

RENT COLLECTION POLICY AND PROCEDURES

In order to maintain the financial liquidity of the Acton Housing Authority (AHA) and to insure that the level of services provide by the AHA is of the highest quality, it is the policy of the Authority to pursue full (100%) rent collection based on the rent roll established through the annual recertification process and through the rent determination process associated with the tenanting of new residents.

1.0 DEFINITIONS

"Certification. Recertification or Rent Determination" will mean a process through which the basis for program eligibility is reviewed and a rent level is set based on household and income documentation provided by the resident and verified by the AHA. It occurs at least annually or whenever increases or decreases in household composition and/or income requires. When this process is conducted it must be done within sixty (60) days of its effective date and the documentation must be current.

"Good Standing" is the status of a resident who is current on all rent payments. This status can only be lost after a Rent Conference and is the adverse action associated with the Rent Conference. Once a resident loses their Good Standing because of failure to pay rent consistent with their schedule of payments as specified in their lease, they are not entitled to any additional Rent Conferences until they satisfy all requirements of a Late Rent Payment Agreement.

"Grievance Hearing" will mean a formal process whereby the resident and the Authority arbitrate any issues related to an individual resident's lease or AHA regulations. A Grievance Hearing is not available to a resident who has failed to pay rent in accordance with their lease. However, a resident can file a grievance about the process that led to the current determination of total tenant payments due under the lease if they feel that the amount calculated was unfair or erroneous.

A **"Late Rent Notice"** will often generate a mandatory Rent Conference -- a meeting to which the a resident is formally requested to attend. Non-attendance makes the resident subject to a Fourteen Day Notice to Quit.

Rent Conferences which are brought about by issuance of a Late Rent Notice have three possible outcomes:

1. the resident pays all rent due in full plus any court and filing fees that have accrued thus curing the breach in the lease agreement and the Authority ceases the eviction process;
2. the Authority and the resident enter into a Late Rent Payment Agreement with its set of conditions, which include a waiver on all additional Conferences should the Agreement be broken by the resident and the immediate resumption of the eviction process; or
3. the Authority proceeds to file all paperwork required to evict the resident for non-payment of rent and goes before the judge.

"Late Rent Payment Agreement" will mean a written document signed by the Authority and specific Head of Household whose rent payment is late. This document describes the terms and conditions for payment of late rent. It is a ***lease addenda***. The terms and conditions are usually the dates and amounts of payments. There may be other stipulations included as an outcome or negotiation of the agreement. The Agreement is structured so that the amount past due is folded into a specific set of future payments. A resident's further tenancy is conditioned on meeting the revised payment schedule. A resident does not return to "good standing" until the modified payments are complete and the past due amount has been collected in full.

For instance, a resident whose current periodic payment is \$100 per month cannot make a payment. She indicates that she can pay the \$100.00 and keep her other rent payments current if she has three months to make-up the missed payment. During the three month period and under the lease requirements, she would have to pay \$300.00. To arrive at a monthly payment for a Late Rent Payment Agreement, we add the rent owed (\$100) to the rent which would be due during the agreement period (\$300) and arrive at the total amount and period of the Payment Agreement (\$400 over three months or \$133.33 per month). The exact number of payments and specific payment amounts are negotiable, but the Agreement cannot have a duration longer than the period specified.

One of the key conditions of a Late Rent Payment Agreement is that a resident waives their right to another Rent Conference if they violate the terms and conditions of the Agreement. Only residents in "good standing" are entitled to a rent conference.

A Property Manager or Rent Collection Specialist can enter into an Agreement for up to six months. Agreements of up to a twelve month period can be approved by the Executive Director. No agreement can be longer than twelve months. The Authority will not enter into more than one Late Rent Payment Agreement at one time.

"Periodic Basis" will mean a **schedule of payments** due on the 1st of each month. These payments are considered late if not received by the 7th calendar day of the month. **Variations on the frequency of payments are permitted with the approval of the Executive Director.** The total amount of rent due each twelve month period is established in accordance with regulation. This amount can only be changed by an interim recertification triggered by changes upward or downward in household income between annual recertifications or at the annual recertification.

"Rent" will mean the financial consideration paid on a periodic basis by the resident to the AHA for use of the dwelling units. This amount will be determined at least annually based on formula held in force by program regulation. This formula is currently 30% of adjusted annual gross income divided by the twelve. In each twelve month period, these periodic payments must equal the total tenant payment (less a utility allowance, if appropriate) as formulated at initial tenanting or through the annual precertification process projected for that twelve month period. Rent is only subject to change based on a regular or interim recertification.

