

CHAPTER VI - INCOME AND RENT DETERMINATIONS

Introduction

This Chapter describes the rules for the annual income determination and the rent calculation, as defined by HUD.

The Chapter VI has three (3) parts:

- Part 1: Annual Income
- Part 2: Adjusted Income
- Part 3: Calculating Rent

Part 1: Annual Income

6.1.1 Definition of Annual Income

Annual income (24 CFR 5.609)

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the twelve (12) month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph 24 CFR 5.609(c).
- (4) Annual income also means amounts derived (during the twelve (12) month period) from assets to which any member of the family has access.

6.1.2 Household Composition and Income

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition. The rules on which sources of income are counted vary somewhat by family member. The chart below summarizes how family composition affects income determinations.

ADMISSION AND CONTINUED OCCUPANCY POLICIES

Summary of Income Included and Excluded by Person	
Live-in aides	Income from all sources is excluded
Foster child or foster adult	Income from all sources is excluded
Head, spouse, or co head Other adult family members	All sources of income not specifically excluded by the regulations are included.
Children under 18 years of age	Employment income is excluded. All other sources of income, except those specifically excluded by the regulations, are included.
Full-time students 18 years of age or older (not head or spouse)	Employment income above \$480 during a year is excluded. All other sources of income, except those specifically excluded by the regulations, are included.

6.1.3 Anticipating Annual Income

The PRPHA 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. Policies related to anticipating annual income are provided below.

1. Basis of Annual Income Projection

When the PRPHA cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the PRPHA 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 PRPHA to show why the historic pattern does not represent the family’s anticipated income.

2. Known Changes in Income

If the PRPHA verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the twelve (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 PRPHA 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 PRPHA will calculate annual income using current circumstances and then require an interim reexamination when the change actually occurs.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**3. Using Up-Front Income Verification (UIV) to Project Income**

PRPHA procedures for anticipating annual income will include the use of UIV methods approved by HUD in conjunction with family-provided documents dated within the last 60 days of the PRPHA interview date.

The PRPHA will follow the HUD guidelines in handling differences between UIV and family-provided income data. The guidelines depend on whether a difference is substantial or not. HUD defines substantial difference as a difference of \$200 or more per month.

- a. No Substantial Difference.** If UIV information for a particular income source differs from the information provided by a family by less than \$200 per month, the PRPHA will follow these guidelines:
 - If the UIV figure is less than the family's figure, the PRPHA will use the family's information.
 - If the UIV figure is more than the family's figure, the PRPHA will use the UIV data unless the family provides documentation of a change in circumstances to explain the discrepancy (e.g., a reduction in work hours). Upon receipt of acceptable family-provided documentation of a change in circumstances, the PRPHA will use the family-provided information.
- b. Substantial Difference.** If UIV information for a particular income source differs from the information provided by a family by \$200 or more per month, the PRPHA will follow these guidelines:
 - The PRPHA will request written third-party verification from the discrepant income source in accordance with 24 CFR 5.236(b) (3) (i).
 - When the PRPHA cannot readily anticipate income (e.g., in cases of seasonal employment, unstable working hours, or suspected fraud), the PRPHA will review historical income data for patterns of employment, paid benefits, and receipt of other income.
 - The PRPHA will analyze all UIV, third party, and family-provided data and attempt to resolve the income discrepancy.
 - The PRPHA will use the most current verified income data and, if appropriate, historical income data to calculate anticipated annual income.

6.1.4 Earned Income**1. Types of Earned Income Included in Annual Income****a. Wages and Related Compensation**

The complete quantity, before any reduction of salaries, payment for overtime, commissions, honorary, tips and bonds, and any another clearing by concept of personal services is included in the calculation of the annual income.

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For persons who regularly receive bonuses or commissions, the PRPHA will verify and then average amounts received for the two years preceding admission or reexamination. If only a one-year history is available, the PRPHA will use the prior year amounts. In either case the family may provide, and the PRPHA will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, the PRPHA will count only the amount estimated by the employer. The file will be documented appropriately.

b. Some Types of Military Pay

All regular pay, special pay and allowances of a member of the Armed Forces are counted except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

2. Types of Earned Income Not Counted in Annual Income**a. Temporary, Nonrecurring, or Sporadic Income**

Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally, as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed.

b. Children's Earnings

Employment income earned by children (including foster children) under the age of 18 years is not included in annual income. (See Eligibility chapter for a definition of foster children.)

c. Certain Earned Income of Full-Time Students

Earnings in excess of \$480 for each full-time student 18 years old or older (except for the head, spouse, or co head) are not counted. To be considered "full-time," a student must be considered "full-time" by an educational institution with a degree or certificate program.

d. Income of a Live-in Aide

Income earned by a live-in aide, as defined in [24 CFR 5.403], is not included in annual income. (See Eligibility chapter for a full discussion of live-in aides.)

e. Income Earned under Certain Federal Programs

Income from some federal programs is specifically excluded from consideration as income, including:

- Payments to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058)
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b))
- Awards under the federal work-study program

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- Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f))
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d))
- Allowances, earnings, and payments to participants in programs funded under the Workforce Investment Act of 1998 (29 U.S.C. 2931)

f. Resident Service Stipend

Amounts received under a resident service stipend are not included in annual income. A resident service stipend is a modest amount (not to exceed \$200 per individual per month) received by a resident for performing a service for the PRPHA, 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, resident initiatives coordination, and serving as a member of the PRPHA governing board. No resident may receive more than one such stipend during the same period of time.

g. State and Local Employment Training Program

The PRPHA defines **training program** as “a learning process with goals and objectives, generally having a variety of components, and taking place in a series of sessions over a period of time. It is designed to lead to a higher level of proficiency, and it enhances the individual’s ability to obtain employment. It may have performance standards to measure proficiency. Training may include, but is not limited to: (1) classroom training in a specific occupational skill, (2) on-the-job training with wages subsidized by the program, or (3) basic education.

The PRPHA defines incremental earnings and benefits as the difference between (1) the total amount of welfare assistance and earnings of a family member prior to enrollment in a training program and (2) the total amount of welfare assistance and earnings of the family member after enrollment in the program.

In calculating the incremental difference, the PRPHA will use as the pre-enrollment income the total annualized amount of the family member’s welfare assistance and earnings reported on the family’s most recently completed HUD-50058.

End of participation in a training program must be reported in accordance with the PRPHA interim reporting requirements.

h. HUD-Funded Training Programs

To qualify as a training program, the program must meet the definition of **training program** provided above for state and local employment training programs.

Earned Income Tax Credit

Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j)), are excluded from annual income [24 CFR 5.609(c) (17)]. Although

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many families receive the EITC annually when they file taxes, an EITC can also be received throughout the year. The prorated share of the annual EITC is included in the employee's payroll check.

6.1.5 Earned Income Disallowance**1. Eligibility**

The earned income disallowance (EID) applies only to individuals in families already participating in the public housing program (not at initial examination). To qualify, the family must experience an increase in annual income that is experienced as a result of one of the following events:

- Employment of a family member who was previously unemployed for one or more years prior to employment. **Previously unemployed** includes a person who annually has earned not more than the minimum wage applicable to the community multiplied by 500 hours. The applicable minimum wage is the federal minimum wage unless there is a higher state or local minimum wage.
- Increased earnings by a family member whose earnings increase during participation in an economic self-sufficiency or job-training program. A self-sufficiency program includes a program designed to encourage, assist, train, or facilitate the economic independence of HUD-assisted families or to provide work to such families.
- New employment or increased earnings by a family member who has received benefits or services under Temporary Assistance for Needy Families (TANF) or any other state program funded under Part A of Title IV of the Social Security Act within the past six months. If the benefits are received in the form of monthly maintenance, there is no minimum amount. If the benefits or services are received in a form other than monthly maintenance, such as one-time payments, wage subsidies, or transportation assistance, the total amount received over the six-month period must be at least \$500.

2. Calculation of the Disallowance

The PRPHA defines **prior income**, or **prequalifying income**, as the family member's last certified income prior to qualifying for the EID.

The family member's prior, or prequalifying, income remains constant throughout the period that he or she is receiving the EID.

3. Initial 12-Month Exclusion

During the period of initial exclusion of twelve (12) months, the complete quantity (100%) of any increase in the attributable incomes to the new employment or to increase in the attributable incomes to the new employment or to increased earnings will be excluded. The twelve months are cumulative and they do not need to be consecutive.

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During the second 12-month exclusion period, the exclusion is reduced to half (50 percent) of any increase in income attributable to employment or increased earnings. The 12 months are cumulative and need not be consecutive.

5. Lifetime Limitation

During the 48-month eligibility period, the PRPHA will conduct an interim reexamination each time there is a change in the family member's annual income that affects or is affected by the EID (e.g., when the family member's income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period).

6. Individual Savings Accounts

The PRPHA chooses not to establish a system of individual savings accounts (ISA) for families who qualify for the EID.

6.1.6 Business Income**1. Business Expenses**

To determine business expenses that may be deducted from gross income, the PRPHA will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

2. Business Expansion

Is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations. For example, purchase of a street sweeper by a construction business for the purpose of adding street cleaning to the services offered by the business would be considered a business expansion. Similarly, the purchase of a property by a hair care business to open at a second location would be considered a business expansion.

3. Capital Indebtedness

Is defined as the principal portion of the payment on a capital asset such as land, buildings, and machinery. This means the PRPHA will allow as a business expense interest, but not principal, paid on capital indebtedness.

4. Negative Business Income

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

5. Withdrawal of Cash or Assets from a Business

Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of a tenant family provided an up-front loan of \$2,000 to help a business get started, the PRPHA will not count as income any withdrawals from the

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business up to the amount of this loan until the loan has been repaid. Investments do not include the value of labor contributed to the business without compensation.

6. Co-owned Businesses

If a business is co-owned with someone outside the family, the family must document the share of the business it owns. If the family's share of the income is lower than its share of ownership, the family must document the reasons for the difference.

6.1.7 Assets**1. Income from Assets**

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 the PRPHA to show why the asset income determination does not represent the family's anticipated asset income.

2. Valuing Assets

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

3. 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).

4. Imputing Income from Assets

When net family assets are \$5,000 or less, the PRPHA will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the PRPHA will include in annual income the greater of:

- a. the actual income derived from the assets or;
- b. 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.

5. Determining Actual Anticipated Income from Assets

It may or may not be necessary for the PRPHA 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.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**6. 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.

7. Jointly Owned Assets

If an asset is owned by more than one person and any family member has unrestricted access to the asset, the PRPHA 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 PRPHA will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the PRPHA will prorate the asset evenly among all owners.

8. Assets Disposed Of for Less than Fair Market Value

The PRPHA 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 recertification, 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.

9. Separation or Divorce

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.

10. Foreclosure or Bankruptcy

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 PRPHA may verify the value of the assets disposed of if other information available to the PRPHA does not appear to agree with the information reported by the family.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**11. Types of Assets****a. Checking and Savings Accounts**

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

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

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

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

In determining the market value of an investment account, the PRPHA will use the value of the account of 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 PRPHA will calculate asset income based on the earnings for the most recent reporting period.

c. Equity in Real Property or Other Capital Investments

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 PRPHA determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

d. 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).

e. 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. 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.

f. 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-

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sum receipt, as appropriate. (Periodic payments are covered in section 6.1.8. Lump-sum receipts are discussed earlier in this section.)

g. Retirement 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 PRPHA must know whether the money is accessible before retirement.

