

***City of Mesa Housing Authority Administrative Plan
2025-2026 Proposed Modifications – Effective July 1, 2025***

The following are policy and/or regulation modifications (in red) to the City of Mesa Housing Authority (MHA) administrative plan. *Updates have been made to new PIH Notices, webpage links to documents and grammar to the Administrative Plan without changes to any policies or regulations. The modifications to the MHA administrative plan are clarification and updates in the following chapters:*

HUD required additions to PHA Administrative Plan

Chapter 3 Eligibility

3-II.D. Family Consent to Release of Information [24 CFR §5.230; 24 CFR §5.232, HCV GB, p. 5-13]

Form-HUD-9886-A compliance date – 2/1/2025

3-III.C. Restriction on Assistance Based on Assets [24 CFR §5.618; PIH 2023-07, Sect A.4.a]

There are two circumstances under which a family is ineligible to receive assistance based on asset ownership:

1. Assistance may not be provided to any family if the family's net assets exceed the HUD-published asset limitation amount (adjusted annually by HUD). The following as listed in HUD's current year Inflation-Adjusted Values tables [PIH 2023-07, ATT A]:
 - \$100,000 for 2024, **\$103,200 for 2025**
2. The family has real property that is suitable for occupancy by the family as a residence and the family has:
 - A present ownership interest in the real property; and
 - A legal right to reside in the real property; [PIH 2023-07, ATT A.4.b] and
 - The family may own real property that legally they may not reside in. For example, the family may own a commercial property, such as a convenience store or other retail establishment, which cannot be occupied as a place of residence by the family.
 - Families who claim they lack the legal right to reside in the real property must provide evidence to - support their claim(s). What constitutes sufficient evidence will vary by circumstance.
 - The effective legal authority to sell (based on state or local laws of the jurisdiction where the property is located) the real property.

There are several exemptions to the real property restriction:

- Any property for which the family is receiving assistance under 24 CFR 982.620 (i.e., a manufactured home owned by a family who receives assistance to lease the space or lot in which it is located), or under the HCV Homeownership program under 24 CFR §5.618(a)(1)(ii)(A);
- Any property that is jointly owned by a family member and another individual who does not live with the family but who resides at the jointly owned property;
- Any family that is offering the property for sale; or
- Any property owned by a family that includes a person who is a victim of domestic violence, dating violence, sexual assault, or stalking, as those terms are defined in 24 CFR Part 5 (Subpart L). For example, if the victim is a minor, the real property limitation does not apply to any property owned by the victim's parent or guardian. When a family requests an exemption from the real property limitation on this basis, the PHA/MFH Owner must accept self-certification and follow the confidentiality and documentation-request requirements established at 24 CFR § 5.2007. See 24 CFR § 5.618(a)(1)(ii)(C)..
 - When a family asks for an exception because a family member is a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking, the PHA must comply with all the confidentiality requirements under VAWA. The PHA must accept a self-certification from the family member, and the restrictions on requesting documentation under VAWA apply.

A property is considered *suitable for occupancy* unless the family demonstrates that it:

- Does not meet the disability-related needs for all members of the family (e.g., physical accessibility requirements, disability-related need for additional bedrooms, proximity to accessible transportation, etc.);
- Is not sufficient for the size of the family;
 - City of Mesa Housing Authority Policy
The PHA defines *not sufficient for the size of the family* as being overcrowded based on space standards in Chapter 8 of this policy.
- Is geographically located so as to be a hardship for the family (e.g., the distance or commuting time between the property and the family's place of work or school would be a hardship to the family, as determined by the PHA).

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In general, the PHA defines a *geographic hardship* to include when a family members' work, school, health care provider, or other necessary service is located an unreasonable distance from the real property or there is a lack of adequate transportation options for the family to access work, school, health care, or other necessary services. The PHA will consider circumstantial details a family faces when determining whether a geographic hardship is present.

Is not safe to reside in because of the physical condition of the property (e.g., property's physical condition poses a risk to the family's health and safety and the condition of the property cannot be easily remedied); or

- Is not a property that a family may reside in under the state or local laws of the jurisdiction where the property is located.
- If a family meets one of the above exceptions, the real property is not automatically excluded from the calculation of net family assets. Unless the real property is specifically excluded from net family assets as described in 24 CFR 5.603 and Chapter 6 of this policy, it will be included in net family assets. If the value of that real property brings the net family assets above the HUD-published asset limitation amount, the family is out of compliance with the asset limitation.

