

VIRGIN ISLANDS HOUSING AUTHORITY

RENT COLLECTION POLICY



I. Policy Statement

This Policy is adopted by the Virgin Islands Housing Authority (VIHA) and applies to all Residents. It addresses the manner in which Residents must pay their monthly rent and the consequences of late payment or non-payment. This Policy is consistent with HUD Regulations and the Housing Authority's Dwelling Lease. The VIHA is committed to enforcing this Policy in an equitable and non-discriminatory manner.

The Rent Collection Policy is designed to achieve the following goals:

- Reduce VIHA's Rents Uncollected Year-to-Date to no more than 4% or Grade "A";
- Clarify for both Residents and staff, VIHA's posture with regard to rent collection;
- Establish strict guidelines extending rent payments only in extenuating circumstances as defined by the VIHA and contained herein;
- Streamline and simplify the summary process actions taken by the VIHA.

II. Monthly Rent

- A. In accordance with HUD regulations, Residents are charged 30% of the family's monthly adjusted income or 10% of the family's monthly annual income, whichever is greater. Adjusted income is calculated by deducting from gross income allowable expenses, such as childcare and medical expenses, as well as deductions for dependents and elderly households. Eligibility for specific allowances depends upon the Resident's individual circumstances. Residents residing in units where some or all of the utilities are paid directly by the Resident receive a utility allowance in the form of a monthly rent reduction.
- B. Residents are required to report their income annually to the VIHA and rent is adjusted accordingly. During the course of the year, Residents may be eligible for reductions in their rent if they suffer a loss of income or an increase in allowable expenses.
- C. Because rents in public housing are based upon a Resident's ability to pay, they are, in all cases, reasonable and affordable. The VIHA's policy on rent collection takes these facts into considerations.
- D. **Minimum Rent:** Residents participating in Public housing must pay a Total Tenant Payment (TTP) of at least Fifty Dollars (\$50.00).
- (1) The VIHA will allow Residents to claim hardship exceptions to minimum rent under the following circumstances:
- a. The household has lost eligibility for or is awaiting an eligibility determination for a Federal, State or local assistance program, including a family that includes a member who is a non-citizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public housing benefits, but for title IV of the Personal Responsibility and Work Opportunity Act of 1996;
 - b. When the family would be evicted because it is unable to pay a minimum rent;
 - c. The household income has decreased because of a change in circumstances, including loss of employment; or

d. There has been a death in the household;

- (1) If a family requests a financial hardship exemption, VIHA will, within ten (10) working days, suspend the minimum rent requirement beginning the month following the family's requests for a hardship exemption, and continuing until the VIHA determines whether there is a qualifying financial hardship and whether it is temporary or long term;
- (2) VIHA will promptly determine whether a qualifying hardship exists and whether it is temporary or long term through third party verification;
- (3) VIHA will not evict the family for nonpayment of minimum rent during the 90-day period beginning the month following the family's request for a hardship exemption;
- (4) If VIHA determines that the financial hardship is temporary or short term (90 days or less), VIHA will reinstate the minimum rent from the beginning of the suspension of the minimum rent. VIHA will offer the family a reasonable repayment agreement for the amount of back minimum rent owned by the family.
- (5) If VIHA determines a qualified financial hardship is long term (more than 90 days), VIHA will exempt the family from the minimum rent requirements so long as such hardship continues. Such exemption shall apply from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.
- (6) The financial hardship exemption only applies to payment of the minimum rent and not to the other elements used to calculate the Total Tenant Payment (TTP).
- (7) Families who are adversely affected by this requirement have the right to review through VIHA's Grievance Procedures without paying a deposit in escrow.

E. **Choice of Rental Payment:** Upon completion of the interviewing process, VIHA will Provide households with information on both an income-based rent and a flat rent. A Worksheet will be provided on how income-based rent is determined and the flat rate schedule. The Resident is required to make a choice of rental payment of either the income-based rent or the flat rent per bedroom size in writing to the Housing Manager's office within ten (10) business days from the date of the Notice.

