

Guidelines for Rent Collection in Supportive Housing

Note: Tenant's with disabilities may request reasonable accommodations related to any of the housing project's policies and practices regarding rent collection, and such accommodations should not be unreasonable withheld. More information regarding reasonable accommodations in supportive housing can be found within the *Housing Operations* section of CSH's *Toolkit for Developing and Operating Supportive Housing*, available at www.csh.org/toolkit2operations.

Sample Guidelines, Policies and Practices:

- Only the designated manager(s) should be authorized to receive rent payments from tenants. Front Lobby/Desk Station staff should not be authorized to accept rent payments.
- Most supportive housing owners accept payment for rent or for damages only by money order, personal check, or bank check. Acceptable forms of rent payment should be defined in the rental agreement. If the tenant's personal check bounces, most owners will accept only money orders in payment of rent or damages.
- Rent payments should be processed as soon as possible. Prompt processing can be important for supportive housing tenants who are developing budgeting and money management skills.
- Managers should keep a copy of the deposit sheet and all rent payment documents. Keep a chronological file of these deposits in a binder for future reference, in case disputes arise.
- The rental agreement should establish the date on which the rent payment is due each month.
- Manager should send a first notice to all tenants who have not paid their rent in full by the date defined in the rental agreement, usually by the end of the 5th day of the month.
- Traditional housing managers generally begin legal action to terminate tenancy for non-payment of rent when rent is not paid by the due date specified in the rental agreement. Alternatively, supportive housing owners are encouraged to implement written policies that allow tenants to enter into payment plans, authorized by designated personnel only, to address delinquent rent. Any policy implemented must be equally available to all tenants.

Note: This document is included within the *Housing Operations* section of CSH's *Toolkit for Developing and Operating Supportive Housing*, which is available at www.csh.org/toolkit2. This document has been adapted from CSH's Supportive Housing Property Management Operations Manual, which is available at www.csh.org/publications.

- Managers must keep a record of all payment agreements tenants entered into and/or all
 court-stipulated payment agreements. Written records are necessary to verify that payment plans are
 being met.
- Managers should keep a list of all tenants receiving money management or 3rd-Party Payee assistance. As necessary, tenants should be reminded, in writing, that if the 3rd-party-payee does not pay the rent, it is still the tenant's responsibility to make sure rent is paid by the due date. At coordination meetings, inform support services staff of any tenant whose payee is not making timely payment, so support services can offer the tenant assistance to solve the problem. If the building primarily does business with a single agency for money management services, it will be helpful to have a representative from that agency attend coordination meetings.
- Supportive housing owners and their designated property management operations representatives should be familiar with Department of Housing and Urban Development (HUD) regulations 24: Determining Adjusted Income in HUD Programs Serving Persons with disabilities: Requiring Mandatory Deductions for Certain Expenses and Disallowance for Earned Income which states: "Mistakes in determining Annual Income lead to errors in rent calculation that can be costly to Tenants and to the Housing Owner. This rule summarizes the list of HUD programs that must make certain deductions in calculating a family's adjusted income. These deductions primarily address expenses related to a person's disability, for example medical expenses or attendant care expenses. Effective February 20, 2001, HUD amended regulation 24 CFR to "expand the benefits of these deductions to persons with disabilities served by HUD programs not currently covered, and added a new regulatory section to require for some but not all of these same programs the disallowance of increases in income as a result of earnings by persons with disabilities through as many HUD programs as possible will assist persons with disabilities in obtaining and retaining employment, which is an important step toward economic self-sufficiency."

Covered Housing Programs include:

Public Housing; Housing Choice Vouchers (Section 8); HOME Program funded housing; Housing Opportunities for Persons Living with AIDS (HOPWA) and the Supportive Housing Program (SHP).

Housing Programs Not Covered include:

Section 811 Program for Disabled; Section 202 Program for Elderly; Shelter Plus Care Program; SRO Moderate Rehabilitation Program; Section 212 Program for Elderly & Disabled; Project Based Section 8.

Note: **HUD Definition of Disability**:

Persons with disabilities means a person who: (a) Had a disability as defined in section 223 of the Social Security Act (42 U.S.C. 423), or (b) Is determined to have a physical, mental, or emotional impairment that – (1) Is expected to be of long-continued and indefinite duration, (2) Substantially impedes his or her ability to live independently, and (3) Is of such a nature that such ability could be improved by more suitable housing conditions, or (c) Has a developmental disability as defined in section 102 of the Developmental Disabilities

Assistance and Bill of Rights Act (42 U.S.C.6001(5)). The term "person with disabilities" does not exclude persons who have the disease of acquired immunodeficiency syndrome (AIDS) or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

<u>Social Security Administration (SSA) Definition of Disability:</u> The inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected last for a continuous period of not less than 12 months.

Note: If a supportive housing owner allows payment plans or pledges in lieu of full payment of rent due the owner may have to serve the delinquent tenant notice of change in the terms of tenancy before attempting to terminate tenancy for non-payment of rent due.

Payment Pledges

Supportive housing owners should expect that tenants might on occasion require assistance with rent payment. Managers can offer this assistance in the form of a payment pledge - a commitment by the tenant to make a series of payments to pay the rent due or to pay other debt (For example: unit damage beyond normal wear and tear, attorney's fees and court costs). Only the authorized manager should be authorized to approve or deny proposed payment pledges. Managers should be required to keep a record of all approved and active payment pledges, to verify compliance with the terms of the agreement. When a tenant is out-of-compliance with the terms of the payment pledge, the manager should send the tenant a final notice of late rent, before beginning legal action to terminate tenancy. The notice should remind the tenant that he/she is in default on the payment plan, and that property management will proceed with legal action to terminate tenancy if the tenant does not cure the default promptly.

Most supportive housing owners allow tenants one payment pledge per year, and generally require that any previous payment pledge be fulfilled at least 12 months before a new one can be started. Payment pledges generally should not last longer than six (6) months. Irrespective of the terms of the payment pledge policy, the manager should consistently follow the policy in compliance with fair housing regulations, the rental agreement or agreement stipulated by legal process.

The building manager should send copies of payment pledges to the designated support services staff. Support services should seek to help the tenant comply with the terms of the payment pledge or other stipulated agreement.