

*Cross Reference: 24 CFR Part 5, Subparts E and F; 24 CFR 982

8A. ANNUAL INCOME

To determine annual income, HACK counts the income of all family members, excluding the types and sources of income that are specifically excluded. Once the annual income is determined, the HACK subtracts out all allowable deductions (allowances) as the next step in determining the Total Tenant Payment (TTP).

1. Annual income means all amounts, monetary or not, that:
 - a. Go to (or on behalf of) the family head or spouse (even if temporarily absent) or to any other family member, or
 - b. Are anticipated to be received from a source outside the family during the 12- month period following admission or annual reexamination effective date; and
 - c. Are not specifically excluded from annual income.
2. Annual income includes, but is not limited to:
 - a. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
 - b. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
 - c. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness are not used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line

depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has family assets in excess of \$5,000, annual income includes the greater of the actual income derivates from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

- d. The full number of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. (However, deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts are excluded.)
- e. Payments in Lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay. (However, lump sum additions such as insurance payments from worker's compensation are excluded.
- f. Welfare assistance.
 1. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
 - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - b. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this requirement is the amount resulting from one application of the percentage.
 2. If the amount of welfare is reduced due to an act of fraud by a family member or because of any family member's failure to comply

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with requirements to participate in an economic self-sufficiency program or work activity, the amount of rent required to be paid by the family will not be decreased. In such cases, the amount of income attributable to the family will include what the family would have received had they complied with the welfare requirements and/or had not committed an act of fraud. If the amount of welfare assistance is reduced as a result of a lifetime time limit, the reduced amount is the amount that shall be counted.

- g. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
- h. All regular pay, special pay, and allowances of a member of the Armed Forces. (Special pay to a member exposed to hostile fire is excluded.)

8B. EXCLUSIONS FROM INCOME

Annual income does not include the following:

1. Income from employment of children (including foster children under the age of 18 years);
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation) capital gains and settlement for personal property losses;
4. Amounts received by the family that is specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide;
6. The full amount of student financial assistance paid directly to the student or to the educational institution;
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. The amounts received from the following programs:

- a. Amounts received under training programs funded by HUD;
- b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- c. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and that are made solely to allow participation in a specific program;
- d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time;
- e. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program;
- f. Temporary, non-recurring, or sporadic income (including gifts);
- g. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- h. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- i. Adoption assistance payments in excess of \$480 per adopted child;

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- j. Deferred periodic amounts from Supplemental Security Income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts;
- k. Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- l. Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- m. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits.

These exclusions include:

1. The value of the allotment of food stamps
2. Payments to volunteers under the Domestic Volunteer Services Act of 1973
3. Payments received under the Alaska Native Claims Settlement Act
4. Income from sub-marginal land of the U.S. that is held in trust for certain Indian tribes
5. Payments made under HSS's Low-Income Energy Assistance Program
6. Payments received under the Job Training Partnership Act
7. Amount of scholarships awarded under Title IV including Work-Study
8. Payments received under the Older Americans Act of 1965
9. Payments from Agent Orange Settlement
10. The value of child care under the Child Care and Development Block Grant Act of 1990
11. Earned income tax credit refund payments

12. Payments for living expenses under the AmeriCorps Program

8C. DEDUCTIONS FROM ANNUAL INCOME

The following deductions will be made from annual income:

1. \$480 for each dependent
2. \$400 for any elderly family or disabled family
3. For any family that is not elderly or disabled but has a member (other than the head or spouse) who is a person with a disability, disability assistance expenses in excess of 3% of annual income. This allowance may not exceed the employment income received by family members who are 18 years of age or older as a result of the assistance to the person with disabilities.
4. For any elderly or disabled family:
 - a. That has no disability assistance expenses, an allowance for medical expenses equal to the amount by which the medical expenses exceed 3% of annual income;
 - b. That has disability expenses greater than or equal to 3% of annual income, an allowance for disability assistance expenses computed in accordance with paragraph C, plus an allowance for medical expenses that equal the family's medical expenses;
 - c. That has disability assistance expenses that are less than 3% of annual income, an allowance for combined disability assistance expenses, and medical expenses that is equal to the total of these expenses less 3% of annual income.
5. Child care expenses.