5-I.B. Briefing [24 CFR 982.301]

Oral Briefing for New Admissions and Portable Incoming Families [24 CFR §982.301(a)]

Each briefing must provide information on the following subjects:

- How the Housing Choice Voucher program works;
- Family and owner responsibilities;
- Where the family can lease a unit, including renting a unit inside or outside the PHA's jurisdiction and any information on selecting a unit that HUD provides;
- An explanation of how portability works.
- The PHA must inform the family of how portability may affect the family's assistance through screening, subsidy standards, payment standards, and any other elements of the portability process which may affect the family's assistance; and
- An explanation of the advantages of areas that do not have a high concentration of low-income families;

6-IE Earned Income Disallowance for Persons with Disabilities [24 CFR 5.617; Streamlining Final Rule (SFR) Federal Register 3/8/16; Notice PIH 2023-27]

HOTMA removed the statutory authority for the EID. The EID is available only to families that are eligible for and participating on the program as of December 31, 2023, or before; no new families may be added on or after January 1, 2024.

If a family is receiving the EID prior to or on the effective date of the HOTMA final rule, they are entitled to the full amount of the benefit for a full 24-month period. The policies below are applicable only to such families. *No family will still be receiving the EID after December 31, 2025.*

The EID will sunset on January 1, 2026, and the PHA policies below will no longer be applicable as of that date or when the last qualifying family exhausts their exclusion period, whichever is

sooner.

6-I.F. Business and Self-Employment Income [24 CFR §5.609(b)(28); Notice PIH 2023-27]

Independent Contractors

Income received as an independent contractor is included in annual income, even if the source, date, or amount of the income varies [24 CFR 2.609 (b)(24)].

An *independent contractor* is defined as an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done [24 CFR 5.603(b)]. This may include individuals such as third-party delivery and transportation service providers and “gig workers” like babysitters, landscapers, rideshare drivers, and house cleaners. Income earned as an independent contractor is not considered nonrecurring income.

6-I.M. Additional Exclusions from Annual Income [24 CFR 5.609(B); FR Notice 1/31/2024]

- HUD publishes an updated list of these exclusions periodically. The most recent list of exclusions was published in the *Federal Register* on January 31, 2024. It includes:
 - a) The value of the allotment provided to an eligible household under the Food Stamp Act of 2017 (7 U.S.C. 2017 (b)) This exclusion also applies to assets.
 - b) Benefits under Section 1780 of the Richard B. Russell School Lunch Act and Child Nutrition Act of 1966, including WIC and reduced-price lunches.
 - c) Payments , including for supportive services and reimbursement of out-of-pocket expenses, to volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C.5044(g), 5058) The exclusion also applies to assets.

Except, the exclusion does not apply when the Chief Executive Officer of the Corporation for National and Community Service determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater (42 U.S.C. 5044(f)(1)).

6-II.C. Asset Inclusions and Exclusions

Necessary and Non-Necessary Personal Property [24 CFR 5.603(b)(3)(i)]

All assets are categorized as either *real property* (e.g., land, a home) or *personal property*.

Personal property includes tangible items, like boats, as well as intangible items, like bank accounts.

The value of necessary items of personal property is excluded from the calculation of net family assets.

Necessary items of personal property include a car used for commuting or medical devices.

HUD defines *necessary personal property* as items essential to the family for the maintenance, use, and occupancy of the premises as a home; or they are necessary for employment, education, or health

and wellness.

Necessary personal property includes more than merely items that are indispensable to the bare existence of the family. It may include personal effects (such as items that are ordinarily worn or utilized by the individual), items that are convenient or useful to a reasonable existence, and items that support and facilitate daily life within the family's home.

Necessary personal property also includes items that assist a household member with a disability, including any items related to disability-related needs, or that may be required for a reasonable accommodation for a person with a disability.

Necessary personal property does not include bank accounts, other financial investments, or luxury items. Items of personal property that do not qualify as necessary personal property are classified as non-necessary personal property.

The combined value of all **non-necessary** items of personal property is only included in annual income when the combined total value exceeds the HUD-published threshold amount (adjusted annually and published in HUD's current year Inflation-Adjusted Values tables).

When the combined value of all non-necessary personal property does not exceed the HUD-published threshold amount, all non-necessary personal property is excluded from net family assets.

- The threshold amount is \$50,000 for 2024, and **\$51,600 for 2025**.

