advocate to participate in the application or certification process and any other meetings with RRHA staff
- Displaying posters and other housing information in locations throughout the RRHA's office in such a manner as to be easily readable from a wheelchair opportunity.

Chapter 6

INCOME AND SUBSIDY DETERMINATIONS

[24 CFR Part 5, Subparts E and F; 24 CFR 982]

6-I.C. ANTICIPATING ANNUAL INCOME

The RRHA is required to count all income "anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date"

[24 CFR 5.609(a)(2)] [\[Notice PIH 2013-03\]](#). Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

The RRHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes the RRHA to determine annual income based on past actual income received or earned within the last 12 months use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The RRHA believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

PHAs are required to use HUD's Enterprise Income Verification (EIV) system in its entirety as third party source to verify employment and income information, and to reduce administrative subsidy errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)].

HUD allows PHAs to use pay-stubs to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the PHA does not determine it is necessary to obtain additional third-party data.

RRHA Policy

Whenever possible, the RRHA will use HUD's EIV system. When EIV is obtained and the family does not dispute the EIV employer data, the RRHA will use current tenant-provided documents to project annual income. When the tenant provided documents are the pay-stubs the RRHA will make every effort to obtain current and consecutive pay-stubs dated within the last 60 days.

The RRHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

If EIV or other UIV data is not available

If the family disputes the accuracy of the employer data, and/or

If the RRHA determines that additional information is needed.

In such cases, the RRHA will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how the RRHA analyzed projected income.

When the RRHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the RRHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income. Anytime current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family

may present information and documentation to the RRHA to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If the RRHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

Example: An employer reports that a full-time employee who has been receiving \$6/hour will begin to receive \$6.25/hour in the eighth week after the effective date of the reexamination. In such a case the RRHA would calculate annual income as follows: $(\$6/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$6.25 \times 40 \text{ hours} \times 45 \text{ weeks})$.

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases the RRHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs. This requirement will be imposed even if the RRHA's policy in Chapter 11 does not require interim reexaminations for other types of changes.

When tenant-provided documents are used to anticipate annual income, they will be dated within the last 60 days of the re-examination interview.

EIV quarterly wages will not be used to project annual income at an annual or interim reexamination.

Projecting Income

In HUD's EIV webcast of January 2008, HUD made clear that PHA's are not to use EIV quarterly wages to project annual income.

File Documentation

The RRHA must document in the file how the figures used in income and rent calculations were determined. All verifications 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 RRHA 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.

RRHA Policy

The RRHA will document, in the family file, the following:

Reported family annual income

Value of Assets

Expenses related to deductions from annual income

Other factors influencing the adjusted income or income-based rent determination

When the RRHA is unable to obtain third-party verification, the RRHA will document in the family file the reason that third-party verification was not available and will place a photocopy of any original document(s) in the family file. [24 CFR 960.259(c)(1);VG, p.15]

6-I.G. ASSETS [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]

Overview

There is no asset limitation for participation in the HCV program. However, HUD requires that the RRHA include in annual income the “interest, dividends, and other net income of any kind from real or personal property” [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, the RRHA must determine the value of the asset in order to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined
- How income from the asset will be calculated

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of *net family assets*. This section begins with a discussion of general policies related to assets and then provides HUD rules and RRHA policies related to each type of asset.

General Policies

Income from Assets

The RRHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes the RRHA to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the RRHA believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, the RRHA can take into consideration past rental income along with the prospects of obtaining a new tenant.

RRHA Policy

Anytime current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to the RRHA to show why the asset income determination does not represent the family’s anticipated asset income.

Valuing Assets

The calculation of asset income sometimes requires the RRHA to make a distinction between an asset’s market value and its cash value.

- The market value of an asset is its worth (e.g., the amount a buyer would pay for real estate or the balance in an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

RRHA Policy

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28].

Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see sections 6-IH and 6-II.)

Imputing Income from Assets [24 CFR 5.609(b)(3)] [Notice PIH 2013-3]

When net family assets are \$5,000 or less, the RRHA will include in annual income the actual income anticipated to be derived from the assets. For a family with assets worth \$5,000 or less, the RRHA will accept the family's declaration of the value of the assets and the amount of income they generate. No supporting documentation is required. When the family has net family assets in excess of \$5,000, the RRHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by the current HUD-established passbook savings rate.