- (1) For Residents who elect to pay an income-based rent, VIHA must conduct a re-determination of family's income and composition annually and must make appropriate adjustments in the rent after consultation with the family and upon verification of the information.
- (2) For Residents who elect a flat rent, VIHA must conduct a review of income once every three (3) years. However, Residents **must** still comply with the established policies on annual re-determination of family composition and compliance with the Community Services and Self Sufficient Program requirements.
- (3) VIHA will allow Residents the choice to switch from a flat rent to an income-base rent due to financial hardship. A Resident is experiencing financial hardship if the following circumstances are met:
 - a. The Resident has experience a decrease in income because of changes in circumstances as follows:
 1. Loss or reduction of employment income expected to last at least sixty (60) days;
 2. Loss of income due to death of a family member;
 3. Reduction in or loss of earnings or other assistance;
 4. Excessive travel expenses, in an amount exceeding \$50.00 per family per week for travel to employment, education or training;
 - b. The Resident has experienced an increase in expenses as follows:
 1. An increase in medical cost in excess of 3% of annual income;
 2. An increase in child care expenses, not pre-paid or reimbursed, for the care of a family member under the age of 13, so that another family

member can work, go to school, or participate in a self-sufficiency program; and

3. An increase caused by a family member's enrollment in an institution of higher learning or secondary education and vocational school for upward mobility.

F. **Disallowance Of Earned Income:** This policy exempts earned income of families who start employment or self-sufficiency programs by phasing in the impact on rent of an increase in earned income of certain families.

- (1) VIHA will not increase a public housing family's rent for a period of twelve (12) months if the increase in income results from the following:
 - a. Earnings of a previously unemployed family member who was unemployed for one (1) or more years prior to employment. Previously unemployed includes a person who has earned, in the twelve months prior to employment, no more than would be received for 10 hours of work per week for 50 weeks at minimum wage; or
 - b. Earnings of a family member during participation in a self-sufficiency or job training program; or
 - c. Earnings of a family member that had been receiving welfare in the previous six(6) months.
- (2) The Authority will exclude the annual income of a qualified family member from the date a member of a qualified family is first employed or the family first experiences an increase in annual income.
- (3) After the initial twelve (12) months disallowance, a family's rent increase will be phased-in. The phase-in rent cannot increase as a result of the earned income by more than fifty percent (50%) for an additional twelve (12) months.
- (4) Although VIHA will not increase the family's annual income on which the income-based rent is based, the actual change in family income will be verified through third-party verification and recorded in the data system;
- (5) Disallowance of increased income of an individual family member for both the initial 12-months exclusion and the second 12-month exclusion and phase-in is limited to a lifetime 48 month period; and
- (6) Within the lifetime 48 month period, the initial or full exclusion of increased income cannot be longer than 12 months and the exclusion of 50% of increased income cannot be longer than 12 months;
- (7) The disallowance of increases in income as a result of employment does not apply for purposes of admission, including the determination of income eligibility and income targeting.
- (8) VIHA will not reduce the annual income of families residing in public housing because of a reduction in the family's welfare assistance because of fraud or failure to participate in an economic self-sufficiency program or comply with a work activity requirement.

G. **Income Changes Resulting From Non-Compliance with Welfare Program**

Requirements: VIHA will not reduce the annual income of families residing in public housing because of a reduction in the family's welfare assistance due to fraud or failure to participate in an economic self-sufficiency program or comply with a work activity requirement.

- (1) Reduction in welfare assistance is not to be treated as failure to participate in an economic self-sufficiency program or to satisfy a work activity requirement if the reduction resulted as follows:
 - a. The expiration of a lifetime or other time limit on payment of benefits;

- b. When a Resident has sought, but cannot find employment, even though the family member has complied with welfare agency economic self-sufficiency or work activities requirements; or
 - c. A family members has not complied with other welfare agency requirements;
- (2) When Resident requests a rent reduction based on a reduction in the family's income from welfare, the VIHA must obtain written verification from the welfare agency on the reason for such and any subsequent changes in the term or amount of such specified welfare benefit reduction. VIHA will use this information to determine the amount of imputed welfare income for a family;
 - (3) The Resident's annual income includes imputed welfare income in family annual income, as determined during interim or regular reexamination of family income and composition, during the term of the welfare benefits reduction;
 - (4) The amount of imputed welfare income is offset by the amount of additional income a family receives that commences after the time the sanction was imposed. When such additional income from other sources is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero;
 - (5) If the reduction is the result of the Resident's failure to participate in an economic self-sufficiency program or comply with work activity requirement or fraud by family, VIHA will not reduce the Resident's rent.
 - (6) Residents who are adversely affected by this requirement have the right to review through VIHA's Grievance Procedures without paying a deposit in escrow.

