

PUBLIC HOUSING AGENCY OF THE CITY OF SAINT PAUL

REPORT TO COMMISSIONERS

**FROM JON M. GUTZMANN
EXECUTIVE DIRECTOR**

**REGARDING RAD-PBRA
Late Rent Fees**

DATE November 27, 2019

Staff requests Board approval of the statement below explaining the application of charges and penalties for late rent payments by residents of the hi-rises and family developments after the conversion to Project-Based Rental Assistance (PBRA) through RAD (Rental Assistance Demonstration). The statement affirms that the Agency will continue to assess late rent charges and penalties in the same manner as under the Low Income Public Housing Program (LIPH).

Rent is due on the first of the month. The HUD-required PBRA lease states that rent is considered late if it is received by the PHA after the 5th of the month. However, the PHA will not take any enforcement action or apply late fees until after the 10th of the month. That means that lease enforcement for late rent will be the same after RAD as it was before.

The “four times late rent” rule still applies as it did before. If the PHA receives your rent after the 10th of the month, it will be considered late for purposes of enforcing the rule. As before, the PHA may initiate a lease termination if a resident pays rent late four times in a rolling 12-month period.

The five-day grace period stated in the RAD-PBRA model lease is only half as long as the grace period the PHA has allowed in public housing, where rent is considered late if not received by the 10th of the month.¹ During the first few lease signing meetings, this upcoming change alarmed a number of residents, especially those who do not receive their Supplemental Security

¹ The PHA’s lease and Admission and Occupancy Policies for the Public Housing Program, which assess late rent charges after a 10-day grace period, still apply to the scattered site homes remaining in public housing.

Income (SSI) payment until the 3rd of each month. They correctly stated that it may be impossible to pay rent on time (received by the PHA on the 5th of the month) if there are any delays in the USPS mail system. The same concern was also raised on behalf of a resident in an email sent to the Executive Director by a caseworker at Keystone Community Services, a community social service agency.

To alleviate this problem staff is recommending Board approval to issue the above statement to all staff, to be provided to residents at the remaining lease signings, and to be the official PHA position on the issue.

The recommended statement affirms that enforcement actions for late rent will be the same under RAD PBRA as they were under LIPH. As Commissioners know, the PHA was unable to make any changes to the HUD-required RAD-PBRA model lease language, including the provision on late rent payments. However, if the PHA only assesses late rent charges and penalties after the 10th of the month, the outcome for the residents would be the same.

It is possible that in a future Management and Occupancy Review (MOR; required for all PBRA projects), HUD Multifamily staff will take issue with this enforcement procedure. However, the recommended statement benefits the residents, and upholds the pledge made to residents that the RAD conversion would have little or no adverse impact on residents, so staff believes the Agency has a valid defense to any challenge.

To further alleviate the resident concerns, staff is seeking to add an option for residents to pay rent by credit card, traditional debit card, and SSI debit card. Staff is also exploring whether residents could pay their rent by recurring auto-draft payments. These measures would expand

residents' options for paying rent, and could help some residents avoid late payments. Staff from Finance and Accounting will meet with U.S. Bank representatives on December 2 to discuss implementing these options.² To the extent there is a cost to the PHA for adding them, staff will present a budget revision to the Board for approval once the cost is known.

JMG/LTS/FAH

Attachment: PowerPoint Presentation Used at Lease Signing Meetings with Residents

² U.S. Bank directly receives PHA residents' rent payments, either by online payments or payments mailed to a "lockbox".