While a family member is employed, only the amount the family member can withdraw without retiring or terminating employment will be counted as an asset.

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, except to the extent that it represents funds invested in the account by the family member. The balance in the account is counted as an asset only if it remains accessible to the family member.

h. 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.

i. Personal Property

In determining the value of personal property held as an investment, the PRPHA will use the family's estimate of the value. The PRPHA 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

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

j. 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 asset. The cash value is the surrender value. If such a policy earns dividends or interest which 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.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**6.1.8 Periodic Payments****1. Periodic Payments Included in Annual Income**

- Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b) (4) and (b) (3)].
- Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum 24 CFR 5.609(b) (4) and HCV, p.5-14].

2. Lump-Sum Payments for the Delayed Start of a Periodic Payment

When a delayed-start payment is received and reported during the period in which the PRPHA is processing an annual reexamination, the PRPHA will adjust the tenant rent retroactively for the period the payment was intended to cover. The family may pay in full any amount due or request to enter into a repayment agreement with the PRPHA.

See the chapter on reexaminations for information about a family's obligation to report lump-sum receipts between annual reexaminations.

4. Periodic Payments Excluded from Annual Income

- The PRPHA will exclude payments for the care of foster children and foster adults only if the care is provided through an official arrangement with a local welfare agency
- 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 [24 CFR 5.609(c)(16)]
- Amounts received under the Low-Income Home Energy Assistance Program (42 U.S.C. 1626(c))
- Amounts received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q)
- Earned Income Tax Credit (EITC) refund payments (26 U.S.C. 32(j)) Note: EITC may be paid periodically if the family elects to receive the amount due as part of payroll payments from an employer.
- Lump sums received as a result of delays in processing Social Security and SSI payments (see section 6-I.J.)

6.1.9 Payment in Lieu of Earnings

Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, are counted as income if they are received either in the form of periodic payments or in the form of a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment. If they are received in a one-time lump sum (as a

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settlement, for instance), they are treated as lump-sum receipts. (See also the discussion of periodic payments in section 6.1.8 and the discussion of lump-sum receipts in section 6.1.8.)

6.1.10 Welfare Assistance**1. Sanctions Resulting in the Reduction of Welfare Benefits**

The PRPHA must make a special calculation of annual income when the welfare agency imposes certain sanctions on certain families. The full text of the regulation at 24 CFR 5.615 is provided as Exhibit 6-5. The requirements are summarized below. This rule applies only if a family was a public housing resident at the time the sanction was imposed.

2. Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance”

3. Imputed Income

When a welfare agency imposes a sanction that reduces a family’s welfare income because the family commits fraud or fails to comply with the agency’s economic self-sufficiency program or work activities requirement, the PRPHA must include in annual income “imputed” welfare income. The PRPHA must request that the welfare agency inform the PRPHA when the benefits of a public housing resident are reduced. The imputed income is the amount the family would have received if the family had not been sanctioned.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements [24 CFR 5.615(b) (2)].

For special procedures related to grievance hearings based upon the PRPHA denial of a family’s request to lower rent when the family experiences a welfare benefit reduction, see Chapter 14, Grievances and Appeals.

4. Offsets

The amount of the imputed income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero.

6.1.11 Periodic and Determinable Allowances

The PRPHA will count court-awarded amounts for alimony and child support unless the PRPHA verifies that (1) the payments are not being made and (2) the family has made reasonable efforts to collect amounts due, including filing with courts or agencies responsible for enforcing payments.

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Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

1. Regular Contributions or Gifts

Examples of regular contributions include: (1) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis.

Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by the PRPHA. For contributions that may vary from month to month (e.g., utility payments), the PRPHA will include an average amount based upon past history.

6.1.12 Additional Exclusions from Annual Income

1. Other exclusions include the following:

- a. Reimbursement of medical expenses
- b. The full amount of student financial assistance paid directly to the student or to the educational institution, except that in accordance with Section 224 of the FY 2005 Appropriations Act, the portion of any athletic scholarship assistance available for housing costs must be included in annual income
- c. Regular financial support from parents or guardians to students for food, clothing personal items, and entertainment **is not** considered student financial assistance and is included **in** annual income.
- d. Amounts received by participants in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred and which are made solely to allow participation in a specific program
- e. 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)
- f. 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
- g. Adoption assistance payments in excess of \$480 per adopted child
- h. Refunds or rebates on property taxes paid on the dwelling unit
- i. 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.
- j. Amounts specifically excluded by any other federal statute. HUD publishes an updated list of these exclusions periodically. It includes:
 1. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977

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2. Payments to Volunteers under the Domestic Volunteer Services Act of 1973
3. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c))
4. Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes
5. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program
6. Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552(b)) (Effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931).)
7. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04)
8. The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands
9. Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under the federal work-study program or under the Bureau of Indian Affairs student assistance programs
10. Payments received from programs funded under Title V of the Older Americans Act of 1985
11. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in Re- Agent-product liability litigation, M.D.L. No. 381 (E.D.N.Y.)
12. Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721)
13. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990
14. Earned income tax credit (EITC) refund payments received on or after January 1, 1991

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15. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433)
16. Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990
17. Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran
18. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act
19. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998

Part 2: Adjusted Income

6.2.1 Mandatory Deductions

HUD regulations require PRPHA to deduct from annual income any of five mandatory deductions for which a family qualifies. The resulting amount is the family's adjusted income.

Deduction	Definitions
\$480 for each dependent	This deduction applies to members of the family who have not reached their 18 th birthday or who are disabled. It does not apply to the family head or spouse or to foster children. It applies to family members 18 years of age or older who are full-time students in a college or vocational program, but not the family head or a spouse. The status of the student must be verified by the institution. Vocational schools offering programs with diplomas and certificates are included.
\$400 per family (elderly/disabled)	Elderly and Disabled Families are defined by HUD
Medical expenses in excess of 3% of annual income	These are anticipated expenses based on the 12-month period before certification.

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Child Care Expenses	The amounts anticipated to be paid by the family for the care of children under the age of 13 for a 12-month certification period. The deduction is available only to enable a family member to be gainfully employed or to further his or her education.
Disability Assistance Expenses	Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source. This allowance may not exceed the earned income received by family members who are 18 years of age or older who are able to work because of such attendant care or auxiliary apparatus.

6.2.2 Dependent Deduction

A deduction of \$480 is taken for each dependent. Dependent is defined as any family member other than the head, spouse, or co-head 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

6.2.3 Elderly or Disables Family Deduction

A single deduction of \$400 is taken for any elderly or disabled family. An elderly family is a family whose head, spouse, co-head, or sole member is 62 years of age or older, and a disabled family is a family whose head, spouse, co-head, or sole member is a person with disabilities.

6.2.4 Medical Expenses Deduction

Unreimbursed medical expenses may be deducted to the extent that, in combination with any disability assistance expenses, they exceed three percent of annual income.

The medical expense deduction is permitted only for families in which the head, spouse, or co-head is at least 62 or is a person with disabilities. If a family is eligible for a medical expense deduction, the medical expenses of all family members are counted.

1. Definition of Medical Expenses

HUD regulations define medical expenses to mean "medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance."

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The most current IRS Publication 502, Medical and Dental Expenses, will be used to determine the costs that qualify as medical expenses.

Summary of Allowable Medical Expenses from IRS Publication 502	
Services of medical professionals	Substance abuse treatment programs
Surgery and medical procedures that are necessary, legal, noncosmetic	Psychiatric treatment
Services of medical facilities	Ambulance services and some costs of transportation related to medical expenses
Hospitalization, long-term care, and in-home nursing services	The cost and care of necessary equipment related to a medical condition (e.g., eyeglasses/lenses, hearing aids, crutches, and artificial teeth)
Prescription medicines and insulin, but not nonprescription medicines even if recommended by a doctor	Cost and continuing care of necessary service animals
Improvements to housing directly related to medical needs (e.g., ramps for a wheel chair, handrails)	Medical insurance premiums or the cost of a health maintenance organization (HMO)
<p>Note: This chart provides a summary of eligible medical expenses only. Detailed information is provided in IRS Publication 502. Medical expenses are considered only to the extent they are not reimbursed by insurance or some other source.</p>	

2. Families That Qualify for Both Medical and Disability Assistance Expenses

This policy applies only to families in which the head, spouse, or co-head is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the PRPHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6.2.5 Disability Assistance Expenses Deduction

Reasonable expenses for attendant care and auxiliary apparatus for a disabled family member may be deducted if they: (1) are necessary to enable a family member 18 years or older to work, (2) are not paid to a family member or reimbursed by an outside source, (3) in combination with any medical expenses, exceed three percent of annual income, and (4) do not exceed the earned income received by the family member who is enabled to work.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**1. Earned Income Limit on the Disability Assistance Expense Deduction**

The family must identify the family members enabled to work as a result of the disability assistance expenses. In evaluating the family's request, the PRPHA will consider factors such as how the work schedule of the relevant family members relates to the hours of care provided, the time required for transportation, the relationship of the family members to the person with disabilities, and any special needs of the person with disabilities that might determine which family members are enabled to work.

When the PRPHA determines that the disability assistance expenses enable more than one family member to work, the disability assistance expenses will be capped by the sum of the family members' incomes.

2. Eligible Disability Expenses**a. Eligible Auxiliary Apparatus**

Expenses incurred for maintaining or repairing an auxiliary apparatus is eligible. In the case of an apparatus that is specially adapted to accommodate a person with disabilities (e.g., a vehicle or computer), the cost to maintain the special adaptations (but not maintenance of the apparatus itself) is an eligible expense. The cost of service animals trained to give assistance to persons with disabilities, including the cost of acquiring the animal, veterinary care, food, grooming, and other continuing costs of care, will be included.

b. Eligible Attendant Care

Attendant care includes, but is not limited to, reasonable costs for home medical care, nursing services, in-home or center-based care services, interpreters for persons with hearing impairments, and readers for persons with visual disabilities.

Attendant care expenses will be included for the period that the person enabled to work is employed plus reasonable transportation time. The cost of general housekeeping and personal services is not an eligible attendant care expense. However, if the person enabled to work is the person with disabilities, the personal services necessary to enable the person with disabilities to work are eligible.

If the care attendant also provides other services to the family, the PRPHA will prorate the cost and allow only that portion of the expenses attributable to attendant care that enables a family member to work. For example, if the care provider also cares for a child who is not the person with disabilities, the cost of care must be prorated. Unless otherwise specified by the care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

c. Payments to Family Members

The PRPHA determines the reasonableness of the expenses based on typical costs of care or apparatus in the locality. To establish typical costs, the PRPHA will

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collect information from organizations that provide services and support to persons with disabilities. A family may present, and the PRPHA will consider, the family's justification for costs that exceed typical costs in the area.

3. Families That Qualify for Both Medical and Disability Assistance Expenses

This policy applies only to families in which the head, spouse, or co-head is 62 or older or is a person with disabilities.

When expenses anticipated by a family could be defined as either medical or disability assistance expenses, the PRPHA will consider them medical expenses unless it is clear that the expenses are incurred exclusively to enable a person with disabilities to work.

6.2.6 Child Expense Deduction

HUD defines child care expenses as "amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income."

Child care expenses do not include child support payments made to another on behalf of a minor who is not living in an assisted family's household. However, child care expenses for foster children that are living in the assisted family's household are included when determining the family's child care expenses.