III. Rent Payments

All Residents receive a bill from the VIHA by mail on or about the first (1st) of each month. The bill indicates the rent due, as well as any miscellaneous charges due. Rent is DUE on the first (1st) day of the month and is payable on or before the tenth (10th) calendar day of the month. Rent payments will be considered delinquent after the tenth (10th) calendar day of the month and rent collection efforts will be initiated. Rent may include utilities and includes all maintenance services not due to normal wear and tear. Personal checks and money orders are the only acceptable forms of payment at the Authority's Management Offices. The VIHA reserves the right to refuse personal checks and require money orders from Residents who have had checks returned by a bank.

Payments may be made in person to the Chase Manhattan, V. I. Community Banks (only on St. Croix), Citibank (only on St. Thomas) or Banco Popular of the Virgin Islands, or mailed to the Virgin Islands Housing Authority Central Offices at Post Office Box 7668, St. Thomas, V. I. 00801-7668 or P. O. Box 1349, Kingshill, St. Croix 00851-1349. Residents are required to bring with them, or send with their payment, the applicable portion of their rent bill so that payments may be properly credited.

The Authority reserves the right to accept or deny partial payments at the Management Division located at the Central Offices. However, no partial payments will be accepted at Housing Manager's Offices.

Residents shall make all rental payments in full. Payment or receipt of a rental payment of less than the amount stated in the lease shall be deemed to be nothing more than partial payment on the month's account. Under no circumstances shall VIHA's acceptance of a partial payment constitute accord and satisfaction. Nor will VIHA's acceptance of a partial payment forfeit VIHA's right to collect the balance due on the account, despite any endorsement, stipulation, or other statement on any check.

Any modification to this lease must be made in a letter signed by VIHA, in which VIHA states and agrees to the modification. VIHA may accept any partial payment check with any conditional endorsement without prejudice to VIHA's right to recover the balance remaining due, or to pursue any other remedy available under the dwelling lease.

IV. Rent Disputes

Residents who wish to dispute the amount of rent or other charges billed may do so through

VIHA's Grievance Procedure. A copy of the Grievance Procedure is available in each office, and Management staff can assist Residents in informally settling the grievance and scheduling any subsequent hearing. The VIHA enforces the escrow requirements contained in the Grievance Procedures.

Whether or not a Resident chooses to exercise his/her rights under the Grievance Procedures, he/she may present the case in court if the VIHA initiates legal action.

V. Repayment Agreements

In extenuating circumstances, Residents may request a "Repayment Agreement" extending the time allowed to make full payment of an outstanding balance. The VIHA is under no obligation to approve and execute Repayment Agreements and does so only as an accommodation to Residents. If Resident defaults, VIHA will initiate legal action.

Requests for Repayment Agreements must be made in writing to the Housing Manager no later than the expiration date of the 14/30-Day Notice of Termination (See Section VII below). The Manager will then refer all requests to the Legal Assistant who is authorized to approve such requests only if all of the following conditions are met:

- A. A Repayment Agreement form (attached) is properly completed and executed.
- B. The Agreement stipulates that one-half (1/2) of outstanding balance will be paid upon execution of the Agreement and the remaining balance will be paid within a period not to exceed five (5) months.
- C. The Resident is experiencing one of the following circumstances and has presented the documentation indicated below:

(1) **Circumstance**

A check for payment of wages or benefits was lost or stolen, was promptly reported to the income source of the Resident, and a replacement check is forthcoming.

Documentation

A letter from the employer or agency verifying the circumstances and estimating the receipt date of the replacement check.

(2) **Circumstance**

Wages or benefits were abruptly and temporarily discontinued and will resume in no more than 30 days.

Documentation

A letter from the employer or agency verifying the circumstances and estimating the date income will resume.

(3) **Circumstances**

Medical and funeral expenses.

Documentation

Certification from Physician for illness and bill from the Funeral Home covering burial costs.

Other unforeseen circumstances that typically pose financial hardships (i.e. loss of job, permanent discontinuance or reduction in benefits) entitle Residents to rent reductions effective the first (1st) of the month following the month reported to Management by Resident. Therefore, they are not grounds for extending payments. Residents who need assistance in coping with financial problems are invited to contact their Housing Manager or the Authority's Community Services staff. Information and referral services to community agencies can be provided.