Determining Actual Anticipated Income from Assets

It may or may not be necessary for the RRHA to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property's market value. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement plan is not counted

as income until the family has received payments equal to the amount the family member deposited into the retirement fund.

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes "amounts derived (during the 12-month period) from assets to which any member of the family has access."

RRHA Policy

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the RRHA will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the RRHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the RRHA will prorate the asset evenly among all owners.

Assets Disposed Of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the RRHA to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

RRHA Policy

The RRHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000.

When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual recertifications, the family may request an interim recertification to eliminate consideration of the asset(s).

Assets placed by the family in nonrevocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

RRHA Policy

All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration,

mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

RRHA Policy

Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The RRHA may verify the value of the assets disposed of if other information available to the RRHA does not appear to agree with the information reported by the family.

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero.

RRHA Policy

In determining the value of a checking account, the RRHA will use the average monthly balance for the last six months, if available. Otherwise, RRHA will use the current balance on the banking statement.

In determining the value of a savings account, the RRHA will use the current balance.

In determining the anticipated income from an interest-bearing checking or savings account, the RRHA will multiply the value of the account by the current rate of interest paid on the account.

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

RRHA Policy

In determining the market value of an investment account, the RRHA will use the value of the account on the most recent investment report.

How anticipated income from an investment account will be calculated depends on whether the rate of return is known. For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on

that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), the RRHA will calculate asset income based on the earnings for the most recent reporting period.

Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [HCV GB, p. 5-25].

Equity in real property and other capital investments is considered in the calculation of asset income except for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]
- The value of a home currently being purchased with assistance under the HCV program Homeownership Option for the first 10 years after the purchase date of the home [24 CFR 5.603(b), Notice PIH 2012-3]
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
- Equity in real property when a family member's main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-IF.
- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]
- The RRHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the value of the loan (mortgage) minus the expenses to convert to cash [Notice PIH 2012-3].
 - RRHA Policy
 - For the purposes of calculating expenses to convert to cash for real property, the RRHA will use ten percent of the market value of the home.

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

RRHA Policy

In the case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless the RRHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

Trusts

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

Revocable Trusts

If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [HCV GB, p. 5-25]. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

Nonrevocable Trusts

In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 6-I.H. Lump-sum receipts are discussed earlier in this section.)

Retirement Accounts***Company Retirement/Pension Accounts***

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the RRHA must know whether the money is accessible before retirement [HCV GB, p. 5-26].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [HCV GB, p. 5-26].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [HCV GB, p. 5-26], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see section 6-I.H.) The balance in the account is counted as an asset only if it remains accessible to the family member.

IRA, Keogh, and Similar Retirement Savings Accounts

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [HCV GB, p. 5-25].

Personal Property

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [HCV GB, p. 5-25].

RRHA Policy

In determining the value of personal property held as an investment, the RRHA will use the family's estimate of the value. However, the RRHA also may obtain an appraisal if appropriate to confirm the value of the asset. The family must cooperate with the appraiser, but cannot be charged any costs related to the appraisal.

Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

RRHA Policy

Necessary personal property consists of items such as clothing, furniture, household furnishings, jewelry that is not held as an investment, and vehicles, including those specially equipped for persons with disabilities.

Life Insurance

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family's assets [HCV GB 5-25]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.

Chapter 7**VERIFICATION**

[24 CFR 982.516, 24 CFR 982.551, 24 CFR 5.230, Notice PIH 2010-19]

PART I: GENERAL VERIFICATION REQUIREMENTS

7-I.E. SELF-CERTIFICATION

RRHA 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 RRHA.

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

Notice PIH-2013-4

For fully excluded income, the RRHA is not required to:

- Verify the income in accordance with the HUD-prescribed verification hierarchy;
- Document in the tenant file why third-party verification was not available as required by CFR 960.259(c)(i) and 24 CFR 982.516(a)(2); and
- Report the income in Section 7 of the form HUD-50058.

The RRHA will accept an applicant or participant's self-certification as verification of fully excluded income. The RRHA's application and reexamination documentation, which is signed by all adult family members, may serve as the self-certification of the fully excluded income.

For income that is partially excluded the RRHA is required to:

- Comply with HUD-prescribed verification requirements and all applicable regulations pertaining to the determination of annual income; and
- Report the income in Section 7 of form HUD-50058.

The self-certification must be made in a format acceptable to the RRHA 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 RRHA representative or RRHA notary public.

