CHAPTER 14

OWNER OR FAMILY DEBTS TO THE HOUSING AUTHORITY

14.0 INTRODUCTION

This chapter describes the HA's policies for the recovery of monies owed to the HA by owners and families. The policies in this chapter pertain to Moving to Work and non-Moving to Work families.

14.1 OWNER DEBTS TO THE HOUSING AUTHORITY

24 CFR 982.453 (b): "The PHA rights and remedies against the owner under the HAP contract include recovery of overpayments, abatement or other reduction of housing assistance payments, termination of housing assistance payments, and termination of the HAP contract."

Housing Assistance Payments Contract Form HUD 52641 Part B 7. (f): "Overpayment to the Owner. If the PHA determines that the owner is not entitled to the housing assistance payments or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner (including amounts due under any other Section 8 assistance contract)."

> **Policy:**
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> The HA will use a variety of collection methods to recover owner debts, including, but not limited to: civil suits, repayment agreements, collection agencies, and small claims court.

14.2 FAMILY DEBTS TO THE HOUSING AUTHORITY

24 CFR 982.163: "Under 24 CFR part 792, the PHA may retain a portion of program fraud losses that the PHA recovers from a family or owner by litigation, court order or a repayment agreement."

PIH 2010 – 19: (HA) "Tenants are required to reimburse the PHA if they were charged less rent than required by HUD's rent formula due to the tenant's underreporting or failure to report income. The tenant is required to reimburse the PHA for the difference between the tenant rent that should have been paid and the tenant rent that was charged. This rent underpayment is commonly referred to as retroactive rent. If the tenant refuses to enter into a repayment agreement or fails to make payments on an existing or new repayment agreement, the PHA must

terminate the family's tenancy or assistance, or both. HUD does not authorize any PHA-sponsored amnesty or debt forgiveness programs."

"PHAs are required to determine retroactive rent amount as far back as the PHA has documentation of family reported income… The monthly retroactive rent payment plus the amount of rent the tenant pays at the time the repayment agreement is executed should be affordable and not exceed 40 percent of the family's monthly adjusted income. However, PHAs have the discretion to establish thresholds and policies for repayment agreements in addition to HUD required procedures.

Policy:

At the HA's discretion, participant families who owe a maximum of $5,000 to the HA may retain their housing assistance and enter into a repayment agreement if the debt will be repaid within 24 months. Lump sum payments are encouraged to expedite the payment timeline and to finalize payments within the 24-month timeframe.

The maximum length of time the HA will enter into a repayment agreement with a family is 24 months.

The minimum monthly amount due under any repayment terms will be $25. The payment agreement term shall range from two to 24 months, but shall in any event be the minimum time period in which the participant can be reasonably expected to repay the debt owed.

The monthly payment shall be the greater of $25 or the total amount due divided by the number of months in the term of the payment agreement, up to 24 months.

A family's monthly repayment charge and rent payment combined must not exceed 40 percent of the family's monthly adjusted income.

Payments shall be delinquent if not received by the HA within 15 days of the due date. Failure to make any payment before it is delinquent shall constitute a default under the payment agreement. When a payment is delinquent, the participant's assistance must be terminated and the HA may pursue any available method to collect the balance owed.

If the family requests to move to another unit and is in arrears on a repayment agreement, the family will not be permitted to move.

For families who owe more than $5,000 to the HA or could not repay their debt within 24 months, every effort shall be made to collect all debts owed, which includes, but is not limited to:
    1. Demands for lump sum payments
    2. Use of collection agencies; and

3. Securing judgments.

The HA will generally not enter into payment agreements, when:
1. There is an existing payment agreement between the HA and the participant
2. The participant has already had one payment agreement in the past (even if it was paid in full);
3. The HA determines that the participant has committed or has attempted to commit program fraud; or
4. The HA determines that the amount owed is more than the participant can repay within 24 months without exceeding the payment maximum of 40 percent of the family's adjusted income.

Housing assistance will be terminated for any of the following reasons:
1. If the tenant owes more than $5,000 in retroactive rent;
2. If the tenant refuses to enter a repayment agreement; or
3. If the tenant does not repay the retroactive rent within 24 months.