While not an exhaustive list, the following table from Notice PIH 2023-27 provides examples of necessary and non-necessary personal property.

6-III.D. Health and Medical Care Expenses Deduction [24 CFR 5.611(a)(3)(i); 5.603(b); Ch 6-III.D]

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The PHA will use the most current IRS Publication 502 as a standard for determining if expenses claimed by eligible families qualify as **health and medical care** expenses. However, under no circumstances will the PHA deduct any expenses listed in IRS Publication 502 that do not conform with HUD's definition of *health and medical care expenses*

6-III.G. Hardship Exemptions [24 CFR 5.611(c), (d), and (e)]

Health and Medical Care Expenses and Reasonable Attendant Care and Auxiliary Apparatus Expenses [24 CFR §5.603; 24 CFR 5.611(c)(1); 24 CFR c)(1)(D); 5.611(c)(2); Notice PIH 2023-27, C.3; C.4]

The final rule establishes that the sum of unreimbursed health and medical care and reasonable attendant care and auxiliary expenses that exceed 10 percent of the family's annual income can be deducted from annual income. **Prior to January 1, 2024, the threshold was 3 percent of the family's annual income.**

6-IV.C. Applying Payment Standards [24 CFR §982.505(c); 24 CFR §888.113; Notice PIH 2024-34;

Changes effective with the January 2025 annual reexaminations - If the PHA chooses to reduce the payment standard for families currently under HAP contract, the initial reduction to the payment standard may not be applied any earlier than the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard amount and only

with proper written notice to the family in accordance with 24 CFR 982.505(c)(3)(iii). (See Chapter 16-II.B.)

7-I.F. Level 4 Verification [Notice PIH 2023-27]

EIV + Self Certification

PHA Policy

At annual reexamination, if the PHA is unable to use a determination of income from a means-tested federal assistance program and if there are no reported changes to an income source, the PHA will use EIV + self-certification as verification of employment income, provided the family agrees with the amounts listed in EIV.

The PHA will use an average of the last two quarters of income listed in EIV to determine household income.

As MHA completes all annual and interim examinations by mail, the family will not be required to sign the EIV form.

If the family disagrees with using only the last two quarters of income listed in EIV, because of the seasonal or otherwise fluctuating nature of a particular family member's employment, the PHA will permit the family to sign a self-certification stating that the average of all four quarters of income listed in EIV is accurate and representative of current annual income and use that amount for calculating annual income.

If the family disagrees and contends that the amount listed in EIV is not reflective of current income, or if less than two quarters are available in EIV, the PHA will use written third-party verification from the source as outlined below

The PHA will not use this method of verification at new admission since EIV is not available for applicant families or at interim reexamination since the income information in EIV is not current.

7-II.B. Social Security Numbers [24 CFR §5.216, Notice PIH 2023-27]

HUD prescribes, through Notice PIH 2023-27 and in accordance with 24 CFR §5.216(g)(1)(iii), that the following evidence of SSN is acceptable only after the PHA has attempted to first obtain a valid SSN card issued by the SSA or an original document issued by a federal or state government agency that contains the name of the individual and the SSN of the individual, along with other identifying information of the individual:

- Self-certification of SSN and at least one third-party document, such as a bank statement, utility or cell phone bill, benefit letter, etc., that contains the name of the individual.

8-I.B. Affirmative Habitability Requirements [24 CFR §5.703(b), (c), (d), (e)]

HUD Performance and Acceptability Standards

HUD's performance and acceptability standards for HCV-assisted housing are provided in 24 CFR 982.401. These standards cover the following areas:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and Security
- Thermal Environment
- Illumination and electricity
- Structure and materials
- Interior Air Quality
- Water Supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

9-I.D. Eligible Units

The PHA will continue to utilize the HQS program for inspections for all units, until such time that HUD determines all software, policy, forms, etc. are in place and operational.

HUD has set October 1, 2025 as the implementation date for NSPIRE changes to policy. To ensure this policy document complies with the implementation date as, wherever necessary, both NSPIRE and HQS will be referred to as policy, with the understanding that upon HUD's NSPIRE implementation date, HQS standards will be replaced with NSPIRE, however HUD will retain much of the HQS verbiage, such as "housing quality standards."