8D. RECEIPT OF INFORMATION REGARDING OVERPAYMENT

If a Section 8 participant receives a letter or notice from HUD concerning the amount or verification of family income, the letter shall be brought to the person responsible for income verification within thirty (30) days of receipt by the participant.

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HACK shall reconcile any difference between the amount reported by the participant and the amount listed in the HUD communication. This shall be done as promptly as possible.

After the reconciliation is complete, HACK shall adjust the participant's rental contribution beginning at the start of the next month unless the reconciliation is completed during the final five

(5) days of the month and then the new rent shall take effect on the first day of the second month following the end of the current month. In addition, if the participant had not previously reported the proper income, HACK will attempt to meet and confer with the participant regarding the reason for not reporting the income and make a reasonable effort to obtain full repayment of excess rental assistance.

In cases of unreported income depending upon the extent and nature of the circumstances, HACK will take action to remedy the situation by one or more of the following:

Collect a lump payment of the entire amount paid by the agency on behalf of the participant.

Establish a repayment plan for the participant to pay the sum due to the agency. If HACK offers a repayment agreement, the terms may not require prohibitive payments that would force the family to leave the program (HCV Program Guidelines 22-13).

The family executes a payment agreement.

Terminate the participant from the program for failure to report income and/or misrepresenting the circumstances surrounding the unreported income. In determining whether to terminate assistance because of action or failure to act by members of the family, HACK may consider the extent of participation or culpability of individual family members, any mitigating circumstances such as those related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved before initiating termination procedures.

8E. COOPERATING WITH WELFARE AGENCIES

HACK will make its best efforts to enter into cooperation agreements with local welfare agencies under which the welfare agencies will agree:

To target assistance, benefits and services to families receiving assistance in the public housing and Section 8 tenant-based assistance program to achieve self-sufficiency.

To provide written verification to HACK concerning welfare benefits for families applying

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Revised: 7/2018

Board Approved: 07/2018

for or receiving assistance in our housing assistance programs.

8F. ANNUAL RE-CERTIFICATION

At least annually, HACK will reexamine the income, composition, and extent of medical or other unusual expenses of each assisted family to determine eligibility for continued assistance under the program and to determine whether appropriate adjustments to be made in the Total Tenant Payment (TTP) (the family's share of the applicable Rent to Owner), the correct family subsidy based on the unit size, and the HAP to be made by HACK. Family members whose income is derived solely from fixed source(s) are excluded from this requirement. Families are required to comply with HACK's request for any applicable information regarding income, family composition or persons residing in the assisted housing, including criminal history of family members over 18 years of age since the last annual recertification. Failure of the family to cooperate (which may include failure to appear at scheduled interview appointments or to reschedule prior to an appointment, or provide access to the housing for the annual inspection) is a basis on which HACK may terminate assistance to a family.

HACK will send a notification letter to the family letting them know that it is time for their annual reexamination and scheduling an appointment. The letter includes forms for the family to complete in preparation for the interview. The letter provides instructions in preparation for the appointment including the time frame for permitting the family to reschedule the interview if necessary. The letter informs families who may need to make alternate arrangements due to a disability that they may contact staff to request an accommodation of their needs.

Reexaminations will be conducted within twelve (12) months of the anniversary date of admission. The effective date of the reexamination will be established as the anniversary of the effective date of the initial housing lease.

During the interview, the family will provide all information regarding income, assets, expenses, and other information necessary to determine the family's share of rent. The family will sign the HUD consent form and other consent forms that later will be mailed to the sources that will verify the family circumstances.

After the tenant's eligibility status and family income have been determined, an appropriate redetermination shall be made of the amounts of TTP and, the amount of the HAP per established policies. The family and owner shall be notified accordingly.

