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**HUD Compliance Memo #2016-1**

DATE: June 16, 2016  
TO: KS, MH, MZ, HH, RT, IG, TP, DD, CM, MR, AF, HS  
FROM: Amanda Taylor  
HCV Supervisor/KHA Compliance Director  
CC: Lona Hammer, Executive Director  
SUBJECT: Streamlining Changes

The following changes are effective for April 7, 2016:

**Public Housing & HCV**

**Extremely Low-income level Definition**

The definition of an extremely low-income family in the final rule is revised to include the phrase “a very low-income family,” which is included in the statutory definition and was inadvertently omitted from the proposed rule.

**Verification of SSNs:**

Applicants who are otherwise eligible but do not provide documentation of SSNs for each household member (except non-contending)

- May retain their place on the waiting list
- May not become participants until requirements are met

If a child under 6 was added within the 6 months prior to voucher issuance/admission to PH, applicant may become a participant as long as documentation is provided within 90 calendar days of the effective date of the HAP contract/admission to PH.

Must grant one 90-day extension if PHA determines failure to comply was due to circumstances that could not reasonably have been foreseen and were outside of applicant’s control.

If applicant fails to produce documentation within required time period, **must** terminate.

If family on program adds child give 90-days to provide documentation, no longer have option to wait to add child (must issue HO# until documentation is received).

**KHA Policy:**

KHA will grant one 90-day extensions for families adding a child under 6 years of age if it is a circumstance beyond the family's control. If applicant does not provide the required documentation in the time allotted, KHA will remove the family from the waiting list.

KHA will add a child with an HO# for current participants of the program. The family will be given 90-days to provide documentation to KHA, If the participant does not provide the required documentation in the time allotted, KHA will terminate assistance.

#### Streamlined Annual Reexams:

PHA may elect to conduct streamlined income determination for family members with a fixed source of income.

At admission, 3<sup>rd</sup> party verification of all income sources for all family members is required; or must document in file why 3<sup>rd</sup> party verification was not available.

#### KHA Policy

KHA must verify COLA so current interest rate from either a public source or tenant provided third party generated documentation. For each fixed source, apply verified COLA or current interest rate to previously verified or adjusted amount. KHA will conduct a full re-exam every 3 years for all fixed sources of income.

Fixed Incomes: Social Security, SSI, SSDI, Federal, state, local or private pensions, annuities or other retirement benefit programs, insurance policies, disability or death benefits or other similar types of periodic receipts. Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

KHA will continue to follow traditional verification methods for all other sources of income.

#### Earned Income Disallowance:

Changes to the EID will apply to individuals qualifying on or after May 9, 2016

For individuals qualifying prior to May 9, 2016, the old rules still apply (this could last into 2020). Clients currently on EID are grandfathered in.

Reduces amount of time a participant is eligible to receive EID from a maximum of 4 years to a maximum of 2 years

- Two 12- month periods run consecutively regardless of breaks in employment
- No tracking

#### KHA Policy

During the first 12-month exclusion, the exclusion is 100% of any income attributable to employment or increased earnings.

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.

#### Utility Reimbursement

PHA may elect to establish policies on frequency of utility reimbursements (URPs).

- May continue to reimburse families monthly
- Payments must be made at least once per calendar year for reimbursements totaling \$45 or less per quarter
  - ❖ May not make payments less frequently
  - ❖ If PHA reimburses quarterly, must establish hardship policies if quarterly payments pose a financial hardship on families
  - ❖ If reimbursement is paid on a debit card, PHA must ensure that no fees are paid by the family

If family moves out in advance of next scheduled payment, PHA must make a prorated payment.

- If family leaves with an outstanding credit, must reconcile credit with the family when the HAP contract terminates or shortly thereafter/prior to lease expiration in PH.

If PHA pays the utility supplier directly, must notify the family of the amount paid to the utility supplier.

### KHA Policy

KHA will make monthly utility reimbursements directly to the utility provider.

### Exclusion of Mandatory Education Fees from Income

There is no change from the proposed rule. The final rule includes fees within the definition of tuition.