Chapter 11

REEXAMINATIONS

PART I: ANNUAL REEXAMINATIONS [24 CFR 982.516]

11-I.C. CONDUCTING ANNUAL REEXAMINATIONS

As part of the annual reexamination process, families are required to provide updated information to the RRHA regarding the family's income, expenses, and composition [24 CFR 982.551(b)] [Notice PIH 2013-3].

RRHA 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 RRHA-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.

For elderly and disabled families when 100 percent of the family's income consists of fixed income , the RRHA will recalculate family's income by applying any published cost of living adjustments to the previously verified income amount.

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



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

Subject: Public Housing and Housing Choice Voucher Programs – Temporary Compliance Assistance

1. **Purpose:** This Notice establishes temporary guidelines for public housing agencies (PHAs) in fulfilling certain Public Housing (PH) and Housing Choice Voucher (HCV) program requirements during this period of decreased resources available to PHAs. These guidelines are intended to facilitate the ability of PHAs to continue, without interruption and with minimal burden, the delivery of rental assistance to eligible families in their communities. The temporary provisions established by this Notice will be available to PHAs until March 31, 2014.

The economic downturn that commenced in 2008 and which continues has only increased the need for housing assistance. Increased demand for housing assistance without corresponding increased resources strains the operations of PHAs, and jeopardizes their ability to assist families at a time when families most need housing assistance. Increasing administrative flexibility should allow PHAs to deliver rental assistance more efficiently and expeditiously. Reduction of administrative burden is anticipated to allow PHAs to better manage their programs within current allocated budget authority. The temporary guidelines are also designed to increase efficiencies, minimizing the use of resources for program administration. HUD intends to pursue more permanent changes to increase flexibility and reduce administrative burden and will be informed by PHAs' use of the temporary compliance provisions of this Notice.

- 2. Applicability:** This Notice applies to both the PH and HCV programs, except where noted.
 - 3. Temporary Provisions:**

3. Temporary Provisions:

Allow option to use participants' actual past income in verifying income.

Projecting expected income and obtaining the additional documentation necessary to project income places an unnecessary burden on PHA staff time and resources when compared to the minimal annual change in tenant incomes. Further, projecting income can lead to PHA staff errors that result in improper rent determinations. This

provision is intended to simplify the requirements associated with determining a participant's annual income (24 CFR 5.609(a)(2)).

In determining annual income, PHAs may choose to use either actual past income or projected future income. Currently, annual income includes income that is anticipated to be received from a source outside the family during the 12-month period following the effective date of admission or annual reexamination. This Notice provides PHAs with the option of determining annual income based on past actual income received or earned within the last 12 months. If a PHA operates both PH and HCV programs, this option is available for both of their programs.

For the purpose of verifying income reported in HUD's Enterprise Income Verification (EIV) system, PHAs that choose to use actual past income must use the most recent 12 months of income information available in EIV. Because this EIV report will give actual earnings data verified by a third party, the program participant is no longer required to provide third party documentation (e.g., paystubs, payroll summary report, unemployment monetary benefit notice).

If there has been a change in circumstances for a tenant, or a tenant disputes the EIV-reported income information and is unable to provide acceptable documentation to resolve the dispute, the PHA must request written third-party verification. For example, if a program participant lost his/her job, changed jobs, or reduced their hours in the months subsequent to the time period covered in EIV, the PHA must use, at the participant's request, the more recent income information verified by participant provided third-party documentation (e.g., paystubs, payroll summary report, unemployment monetary benefit notice) or through written third-party verification, which reflects the new or current work circumstance.

PHAs must continue to verify income from sources not available in EIV. However, PHAs must use the same time period for both wage and non-wage income. For example, if a PHA uses EIV information from July 2011 to June 2012 for the purpose of verifying income from wages, the PHA must use the same time period for any non-wage income.

Allow households to self-certify as to having assets of less than \$5,000

Tenants with assets below \$5,000 typically generate minimal income from these assets which results in small changes to tenant rental payments. However, PHAs spend significant time verifying such assets which strains PHA budgets, and leads to increased staff errors. This provision is intended to simplify the requirements associated with determining a participant's annual income (24 CFR 5.609(b)(3), 982.516(a)(2)(ii), 960.259(c)).

Families with assets are required to report all assets annually. The amount of interest earned on those assets is included as income used to calculate the tenant's rent obligation. Currently, where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from all net family

assets or a percentage of the value of such assets based on the current passbook savings rate.