A family's eligibility for HAP shall continue until the amount payable by the family equals the Gross Rent for the housing they occupy for a period of six (6) months. However, the

termination of eligibility at such point shall not affect the families other rights under its lease nor shall such termination preclude resumption of payments as a result of later changes in the income or rents or other relevant circumstances during the six (6) month period. If six (6) months have elapsed since the date of the last HAP, the Contract shall be terminated.

A family may, at any time, request a re-determination of its TTP on the basis of changes in family income or other relevant circumstances.

1. The new family share will generally be effective upon the anniversary date with 30 days' notice of any rent increase to the family.

If the rent determination is delayed due to a reason beyond the control of the family, then any rent increase will be effective the first of the month after the month in which the family receives a 30-day notice of the amount. If the new rent is a reduction and the delay is beyond the control of the family, the reduction will be effective as scheduled on the anniversary date.

If the family caused the delay, then any increase will be effective on the anniversary date. Any reduction will be effective the first of the month after the rent amount is determined.

If the family fails to respond to the letter and fails to attend the interview, a second letter will be mailed. The second letter will advise the family of a new time and date for the interview, allowing for the same considerations for rescheduling and accommodation as above. The letter will also advise the family that failure by the family to attend the second scheduled interview may result in HACK taking action to terminate the family's assistance.

Family members with a fixed source of income are exempt from annual reexaminations. For a family member with a fixed source of income, third-party verification of all income amounts for all family members must be performed at least every three years. Between triennial examinations, determinations will be made by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount. For the purposes of this provision, "fixed-income" includes income from:

- a. Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- b. Federal, state, local, and private pension plans; and

- c. Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments.

8G. INTERIM RE-EXAMINATIONS

No rent adjustments are to be effected between dates of periodic reexaminations or annual reexaminations except as provided in paragraphs 1 and 2 below.

1. In addition to submitting such information as may be required at the time of periodic reexaminations (or special reexamination) of eligibility and re-determination of family income, tenants are required to report the following defined changes in writing within ten (10) business days;
 - a. Loss of lessee through death, divorce, other continuing circumstances, or addition of a family member (by marriage, remarriage or otherwise).

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

1. To whom the voucher was issued.
2. The interest of minor children or of ill, elderly, or disabled family members.
3. Whether the assistance should remain with the family members remaining in the unit.
4. Whether family members were forced to leave the unit as a result of actual or threatened physical violence by a spouse or other member(s) of the household. (Refer to the Appendix to XIII of this Plan titled "Prohibition Against Denial of Assistance to Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking" for additional provisions regarding protections for victims of domestic violence, dating violence, sexual assault, and stalking.)

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement of

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judicial decree, HACK will be bound by the court's determination of which family members continue to receive assistance in the program.

Because of the number of possible different circumstances in which a determination will have to be made, HACK will make determinations on a case- by-case basis.

- b. Commencement or discontinuance of any income from any source, including government benefits, retirement or pensions, employment or unemployment, including commencement of receipt of earnings or other income by any family member not previously having income
 - c. Receipt or disposition of any assets including real property, stocks, bonds, securities, lump sum payments including lotteries, gambling, etc.
2. Any tenant who reports a change in his/her family circumstance shall be given an interim change report to determine if a new Total Tenant Payment (TTP) adjustment is needed. Where the TTP is decreased per this provision, the tenant shall be required to report all income increases, which occur before the next re-examination. Failure to report the changes set forth in paragraph 8, I will require a retroactive adjustment of TTP when necessary.
- a. Automatic adjustments and income re-determination will be completed for the following reasons:
 - Decrease in income
 - Increase for zero income clients
 - Size or composition changes (i.e. adding, removing clients)
 - Family Self Sufficiency Program
 - b. Decreases in the TTP are to be effective the first day of the month following the month in which the change was reported; however, no downward adjustment of TTP is to be processed until all the facts have been verified.
 - c. Increases in TTP that are determined to be interims are to be made effective the first day of the second month following the month in which the change occurred (retroactively, if necessary)

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- d. All other changes will be calculated and processed to be effective at the next annual re-certification.