1. Qualifying for the Deduction**a. Determining Who Is Enabled to Pursue an Eligible Activity**

The family must identify the family member(s) enabled to pursue an eligible activity. The term eligible activity in this section means any of the activities that may make the family eligible for a child care deduction (seeking work, pursuing an education, or being gainfully employed).

In evaluating the family's request, the PRPHA will consider factors such as how the schedule for the claimed activity relates to the hours of care provided, the time required for transportation, the relationship of the family member(s) to the child, and any special needs of the child that might help determine which family member is enabled to pursue an eligible activity.

b. Seeking Work

If the child care expense being claimed is to enable a family member to seek employment, the family must provide evidence of the family member's efforts to obtain employment at each reexamination. The deduction may be reduced or denied if the family member's job search efforts are not commensurate with the child care expense being allowed by the PRPHA.

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If the child care expense being claimed is to enable a family member to further his or her education, the member must be enrolled in school (academic or vocational) or participating in a formal training program. The family member is not required to be a full-time student, but the time spent in educational activities must be commensurate with the child care claimed.

d. Being Gainfully Employed

If the child care expense being claimed is to enable a family member to be gainfully employed, the family must provide evidence of the family member's employment during the time that child care is being provided. Gainful employment is any legal work activity (full- or part-time) for which a family member is compensated.

2. Earned Income Limit on Child Care Expense Deduction

When the child care expense being claimed is to enable a family member to work, then only one family member's income will be considered for a given period of time. When more than one family member works during a given period, the PRPHA generally will limit allowable child care expenses to the earned income of the lowest-paid member. The family may provide information that supports a request to designate another family member as the person enabled to work.

3. Eligible Child Care Expenses**a. Allowable Child Care Activities**

For school-age children, costs attributable to public or private school activities during standard school hours are not considered. Expenses incurred for supervised activities after school or during school holidays (e.g., summer day camp, after-school sports league) are allowable forms of child care.

The costs of general housekeeping and personal services are not eligible. Likewise, child care expenses paid to a family member who lives in the family's unit are not eligible; however, payments for child care to relatives who do not live in the unit are eligible.

If a child care provider also renders other services to a family or child care is used to enable a family member to conduct activities that are not eligible for consideration, the PRPHA will prorate the costs and allow only that portion of the expenses that is attributable to child care for eligible activities. For example, if the care provider also cares for a child with disabilities who is 13 or older, the cost of care will be prorated. Unless otherwise specified by the child care provider, the calculation will be based upon the number of hours spent in each activity and/or the number of persons under care.

b. Necessary and Reasonable Costs

Child care expenses will be considered for the time required for the eligible activity plus reasonable transportation time. For child care that enables a family member to go to

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school, the time allowed may include not more than one study hour for each hour spent in class.

To establish the reasonableness of child care costs, the PRPHA will use the schedule of child care costs from the local welfare agency. Families may present, and the PRPHA will consider, justification for costs that exceed typical costs in the area

6.2.7 Permissive Deductions

Permissive deductions are additional, optional deductions that may be applied to annual income. As with mandatory deductions, permissive deductions must be based on need or family circumstance and deductions must be designed to encourage self-sufficiency or other economic purpose. If in the future the PRPHA decides to offer permissive deductions, they will be granted to all families that qualify for them and should complement existing income exclusions and deductions. The PRPHA has opted not to use permissive deductions at this time.

Part 3: Calculating Rent**6.3.1 TTP Formula**

HUD regulations specify the formula for calculating the total tenant payment (TTP) for a tenant family. TTP is the highest of the following amounts, rounded to the nearest dollar:

- 30 percent of the family's monthly adjusted income (adjusted income is defined in Part II)
- 10 percent of the family's monthly gross income (annual income, as defined in Part I, divided by 12)
- A minimum rent for PRPHA is \$50.00

The PRPHA has authority to suspend and exempt families from minimum rent when a financial hardship exists, as defined below.

1. Maximum Rents

Maximum rents are used to cap income-based rents. They are part of the income-based formula. If the calculated TTP exceeds the maximum rent for the unit, the maximum rent is used to calculate tenant rent (maximum rent/TTP minus utility allowance). Increases in income do not affect the family since the rent is capped. The use of maximum rents fosters upward mobility and income mixing.

Because of the mandatory use of flat rents, the primary function of maximum rents now is to assist families who cannot switch back to flat rent between annual reexaminations and would otherwise be paying an income-based tenant rent that is higher than the flat rent.

Maximum rents must be set to the level required for flat rents (which will require the addition of the utility allowance to the flat rent for properties with tenant-paid utilities).

ADMISSION AND CONTINUED OCCUPANCY POLICIES**2. Utility Reimbursement**

Utility reimbursement occurs when any applicable utility allowance for tenant-paid utilities exceeds the TTP. HUD permits the PRPHA to pay the reimbursement to the family or directly to the utility provider.

6.3.2 Financial Hardships Affecting Minimum Rent**1. Financial hardship includes the following situations:**

- a. The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.
- b. A hardship will be considered to exist only if the loss of eligibility has an impact on the family's ability to pay the minimum rent.
- c. For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following (1) implementation of assistance, if approved, or (2) the decision to deny assistance. A family whose request for assistance is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.
- d. The family would be evicted because it is unable to pay the minimum rent.
- e. For a family to qualify under this provision, the cause of the potential eviction must be the family's failure to pay rent or tenant-paid utilities.
- f. Family income has decreased because of changed family circumstances, including the loss of employment.
- g. A death has occurred in the family. In order to qualify under this provision, a family must describe how the death has created a financial hardship (e.g., because of funeral-related expenses or the loss of the family member's income).
- h. The family has experienced other circumstances determined by the PHA.

2. Implementation of Hardship Exemption**a. Determination of Hardship**

When a family requests a financial hardship exemption, the PRPHA must suspend the minimum rent requirement beginning the first of the month following the family's request.

The PRPHA defines temporary hardship as a hardship expected to last 90 days or less. Long term hardship is defined as a hardship expected to last more than 90 days.

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The PRPHA may not evict the family for nonpayment of minimum rent during the 90-day period beginning the month following the family's request for a hardship exemption.

When the minimum rent is suspended, the TTP reverts to the highest of the remaining components of the calculated TTP. The example below demonstrates the effect of the minimum rent exemption.

Example: Impact of Minimum Rent Exemption			
Assume the PRPHA has established a minimum rent of \$50.00			
TTP - No Hardship		TTP - With Hardship	
\$0	30% of monthly adjusted income	\$0	30% of monthly adjusted income
\$15	10% of monthly gross income	\$15	10% of monthly gross income
\$50	Minimum rent	\$50	Minimum rent
Minimum rent applies.		Hardship exemption granted.	
TTP = \$50		TTP = \$15	

To qualify for a hardship exemption, a family must submit a request for a hardship exemption in writing. The request must explain the nature of the hardship and how the hardship has affected the family's ability to pay the minimum rent.

The PRPHA will make the determination of hardship within 30 calendar days.

b. No Financial Hardship

If the PRPHA determines there is no financial hardship, the PRPHA will reinstate the minimum rent and require the family to repay the amounts suspended.

For procedures pertaining to grievance hearing requests based upon the PRPHA denial of a hardship exemption, see Chapter XIV, Grievances and Appeals.

The PRPHA will require the family to repay the suspended amount within 30 calendar days of the PRPHA notice that a hardship exemption has not been granted.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**c. Temporary Hardship**

If the PRPHA determines that a qualifying financial hardship is temporary, the PRPHA must reinstate the minimum rent from the beginning of the first of the month following the date of the family's request for a hardship exemption.

The family must resume payment of the minimum rent and must repay the PRPHA the amounts suspended. HUD requires the PRPHA to offer a reasonable repayment agreement, on terms and conditions established by the PRPHA. The PRPHA also may determine that circumstances have changed and the hardship is now a long-term hardship.

For procedures pertaining to grievance hearing requests based upon the PRPHA denial of a hardship exemption, see Chapter XIV, Grievances and Appeals.

The PRPHA will enter into a repayment agreement in accordance with the PRPHA repayment agreement policy.

d. Long-Term Hardship

The hardship period ends when any of the following circumstances apply:

- i. At an interim or annual reexamination, the family's calculated TTP is greater than the minimum rent.
- ii. For hardship conditions based on loss of income, the hardship condition will continue to be recognized until new sources of income are received that are at least equal to the amount lost. For example, if a hardship is approved because a family no longer receives a \$60/month child support payment, the hardship will continue to exist until the family receives at least \$60/month in income from another source or once again begins to receive the child support.
- iii. For hardship conditions based upon hardship-related expenses, the minimum rent exemption will continue to be recognized until the cumulative amount exempted is equal to the expense incurred.

6.3.3 Utility Allowances**1. Reasonable Accommodation**

- a. On request from a family, PRPHA must approve a utility allowance that is higher than the applicable amount for the dwelling unit if a higher utility allowance is needed as a reasonable accommodation to make the program accessible to and usable by the family with a disability.

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- b. Residents with disabilities may not be charged for the use of certain resident-supplied appliances if there is a verified need for special equipment due to the disability
- c. **Utility Allowance Revisions** - Revised utility allowances will be applied to a family's rent calculations at the first annual reexamination after the allowance is adopted unless the PRPHA is required to revise utility allowances retroactively.

6.3.4 Prorated rent for Mixed Families

HUD regulations prohibit assistance to ineligible family members. A **mixed family** is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible family members. The PRPHA must prorate the assistance provided to a mixed family. The PRPHA will first determine TTP as if all family members were eligible and then prorate the rent based upon the number of family members that actually are eligible. To do this, the PRPHA will:

1. Subtract the TTP from a maximum rent applicable to the unit. The result is the maximum subsidy for which the family could qualify if all members were eligible.
2. Divide the family maximum subsidy by the number of persons in the family to determine the maximum subsidy per each family member who is eligible (member maximum subsidy).
3. Multiply the member maximum subsidy by the number of eligible family members.
4. Subtract the subsidy calculated in the last step from the maximum rent. This is the prorated TTP.
5. Subtract the utility allowance for the unit from the prorated TTP. This is the prorated rent for the mixed family.

Revised public housing maximum rents will be applied to a family's rent calculation at the first annual reexamination after the revision is adopted.

6.3.4 Flat Rents and family Choice Rents**1. Flat Rents**

The flat rent is designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families who are attempting to become economically self-sufficient.

There is no utility allowance or reimbursement with flat rents. When the family elects to pay the flat rent, the flat rent amount quoted to the family by the PRPHA is the amount the family pays. Changes in family income, expenses, or composition will not affect the flat rent amount because it is outside the income-based formula.

2. Family Choice in Rents

The PRPHA will offer a family the choice between flat and income-based rent will upon admission and upon each subsequent annual reexamination.

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The PRPHA will require families to submit their choice of flat or income-based rent in writing and will maintain such requests in the tenant file as part of the admission or annual reexamination process.

3. Switching from Flat Rent to Income-Based Rent Due to Hardship

Upon determination by the PRPHA that a financial hardship exists, the PRPHA will allow a family to switch from flat rent to income-based rent effective the first of the month following the family's request.

