



August 25, 2023

Subject: Damage Claims Policy (HCV -Tenant-Based Assistance)

Damage Claims (HCV -Tenant-Based Assistance)

1. To incentivize a landlord's continued participation in the HCV program, the RHA is authorized under its MTW status to make damage claim payments to participating landlords. Damage claim payments will only be made after an HCV family vacates the unit with the following conditions:

- A. Damage claim payments will only be made for damages caused to the unit by the tenant or their guests beyond ordinary wear and tear and not for unpaid rent.
- B. Damage claims must first be deducted from the HCV tenant's security deposit if applicable and only after the security deposit is exhausted may the landlord make a damage claim to the RHA. The landlord will need to comply with the Illinois Security Deposit Return Act. 765 ILCS 710/1 et.al.
- C. The maximum damage claims the RHA will pay is one (1) month's rent upon verification of completed repairs:
- D. Example:
 - Damage claim = \$1250 One month's rent = \$1325 Claim would be paid in full at \$1250
 - Damage claim = \$1250 One month's rent = \$1025 Claim would be paid at \$1025.

2. The landlord must provide a written request for damage claims, accompanied by documentation showing the damages claimed were beyond ordinary wear and tear, documentation of the accounting for the security deposit to the tenant, and proof of actual repairs and associated costs, not just estimates. (A copy of the claim form is attached hereto).

3. The landlord must comply with requests for documentation from the RHA to be eligible for damage claim payments. The RHA will not reimburse landlords for their own labor, only for the cost of materials or contracted services.

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4. The request for damage claim payments shall be made in writing to the RHA using the RHA Landlord Incentive claim form including the appropriate documentation. The request for a damage claim payment shall be made within 30 days of the tenant moving out. If the landlord has not at that time completed repairs, they can request a 30-day extension to provide the documentation. The RHA shall provide the damage claim request to the HCV participant who resided in the unit. Damage claim payments are subject to funding availability.

5. Upon receipt of a damage claim payment request, the RHA HCV program manager shall schedule the unit for an inspection to verify the repairs are completed.

6. The unit inspection by the RHA pursuant to the damage claim payment request shall further qualify as an initial HCV inspection under the relevant HUD regulations and RHA Administrative plan in the event the landlord agrees to rent the unit to another HCV participant. The damage claim inspection qualifies as an initial inspection under the relevant HUD regulations and RHA Administrative Plan for a period of sixty (60) days from the date of the damage claim inspection.

7. Upon payment of the damage claim payment by the RHA, the HCV participant who resided in the unit will be required to repay the RHA 25% of the damage claim as a condition of remaining in the HCV program.

Repayment Policy

8. Any amount owed to the PHA by an HCV family must be repaid by the family. If the family is unable to repay the debt within 30 days, the PHA will offer to enter into a repayment agreement in accordance with the policies below.

If the family refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the PHA will terminate assistance in accordance with the policies in Chapter 12 of the RHA Administrative Plan and pursue other modes of collection.

Repayment Agreement [24 CFR 792.103]

9. The term repayment agreement refers to a formal written document signed by a tenant or owner and provided to the PHA in which a tenant or owner acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.

General Repayment Agreement Guidelines for Families and Down Payment Requirement per RHA Policy

10. Before executing a repayment agreement with a family, the PHA will generally require a down payment of 10 percent of the total amount owed. If the family can



provide evidence satisfactory to the PHA that a down payment of 10 percent would impose an undue hardship, the PHA may, in its sole discretion, require a lesser percentage or waive the requirement.

Payment Thresholds

11. Notice PIH 2017-12 recommends that the total amount that a family must pay each month—the family’s monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family’s monthly adjusted income. However, a family may already be paying 40 percent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2010-19 acknowledges that PHAs have the discretion to establish “thresholds and policies” for repayment agreements with families [24 CFR 982.552(c)(1)(vii)].

Payment Plans per RHA Policy

12. When repayment of debt is approved by the discretion of RHA, the payment plans will be as follows:

- Any repayment of a damage claim payment must be made within twelve (12) months.
- If a family can provide evidence satisfactory to the RHA that the threshold applicable to the family’s debt would impose an undue hardship, the RHA may, in its sole discretion, determine that a lower monthly payment amount is reasonable. In making its determination, the RHA will consider all relevant information, including the following:
 - The amount owed by the family to the RHA.
 - The reason for the debt, including whether the debt was the result of family action/inaction or circumstances beyond the family’s control.
 - The family’s current and potential income and expenses.
 - The family’s current family share, as calculated under 24 CFR 982.515.
 - The family’s history of meeting its financial responsibilities.
- If the family can demonstrate a hardship i.e., if a family would be paying more than 40 percent of its monthly adjusted income (MAI) in rent plus repayment, then the minimum monthly repayment amount will be the greater of the following two amounts:
 - The difference between 40 percent of the family’s MAI and the total family share at the time the agreement is executed or \$25
- If a family can provide evidence satisfactory to the PHA that a monthly payment amount of \$25 would impose an undue hardship, the PHA may, in its sole discretion, require a lower monthly payment amount.
- If the family’s income increases or decreases during the term of a repayment agreement, either the PHA or the family may request that the monthly payment amount be adjusted accordingly.

Execution of the Agreement per RHA Policy

13. Any repayment agreement between the RHA and a family must be signed and dated by the RHA and by the head of household and spouse/cohead (if applicable).



Due Dates per RHA Policy

14. All payments are due by the close of business on the 15th day of the month. If the 15th does not fall on a business day, the due date is the close of business on the first business day after the 15th.

Late or Missed Payment per RHA Policy

15. If payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the RHA, the RHA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the RHA will terminate assistance in accordance with the policies in Chapter 12 of the RHA Administrative Plan.

16. If a family receives two delinquency notices for unexcused late payments in a 12-month period, the repayment agreement will be considered in default, and the RHA will terminate assistance in accordance with the policies in Chapter 12 of the RHA Administrative Plan.

No Offer of Repayment Agreement per RHA Policy

17. The RHA generally will not enter into a repayment agreement with a family if there is already a repayment agreement in place with the family or if the amount owed by the family exceeds the federal or state threshold for criminal prosecution.

Any dispute by an HCV participant regarding a damage claim payment shall be governed by the RHA grievance procedures.

The HCV participant will further be required to attend and complete a renter's knowledge and empowerment course through the RHA's Human Services Department. Failure to attend and complete the course is a condition of remaining in the program. The RHA shall only pay one (1) damage claim for an HCV participant. Any additional damage claim requests for the HCV participant may result in a termination notice issued to the HCV participant.

The damage claim incentive applies to all new and current HCV landlords, including tenant-based vouchers and all properties with Project-based vouchers.