10-I.B. Family Moves Due to Unit Deficiencies

Relocation Assistance [24 CFR 982.404(e)(3)]

PHAs may assist families relocating due to the HAP contract being terminated as a result of the owner failing to make required repairs within the required time frame in finding a new unit, including using up to two months of the withheld and abated assistance payments for costs directly associated with relocating to a new unit, such as security deposits, temporary housing costs, or other reasonable moving costs as determined by the PHA based on their locality.

The PHA must assist families with disabilities with locating available accessible units in accordance with 24 CFR 8.28(a)(3).

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MHA will not provide funding for relocation costs.

The PHA will assist families with disabilities with locating available accessible units in accordance with program requirements.

12-I.E. Mandatory Policies and Other Authorized Terminations

PHA Policy

The PHA has adopted a policy of total nonenforcement of the asset limitation for all program participants. The asset limitation only applies to initial eligibility determinations for new admissions to the PHA's HCV program.

14-II.D. PHA-Caused Errors or Program Abuse

De Minimis Errors [24 CFR 5.609(c)(4); PIH 2023-27; 2024-38]

The PHA will not be considered out of compliance when making annual income determinations solely due to de minimis errors in calculating family income. A de minimis error is an error where the PHA determination of family income deviates from the correct income determination by no more than \$30 per month in monthly adjusted income (\$360 in annual adjusted income) per family. When a PHA becomes aware of the existence of an income calculation error, they are obligated to correct the error(s) retroactive to the effective date of the action the error was made regardless of the dollar amount associated with the error. [PIH 2023-27, Sect. B.4]

PHAs must take corrective action to credit or repay a family if the family was overcharged rent, including when PHAs make de minimis errors in the income determination. Families will not be required to repay the PHA in instances where the PHA miscalculated income resulting in a family being undercharged for rent. PHAs state in their policies how they will repay or credit a family the amount they were overcharged as a result of the PHA's de minimis error in income determination.

MHA Policy

MHA will correct all income calculation errors for any amount, as stated above.

De minimis states HUD will not find fault in the small error of no more than \$30 per month or \$360 per year, as long as it is corrected.

The PHA will reimburse a family for any family overpayment of rent, regardless of whether the overpayment was the result of staff-caused error, staff program abuse, or a de minimis error.

The correction will be retroactive to the effective date of the error.

16-II.B. Payment Standards [24 CFR 982.503; HCV GB, Chapter 7; Notice PIH 2024-34]Exception Payment Standards [24 CFR 982.503(d); Notice PIH 2024-34; FR Notice 9/27/21; HUD SAFMR Implementation Guidebook]]

Small Area Fair Market Rent (SAFMRs)

Small Area Fair Market Rents (SAFMRs) are Fair Market Rents (FMRs) calculated at the ZIP code level rather than for the entire metropolitan area or nonmetropolitan county. SAFMRs are designed to help families access low-poverty, high-opportunity areas by offering rental assistance that matches the local market rent, making housing in these neighborhoods more affordable for families.

The PHA has been designated by the U.S. Department of Housing and Urban Development (HUD) as an SAFMR PHA and, in accordance with 24 CFR 888.113(c)(3), is required to implement SAFMR-based payment standards no later than January 1, 2025.

SAFMRs will apply to all tenant-based vouchers in the PHA's jurisdiction, including special vouchers such as the Veterans Affairs Supportive Housing (HUD-VASH) Program, the Family Unification Program (FUP), and special housing types, such as Single Room Occupancies (SROs) and homeownership vouchers.

A family that will be affected by a payment standard reduction must receive a written notice twelve months before the effective date of the reduced payment standard amount.

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The PHA will establish SAFMR payment standards for each ZIP code or groups of ZIP codes in its jurisdiction to ensure they are set between the 90– 110% basic range of the SAFMR or any exception payment standard, as applicable.

If the adoption of SAFMRs results in the PHA decreasing the Payment Standard amount, for families currently leasing a unit under a HAP Contract, the PHA will utilize the current policy:

If the amount on the payment standard schedule is decreased during the term of the HAP contract, the initial reduction in the payment standard amount used to calculate the family's HAP will be applied at the effective date of the family's second regular reexamination following the effective date of the decrease in the payment standard.

- In addition, the PHA must provide the family with at least 12 months' notice of the reduction in the payment standard amount.
- The PHA will provide the family with written notice no later than the date of the family's first regular reexamination following the decrease in the payment standard amount (12 month-notice).
 - The 12-month written notice will state that the payment standard is being reduced during the term of the HAP contract.
 - It will also include the dollar amount of the new payment standard following the reduction, before the effective date of the reduced payment standard amount.