Reasons for financial hardship include:

- a. The family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance
- b. The family has experienced an increase in expenses, because of changed circumstances, for medical costs, child care, transportation, education, or similar items
- c. Such other situations determined by the PRPHA to be appropriate

The PRPHA considers payment of flat rent to be a financial hardship whenever the switch to income-based rent would be lower than the flat rent.

4. Change in Flat Rents

Changes to flat rents, up or down, will not affect families paying flat rent until their next annual flat rent offer, at which time the family will be given the choice of switching back to income-based rent or of remaining on flat rent at the current (most recently adjusted) flat rent for their unit

6.3.6 Flat Rents and Earned Income Disallowance

Because the EID is a function of income-based rents, a family paying flat rent cannot qualify for the EID even if a family member experiences an event that would qualify the family for the EID. If the family later chooses to pay income-based rent, they would only qualify for the EID if a new qualifying event occurs.

A family currently paying flat rent that previously qualified for the EID while paying income-based rent and is currently within their 48 month period would have the 12 cumulative months of full (100 percent) exclusion and phase-in (50 percent) exclusion continue while paying flat rent as long as the employment that is the subject of the exclusion continues, and the 48-month lifetime limit will continue uninterrupted. A family paying flat rent could therefore see a family member's 48-month lifetime limit expire while the family is paying flat rent.

1. Flat Rents and Mixed Families

Mixed families electing to pay flat rent must first have a flat rent worksheet completed to see if the flat rent must be prorated. The worksheet is located in Appendix III of the Form HUD-50058 Instruction Booklet.

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If the flat rent is greater than or equal to the public housing maximum rent, there is no proration of flat rent and the family pays the flat rent for the unit.

If the flat rent is less than the maximum rent, the worksheet will calculate a prorated flat rent. The mixed family will pay the prorated flat rent.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**CHAPTER VII - VERIFICATION****Introduction**

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

The Chapter VII has four (4) parts:

- Part 1: General Verification Requirements
- Part 2: Verifying Family Information
- Part 3: Verifying Income and Assets
- Part 4: Verifying Mandatory Deductions

Part 1: General Verification Requirements**7.1.1 FAMILY Consent to Provide Information**

The family must supply any information that the PRPHA or HUD determines is necessary for the administration of the program and must consent to PRPHA's verification of that information, through the approved forms.

1. Consent Forms

It is required that all adult applicants and tenants sign the Authorization for Release of Information form (form HUD-9886). The purpose of form HUD-9886 is to facilitate automated data collection and computer matching from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the PRPHA may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Information may also be obtained directly from financial institutions concerning unearned income. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA).

Adult family members must sign other consent forms needed to collect information relevant to the family's eligibility and level of assistance.

2. Penalties for Failing to Consent

If any family member who is required to sign a consent form fails to do so, the PRPHA will deny admission to applicants and/or terminate the tenant's lease. The family may request a informal hearing in accordance with the PRPHA's grievance procedures.

7.1.2 Overview of Verification Requirements**1. Verification Forms**

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

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1. Up-front Income Verification through Enterprise Income Verification (EIV) System (UIV) whenever available
2. Up-front Income Verification through an automated system whenever available, while not of HUD.
3. Third-party Written Verification
4. PRPHA's forms to third party written verification
5. Third-party Oral Verification
6. Self-Certification

1. Requirements for Acceptable Documents

The presentation and the exercise of required documents will be as follows:

- a. Any documents used for verification must be the original (not photocopies) and generally must be dated within sixty (60) calendar days of the date they are provided to the PRPHA. The documents must not be damaged, altered or in any way illegible.
- b. The PRPHA will accept documents dated up to six (6) months before the effective date of the family's re-examination if the document represents the most recent scheduled report from a source. For example, if the holder of a pension annuity provides semi-annual reports, the PRPHA will accept the most recent report.
- c. The PRPHA staff member who views the original document must make a photocopy, sign the copy and annotate the copy with the name of the person who provided the document and the date the original document was viewed.
- d. Any family self-certifications must be made in a format acceptable to the PRPHA and must be signed in the presence of a PRPHA representative or PRPHA notary public.

2. File Documentation

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

- a. Reported family annual income
- b. Value of assets
- c. Expenses related to deductions from annual income
- d. Other factors influencing the adjusted income or income-based rent determination

When the PRPHA is unable to obtain 3rd party verification, the PRPHA will document in the family file the reason that third-party verification was not available and will place a photocopy of the original document(s) in the family file.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**7.1.3 Up-Front Income Verification (UIV)**

The PRPHA will inform all applicants and residents of its use of the following UIV resources during the admission and re-examination process:

- HUD's EIV system

The PRPHA must restrict access to and safeguard UIV data in accordance with HUD's guidelines on security procedures, as issued and made available by HUD.

There may be legitimate differences between the information provided by the family and UIV-generated information. No adverse action can be taken against a family until the PRPHA has independently verified the UIV information and the family has been granted an opportunity to contest any adverse findings through the PRPHA's informal hearing processes.

1. Enterprise Income Verification (EIV) System

Effective January 31, 2010, all PHAs are required to use the EIV system in its entirety. This means that PHAs must use all features of the EIV system to:

- a. Verify tenant employment and income information during mandatory reexaminations of family composition and income.
- b. Reduce administrative and subsidy payment errors in accordance with HUD administrative guidance.

The EIV System is a web-based application, which provides PRPHA with employment, wage, unemployment compensation and social security benefit information of tenants who participate in the Public Housing and various Section 8 programs under the jurisdiction of the Office of Public and Indian Housing (PIH). This system is available to all PHAs nationwide. Information in EIV is derived from computer matching programs initiated by HUD with the Social Security Administration (SSA) and the U.S. Department of Health and Human Services (HHS), for all program participants with valid personal identifying information (name, date of birth (DOB), and social security number (SSN) reported on the form HUD-50058.

PRPHA is required to review the EIV Income Report of each family before or during mandatory annual and interim reexaminations to reduce tenant under reporting of income and improper subsidy payments. EIV is classified as an up-front income verification technique, which helps to identify income sources and/or amounts that the tenant may not have disclosed. This verification technique in many instances will reduce the need to mail or fax third party verification request forms to an income source. EIV also provides various reports to assist PRPHA with the following:

- a. Identifying tenants whose reported personal identifiers do not match the SSA database;
- b. Identifying tenants who need to disclose a SSN;
- c. Identifying tenants whose alternate identification number (Alt ID) needs to be replaced with a SSN;

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- d. Identifying tenants who may not have reported complete and accurate income information;
- e. Identifying tenants who have started a new job;
- f. Identifying tenants who may be receiving duplicate rental assistance;
- g. Identifying tenants who are deceased and possibly continuing to receive rental assistance;
- h. Identifying former tenants of PIH rental assistance programs who voluntarily or involuntarily left the program and have a reportable adverse status and/or owe money to a PHA or Section 8 landlord.

2. Access to the EIV System

PRPHA's staff that have a need to access the EIV system, is required to complete and submit the EIV Access Authorization Form & Rules of Behavior and User Agreement to their designated EIV User Administrator. The User Administrator certify and send the forms to Coordinator in the local HUD office. Individuals who will not directly access the EIV system, but will have access to the EIV data in printed or electronic form is also required to complete the EIV Access Authorization Form & Rules of Behavior and User Agreement and maintain on file in the place when access the report, but do not submit the form to the Coordinator in the local HUD office.

3. File documentation required to demonstrate compliance with mandated use of EIV

- a. For each new admission (form HUD-50058 action type 1), the PRPHA is required to review the EIV Income Report to confirm or validate family reported income within 120 days of the PIC submission date. PRPHA will print and maintain a copy of the EIV Income Report in the tenant file. PRPHA will resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
- b. For each historical adjustment (form HUD-50058 action type 14), the PRPHA is required to review the EIV Income Report to confirm or validate family-reported income within 120 days of the PIC submission date; and print and maintain a copy of the EIV Income Report in the tenant file; and resolve any income discrepancy with the family within 60 days of the EIV Income Report date.
- c. For each interim reexamination (form HUD-50058 action type 3) the PRPHA is required to have in the tenant file, **ICN Page** when there is **no** household income discrepancy noted on the household's Income Discrepancy Report tab or Income Discrepancy Report.
- d. For each annual reexamination, the PRPHA is required to have the following documentation in the tenant file:

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- i. **No Dispute of EIV Information:** EIV Income Report, current acceptable tenant-provided documentation, and if necessary, traditional third party verification form(s).
- ii. **Disputed EIV Information:** EIV Income report, current acceptable tenant provided documentation, and/or traditional third party verification form(s) for disputed information.
- iii. **Tenant-reported income not verifiable through EIV system:** Current tenant-provided documents, and if necessary traditional third party verification form(s).

4. Tenant Repayment Agreement

If the tenant refuses to pay retroactive income resulting from the concealment of income to the PRPHA, the PRPHA notify the tenant intended cancellation of contract.

The Payment plans:

- 1) Shall be in writing, with date and signature of the lessee and the representative of the PRPHA.
- 2) Will include the total owed retroactive income, the payment made at the beginning of the plan and the amount to pay monthly.
- 3) Detailed contractual clauses or regulations on the failure of the tenant and the warning about the termination of the contract; that the payment of retroactive income is in addition to the monthly income; that the terms of the payment plan can be renegotiated in the event of increase or decrease in the income of the family; that late payments or that they are not undertaken constitute a failure to comply with the payment plan and result in the cancellation of the lease.

The PRPHA will determine the retroactive income as much as possible to have documents on not reported revenue to sustain the same. Back pay monthly rent plus the amount of monthly rent paid by the tenant should not exceed forty percent (40%) of the monthly adjusted income of the family. The period in which the retroactive income balance must be paid is based on the monthly payments and the original back stock. For the payment of retroactive income the tenant may choose to make a global payment or divide the total in monthly installments.

5. Custody of EIV reports and divulgation of EIV' report data

The PRPHA will maintain EIV reports in the tenant file, up to three (3) years after the date of termination of the participation of the lessee in the program. The Federal Privacy Act, 5 USC sec. 552a, prohibits the disclosure of information of an individual to another person without the consent in writing of the individual. By which, EIV report of an adult member of the family information must not be shared (or provide a copy or display the report) to other adult member of

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the family composition, unless the individual provides consent in writing to disclose the information.

6. EIV Identity Verification

As part of the annual reexamination process, the PRPHA will identify residents whose identity verification has failed. The PRPHA will attempt to resolve Public and Indian Housing Information Center (PIC) and the Social Security Administration (SSA) discrepancies by reviewing file documents. When the PRPHA determines that discrepancies exist due to PRPHA errors such as spelling errors or incorrect birth dates, the errors will be corrected promptly.

7.1.4 Third Party Written and Oral Verification**1. Reasonable Effort and Timing**

- a. The PRPHA will seek third-party verification using a combination of written and oral requests to verification sources. Information received orally from third parties may be used either to clarify information provided in writing by the third party or as independent verification when written third-party verification is not received in a timely fashion.
- b. The PRPHA may mail, fax, e-mail, or hand deliver third-party written verification requests and will accept third-party responses using any of these methods. The PRPHA will send a written request for verification to each required source within five (5) business days of securing a family's authorization for the release of the information and give the source ten (10) business days to respond in writing. If a response has not been received by the eleventh (11th) business day, the PRPHA will request third-party oral verification.
- c. The PRPHA will make a minimum of two attempts, one of which may be oral, to obtain third-party verification. A record of each attempt to contact the third-party source (including no-answer calls) and all contacts with the source will be documented in the file. Regarding third-party oral verification, PRPHA staff will record in the family's file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used and the facts provided.
- d. The PRPHA will accept a verbal response to the initial written request for verification as oral verification, however it will also request that the source complete and return any verification forms that were provided.
- e. If a third party agrees to confirm in writing the information provided orally, the PRPHA will wait no more than five (5) business days for the information to be provided. If the information is not provided by the sixth (6th) business day, the PRPHA will use any information provided orally in combination with reviewing family-provided documents (see below).