This Notice allows a PHA to accept a family's declaration of the amount of assets of less than \$5,000, and the amount of income expected to be received from those assets. The PHA's application and reexamination documentation, which is signed by all adult family members, can serve as the declaration. Where the family has net family assets equal to or less than \$5000, the PHAs does not need to request supporting documentation (e.g. bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets. Where the family has net family assets in excess of \$5000, the PHA must obtain supporting documentation (e.g. bank statements) from the family to confirm the assets. Any assets will continue to be reported on HUD Form 50058.

Allow optional streamlined annual reexaminations for elderly families and disabled families on fixed incomes.

PHAs are statutorily required to verify income and calculate rent annually, including for elderly and disabled families on fixed incomes. The requirement to undertake the complete process for income verification and rent determination for families on fixed incomes is not necessary given the infrequency of changes to their incomes. Further, this requirement requires considerable staff time and PHA resources. This provision is intended to simplify the requirements associated with determining the annual income of participants on fixed incomes (24 CFR 982.516, 960.257).

PHAs may opt to conduct a streamlined reexamination of income for elderly families and disabled families when 100 percent of the family's income consists of fixed income. In a streamlined reexamination, PHAs will recalculate family incomes by applying any published cost of living adjustments to the previously verified income amount.

For purposes of this notice, the term 'fixed income' includes income from:

1. Social Security payments to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
2. Federal, State, local, and private pension plans; and
3. Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.

Allow PHAs to establish a payment standard of not more than 120 percent of the fair market rent (FMR) without HUD approval as a reasonable accommodation.

Under current regulations, PHAs must request a waiver from a HUD Field Office for exception payment standards above 110% of the FMR; this process takes considerable administrative time for the PHA and, in some cases, the processing time for the waiver prevents the family from leasing the unit. Under this provision, PHAs

may approve a payment standard of not more than 120 percent of the FMR without HUD approval if required as a reasonable accommodation for a family that includes a person with disabilities. This provision applies to the HCV program only and allows a PHA to establish a payment standard within limits currently permitted but designated for approval only by a HUD Field Office (24 CFR 982.503(c)(2)(B)(ii)). For any voucher unit assisted under the program, PHAs must perform a rent reasonableness determination in accordance with the section 8(o)(10) of the U.S. Housing Act of 1937 and the HCV program regulations. Therefore, PHAs who utilize this provision must maintain documentation that the PHA performed the required rent reasonableness analysis. In addition, the PHA must maintain documentation that the unit has the feature(s) required to meet the needs of the person with disabilities.

4. **Adoption of Temporary Provisions:** A PHA that chooses to adopt any provisions described in this Notice must notify HUD by email at PIHTemporaryCompliance@hud.gov. This email should also include either the Field Office Public Housing Director or the Program Center Coordinator as a recipient.

Any temporary provision made available to a PHA under this Notice that a PHA elects to apply must be adopted in the PHA's HCV program administrative plan (24 CFR 982.54) or PH program tenant selection policies (24 CFR 960.202 and 960.257(c)). In cases where changes to policies are determined by the PHA to be an amendment to the PHA's Annual Plan that is significant, as defined by the PHA, the PHA must comply with the amendment provisions of 24 CFR 903.21, including soliciting public comment and consulting with the resident advisory board.

5. **Paperwork Reduction Act:** The information collection requirements contained in this Notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2577-0220 and 0169. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.
6. **Further Information:** Any questions pertaining to this Notice may be addressed to Todd Thomas, (202)402-5849, or by electronic mail at Todd.C.Thomas@hud.gov about the Public Housing program or Caroline Crouse, (202)402-4595, or by electronic mail at Caroline.P.Crouse@hud.gov about the Housing Choice Voucher program.

/s/

Sandra B. Henriquez, Assistant Secretary for
Public and Indian Housing



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PUBLIC AND INDIAN HOUSING**

Special Attention of:	NOTICE: PIH-2013-04 (HA)
Public Housing Agencies;	Issued: 01/28/13
Public Housing Hub Office Directors;	Expires: Effective until amended,
Public Housing Program Center Directors;	superseded, or rescinded
Public Housing Division Directors;	
Regional Directors;	
Field Office Directors	Cross References: 24 CFR 5.609(c) 24 CFR 960.259(a) 24 CFR 960.259(c) 24 CFR 982.516(a) 24 CFR 982.551(b)

Subject: Guidance on Verification of Excluded Income.