"Rent Conference" will mean the formal meeting between the Executive Director or designee and the resident to discuss rent past due or rent at risk of being past due. A resident is required to attend such a meeting as a condition for continued tenancy. A Rent Conference serves the same function as an informal grievance hearing.

Rent Conferences can be voluntary. A resident who is unable to pay rent in full when due and approaches the Authority prior to the month that rent will be late is requesting a voluntary Rent Conference. One of the outcomes of such a meeting can be a **Revised Rent Payment Schedule** made in accordance with the requirements described below in Section B.

"Revised Rent Payment Schedule" will mean a written document that revises the schedule of periodic payments as defined by the lease. It is a **lease addenda**. A Revised Rent Payment Schedule cannot alter the total amount of rent due in a twelve month period. Only a recertification that shows an increase or decrease in a household's income can change the amount of rent due. A Revised Rent Payment Schedule can alter the number and specific amount of each payment within a specified period. In general, such an agreement will not exceed six months in duration. Staff cannot agree to a Revised Rent Payment Schedule greater than six months duration without the Executive Director's approval.

2.0 RENT COLLECTION

2.1 PAYMENT

Rent is to be paid on a periodic basis. In accordance with the Authority's standard form of lease, rent is due the first day of the month. After the 7th day of the month, rent is considered late. Rent is paid by check or money order, not cash. The mailing address for checks or money orders is:

Acton Housing Authority
P.O. Box 681
Acton, Massachusetts 01720

Residents may arrange for voluntary payroll or welfare withholding so that their monthly rent can be mailed or electronically transferred directly to the AHA.

All checks are to be stamped and posted on the tenant ledger. The date and amount of check is filled in on the tenant ledger. Batch sheets are prepared by development (family and elderly) as a written record of actual payments that are collected. The batch sheet information should be filled in at the same time as the payments are being recorded on the statements.

2.2 REVISED RENT PAYMENT SCHEDULES

If the Head of Household is aware of difficulties meeting a rent payment the Authority may enter into Revised Rent Payment Schedule. This will only occur if the resident informs the Authority prior to the due date for the rent payment (1st of the month). This agreement to revise the periodic payments is not obligatory on the Authority and may not occur if the resident has a history of erratic rent payments. The Authority has a reasonable expectation that a public housing resident will meet their financial obligation under the lease without modification of the terms of the lease as would a tenant of a private sector landlord.

Under a Revised Rent Payment Schedule, the same amount of tenant payments are required in the given twelve month period, but the periodic amounts will vary in order to make up for the missed periodic payment.

A resident who enters into a Revised Rent Payment Schedule remains in Good Standing as long as they meet the payment schedule. Failure to meet the payment schedule will lead to a Rent Conference, the loss of good standing and a high likelihood that the Authority will not enter into any further agreements prior to a court date.

2.3 LATE RENT PROCEDURES

In accordance with the Authority's lease, rent is due the first day of the month. If the first of the month falls on a week-end, holiday or any day for which the Authority's Central Office is officially closed, then the rent is due the next official day of business. Rent not received by the 7th calendar day of the month will be considered delinquent and a Late Rent Notice will be issued. Late rent procedures are as follows:

1. Staff will compile a list of all residents that have not paid their rent by the **7th business day** of the month and forward the list on to the Executive Director. Staff will send out a **Late Rent Notice** to each resident on the list stating that they are now delinquent in their rent and restate the terms, in regard to rent collection, upon which they signed their lease.

The Notice will designate a date and time for a Rent Conference and request that the resident confirm their intent to attend the meeting. The date and mode of reply (phone, in person or by letter) are to be noted in their Resident File. Attendance at a Rent Conference that is scheduled based on the issuance of a Late Rent Notice is considered mandatory by the Authority.

2. The resident must plan to attend the meeting as scheduled, or contact the AHA to reschedule. In all cases, the meeting must occur before the close business on the fifteenth of the Month or, if the AHA offices are closed, the next business day. The Authority will take all reasonable steps to meet a resident's scheduling needs.