2. When Third-Party Information is Late

When third-party verification has been requested and the time-frames for submission have been exceeded, the PRPHA will use the information from documents on a

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provisional basis. If the PRPHA later receives third-party verification that differs from the amounts used in income and rent determinations and it is past the deadline for processing the re-examination, the PRPHA will conduct an interim re-examination to adjust the figures used for the re-examination, regardless of the PRPHA's interim re-examination policy.

1. When Third-Party Verification is Not Required**a. Primary Documents**

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

b. Certain Assets and Expenses

The PRPHA will use review of documents in lieu of requesting third-party verification when the market value of an individual asset or an expense is less than \$1,000 annually and the family has original documents that support the declared amount.

c. Certain Income, Asset and Expense Sources

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

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

7.1.5 Review of Documents**Using Review of Documents as Verification**

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

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

7.1.6. Self-Certification

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 PRPHA.

The self-certification must be made in a format acceptable to the PRPHA 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 PRPHA representative.

Part 2: Verifying Family Information**7.2.1 Verification of Legal Identity**

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

Verification of Legal Identity for Adults	Verification of Legal Identity for Children
Certificate of Birth, Social Security Number, Immigration Documents	Certificate of birth
Baptismal certificate	Adoption papers
Driver's license or Department of Motor Vehicle identification card	Custody agreement
U.S. military discharge (DD 214)	Health and Human Services ID
U.S. passport	School records
Voter's Registration Card (with photo ID)	
Employer identification card	

If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required. Legal identity will be verified on an as needed basis.

7.2.2 Social Security Numbers

All family members must provide social security numbers. The PRPHA will also accept the following documents as evidence if the SSN is provided on the document:

- a. Identification card issued by a federal, state, or local agency, a medical insurance company or provider, or employer or trade union
- b. Income Tax Documents
- c. Benefit award letters from government agencies; retirement benefit letters; life insurance policies
- d. Court records (real estate, tax notices, marriage and divorce, judgment or bankruptcy records)

If the family reports an SSN but cannot provide acceptable documentation of the number, the PRPHA will require a self-certification stating that documentation of the SSN cannot be provided at this time. The PRPHA will require documentation of the SSN within sixty (60) calendar days from the date of the family member's self-certification mentioned above. If the family is an applicant, assistance cannot be provided until proper documentation of the SSN is provided. The PRPHA will instruct the family to obtain a duplicate card from the local Social Security Administration (SSA) office.

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

ADMISSION AND CONTINUED OCCUPANCY POLICIES**7.2.3 Documentation of Age**

If an official record of birth or evidence of social security retirement benefits cannot be provided, the PRPHA will require the family to submit other documents that support the reported age of the family member. For example, school records, driver's license if birth year is recorded. The family will provide a self-certification. Age must be verified only once during continuously-assisted occupancy.

7.2.4 Family Relationships

1. Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household is normally sufficient verification of family relationships.
2. Certification by the head of household is normally sufficient verification. If the PRPHA has reasonable doubts about a marital relationship, the PRPHA will require the family to document the marriage. A marriage certificate generally is required to verify that a couple is married.
3. In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married.
4. Certification by the head of household is normally sufficient verification. If the PRPHA has reasonable doubts about a separation or divorce, the PRPHA will require the family to document the divorce, or separation.
5. A copy of a court-ordered maintenance or other court record is required to document a separation.
6. If no court document is available, documentation from a community-based or governmental agency will be accepted.

7.2.5 Verification of Students Status

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

- The family claims full-time student status for an adult other than the head, spouse, or co-head; or
- The family claims a child care deduction to enable a family member to further his or her education.

7.2.6 Documentation of Disability

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

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

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

1. Family Members Receiving SSA Disability Benefits

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

2. Family Members Not Receiving SSA Disability Benefits

If a family member(s) claims a disability but does not receive SSI or other disability payments from the SSA, a knowledgeable professional must provide third-party verification stating that the family member(s) meets HUD's definition of disability. (See the Eligibility chapter for the HUD definition of disability. The knowledgeable professional will verify whether the family member does or does not meet the HUD definition).

7.2.7 Citizenship or Eligible Immigration Status**a. Documents Required**

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

The documentation required for eligible noncitizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance.

3. PRPHA Verification

Proof of age is required for family members age sixty two (62) or older who claim to be eligible immigrants. No further verification of eligible immigration status is required. PRPHA must

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verify immigration status with the U.S. Citizenship and Immigration Services (USCIS) for family members under the age of sixty two (62) who claim to be eligible immigrants.

Part 3: Verifying Income and Assets

Chapter 6, Part I of this ACOP describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides the PRPHA's policies that supplement the general verification procedures specified in Part 1 of this chapter.

7.3.1 EARNED Income**1. Tips**

Persons who work in industries where tip incomes are standard will be required to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year, unless an employer includes the tip income in the family member's W-2.

7.3.2 Business and Self- Employment Income

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

- a. An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.
- b. All schedules completed for filing federal and local taxes in the preceding year.
- c. An accountant's calculation of depreciation expense, computed using straight-line depreciation rules, if accelerated depreciation was used on the tax return or financial statement.

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

At any re-examination the PRPHA may request documents that support submitted financial statements such as manifests, appointment books, cash books, or bank statements.

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

7.3.3 Periodic Payments and payments in Lieu of Earnings**1. Social Security/SSI Benefits**

ADMISSION AND CONTINUED OCCUPANCY POLICIES

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

To verify the SS/SSI benefits of residents, the PRPHA will obtain information about social security/SSI benefits through the HUD EIV System. If benefit information is not available in HUD systems, the PRPHA will request a current SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s) the PRPHA will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the resident has received the benefit verification letter they will be required to provide it to the PRPHA.

7.3.4 Child Support

The manner in which the PRPHA will seek verification for alimony and child support differs depending on whether the family declares that it receives regular payments.

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

- a. If payments are made through a local entity, the PRPHA will request a record of payments for the past twelve (12) months and request that the entity disclose any known information about the likelihood of future payments.
- b. Third-party verification from the person paying the support. Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules.
- c. Copy of the latest check and/or payment stubs.
- d. Family's self-certification of amount received and of the likelihood of support payments being received in the future, or that support payments are not being received.

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

- a. A statement from any agency responsible for enforcing payment that shows the family has requested enforcement and is cooperating with all enforcement efforts
- b. If the family has made independent efforts at collection, a written statement from the attorney or other collection entity that has assisted the family in these efforts

Families are not required to undertake independent enforcement action.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**7.3.5 Assets and Income from Assets****1. Assets Disposed of for Less than Fair Market Value**

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

- a. The PRPHA does not already have a reasonable estimation of its value from previously collected information, or
- b. The amount reported by the family in the certification appears obviously in error.

7.3.6 Net Income from Rental Property

The family must provide:

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

7.3.7 Retirement Accounts

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

1. *Before* retirement, the PRPHA will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than four months or one hundred twenty (120) days from the effective date of the examination.
2. *After* retirement, the PRPHA will accept an original document from the entity holding the account dated no earlier than twelve (12) months before that reflects any distributions of the account balance, any lump sums taken and any regular payments.

7.3.8 Income from Excluded Sources

The PRPHA will reconcile differences in amounts reported by the third party and the family only when the income is needed to determine how much is to be excluded (or included) in the determination of annual income. Examples of this are the Earned Income Disallowance and increases in earned income due to participation in a qualified state or local Training Program.

7.3.9 Zero Annual Income Status

ADMISSION AND CONTINUED OCCUPANCY POLICIES

The PRPHA will check UIV sources and/or request information from third-party sources to verify that certain forms of income such as unemployment benefits, TANF, SSI, etc. are not being received by families claiming to have zero annual income. The PRPHA, at its discretion, will require the family to fill out a declaration of income and expenses.

Part 4: Verifying Mandatory Deductions**7.4.1 Dependent and Elderly/Disabled Household Deductions****1. Dependent Deduction**

The PRPHA will verify that:

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

2. Elderly/Disabled Family Deduction

The PRPHA will verify that the head or spouse is sixty two (62) years of age or older or a person with disabilities.

7.4.2 Medical Expense Deduction**1. Amount of Expense**

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

Medical expenses will be verified through:

- a. Third-party verification form signed by the provider, when possible
- b. If third-party is not possible, copies of cancelled checks used to make medical expense payments and/or printouts or receipts from the source will be used. In this case the PRPHA will make a best effort to determine what expenses from the past are likely to continue to occur in the future. The PRPHA will also accept evidence of monthly payments or total payments that will be due for medical expenses during the upcoming twelve (12) months.
- c. If third-party or document review is not possible, written family certification as to costs anticipated to be incurred during the upcoming twelve (12) months

In addition, the PRPHA must verify that:

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

ADMISSION AND CONTINUED OCCUPANCY POLICIES**2. Eligible Household**

The medical expense deduction is permitted only for households in which the head, spouse, or co-head is at least sixty two (62) years or a person with disabilities. The PRPHA will verify that the family meets the definition of an elderly or disabled family.

3. Unreimbursed-Expenses

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

4. Expenses Incurred in Past Years

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

- a. The anticipated repayment schedule
- b. The amounts paid in the past, and
- c. Whether the amounts to be repaid have been deducted from the family's annual income in past years

7.4.3 Disability Assistance Expenses**1. Attendant Care**

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

Expenses for attendant care will be verified through:

- a. Third-party verification form signed by the provider, when possible
- b. If third-party is not possible, copies of cancelled checks used to make attendant care payments and/or receipts from care source
- c. If third-party or document review is not possible, written family certification as to costs anticipated to be incurred for the upcoming twelve (12) months

2. Auxiliary Apparatus

Expenses for auxiliary apparatus will be verified through:

- a. Third-party verification of anticipated purchase costs of auxiliary apparatus.
- b. If third-party are not possible, billing statements for purchase of auxiliary apparatus, or other evidence of monthly payments or total payments that will be due for the apparatus during the upcoming twelve (12) months.
- c. If third-party or document review is not possible, written family certification of estimated apparatus costs for the upcoming twelve (12) months.

In addition, the PRPHA must verify that:

- a. The family member for whom the expense is incurred is a person with disabilities.
- b. The expense permits a family member, or members, to work.

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- c. The expense is not reimbursed from another source.

3. Family Member(s) Permitted to Work

The PRPHA will seek third-party verification from a Rehabilitation Agency or knowledgeable medical professional indicating that the person with disabilities requires attendant care or an auxiliary apparatus to be employed, or that the attendant care or auxiliary apparatus enables another family member, or members, to work (See 6.2.5.).

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

4. Unreimbursed Expenses

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

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

7.4.4 Child Care Expenses**1. Eligible Child**

Only the costs incurred for child-care for children under the age of thirteen (13) are eligible for the child-care deduction. The PRPHA will verify that the child being cared for (including foster children) is under the age of thirteen (13).

