

## Chapter 17

### CLAIMS, MOVE-OUT AND CLOSE-OUT INSPECTIONS

(For HAP Contracts Effective Before October 2, 1995)

#### **INTRODUCTION**

This Chapter describes the PHA's policies, procedures and standards for servicing HAP Contracts which were effective before October 2, 1995. Certificate and Voucher contracts in this category have provisions for the PHA's liability to owners when families move out. Vouchers and Certificates have a provision for damages, and Certificates, in addition, have a provision for vacancy loss. All certificate program contracts signed after October 2, 1995 no longer had a provision for PHA liability to owners when families move out.

The conversion of assistance from the certificate and voucher programs to the housing choice voucher program started on October 1, 1999. Effective immediately, all rental voucher and certificate tenancies became subject to requirements of the housing choice voucher program. There are no payments of claims for owner damages, unpaid rent or vacancy loss in the Housing Choice Voucher Program.

#### **A. OWNER CLAIMS**

Under HAP Contracts effective prior to October 2, 1995, owners may make "special claims" for damages, unpaid rent, and vacancy loss (vacancy loss cannot be claimed in the Voucher Program) after the tenant has vacated the unit.

Owner claims for payment for unpaid rent, damages, or vacancy loss will be reviewed for accuracy and completeness and compared with records in the file. The PHA establishes standards by which to evaluate claims, but the burden of proof rests with the owner.

If vacancy loss is claimed, the PHA will ascertain whether or not the family gave proper notice of its intent to move. The file will also be reviewed to verify owner compliance at the time the contract was terminated.

The PHA will pay properly filed claims to the owner as a function of the contract, but the tenant is ultimately responsible to reimburse the PHA for claims paid to the owner.

#### **B. UNPAID RENT**

Unpaid rent only applies to the tenant's portion of rent while the tenant is in residence under the assisted lease. It does not include the tenant's obligation for rent beyond the termination date of the HAP Contract.

Separate agreements are not considered a tenant obligation under the lease and the PHA will not reimburse the owner for any claims under these agreements.

### **C. DAMAGES**

The owner must be present during the move-out inspection and only damages claimed by the owner are reimbursable.

All claims for damages must be supported by the actual bills or estimates for materials and labor and a copy of the cancelled checks or other receipts documenting payment.

Invoices or bills from individuals providing labor must include their name, address and telephone number.

The landlord may not bill him/herself for labor since that is not considered by the PHA to be an "actual cost." However, the actual cost of the owner's employees' labor, such as the resident manager, to make repairs may be included.

### **D. VACANCY LOSS IN THE CERTIFICATE PROGRAM**

Vacancy Loss is applicable to the Certificate Program only. Vacancy loss is paid if the move was in violation of the notice requirements in the lease, or the result of an eviction.

In order to claim vacancy loss, the unit must be available for lease and the landlord must:

Notify the PHA within 2 calendar days excluding weekends and holidays upon learning of the vacancy, or prospective vacancy, and

Pursue all possible activities to fill the vacancy, including, but not limited to:

Contacting applicants on the owner's waiting list, if any;

Seeking eligible applicants by listing the unit with the PHA,

Advertising the availability of the unit, and

Not rejecting potentially eligible applicants except for good cause.

In the event that a unit becomes vacant because of the death of the tenant, the PHA will permit the owner to keep the HAP for the month in which the tenant died.

If the tenant moves *after* the date given on their notice of intent to vacate, the landlord may claim vacancy loss by providing acceptable documentation that there was a bona fide prospective tenant to whom the unit could have been rented.

To ensure valid claim processing, the PHA will conduct a thorough move-in inspection noting "conditions" as well as HQS deficiencies, take pictures of questionable items, and send a report of all items to the owner and tenant.

The owner must be present during the move-out inspection and only damages claimed by the owner are reimbursable.

All claims for damages must be supported by the actual bills for materials and labor and a copy of the canceled checks or other receipts documenting payment. Estimates are not acceptable.

Bills from individuals providing labor must include their name, Social Security Number, address and phone number. The landlord may not bill himself/herself for labor since that is not considered by the PHA to be an "actual cost." However, the actual cost of the owner's employees' labor, such as the resident manager, to make repairs may be included.

Persons making repairs or replacements must be licensed to do business in the PHA's jurisdiction.

Reimbursement for replacement of items such as carpets, drapes, or appliances, are based on depreciation schedules in general use by this PHAs.