1. Purpose:

This notice provides clarification and guidance on the verification requirements of income excluded from the determination of annual income in accordance with 24 CFR 5.609(c).

2. Applicability:

This notice applies to the Public Housing, Housing Choice Voucher (including the project-based certificate and voucher), and Section 8 Moderate Rehabilitation programs.

3. Background:

In an effort to reduce administrative burdens on Public Housing Agencies (PHAs), HUD is providing guidance and clarification on the requirements to verify income that is excluded from the determination of annual income. There are two categories of excluded income: fully excluded and partially excluded. Each category has different verification requirements and Sections 4 and 5 of this notice provide details on how each is to be verified.

4. Fully Excluded Income:

Income that is fully excluded means the entire amount qualifies to be excluded from the annual income determination. For fully excluded income, the PHA is not required to:

- Verify the income in accordance with the HUD-prescribed verification hierarchy;
- Document in the tenant file why third party verification was not available as required by 24 CFR 960.259(c)(1) and 24 CFR 982.516(a)(2); and
- Report the income in Section 7 of the form HUD-50058.

PHAs may accept an applicant or participant's self-certification as verification of fully excluded income. The PHA's application and reexamination documentation, which is signed by all adult family members, may serve as the self-certification of the fully excluded income. PHAs have the option of elevating the verification requirements if necessary, to determine if a source of income qualifies for a full exclusion.

Examples of common fully excluded income categories that are verifiable through applicant or participant self-certification are:

- Supplemental Nutrition Assistance Program (SNAP) benefits, formerly known as food stamps.
- Income from a live-in aide.

For a complete list of income exclusions, see 24 CFR 5.609(c).

5. Partially Excluded Income:

Income that is partially excluded means that only a certain portion of the income reported by the family qualifies to be excluded, while the remainder must be included when determining the family's annual income. For partially excluded income, PHAs are required to:

- Comply with HUD-prescribed verification requirements and all applicable regulations pertaining to the determination of annual income; and
- Report the income in Section 7 of the form HUD-50058. The example below shows how the partially excluded income for a full-time student should be reported on the form HUD-50058.

7a. Family member name	No.	7b. Income Code	7c. Calculation (PHA use)	7d. Dollars per year	7e. Income exclusion	7f. Income after exclusions (7d minus 7e)
Jane Smith	3	W	\$3,000-\$480=\$2,520	\$3,000	\$2,520	\$480

Examples of partially excluded income that are subject to regular verification requirements include:

- The Department of Veterans Affairs "Aid and Attendance" benefits – in accordance with 24 CFR 5.609(c)(4), these benefits may be excluded from income if they are used "specifically for, or in reimbursement of, the cost of medical expenses for any family member." Live-in or periodic medical assistance and services of doctors and health care professionals are among the services that may be counted as medical expenses. The PHA must verify the amount provided for aid and attendance medical expenses and the amount actually being used by the veteran for such expenses. Any portion of the benefit not used for such expenses would continue to be counted as income by the PHA when determining the family's annual income.
- Earnings in excess of \$480 for full-time students 18 years old or older (24 CFR 5.609(c)(11)) – in order to determine the amount of earnings to include in the calculation of the family's annual income, the PHA must verify the amount of employment income for these family members.

For a complete list of income exclusions, see 24 CFR 5.609(c).

6. **Further Information.** Any questions related to this notice should be directed to the nearest HUD Office of Public Housing within your region. Locations of these offices are available on HUD's website at <http://www.hud.gov>.

/s/

Sandra B. Henriquez, Assistant Secretary
for Public and Indian Housing

Below is a list of revisions that have been incorporated in the Public Housing Admissions and Continued Occupancy Plan (ACOP) effective March 1, 2013. These revisions reflect allowable changes in Notices PIH 2013-03 and 2013-04.

Revision Section	Changes Made in ACOP
6-I.C.	Added text & reference s allowing RRHA to use either actual past income or projected future income to determine the family's annual income
6-I.G.	Added text to allow tenant certification for assets below \$5,000 without <u>supporting documentation</u>
7-I.E.	Added text on family self- certification for verification of excluded and partially excluded income
9-I.C.	Added text to allow streamlined reexamination of annual income for elderly or disabled families when 100 percent of the family's income consists of fixed income. The income may be calculated using the published cost of living adjustments.