2. Unreimbursed Expense

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

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

3. Pursuing an Eligible Activity

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

4. Seeking Work

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

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

ADMISSION AND CONTINUED OCCUPANCY POLICIES**5. Furthering Education**

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

6. Gainful Employment

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

7. Allowable Type of Child Care

The PRPHA will verify that the fees paid to the child care provider cover only child care costs and are paid only for the care of an eligible child (e.g., prorate costs if some of the care is provided for ineligible family members).

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

8. Reasonableness of Expenses

The actual costs the family incurs will be compared with the PRPHA's established standards of reasonableness for the type of care in the locality to ensure that the costs are reasonable.

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

CHAPTER VIII - LEASING AND INSPECTIONS

Introduction

An eligible family may occupy a public housing unit under the terms of a lease. The lease must meet all regulatory requirements, and must also comply with applicable state and local laws and codes.

The term of the lease must be for a period of twelve (12) months. It is renewed for another twelve (12) month term, except that the PRPHA may not renew the lease if the family has violated the community service requirement or other obligation imposed in the Lease.

HUD rules require the PRPHA to inspect each housing unit prior to move-in, at move-out, and annually during occupancy. In addition, the PRPHA may require additional inspections, in accordance with PRPHA Policy. This part contains the PRPHA's policies governing inspections, notification of unit entry and inspection results.

The Chapter VIII has two (2) parts:

- Part 1: Leasing
- Part 2: Inspections

Part 1: Leasing

8.1.1 Lease Orientation

After unit acceptance but prior to occupancy, a PRPHA representative will provide a lease orientation to the family. The head of household or spouse and members of the family of eighteen (18) years or more are required to attend.

1. Orientation Agenda

At the lease orientation the families will be provided with:

- a. A copy of the lease
- b. A copy of the PRPHA's Admissions and Occupancy Policies and other regulations and procedures and its Exhibits, if any

Topics to be discussed will include:

- a. Review and explanation of lease provisions
- b. Unit maintenance and work orders
- c. The PRPHA's reporting requirements
- d. Explanation of occupancy forms
- e. Community service requirements
- f. Family choice of rent

- g. Mandatory changes and transfers
- h. Reasonable Accommodations

8.1.2 Execution of Lease

1. The head of household, spouse and all other adult members of the household will be required to sign the public housing lease prior to admission. The family will go to the Administration Project Office for the execution of lease. The head of household will be provided a copy of the executed lease and the PRPHA will retain a copy in the resident's file.
2. File for household that include a live-in aide will contain file documentation signed by the live-in aide, stating that the live-in aide is not a party to the lease and is not entitled to PRPHA assistance.

8.1.3 Modifications to the Lease

1. The family will have thirty (30) days to accept any proposed revision of the lease. If the family does not accept the offer of the revised lease within that thirty (30) day timeframe, the family's tenancy will be terminated for other good cause according to the policies of PRPHA.
2. When the PRPHA proposes to modify or revise the rules and regulations, the PRPHA will notify through, at minimum, on the local newspaper or in the administrative offices at each development.
3. The lease will be amended to reflect all changes in family composition.
4. If, for any reason, any member of the household ceases to reside in the unit, the lease will be amended and this will be actualize by a Lease Complement Form, where the head of household signs and PRPHA will be required to initial and date the change.
5. If a new household member is approved by the PRPHA to reside in the unit, the person's name and birth date will be added to the lease. The head of household and PRPHA will be required to initial and date the change. If the new member of the household is an adult, he or she will also be required to sign and date the lease.

8.1.4 Payments Under the Lease

1. Rent Payments

The tenant rent is due and payable at the administrative offices at each development on the first (1st) of every month or in the date establish on the Lease. If the first (1st) falls on a weekend or holiday, the rent is due and payable on the first business day thereafter.

If a family's tenant rent changes, the PRPHA will notify the family of the new amount and the effective date by sending a "Notice of Rent Adjustment" which will become an attachment to the lease.

2. Utility Charges

The residents are responsible for all utility charges. Utilities must be maintained in the name of the head of household. No lease will be executed until the utilities are activated in the name of the head of household.

Nonpayment of utility charges; inappropriate and fraudulent use of the utilities and failure to maintain utilities in the name of the head of household are violations of the lease and are grounds for eviction.

3. Damage Charges

When applicable, families will be charged for damages charges as established in the PRPHA's current schedule. Notices of maintenance and damage charges will be mailed monthly and will be in accordance with requirements regarding notices of adverse actions. Charges are due and payable fifteen (15) calendar days after billing. If the family requests a grievance hearing within the required timeframe, the PRPHA may not take action for nonpayment of the charges until the conclusion of the grievance process. Nonpayment of damage charges is a violation of the lease and is grounds for eviction.

Part 2: Inspections

8.2.1 Types of Inspections

1. Move-In Inspections

The Head of Household may attend the initial inspection and sign the inspection form.

2. Move-Out Inspections

The Head of Household may attend the move out inspection and sign the inspection form. When applicable, the PRPHA will provide the tenant with a statement of charges to be made for damage beyond normal wear and tear.

3. Annual Inspections

Under the Public Housing Assessment System (PHAS), the PRPHA is required to inspect all occupied units annually using HUD's Uniform Physical Condition Standards (UPCS).

4. Quality Control Inspections

Supervisory quality control inspections will be conducted according to the PRPHA's maintenance plan.

5. Special Inspections

PRPHA staff may conduct a special inspection for any of the following reasons:

- Housekeeping
- Unit condition
- Suspected lease violation
- Preventive maintenance
- Routine maintenance

- Reasonable cause to believe an emergency exists

6. Other Inspections

Building exteriors, grounds, common areas and systems will be inspected according to the PRPHA's maintenance plan.

8.2.2 Notice and Scheduling of Inspections

1. Notice of Entry

a. Non-emergency Entries

The PRPHA will notify the resident in writing at least forty eight (48) hours prior to any non-emergency inspection.

For regular annual inspections, the family will receive at least two (2) weeks written notice of the inspection to allow the family to prepare the unit for inspection.

Entry for repairs requested by the family will not require prior notice. Resident-requested repairs presume permission for the PRPHA to enter the unit.

b. Emergency Entries

The PRPHA may enter the housing unit at any time without prior notice when there is reasonable cause to believe that an emergency exists. If no adult household member is present at the time of an emergency entry, the PRPHA must leave a written statement showing the date, time and purpose of the entry prior to leaving the housing unit.

2. Scheduling of Inspections

Inspections will be conducted during business hours. If a family needs to reschedule an inspection, they must notify the PRPHA at least twenty four (24) hours prior to the scheduled inspection. The PRPHA will reschedule the inspection no more than once unless the resident has a verifiable good cause that justify a reschedule for inspection. The PRPHA may request verification of such cause.

3. Attendance at Inspections

Except at move-in inspections, the tenant is not required to be present for the inspection. The tenant may attend the inspection if he or she wishes.

If no one is at home, the inspector will enter the unit, conduct the inspection and leave a copy of the inspection report in the unit.

8.2.3 Inspections Results

The PRPHA is obligated to maintain housing units and the project in decent, safe and sanitary condition and to make necessary repairs to the units.

1. Emergency Repairs

When conditions in the unit are hazardous to life, health, or safety, the PRPHA will make repairs for the attention of the situation and transfer the family within twenty four (24) hours.

Defects hazardous to life, health or safety include, but are not limited to, the following:

- a. Any condition that jeopardizes the security of the unit
- b. Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling
- c. Natural or LP gas or fuel oil leaks
- d. Any electrical problem or condition that could result in shock or fire
- e. Utilities not in service, including no running hot water
- f. Conditions that present the imminent possibility of injury
- g. Obstacles that prevent safe entrance or exit from the unit
- h. Absence of a functioning toilet in the unit
- i. Inoperable smoke detectors

2. Non-emergency Repairs

The PRPHA will correct non-life threatening health and safety defects within fifteen (15) business days of the inspection date. If the PRPHA is unable to make repairs within that period due to circumstances beyond the PRPHA's control the PRPHA will notify the family of an estimated date of completion of works. Examples of circumstances beyond control of PRPHA may be that required parts or services are not available, and the weather conditions, among others.

The family must allow the PRPHA access to the unit in order to make repairs.

3. Resident Caused Damages

Damages to the unit beyond normal wear and tear will be billed to the tenant according to the policies established. Repeated or excessive damages to the unit beyond normal wear and tear will be considered a violation of the lease.

4. Housekeeping

Residents whose housekeeping habits pose a non-emergency health or safety risk, encourage insect or rodent infestation, or cause damage to the unit are in violation of the lease. In these instances, the PRPHA will interview with the Head of Household about the necessary actions to correct the situation.

PRPHA will conduct a re-inspection within thirty (30) days of the interview mentioned to confirm that the resident has complied with the requirement to abate the problem. Failure

to abate the problem or allow for a re-inspection is considered a violation of the lease and PRPHA will initiated the termination of tenancy.

Notice of lease violation will also be issued to resident who purposely disengage the unit's smoke detector. Only one warning will be given. A second incidence will result in lease termination.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**CHAPTER IX – REEXAMINATIONS****Introduction**

The PRPHA is required to obtain information needed to conduct reexaminations. Families are required to provide current and accurate information on income, assets, allowances and deductions, family composition and community service compliance as part of the reexamination process.

HUD requires that the PRPHA offer all families the choice of paying income-based rent or flat rent at least annually.

Family circumstances may change throughout the period between annual reexaminations. HUD and PRPHA policies dictate what kinds of information about changes in family circumstances must be reported, and under what circumstances the PRPHA can process interim reexaminations to reflect those changes. The PRPHA shall conduct interim reexaminations of income or family composition at any time.

Also, the family can request an interim determination if other aspects of the family's income or composition change. The PRPHA must complete the interim reexamination within a reasonable time after the family's request.

For those families paying income-based rent, the PRPHA must recalculate the rent amount based on the income information received during the reexamination process and notify the family of the changes.

The Chapter IX has four (4) parts:

- Part 1: Annual Reexaminations for Families Paying Income Based Rents
- Part 2: Reexaminations for Families Paying Flat Rents
- Part 3: Interim Reexaminations
- Part 4: Recalculating Tenant Rent

Part 1: Annual Reexaminations for Families Paying Income Based Rents**9.1.1 Scheduling Annual Reexaminations**

The PRPHA will schedule annual reexaminations so that they are completed in time to coincide with the family's anniversary date. The PRPHA will begin the annual reexamination process approximately 120 days in advance of the scheduled effective date.

I. Anniversary date

Is defined as twelve (12) months from the effective date of the family's last annual reexamination or from the effective date of the family's admission.

If the family transfers to a new unit, the PRPHA will perform an interim reexamination, and the anniversary date will not be changed.

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

2. Notification and Participation in the Annual Reexamination Process

Families are required to participate in an annual reexamination interview, which must be attended by the head of household, spouse and all members of eighteen (18) and older. If participation in an in-person interview poses a hardship because of a family member's disability, the family should contact the PRPHA to request a reasonable accommodation.

Notification of annual reexamination interviews will be sent by first-class mail and will contain the date, time, and location of the interview. In addition, it will inform the family of the information and documentation that must be brought to the interview.

If the family is unable to attend a scheduled interview, the family should contact the PRPHA at least three (3) days in advance of the interview to schedule a new appointment. In all circumstances, if a family does not attend the scheduled interview the PRPHA will send a second notification with a new interview appointment time. This will be the final request.