The PHA may require verification of purchase date, quality, and price of replaced items in order to calculate depreciation.

Damages that were caused during tenancy, were repaired and billed, but remain unpaid at move-out, can be considered "other items due under the lease" and included in the claim.

Eligible items to be included on the damage claim must have been a tenant responsibility under the lease or State law.

Claims for unpaid utility bills cannot be approved as part of a claim.

Claims for normal wear and tear, previously existing conditions, routine turnover preparation, cleaning and cyclical interior painting are not paid.

The PHA will inspect the unit to verify that repairs were made.

## **E. MOVE-OUT AND CLOSE-OUT INSPECTIONS**

Move-out inspections are performed after the tenant has vacated the unit. These inspections are performed to assess the condition of the unit, not to evaluate the HQS. Vacate inspections will be conducted by Housing Inspectors.

There will be no move-out inspections of units with contracts effective on or after October 2, 1995.

The PHA's initial inspection of the unit will include a "conditions" report that will be compared to the conditions found during the move-out inspection.

The owner must notify the PHA of the move-out and request an inspection within 48 hours of learning of the move-out in order to submit a claim for damages.

If the contract was terminated due to owner breach, or the owner was in violation of the contract at the time that it was terminated, there will be no entitlement to claims and therefore no inspection.

The owner and tenant will be notified of the date and time of the inspection. If the owner is not present, the move-out inspection will not be rescheduled.

The PHA will conduct a move-out inspection on tenant's request if the owner does not also request an inspection.

A damage claim will not be approved *unless* the move-out inspection is requested and completed prior to any work being done.

In the event that the PHA is unable to inspect within 10 days, the owner will be permitted to use date-stamped photographs to substantiate the claim.

## **F. PROCESSING CLAIMS**

Any amount owed by the tenant to the owner for unpaid rent or damages will first be deducted from the maximum security deposit which the owner could have collected under the program rules. If the maximum allowable security deposit is insufficient to reimburse the owner for the unpaid tenant rent or other amounts which the family owes under the lease, the owner may request reimbursement from the PHA up to the limits for each program.

If the owner claims vacancy loss, the security deposit that s/he collected or could have collected will be deducted from the vacancy loss claim.

The PHA reviews claims for unpaid rent, damages, or vacancy loss and makes a preliminary determination of amount payable. The family is informed that a claim is pending (notice sent to last known address). The notification will state the preliminarily determined amount, the type of claim, and describe the procedure for contesting the claim.

The PHA will offer the family 30 calendar days to contest the claim. If the family disputes the claim, the PHA will schedule an informal meeting with the owner and tenant in order to resolve the differences.

If the owner fails to attend the meeting, the PHA will consider this prima facie evidence of validity of the tenant's position.

If the tenant fails to attend the meeting, the PHA will proceed with its original determination.

Meetings will not be rescheduled if neither party attends.

Meetings will be rescheduled if either party fails to attend.

The PHA will schedule a Claim Review. If the family misses the Claim Review, another will not be scheduled unless there are extenuating circumstances.

- At the Claim Review, the amount and type of claim will be discussed with the family. If the family agrees with the amount and type of claim, the family will be offered a Repayment Agreement. If the family does not agree to sign a Payment Agreement, the PHA will process the account for collection.
- If the family demonstrates that the claim, or parts of it, is invalid, the PHA will adjust the amount. The PHA may offer the tenant an opportunity for an Informal Hearing regarding the claim if disputes cannot be resolved.

After a determination has been made, the PHA will notify the family in writing of the decision. If it has been determined that the family owes money, the PHA will pursue collection to repay either in a lump sum or through a payment agreement. The notice will warn the family that their assistance may be terminated and they may be denied future participation in the program if they do not reimburse the PHA as required.

### **Other Requirements for Claims Processing**

The PHA will require proof that the owner has complied with State and local laws applicable to security deposits before making payment on any claim.

All notices to tenants during the processing of a claim must include proof of mailing or of personal delivery.

Costs of filing eviction to remove the tenant or any other legal fees, may not be reimbursed.

No claims will be paid for a unit that is vacant as the result of the landlord voluntarily moving a family to another unit owned by the same landlord.

All unpaid rent, damage, and vacancy loss claim forms must be fully complete when they are submitted, and they must be submitted within 10 days of the date the owner learned of the move-out.

Reserved