Repayment Agreements will not be approved, regardless of the situation, if the request is made

after the expiration of the 14/30-Day Demand. At this point, the Resident is delinquent and, in the absence of full rent payment, the VIHA will proceed with legal action for eviction from the premises and collection of outstanding balance due despite any partial payments made. Residents are expected, therefore, to act promptly in reporting situations, which may make timely payment difficult.

VI. Summary Process Action

Non-payment of rent is considered a serious violation of the Lease or Agreement between the Resident and the Authority. In all cases, the Authority will aggressively pursue the collection of the amount due and eviction. Following is a description of all steps taken and notices issued in connection with summary process actions.

- A. A “14/30-Day Notice of Termination” (Notice of Proposed Termination of Lease and of Proposed Eviction Proceeding) is sent by first class mail or hand delivered to each delinquent Resident on or about the 15th day of the month. This Notice informs the Resident that payment has not been received and that the VIHA proposes to terminate his/her Lease. The Notice also offers the Resident an opportunity to exercise his/her right under the Grievance Procedure.

The Notice provides a date by which the Resident may act and avoid legal action. If a Resident offers full payment by this date, the payment will be accepted and no further action will be taken. By the deadline date, if the Resident has not:

- requested and obtained a Repayment Agreement;
- exercised Resident rights under the Grievance Procedure;
- paid his/her rent in full; or
- vacated the apartment, the VIHA will proceed with legal action.

- B. A complaint for Forcible Entry and Detainer is filed with the Court, commencing legal action. Housing Managers and the Management Divisions are not authorized to accept any payments from Residents (full or partial) once the matter is submitted to the Legal Division for action. Residents who wish to make payments are referred to the Legal Counsel or Designee who will determine, in accordance with the Policy, whether or not to accept payment and discontinue legal action (See Section VII below). The Complaint demands possession of the apartment and/or full payment of the balance due. A Summons require the Resident to file an “Appearance and an answer in Court. The case heard by the Judge and a decision is rendered.

- C. If the court rules in favor of VIHA, a Judgment will be awarded remanding payment and/or eviction of the Resident by a specific date. The VIHA then requests that the Court issue a Writ, which will be served by a Marshal from the Court. The Marshal shall advise the Resident in advance of the date and time of the eviction.

- D. In executing evictions, the VIHA will abide by any and all notice requirements in effect at the time of the action.

VII. Discontinuing Eviction Action

The VIHA is under no obligation to discontinue eviction actions once the Judgment is awarded. However, it is not in the interest of either party for VIHA to proceed with an eviction against a Resident who is generally a prompt payer.

Residents are considered to have a positive rent paying history or good rent paying habits when they have not been subject to eviction action twice during a twelve (12)- month period and/or were not delinquent with rent payments more than three (3) times in a twelve (12)-month period. If eviction action commences against such a Resident, the VIHA reserves the right to accept full payment, if offered, if payment is made prior to the filing of the Writ of Restitution.

Residents are considered to have a negative rent paying history or poor rent paying habits when they have been subject to eviction action twice during the twelve (12)-month period and/or were delinquent with the rent payments three (3) or more times in a twelve- (12) month period. If eviction action commences against such a Resident, the VIHA will accept, at its discretion, any payments offered “for use and occupancy only” and proceed with the eviction.

Only the Deputy Executive Director (or his/her designee) has the authority to exercise these options once legal action begins.

IX. Consequences for Having a Negative Rent Paying History

Residents with negative rent paying history or poor rent paying habits as defined in Section VII shall not be eligible for Homeownership Opportunities until such time as they can demonstrate to the Authority a positive rent paying history and/or good rent paying habits for a period of twelve (12) months as defined in Section VII above.

X. Enforcement of This Policy

This Policy is enforced by the Management staff and Legal Counsel of the VIHA. Only the Executive Director or his designee has the authority to waive any provisions of this Policy after careful consideration of the facts in a specific case. Residents who believe that their circumstances warrant such consideration are invited to promptly state their case, in writing, to the Executive Director. The Resident may do this directly, or through the Housing Manager. The Executive Director will respond within a reasonable time to each inquiry, stating the decision and the reasons for the decision.

Head of Household

Date

Co-Head of Household

Date