### **HCV Provisions:**

#### Biennial Inspections

KHA is exploring system issues and will be adopting biennial inspections in the future.

#### Exception Payment Standards

PHA may approve exception payment standards up to 120% of FMR without HUD approval if required as a reasonable accommodation.

### KHA Policy

A family that requires a reasonable accommodation may request a higher payment standard at the time the Request for Tenancy Approval (RFTA) is submitted. The family must document the need for the exception. In order to approve an exception, KHA must determine that:

- There is a shortage of affordable units that would be appropriate for the family;
- The family's TTP would otherwise exceed 40 percent of adjusted monthly income; and
- The rent for the unit is reasonable.

### Interim Reexams When Adding a Family Member

If rent would decrease, must process under regulations on interim reexams

### KHA Policy

KHA will conduct interim re-examinations to account for any changes in household composition that occur between annual re-examinations.

KHA will only conduct interim re-examinations when families have an increase in income of at least \$400 per month. Interim re-examinations are not conducted on income increases of less than \$400 per month unless:

1. The increase in income is because a person with income joins the household.
2. The increase in household income is the result of new income.
3. A decrease in the same source of income previously resulted in a reduction in tenant rent (i.e. a tenant's hours were reduced from 30 hours per week to 20 hours a week and KHA conducted an interim re-examination to decrease the tenant portion of rent; a month later the hours are increased to 25 hours per week. In this instance an interim re-examination will be conducted to include the increase in hours).

Families will be required to report all increases in income/assets within twelve (12) business days of receipt of the increased income (i.e. first paycheck, etc.)

### **PH Provisions:**

#### Flat Rent Changes

Use 80% FMR, use 35% per year phase-in. PHAs are required to update flat rents no later than 90 days after HUD published new, final FMRs and must begin applying them prospectively to new admissions and at family annual certifications.

#### Rents for Mixed Families

PHA must use the flat rent applicable to the unit to calculate rent for mixed families

- Eliminate PH maximum rents

When a mixed family's TTP exceeds the flat rent, use the family TTP

#### Community Service

PHAs **may** accept a tenant signed self-certification of compliance with CSSR

- PHA **may** still obtain verification from 3<sup>rd</sup> party source
- PHA should investigate compliance when there are questions of accuracy

Exempt Residents (PIH 2015-12):

- E. A member of a family receiving assistance, benefits, or services under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. Section 601 et seq.), or under any other welfare program of the State<sup>1</sup> in which the PHA 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 a program.

#### KHA Policy:

KHA will accept a signed self-certification of compliance from the tenant. KHA will review a sample of self-certifications and validate them for accuracy every six (6) months. KHA will review five percent (5%) of self-certifications submitted.

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<sup>1</sup> HUD has determined that the Supplemental Nutrition Assistance Program (SNAP) qualifies as a welfare program of the state. Therefore, if a tenant is a member of family receiving assistance under SNAP, and has been found by the administering State to be in compliance with program requirements, that tenant is exempt from the CSSR.

## Grievance Procedures

PHA is no longer required to consult resident organizations before appointing a hearing officer. Lease must include a description of PHA's policies for selecting a hearing officer.

## KHA Policy

KHA grievance hearings will be conducted by a single hearing officer and not a panel.

## KHA Policy

KHA will appoint a person who has been selected in the manner required under the grievance procedure. Efforts will be made to assure that the person selected is neither a friend nor enemy of the complainant, that they do not have a personal stake in the matter under dispute and will otherwise not appear to lack impartiality.

PHA is no longer required to maintain hearing library, **must** maintain a log of hearing officer decisions. Log must be available upon request.

966.55 was removed

- Requesting hearings
- Selection of hearing officer/panel
- Failure to request a hearing
- Hearing prerequisite
- Escrow deposits
- Scheduling of hearings
- Expedited grievance procedures (this was added to a different section)

Removed 966.56 (c) and (f)

- Hearing officer/panel may make decision without the hearing if they determine the issue has been previously decided
- Specific language on how the hearing is conducted