If the resident does not confirm their intent to attend the meeting within five calendar days of the issuance of a Delinquency Letter, the AHA will contact its Legal Representative to issue a **14 Day Notice to Quit**. If the resident misses the scheduled meeting and has not paid rent in full, then the AHA will proceed with the issuance of a **14 Day Notice to Quit**.

In the event that the resident pays the rent before the meeting, the meeting will still occur to discuss residents rent payment history and to review and clarify the conditions of the lease. Not attending this meeting under these circumstances will be considered a minor lease infraction under the AHA Lease.

4. Staff will keep track of those residents who are sent Late Rent Notices. The notification letter will go out under the Executive Director's signature.

5. At the Rent Conference, the resident and the Staff will discuss the three possible outcomes of the non-payment procedures:

1. the resident pays all rent due in full plus any court and filing fees that have accrued thus curing the breach in the lease agreement and the Authority ceases the eviction process;
2. the Authority and the resident enter into a Late Rent Payment Agreement with its set of conditions, which include a waiver on all additional Conferences should the Agreement be broken by the resident and the immediate resumption of the eviction process; or
3. the Authority proceeds to file all paperwork required to evict the resident for non-payment of rent and goes before the judge.

The cash flow needs of the Authority take precedence over the privilege of a modified rent payment schedule. As the total tenant payments (rent and utilities) under federal and state-assisted housing program leases are based on 30% of adjusted gross income for each household, the Authority considers all rents to be affordable and within the financial means of all residents. Residents in a state-assisted program who directly pay some or all utilities have a rent set at 25 % or 27% of adjusted gross income. The 3-5 % difference represents a utility allowance. Since downward changes in income can lead to adjustments in rent on request of the resident, no resident should have difficulties paying their rent on time and in full. However, circumstances may cause a disruption to family finances that require some flexibility on behalf of the Authority. Therefore the Authority will enter into **Late Rent Payment Agreements** with households. Late Rent Payment agreements are lease addenda.

The payment schedule for the past due rent will be formalized in a contract format with the resident agreeing to the payment schedule and the AHA agreeing to refrain from the continuation of any eviction proceeding for non-payment of rent as long as the terms of the agreement are followed. As one of the conditions of the Agreement, the resident will waive their right to any additional Rent Conferences should they violate the conditions of the agreement. If the Head of Household fails to abide by the agreement the Authority will send a Fourteen Day Notice and Start the Eviction Process.

6. The resident receives a copy of the Late Rent Payment Agreement and one copy is kept in the Resident's permanent file. A separate copy of the Agreement is to be kept in a chronological file as part of the Eviction Process Filing System.

Staff will review the monthly rent collections against all outstanding rent payment agreements by the 10th each month to determine if all Agreements are current. For any agreement that is not current, a packet containing the resident's payment record, original Rent Conference letter, Late Rent Payment Agreement, and first and last pages of lease, will be prepared and given to the Executive Director. The Executive Director will review the packet for completeness and forward it to the Authority's attorney for continuation of the eviction process for non-payment of rent.

7. If a resident receives a 14 Day Notice to Quit because of past due rent and rent is being withheld because of a claim that the Authority is not in compliance with its obligations under the lease, he or she has the right to request a formal Grievance Hearing. The Grievance Hearing is not about the amount due but about the claim that the Authority has failed to meet its requirements under the lease. As a condition of the acceptance of the request for a Grievance Hearing, the resident must deposit the amount in dispute into an escrow account. If the Hearing Officer upholds the Notice to Quit, the AHA cannot evict the resident until it has served the Notice to Vacate. The Notice to Vacate must be in writing, stating the date the resident must move-out and actions that may be taken if the resident fails to leave by the appointed date. If a Grievance Hearing is not requested, then the AHA will proceed to issue the Notice to Vacate as detailed in the eviction procedure.

8. In the event that tenant shall fail to pay all or any part of the rent within thirty (30) days of its due date, the LHA shall impose a fee in the amount of \$25 for failure to pay rent when due. The LHA may also charge tenant interest in accordance with applicable law and with the terms of tenant's lease.

3.0 RENT CHANGES

There are two instances whereby rent will change once a resident has taken occupancy. The first is for the annual recertification, which is an annual process which confirms the continued eligibility of the resident for a housing unit. Annual rent is determined at this time. The other instance is at the request of the resident due to increases or decreases in household composition and/or income. Requests by the resident for a rent precertification due to increased income of at least 10% over the prior base year is not optional. If the resident's annual income increases by 10%, this must be immediately reported to the Authority and an interim recertification be performed.