If a family fails to attend the second scheduled interview without PRPHA's prior approval, the family will be in violation of their lease and may be terminated in accordance with the policies in Chapter 13.

An advocate, interpreter, or other assistant may assist the family in the interview process.

9.1.2 Conducting Annual Reexaminations

1. 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 PRPHA-designated reexamination form, the form HUD 9886, Authorization for the Release of Information/Privacy Act Notice, as well as supporting documentation related to the family's income, expenses, and family composition.

2. Any required documents or information that the family is unable to provide at the time of the interview must be provided within ten (10) business days of the interview. The family may request an extension, if it is unable to obtain the information or materials within the required time frame.

3. If the family does not provide the required documents or information within the required time frame or any PRPHA approved extensions, the family will be in violation of their lease and may be terminated in accordance with the policies of PRPHA.

4. 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 PRPHA has reason to believe that previously reported information has changed, certain types of information that were verified at admission typically do not need to be re-verified on an annual basis. These include:

- a. Birth Certificates
- b. Social security numbers
- c. A person's disability status

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d. Citizenship or immigration status

5. Change in Unit Size

Changes in family or household composition may make it appropriate to consider transferring the family to a suitable size unit in order to comply with occupancy standards. The PRPHA may base this decision on information provided at the annual reexamination. Policies related to such transfers are located in Chapter 12.

6. Criminal Background Checks

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

7. Compliance with Community Service

For families who include non-exempt individuals, the PRPHA must determine compliance with community service requirements once every twelve (12) months.

9.1.3 Effective Dates**1. Increase Rent**

In general, an *increase* in the tenant rent that results from an annual reexamination will take effect on the family's anniversary date, and the family will be notified at least thirty (30) days in advance.

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

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

2. Decrease Rent

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

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

If the family causes a delay in processing the annual reexamination, decreases in the family share of the rent will be applied prospectively, from the first day of the month following completion of the reexamination processing.

Delays in reexamination processing are considered to be caused by the family if the family fails to provide information requested by the PRPHA by the date specified, and this delay prevents the PRPHA from completing the reexamination as scheduled.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**Part 2: Reexaminations for Families Paying Flat Rents****9.2.1 Full Reexamination of family Income and Composition****1. Frequency of Reexamination**

The PRPHA will conduct a full reexamination of family income and composition once every three (3) years for families paying flat rents.

2. Reexamination Policies

When conducting full reexaminations for families paying flat rents, the PRPHA will follow the policies used for the annual reexamination of families paying income-based rent as set forth in part above.

9.2.2 Reexamination of family Composition

In the years between full reexaminations, regulations require the PRPHA to conduct a reexamination of family composition.

The annual update process is similar to the annual reexamination process, except that the PRPHA does not collect information about the family's income and expenses, and the family's rent is not recalculated following an annual update.

1. Scheduling

For families paying flat rents, annual updates will be conducted in each of the two (2) years following the full reexamination.

In scheduling the annual update, the PRPHA will follow the policy used for scheduling the annual reexamination of families paying income-based rent.

2. Conducting Annual Updates

The Head of Household, spouse and members eighteen or older will be required to attend an interview for an annual update.

Notification of the annual update will be sent by first-class mail and will inform the family of the information and documentation that must be provided to the PRPHA. The family will have ten (10) business days to submit the required information to the PRPHA. If the family is unable to obtain the information or documents within the required time frame, the family may request an extension. The extension never exceeds ten (10) days.

If the information submitted by the family is incomplete, or the family does not submit the information in the required time frame, the PRPHA will send a second written notice to the family. The family will have ten (10) business days from the date of the second notice to provide the missing information or documentation to the PRPHA. 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 PRPHA policies.

ADMISSION AND CONTINUED OCCUPANCY POLICIES**3. Change in Unit Size**

Changes in family or household composition may make it appropriate to consider transferring the family to comply with occupancy standards. The PRPHA may use the results of the annual update to require the family to move to an appropriate size unit.

4. Criminal Background Checks

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

5. Compliance with Community Service

For families who include non-exempt individuals, the PRPHA must determine compliance-with community service requirements once each 12 months.

Part 3: Interim Reexaminations**9.3.1 Changes in Family and Household Composition**

All families, those paying income-based rent as well as those paying a flat rent, must report all changes in family and household composition that occur between annual reexaminations or annual updates, if apply.

1. New Family Members Not Requiring Approval

The family must inform the PRPHA of the birth, adoption or court-awarded custody of a child within ten (10) business days of such event.

2. New Family and Household Members Requiring Approval

Families must request PRPHA approval to add a new family member, live-in aide, foster child, or foster adult. This includes any person not on the lease who is expected to stay in the unit for more than three (3) consecutive days. Requests must be made in writing and approved by the PRPHA prior to the individual moving into the unit.

The PRPHA will not approve the addition of new family or household members other than by birth, adoption, court-awarded custody, or marriage, if it will require the family to transfer to a larger size unit, unless the family can demonstrate that there are medical needs or other extenuating circumstances, including reasonable accommodation, which should be considered by the PRPHA. Exceptions will be made on a case-by-case basis.

The PRPHA will not approve the addition of a new family or household member unless the individual meets the PRPHA's eligibility criteria.

If the PRPHA determines that an individual does not meet the PRPHA eligibility criteria as defined in Chapter III, the PRPHA will notify the family in writing of its decision to deny approval of the new family or household member and the reasons for the denial.

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

ADMISSION AND CONTINUED OCCUPANCY POLICIES**3. Departure of a Family or Household Member**

If a family member ceases to reside in the unit, the family must inform the PRPHA within ten (10) business days. This requirement also applies to family members who had been considered temporarily absent, but who are now permanently absent.

If a live-in aide, foster child, or foster adult ceases to reside in the unit, the family must inform the PRPHA within ten (10) business days.

9.3.2 Changes Affecting Income or Expenses

This section only applies to families paying income-based rent. Families paying flat rent are not required to report changes in income or expenses.

1. PRPHA-initiated Interim Reexaminations

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

- a. When a family member qualifies for the Earned Income Disallowance (EID), the PRPHA will conduct an interim reexamination in order to determine the amount of income to include and exclude during the initial twelve (12) month exclusion period. An interim reexamination will also be conducted to coincide with the twelve (12) month phase-in exclusion period.
- b. If the family has reported zero income, the PRPHA will conduct an interim reexamination every six (6) months as long as the family continues to report that they have no income.
- c. If at the time of the annual reexamination, it is not feasible to anticipate a level of income for the next twelve (12) months (e.g. seasonal or cyclic income); the PRPHA will proceed to schedule an interim reexamination to coincide with the end of the period for which it is feasible to project income.
- d. If at the time of the annual reexamination, tenant-provided documents that were used on a provisional basis due to the lack of third-party verification, and third-party verification become available, the PRPHA will conduct an interim reexamination.
- e. The PRPHA may conduct an interim reexamination at any time in order to correct an error in a previous reexamination, or to investigate a program violation or tenant fraud complaint.

2. Family-Initiated Interim Reexaminations**a. Required Reporting**

Families are required to report all increases in earned income, including new employment, within ten (10) business days from date receipt of the increase in earned income or the date of that new employment is obtained.

The PRPHA will only conduct interim reexaminations for families that qualify for the earned income disallowance (EID), and only when the EID family's rent will change as a

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result of the increase. In all other cases, the PRPHA will note the information in the tenant's file, but will not conduct an interim reexamination. Families are not required to report any other changes in income or expenses.

b. Optional Reporting

If a family reports a change that it was not required to report and that would result in an increase in the tenant rent, the PRPHA will note the information in the tenant file, but will not conduct an interim reexamination.

If a family reports a change that it was not required to report and that would result in a decrease in the tenant rent, the PRPHA will conduct an interim reexamination.

The PRPHA will not conduct a reexamination for an increase in family income unless the increase in income is greater than two hundred dollars (\$200) per month gross income. Families may report changes in income or expenses at any time.

9.3.3 Processing the Interim Reexamination**1. Method of Reporting**

The family may notify the PRPHA of changes either orally or in writing. If the family provides oral notice, the PRPHA may also require the family to submit the changes in writing.

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

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

2. Effective Dates

- a. If the family share of the rent is to *increase*:

The increase generally will be effective on the first (1st) of the month following thirty (30) days' notice to the family.

If a family fails to report a change within the required time frames, or fails to provide all required information within the required time frames, the increase will be applied retroactively, to the date it would have been effective had the information been provided in a timely manner. The family will be responsible for any underpaid rent and may be offered a repayment agreement.

- b. If the family share of the rent is to *decrease*:

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The decrease will be effective on the first (1st) day of the month following the month in which the change was reported. In cases where the change cannot be verified until after the date the change would have become effective, the change will be made retroactively.

Part 4: Recalculating Tenant Rent**9.4.1 Changes in Utility Allowances**

Unless the PRPHA is required to revise utility allowances retroactively, revised utility allowances will be applied to a family's rent calculations at the first (1st) annual reexamination after the allowance is adopted.

9.4.2 Notification of New Tenant Rent

The notice to the family will include the annual and adjusted income amounts that were used to calculate the tenant rent.

9.4.3 Discrepancies

During an annual or interim reexamination, the PRPHA may discover that the information previously reported by the family was in error, or that the family intentionally misrepresented information. In addition, the PRPHA may discover errors made by the PRPHA. When errors resulting in the overpayment or underpayment of rent are discovered, the PRPHA will make the necessary corrections or adjustments in accordance with the PRPHA policies.

CHAPTER X – SERVICE ANIMALS OWNERSHIP REGULATION AND PROCEDURES

Introduction

These regulations are in agreement with the provisions of the U.S. Department of Housing and Urban Development (HUD) and its manual entitled "The Public Housing Occupancy Handbook" Number 7465.1.

The Administrator of the PRPHA, by the authority granted by Section Number (5) of the Law Number 66 of August 17, 1989, as amended, hereby adopts these regulations, which establish the rules and conditions that shall apply to Public Housing applicants and tenants to own and keep a pet in a Public Housing unit administered by PRPHA.

A resident of the projects administered by PRPHA are allowed to have their own service animals subject to the requirements of the provisions of the Code of Federal Regulations 24CFR960.707 Animals that Assist, Support, or Provide Service to Persons with Disability.

Chapter X consists of one (1) part:

Part 1: Service Animals Policy

Part 1: Service Animals Policy

10.1.1 Service Animals Policy

Service animals are working animals that provide assistance or perform tasks for the benefit of a disabled person or animal that provides emotional support that alleviates one or more symptoms identified by the disabled person. Animal Aid - now called "service animals, animal care," or "therapy animals" - perform several tasks related to the inability of the resident, but not limited to the following:

- a. Guide for Individuals who are blind or have low vision.
- b. Alerting individuals who are deaf or hard of hearing.
- c. Provide minimal protection or rescue assistance.
- d. Pulling wheelchairs.
- e. Bring articles.
- f. Alerting people to prevent a kidnapping or
- g. Provide emotional support to people with disability.

The PRPHA may not refuse to allow a person with disabilities to have a "service animal" merely because the animal is not formally trained. Some animals that assist people with disabilities are trained professionally. Other "service animals" were trained by their owners. In some cases do not require special training. The criteria are whether the animal meets or does not meet attendance requirements or provide benefits for persons with disabilities.