8H. SPECIAL RE-EXAMINATIONS

If, at the time of admission or re-certification, a family is clearly of low income, and it is not possible to make an estimate of family income for the next twelve (12) months with any degree of accuracy because:

1. A tenant is unemployed and there are no anticipated prospects of employment; or
2. The conditions of employment and/or receipt of income are so unstable as to invalidate usual and normal standards of determination.

A special reexamination shall be scheduled for a specified time (either 30, 60, 90 or 120 days) depending upon HACK's estimate of time required for the family circumstances to stabilize. If, at the time of such special reexamination, it is still not possible to make a reasonable estimate of family income, the special reexamination shall continue to be scheduled or conducted until such time as a reasonable estimate of family income can be made for the next twelve (12) months. If a family's past employment has been sporadic and such an income pattern is expected to continue, a reasonable twelve (12) months' estimate of the family's income may be based upon present rate of income. Special reexaminations must be clearly set for a definite time and controls established to assure compliance.

8I. RE-EXAMINATION PROCEDURES

Data assembled at the time of the reexamination are to be filed in the folder set up for the family at the time of its admission. Reexamination and interim re• determination information will be recorded on HUD form 50058, Certification/Re-certification of Tenant Eligibility.

The lower-income family limits do not apply as a test for income eligibility of an assisted family at reexamination; however, the family's eligibility income must still be computed to determine if the family is Very-Low Income.

The sources of income and assets listed on the Certification/Re-certification of Tenant Eligibility form should be carefully compared to the initial certification (or most recent reexamination application, if applicable), to ensure that no items have been omitted or improperly explained.

Written or oral third-party verification of all information applicable to determining the family's new TTP must be obtained unless HACK provides written documentation that the third-party verification is impossible to obtain as discussed in Chapter 2.

Notwithstanding the previous paragraph, HACK requires third-party verification of assets in the initial determination and then again at least every three years thereafter. During the intervening annual reexaminations, HACK will accept a family's declaration that it has total net assets equal to or less than \$5,000 without taking additional steps to verify the accuracy of the declaration.

Careful assessment of any changes in family composition must be made to determine whether the family will be required to move and, if so, within a reasonable period of time.

The same procedures used for the initial determination of the TTP for the initial HAP contract are also applicable at the time of reexamination. In computing the TTP and HAP, the following important points will be observed:

1. TTP listed will be the new figure (if changed) as computed on the Certification/Re- certification of Eligibility.
2. Staff will determine that the appropriate utility allowance is being used, based on the utilities and services which are tenant- supplied, and which are applicable to the actual housing size and type occupied.
3. If reexaminations are coordinated with HAP contract anniversary or termination dates, any HACK-approved changes in the Rent to Owner must be used, along with any utility allowance changes that may be effective, to arrive at the new Rent to Owner and subsequent determinations of HAP levels.

8J. NOTIFICATION OF REEXAMINATION RESULTS

Once the reexamination process has been completed, the family will be notified of its continued eligibility for assistance.

If a family has been determined ineligible for continued assistance, the family must be notified in writing with a statement of the reasons and offered the opportunity to request an informal hearing. In addition, if the HAP contract is expiring at the time of re-examination, it cannot be renewed and the family and the owner must both be informed, in writing, of the termination date. If the family desires to continue in occupancy, the owner and family must make their own separate leasing arrangement.

If a family has been determined eligible for continued assistance, the family and owner

must be notified, in writing, of any applicable changes in the amount of the HAP to be made by HACK, the amount of the tenant's portion of the Rent to Owner, HACK's portion of the Rent to Owner, and the effective date of the changes. For re-certification which is coordinated with HAP contract anniversary or termination dates, any applicable HACK-approved changes to the Rent to Owner that will also affect each parties contribution to the rent shall be incorporated in the same notice.

If a family has been determined eligible for continued assistance but must move to other housing because of overcrowding or under- utilization, they will be notified. The notice will inform the family of their right to request an exception to the occupancy standards, and the reasons for which an exception may be granted.

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

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

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

All notices described in this Chapter shall be considered vital documents and shall be translated into the family's primary language, if other than English, in accordance with HACK's Limited English Proficiency Plan ("LEP").