3.1 RECERTIFICATION

Recertification is an annual event initiated by the Acton Housing Authority by a notice to the residents. Recertifications occur on a yearlong schedule established by the AHA. This process encompasses re-examining and verifying family income and family composition.

The steps to follow are:

1. Ninety (90) days prior to the first day of the target month for implementation of the new, certified rent, the resident is sent a letter informing them of the upcoming annual examination. This letter will state any changes in the certification formula and identify the documentation the resident must provide at the time of certification. The letter instructs the residents to contact the AHA to schedule a time for the recertification. These meetings must be scheduled to occur within thirty (30) days of the date of the letter.

2. It is incumbent on the resident to report to the AHA at the appointed recertification meeting time with the required documentation. If the resident cannot attend the meeting, he or she must contact the Authority and schedule another time to meet. All recertification meetings for a particular month must take place at least thirty (30) days in advance of the anniversary date in order for the rent changes to be effective for the target month.

3. The property management staff conduct the recertification and recalculate the rent. All residents are sent formal notifications of their new annual rent charges. The charges become effective on the first day of the month thirty (30) days after the recertification by April 30 for a June 1 rent change.

4. If the resident does not comply with the time frame set out by the Authority for attendance at a recertification meeting or fails to bring the required documentation for a timely completion of the recertification process, the AHA is required to increase or decrease the rent retroactively. The change is retroactive to the first of the month which follows the anniversary month. This also holds for changes in household composition or income during the course of the year which are of a "permanent" nature. The resident is also in violation of the lease and the AHA will send a 30 day notice to quit.

3.2 RESIDENT REQUESTS

All residents are required to report increases in their income, if it increases by 10% or more, and change in family size. Failure to report changes in income is a violation of the lease. A resident can request a rent adjustment if total household income has been reduced by any amount subsequent to the date of the last rent change. However, this decrease must be of a change that was unanticipated at the time of certification. Property Management staff will verify the change in and compute the new rent. Decreases in rent go into effect on the first day of the upcoming month and increases in rent go into effect on the first day of the second month.

3.3 SEASONAL EMPLOYEES

A seasonal employee whose income fluctuates across the year and who estimates income at a specific level for the purpose of recertification will not have his rent adjusted every month as his income fluctuates. To accommodate those residents whose primary income is seasonal in nature, they can request that the Authority review their income on a quarterly basis. If the Authority Staff concurs that the assumptions related to annual income used at the time of annual certification no longer hold, then the rent will be recalculated and adjusted based on rental year-to-date payments and the new estimated annual income. At the time of annual recertification, a seasonal employee can request that his income and rent payments for the prior year be reviewed so that total rent paid does not exceed the appropriate amount based on the federal or state-assisted housing rent determination formulae.

4.0 CHARGES TO RESIDENTS

The cost of repair for damage that is caused by the resident, a member of the resident's household, or a guest, is to be charged to the resident. It is the resident's responsibility to pay the bill promptly. In keeping with the Authority's Resident Damages Charge-back Policy, the bill shall clearly state the items of damage, the repair made, and the cost of labor and material. A copy of the bill is to be placed in the Resident's File. Failure to pay these charges can be considered a lease violation and may form the basis of an eviction proceeding. The resident can dispute the charges through the resident initiated grievance process. However, should the Grievance Officer find that the charge is justified, the resident must pay the charge with their next rent bill or face a lease enforcement action.

5.0 WRITE-OFF OF TENANTS ACCOUNTS RECEIVABLE AND COLLECTION LOSS

All Tenant Account Receivable that have not been settled and appear beyond reasonable ability to be collected must be identified accordingly, these are to be written off and listed under the category of Collection Loss. For residents who have vacated after all means of collection have been exhausted, a tenant account can be written-off for the federal program after being past due for three months. For the state-assisted housing programs, the Authority can write-off uncollectable arrearages once every two years. Write-offs also applies to residents who have died and for which the AHA cannot collect for past due charges from the estate. The Board must approve all Tenant Accounts Receivable Write-offs.

A chronological Collection Loss/Tenant Accounts Receivable file is to be kept by the Authority. An up-to-date list of all vacated residents with arrearages (whether written off or not) will be provided to the staff responsible for tenant selection. This list is used to cross check new applicants to confirm that they do not owe the Authority money. All write-offs, regardless of the date, should be placed in the file.