Chapter 6

INCOME AND RENT DETERMINATIONS

[24 CFR Part 5, Subparts E and F; 24 CFR 960, Subpart C]

PART I: ANNUAL INCOME

6.I.C. ANTICIPATING ANNUAL INCOME

RRHA is required to count all income “anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date” [24 CFR 5.609(a)(2)] [[Notice PIH 2013-03](#)]. Policies related to anticipating annual income are provided below.

Basis of Annual Income Projection

RRHA generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes RRHA to determine annual income based on past actual income received or earned within the last 12 months use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected [HCV GB, p. 5-17]
- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- RRHA believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

RRHA is required to use HUD’s Enterprise Income Verification (EIV) system in its entirety as a third party source to verify employment and income information, and to reduce administrative subsidy payment errors in accordance with HUD administrative guidance [24 CFR 5.233(a)(2)]. HUD allows RRHA to use pay-stubs to project income once EIV data has been received in such cases where the family does not dispute the EIV employer data and where the RRHA does not determine it is necessary to obtain additional third-party data.

When EIV is obtained and the family does not dispute the EIV employer data, RRHA will use current tenant-provided documents to project annual income. When the tenant-provided documents are pay stubs, RRHA will make every effort to obtain current and consecutive pay stubs dated within the last 60 days.

RRHA will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 7 in the following cases:

- If EIV or other UIV data is not available,
- If the family disputes the accuracy of the EIV employer data, and/or
- If RRHA determines additional information is needed.

In such cases, RRHA will review and analyze current data to anticipate annual income. In all cases, the family file will be documented with a clear record of the reason for the decision, and a clear audit trail will be left as to how RRHA annualized projected income.

When RRHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), RRHA will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income. Any time current circumstances are not used to project annual income, a clear rationale for the decision will be documented in the file. In all such cases the family may present information and documentation to RRHA to show why the historic pattern does not represent the family's anticipated income.

Known Changes in Income

If RRHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period.

Example: An employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eighth week after the effective date of the reexamination. In such a case the RRHA would calculate annual income as follows: $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$8.25 \times 40 \text{ hours} \times 45 \text{ weeks})$.

The family may present information that demonstrates that implementing a change before its effective date would create a hardship for the family. In such cases RRHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs. This requirement will be imposed even if RRHA's policy on reexaminations does not require interim reexaminations for other types of changes.

When tenant-provided third-party documents are used to anticipate annual income, they will be dated within the last 60 days of the reexamination interview date.

EIV quarterly wages will not be used to project annual income at an annual or interim reexamination.

Projecting Income

In HUD's EIV webcast of January 2008, HUD made clear that RRHA is not to use EIV quarterly wages to project annual income.

Using Up-Front Income Verification (UIV) to Project Income

HUD strongly recommends the use of up-front income verification (UIV). UIV is "the verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals" [PIH Notice 2004-01 Verification Guidance ("VG"), p. 7]. One such source is HUD's Enterprise Income Verification (EIV) system, which maintains data on three

types of income: wages, unemployment benefits, and social security (SS) and supplemental security income (SSI) benefits. HUD allows RRHA to use UTV data as third-party verification of an income source when a resident does not dispute the source. UTV data, however is generally several months old. Therefore, except in the case of SS and SSI benefits, which are not subject to frequent or dramatic changes, HUD expects RRHA to base its income projection on documentation of current circumstances provided by the resident (such as consecutive pay stubs dated within the last 60 days) or by the income source (if RRHA determines that additional verification is necessary).

6-I.G. ASSETS [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]

Overview

There is no asset limitation for participation in the public housing program. However, HUD requires that RRHA include in annual income the “interest, dividends, and other net income of any kind from real or personal property” [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, RRHA will determine the value of the asset in order to compute income from the asset. Therefore, for each asset type, this section discusses:

- How the value of the asset will be determined
- How income from the asset will be calculated

Exhibit 6-1 provides the regulatory requirements for calculating income from assets [24 CFR 5.609(b)(3)], and Exhibit 6-3 provides the regulatory definition of *net family assets*. This section begins with a discussion of general policies related to assets and then provides HUD rules and RRHA policies related to each type of asset.

General Policies

Income from Assets

RRHA generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. As is true for all sources of income, HUD authorizes RRHA to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) RRHA believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, RRHA can take into consideration past rental income along with the prospects of obtaining a new tenant.

Any time current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file. In such cases the family may present information and documentation to RRHA to show why the asset income determination does not represent the family’s anticipated asset income.

Valuing Assets

The calculation of asset income sometimes requires RRHA to make a distinction between an asset’s market value and its cash value.