The denial of PRPHA to modify or provide an exemption to the "No Pet" Policy or allow people to use or inability to live with "service animal" could violate Section 504 of the Rehabilitation Act and Fair Housing unless:

- a. That there is sufficient evidence that the animal directly affect the health and safety of other residents, this cannot be reduced or eliminated by reasonable accommodation.
- b. That there is sufficient evidence that the animal would cause substantial physical damage to property of another resident.
- c. That the presence of "service animal" could be a financial and administrative burden to the PRPHA.
- d. That the presence of " service animal" would fundamentally alter the nature of the services of the PRPHA.

The "Service Animal" is to provide reasonable accommodation to individuals with disabilities, but a person with disabilities does not automatically have a "service animal". The reasonable accommodation requires that there is a relationship between people with disabilities and the need for animal. It will allow the PRPHA to verify that the individual requesting a "service animal" is a person with disabilities and that the animal is required to assist with the disability. The PRPHA does not ask about the nature or severity of the disability of the resident, as with all investigations related to disabilities.

CHAPTER XI - COMMUNITY SERVICE

Introduction

Community service is the performance of voluntary work or duties that serve as a public benefit and that serve to improve the quality of life, enhance resident self-sufficiency, and/or increase resident self-responsibility in the community. Community service is not employment and may not include political activities.

In administering community service requirements, the PRPHA will comply with all nondiscrimination and equal opportunity requirements.

Chapter XI consists of two (2) parts:

Part 1: Community Service Requirement

Part 2: Implementation of Community Service

Part 1: Community Service Requirement

11.1.1 Requirements

Each adult resident of the PRPHA, who is not exempt, must:

1. Contribute eight (8) hours per month of community service; or
2. Participate in an economic self-sufficiency program (as defined in the regulations) for eight (8) hours per month; or
3. Perform eight (8) hours per month of combined activities (community service and economic self-sufficiency programs).

An individual may not skip a month and then double up the following month, unless special circumstances warrant it. Individuals who have special circumstances which they believe will prevent them from completing the required community service hours for a given month, must notify the PRPHA in writing within ten (10) business days of the circumstances becoming known. The PRPHA will review the request and notify the individual, in writing, of its determination within ten (10) business days. The PRPHA may require those individuals to provide documentation to support their claim.

1. Definitions

a. **Exempt Individual** – Is an adult who:

- i. Is age sixty two (62) years or older

ADMISSION AND CONTINUED OCCUPANCY POLICY

- ii. Is blind or disabled (as defined under section 216[i][1] or 1614 of the Social Security Act), and who certifies that because of this disability he or she is unable to comply with the service provisions
 - iii. Is a primary caretaker of such an individual
 - iv. Is engaged in work activities. The PRPHA will consider thirty (30) hours per week as the minimum number of hours needed to qualify for a work activity exemption.
 - v. Meets the requirements for being exempted from having to engage in a work activity under the state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PRPHA is located, including a state-administered welfare-to-work program; or
 - vi. Is in a family receiving assistance under a state program funded under part A of title IV of the Social Security Act, or under any other welfare program of the state in which the PRPHA is located, including a state-administered welfare-to-work program, and has not been found by the state or other administering entity to be in noncompliance with such program.
- b. **Community Service** - *Community service* is volunteer work which includes, but is not limited to:
- i. Work at a local institution including but not limited to: school, child care center, hospital, hospice, recreation center, senior center, adult day care center, homeless shelter, indigent feeding program, cooperative food bank, etc. Work with a nonprofit organization that serves PRPHA residents or their children such as: Boy Scouts, Girl Scouts, Boys or Girls Clubs, 4-H programs, community clean-up programs, beautification programs, other youth or senior organizations.
 - ii. Work at the PRPHA to help improve physical conditions.
 - iii. Work at the PRPHA to help with children's programs.
 - iv. Work at the PRPHA to help with senior programs.
 - v. Helping neighborhood groups with special projects.
 - vi. Working through a resident organization to help other residents with problems, serving as an officer in a resident organization, serving on the resident advisory board.
 - vii. Caring for the children of other residents so they may volunteer.

c. *Economic Self-Sufficiency Program*

For purposes of satisfying the community service requirement, an *economic self-sufficiency program* is defined by HUD as: Any program designed to encourage, assist, train, or facilitate economic independence of assisted families or to provide work for such families.

These economic self-sufficiency programs can include job training, employment counseling, work placement, basic skills training, education, English proficiency, workfare, financial or household management, apprenticeships (formal or informal), or any other program necessary to ready a participant to work (such as substance abuse or mental health treatment).

d. *Work Activities*

As it relates to an exemption from the community service requirement, *work activities* means:

- i. Unsubsidized employment;
- ii. Subsidized private sector employment;
- iii. Subsidized public sector employment;
- iv. Work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;
- v. On-the-job training;
- vi. Job search and job readiness assistance;
- vii. Community service programs;
- viii. Vocational educational training (not to exceed 12 months with respect to any individual);
- ix. Job skills training directly related to employment;
- x. Education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency;

xi. Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate;

xii. Provision of child care services to an individual participating in a community service program;

2. Notification Requirements

The PRPHA will provide the family with a copy of the Community Service Policy at lease-up, lease renewal, when a family member is determined to be subject to the community service requirement during the lease term, and at any time upon the family's request.

On an annual basis, at the time of lease renewal, the PRPHA will notify the family in writing of the family members who are subject to the community service requirement and the family members who are exempt. If the family includes non-exempt individuals the notice will include a list of agencies in the community that provide volunteer and/or training opportunities, as well as a documentation form on which they may record the activities they perform and the number of hours contributed. The form will also have a place for a signature by an appropriate official, who will certify to the activities and hours completed.

11.1.2 Determination of Exemption status and compliance

1. Determination of Exemption Status

At least sixty (60) days prior to lease renewal, the PRPHA will review and verify the exemption status of all adult family members. This verification will only be done on an annual basis unless the family reports a change or the PRPHA has reason to believe that an individual's exemption status has changed. For individuals who are exempt because they are sixty two (62) years of age and older, verification of exemption status will be done only at the initial examination. Upon completion of the verification process, the PRPHA will notify the family of its determination.

2. Determination of Compliance

Approximately sixty (60) days prior to the end of the lease term, the PRPHA will provide written notice requiring the family to submit documentation that all subject family members have complied with the service requirement. The family will have ten (10) business days to submit the PRPHA required documentation form(s).

If the family fails to submit the required documentation within the required timeframe or PRPHA approved extension, the subject family members will be considered noncompliant with community service requirements and notices of noncompliance will be issued pursuant to the policies.

3. Change in Status between Annual Determinations

- a. If an exempt individual becomes non-exempt during the twelve (12) month lease term, it is the family's responsibility to report this change to the PRPHA within ten (10) business days.
- b. Within ten (10) business days of a family reporting such a change, or the PRPHA determining such a change is necessary, the PRPHA will provide written notice of the effective date of the requirement, a list of agencies in the community that provide volunteer and/or training opportunities, as well as a documentation form on which the family member may record the activities performed and number of hours contributed.
- c. The effective date of the community service requirement will be the first of the month following the thirty (30) day notice.
- d. If a non-exempt person becomes exempt during the twelve (12) month lease term, it is the family's responsibility to report this change to the PRPHA within ten (10) business days. Any claim of exemption will be verified by the PRPHA in accordance with the policy.
- e. Within ten (10) business days of a family reporting such a change or the PRPHA determining such a change is necessary, the PRPHA will provide the family written notice that the family member is no longer subject to the community service requirement, if the PRPHA is able to verify the exemption. The exemption will be effective immediately.

11.1.3 Documentation and Verification

1. Documentation and Verification of Exemption Status

All family members who claim they are exempt from the community service requirement will be required to sign the community service exemption certification. The PRPHA will provide a completed copy to the family and will keep a copy in the tenant file.

The PRPHA will verify that an individual is exempt from the community service requirement. The PRPHA makes the final determination whether or not to grant an exemption from the community service requirement. If a resident does not agree with the PRPHA's determination, he or she can dispute the decision through the PRPHA's grievance procedures.

2. Documentation and Verification of Compliance

Each individual who is subject to the requirement will be required to record their community service or self-sufficiency activities and the number of hours contributed on

the required form. The certification form will also include places for signatures and phone numbers of supervisors, instructors, and counselors certifying to the number of hours contributed. Families will be required to submit the documentation to the PRPHA, upon request by the PRPHA. If the PRPHA has reasonable cause to believe that the certification provided by the family is false or fraudulent, the PRPHA has the right to require third-party verification.

11.1.4 Noncompliance

The PRPHA lease specifies that it is renewed automatically for all purposes, unless the family fails to comply with the community service requirement. Violation of the service requirement is grounds for nonrenewal of the lease at the end of the twelve month (12) lease term.

If the tenant or another family member has violated the community service requirement, the PRPHA may not renew the lease upon expiration of the twelve (12) month term of the lease, unless the tenant and any other noncompliant family member enter into a written agreement with the PRPHA. Under this agreement the tenant or noncompliant family member must agree to cure the noncompliance by completing the additional hours of community service or economic self-sufficiency needed to make up the total number of hours required, over the twelve (12) month term of the new lease. In addition, all other members of the family who are subject to the service requirement must be currently complying with the service requirement or must no longer be residing in the unit.

1. Notice of Initial Noncompliance

The notice of initial noncompliance will be sent at least 45 days prior to the end of the lease term.

The family will have ten (10) business days from the date of the notice of noncompliance to enter into a written agreement to cure the noncompliance over the twelve (12) month term of the new lease, provide documentation that the noncompliant resident no longer resides in the unit, or to request a grievance hearing.

If the family does not request a grievance hearing, or does not take either corrective action required by the notice of noncompliance within the required ten (10) business day timeframe, the PRPHA will terminate tenancy in accordance with the policies.

2. Continued Noncompliance

Notices of continued noncompliance will be sent at least thirty (30) days prior to the end of the lease term and will also serve as the family's termination notice. These notifications refer to those which are required then the process described in paragraph 1 above.

The family will have ten (10) business days from the date of the notice of non-compliance to provide documentation that the noncompliant resident no longer resides in the unit, or to request a grievance hearing.

If the family reports that a noncompliant family member is no longer residing in the unit, the family must provide documentation that the family member has actually vacated the unit before the PRPHA will agree to continued occupancy of the family.

If the family does not request a grievance hearing, or provide such documentation within the required ten (10) business day timeframe, the family's lease and tenancy will automatically terminate at the end of the current lease term without further notice.

PART 2: Implementation of Community Service

11.2.1 PRPHA Program Design

The PRPHA's goal is to design a service program that gives residents viable opportunities to become involved in the community and to gain competencies and skills.

To achieve this objective PRPHA:

- a. Will work with resident organizations and community organizations to design, implement, assess and recalibrate its community service program.
- b. Will attempt to provide the broadest choice possible to residents as they choose community service activities.
- c. Will make every effort to identify volunteer opportunities throughout the community, especially those in proximity to public housing developments.
- d. Will provide names and contacts at agencies that can provide opportunities for residents, including persons with disabilities, to fulfill their community service obligations. Any written agreements or partnerships with contractors and/or qualified organizations, including resident organizations, are described in the PRPHA Plan.
- e. Will provide in-house opportunities for volunteer work or self-sufficiency programs.