



# Interim Income Reexaminations Resource Sheet

**For more information refer to the full HOTMA Income and Assets Training Series, including the Income Fact Sheet.**

## Overview **24 CFR 960.257(b), 982.516(c), and 882.515(b)**

HOTMA makes changes to when a PHA must conduct an interim reexamination due to changes in family income and composition.

## Scenarios

This table shows what action a PHA must take under different scenarios.

Scenario	PHA Action	Notes
<b>Family reports income increase or decrease to PHA</b>	PHA estimates amount of change	PHA may use Income Estimation Tool and must estimate for the upcoming 12 months. For increases, earned income does not count (unless PHA policy requires it following an interim reduction in the same certification period).
<b>Estimate shows income decrease is 10% or more of adjusted income</b>	PHA must conduct interim reexamination	
<b>Estimate shows income decrease is less than 10%</b>	PHA may conduct an interim reexamination if HUD or PHA policy sets a threshold lower than 10%.	If the PHA uses the default 10% threshold, no reexamination is required.
<b>Estimate shows increase in applicable income is 10% or more</b>	PHA must conduct an interim reexamination	PHA may decline to conduct an interim if the increase of income occurred in the last three months before a regular annual examination.
<b>PHA becomes aware of an error in income or rent calculation</b>	On becoming aware of an error(s), the PHA must correct retroactive to the effective date of the action the error was made regardless of the dollar amount. PHA must repay or credit the family for overcharged rent, but is not required to charge back rent if the family was undercharged.	PHA is not out of compliance if income calculation is off by \$30 or less, the “de minimis” amount.



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### Effective Date

When does a rent increase or decrease become effective?

Rent increase or decrease?	Did family report changes timely per PHA policy?	Effective date of new rent
Decrease	Yes	The first day of the month after the date of the reported change.
Decrease	No	The first of the month following the PHA's completion of the IR reexamination.
Increase	Yes	The first of the month after the end of the 30-day advance notice period.
Increase	No	Retroactive to the first of the month following the date of the change.

### Optional PHA Policy for Rent Decreases

If a family reports an income decrease outside of the time required by the PHA policy, the PHA may, per their written policy, process a rent reduction *retroactively* to the first rental period after the event (i.e., for before the family reported). A retroactive decrease may not be effective prior to the later of the first of the month following: **1)** the date of the change leading to the interim reexamination; or **2)** the effective date of the family's most recent previous reexamination (whether initial, annual, or interim). No rent change may be applied retroactively to a time before January 1, 2024.

This policy may be conditional upon certain circumstances. For example, if the resident could not report due to extenuating circumstances such as natural disaster. Any retroactive adjustment must be clearly communicated so the tenant is clear on the rent going forward.

### Income Estimation Tool

PHAs may use the Income Estimation Tool at any income examination. The tool will show the amount that the adjusted annual income would need to either increase or decrease to request an interim examination. The family can save the printed tool as a guideline for when to return to the PHA office after any income changes. It should be explained that there are many factors that determine the adjusted annual income.

Likewise, when a family reports changes, this tool may be used by the PHA as a baseline to estimate if the amount of the reported changes meets or exceeds the threshold requiring a full income reexamination. Since the family is only reporting changes to their non-adjusted income, the PHA must confirm that there are no other changes that would affect adjusted income such as changes to deductions. If there is uncertainty based on the reported changes, PHAs may be required to complete all work related to an interim to estimate if the family qualifies.

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### Reasonable Processing

The PHA must conduct any interim reexamination within a reasonable time after the family requests or when the PHA becomes aware of an increase. Reasonable processing time may vary based on the amount of time it takes to verify information, but generally should not be longer than 30 days after the family reports changes in income to the PHA.

### Related Resources

- [Income Estimation Tool](#) and [Directions](#)
- [HOTMA Income and Assets Trainings Series](#)