- The market value of an asset is its worth (e.g., the amount a buyer would pay for real estate or the balance in an investment account).
- The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28 and PH Occ GB, p. 121].

Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see sections 6-I.H and 6-II.)

Imputing Income from Assets [24 CFR 5.609(b)(3)] [Notice PIH 2013-3]

When net family assets are \$5,000 or less, RRHA will include in annual income the actual income anticipated to be derived from the assets. For a family with assets worth \$5,000 or less, RRHA will accept the family's declaration of the value of the assets and the amount of income expected to be received from those assets. RRHA's application and reexamination documentation will serve as declaration; no supporting documentation is required. When the family has net family assets in excess of \$5,000, RRHA will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by the current HUD-established passbook savings rate.

Determining Actual Anticipated Income from Assets

It may or may not be necessary for RRHA to use the value of an asset to compute the actual anticipated income from the asset. When the value is required to compute the anticipated income from an asset, the market value of the asset is used. For example, if the asset is a property for which a family receives rental income, the anticipated income is determined by annualizing the actual monthly rental amount received for the property; it is not based on the property's market value. However, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, when a family member retires, the amount received by the family from a retirement plan is not counted as income until the family has received payments equal to the amount the family member deposited into the retirement fund.

Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes "amounts derived (during the 12-month period) from assets to which any member of the family has access."

If an asset is owned by more than one person and any family member has unrestricted access to the asset, RRHA will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, RRHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, RRHA will prorate the asset evenly among all owners.

Assets Disposed Of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require RRHA to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below.

Minimum Threshold

RRHA has set a threshold below which assets disposed of for less than fair market value will not be counted [HCV GB, p. 5-27].

- RRHA will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000.
- When the two-year period expires, the income assigned to the disposed asset(s) also expires. If the two-year period ends between annual recertifications, the family may request an interim recertification to eliminate consideration of the asset(s).
- Assets placed by the family in nonrevocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

The regulation also specifies that assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant or tenant receives important consideration not measurable in dollar terms.

All assets disposed of as part of a separation or divorce settlement will be considered assets for which important consideration not measurable in monetary terms has been received. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

Families must sign a declaration form at initial certification and each annual recertification identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. RRHA may verify the value of

the assets disposed of if other information available to RRHA does not appear to agree with the information reported by the family.

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero.

In determining the value of a checking account, RRHA will use the average monthly balance for the last six months.

In determining the value of a savings account, RRHA will use the current balance.

In determining the anticipated income from an interest-bearing checking or savings account, RRHA will multiply the value of the account by the current rate of interest paid on the account.

Investment Accounts Such as Stocks, Bonds, Saving Certificates, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash.

In determining the market value of an investment account, RRHA will use the value of the account on the most recent investment report.

How anticipated income from an investment account will be calculated depends on whether the rate of return is known. For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), RRHA will calculate asset income based on the earnings for the most recent reporting period.

Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset [HCV GB, p. 5-25 and PH, p. 121].

In determining the equity, RRHA will determine market value by examining recent sales of at least three properties in the surrounding or similar neighborhood that possess comparable factors that affect market value.

RRHA will first use the payoff amount for the loan (mortgage) as the unpaid balance to calculate equity. If the payoff amount is not available, the PHA will use the basic loan balance information to deduct from the market value in the equity calculation.

Equity in real property and other capital investments is considered in the calculation of asset income except for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]

- Equity in real property when a family member's main occupation is real estate [HCV GB, p. 5-25]. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 6-I.F.
- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation [HCV GB, p. 5-25]

RRHA must also deduct from the equity the reasonable costs for converting the asset to cash. Using the formula for calculating equity specified above, the net cash value of real property is the market value of the loan (mortgage) minus the expenses to convert to cash [Notice PIH 2012-3].

For the purposes of calculating expenses to convert to cash for real property, RRHA will use ten percent of the market value of the home.

A family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by a family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the family in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

In the case of capital investments owned jointly with others not living in a family's unit, a prorated share of the property's cash value will be counted as an asset unless RRHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

Trusts

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

Revocable Trusts

If any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset [HCV GB, p. 5-25]. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

Nonrevocable Trusts

In cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. However, any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 6-I.H. Lump-sum receipts are discussed earlier in this section.)

Retirement Accounts

Company Retirement/Pension Accounts

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, RRHA will know whether the money is accessible before retirement [HCV GB, p. 5-26].

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset [HCV GB, p. 5-26].

After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate [HCV GB, p. 5-26], except to the extent that it represents funds invested in the account by the family member. (For more on periodic payments, see section 6-IH.) The balance in the account is counted as an asset only if it remains accessible to the family member.

IRA, Keogh, and Similar Retirement Savings Accounts

IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty [HCV GB, p. 5-25].

Personal Property

Personal property held as an investment, such as gems, jewelry, coin collections, antique cars, etc., is considered an asset [HCV GB, p. 5-25].

In determining the value of personal property held as an investment, RRHA will use the family's estimate of the value. RRHA may obtain an appraisal if there is reason to believe that the family's estimated value is off by \$50 or more. The family must cooperate with the appraiser but cannot be charged any costs related to the appraisal.

Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)].

Necessary personal property consists of items such as clothing, furniture, household furnishings, jewelry that is not held as an investment, and vehicles, including those specially equipped for persons with disabilities.

Life Insurance

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy, is included in the calculation of the value of the family's assets [HCV GB 5-25]. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.

6-II.B. DEPENDENT DEDUCTION

A deduction of \$480 is taken for each dependent [24 CFR 5.611(a)(1)]. *Dependent* is defined as any family member other than the head, spouse, or cohead who is under the age of 18 or who is 18 or older and is a person with disabilities or a full-time student. Foster children, foster adults, and live-in aides are never considered dependents [24 CFR 5.603(b)].

Chapter 7

VERIFICATION

[24 CFR 960.259, 24 CFR 5.230, Notice PIH 2010-19]

PART I: GENERAL VERIFICATION REQUIREMENTS

7-I.E. SELF-CERTIFICATION

Self-certification, or “tenant declaration,” is used as a last resort when RRHA is unable to obtain third-party verification.

When RRHA relies on a tenant declaration for verification of income, assets, or expenses, the family’s file must be documented to explain why third-party verification was not available.

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 RRHA.

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

Notice PIH-2013-4

For fully excluded income, RRHA is not required to:

- Verify the income in accordance with the HUD-prescribed verification hierarchy;
- Document in the tenant file why third-party verification was not available as required by CFR 960.259(c)(i) and 24 CFR 982.516(a)(2); and
- Report the income in Section 7 of the form HUD-50058.

RRHA will accept an applicant or participant’s self-certification as verification of fully excluded income. RRHA’s application and reexamination documentation, which is signed by all adult family members, may serve as the self-certification of the fully excluded income.

For income that is partially excluded RRHA is required to:

- Comply with HUD-prescribed verification requirements and all applicable regulations pertaining to the determination of annual income; and
- Report the income in Section 7 of form HUD-50058.

The self-certification must be made in a format acceptable to RRHA 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 RRHA representative or RRHA notary public.

Chapter 9

REEXAMINATIONS

[24 CFR 960.257, 960.259, 966.4]

PART I: ANNUAL REEXAMINATIONS FOR FAMILIES PAYING INCOME BASED RENTS [24 CFR 960.257]

9-I.C. CONDUCTING ANNUAL REEXAMINATIONS

The terms of the public housing lease require the family to furnish information necessary for the redetermination of rent and family composition [24 CFR 966.4(c)(2)] [\[Notice PIH 2013-3\]](#).

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 RRHA-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.

For elderly and disabled families whose family's income consists of 100 percent fixed income, RRHA will recalculate the family's income by applying any published cost of living adjustments to the previously verified income amount.

If the family does not provide the required documents or information within the required time frame (plus any extensions), the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

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

Change in Unit Size

Changes in family or household composition may make it appropriate to consider transferring the family to comply with occupancy standards. RRHA may use the results of the annual

reexamination to require the family to move to an appropriate size unit [24 CFR 960.257(a)(4)]. Policies related to such transfers are located in Chapter 12.

Criminal Background Checks

Information obtained through criminal background checks may be used for lease enforcement and eviction [24 CFR 5.903(e)(1)(ii)]. Criminal background checks of residents will be conducted in accordance with the policy in Section 13-IV.B.

Each household member age 18 and over will be required to execute a consent form for a criminal background check as part of the annual reexamination process.

Compliance with Community Service

For families who include nonexempt individuals, RRHA will determine compliance with community service requirements once each 12 months [24 CFR 960.257(a)(3)].

See Chapter 11 for RRHA's policies governing compliance with the community service requirement.