



**Berkeley Housing Authority**

1901 Fairview St., Berkeley, CA 94703  
Telephone: (510) 981 5470 Fax: (510) 981 5480

Office of the Executive Director

Item 5B

CONSENT CALENDAR

July 14, 2011

To: Honorable Chairperson and  
Members of the Housing Authority Board

From: *for* Tia M. Ingram, Executive Director

Subject: Revising the Write-Off Policy

RECOMMENDATION

Approve a resolution revising the Write-Off Policy adopted in May 2010, by establishing thresholds for when Board action is required.

BACKGROUND

All Public Housing Authorities (PHAs) are required to have a Write-Off Policy. The Write-Off Policy addresses how and when accounts receivable are to be written off (dismissed) and how physical assets are to be accounted for. BHA Board adopted a HUD compliant Write-Off Policy in May 2010. The existing Write-Off policy requires staff to obtain Board approval before any account can be written-off. This is not a HUD requirement, in fact, best practices support having a threshold requiring Board approval for "large" balances.

Our typical account balance (for participants) is less than \$10,000, and generally is the result of un-and under payment of rent, administrative charges, loans, and maintenance charges for tenant caused damages or excess subsidy paid on behalf of that family as a result of their failure to report household income or changes in their household composition. Landlord collections generally are the result of excess subsidy paid in untimely notice of termination of tenancy by an assisted household. The typical balance generally is less than \$3,600 (3 months subsidy). Consistent with the above, and for administrative efficiency, we are proposing a threshold of \$10,000 for Board action to determine whether or not an account should be written-off.

It should be noted also, recovering receivables including excess subsidy and subsidy paid in the event of fraud are BHA priorities; in cases where merited, a collection agency is hired. So, an account write-off is not taken lightly, and only occurs in cases where all efforts have been exhausted. Also, writing off of an account does not stop the BHA from pursuing further collection of the account.

In light of the pending disposition of the Public Housing units, we have also proposed revising the preferences for donations of fixed assets to remove Low Income Public Housing residents as recipients of such donations.

These recommendations were reviewed with, and approved by, the Finance Committee at its July 7, 2011 meetings.

FINANCIAL IMPACTS OF RECOMMENDATION

None

CONTACT PERSON

Jesy Yturralde, Finance Manager, 981-5488  
Tia M. Ingram, Executive Director, 981-5471

Attachments:

1. Proposed Write-Off Policy
2. Proposed Write-Off Policy Resolution

**WRITE-OFF POLICY: DELINQUENT ACCOUNT BALANCES & INVENTORY DISPOSITION**  
(Proposed Revision July 2011) Resolution No. 11-\_\_\_\_)

**APPLICABILITY**

This policy shall apply to balances accruing from the participation of any individual in any of the rental housing programs administered by the Housing Authority, as well as other programs offered by the Housing Authority, such as the Security Deposit Loan Program.

**I. TENANT/PARTICIPANT/LANDLORD ACCOUNT RECEIVABLES**

It is the policy of the Berkeley Housing Authority to make a reasonable effort to attempt to collect all monies due to the Housing Authority from property owners, Section 8 Program participants and tenants of Berkeley Housing Authority owned rental units for un- and under paid rent, administrative charges, loans, maintenance charges for tenant caused damage and overpayment of Housing Assistance Payments (HAP). BHA shall attempt collection from the tenant, Section 8 Participant or landlord before pursuing collection via an agency or court, or recommending that the account be written off.

The Board of Commissioners authorizes BHA staff to make determinations from time to time regarding the feasibility of continuing active collection of accounts, or to deem the accounts uncollectable. Staff is further authorized to write-off accounts of \$9,999.99 or less that staff believes are not collectible or whose estimated cost of recovery outweigh the amount to be collected. Accounts with balances of \$10,000 or more shall be presented to the Board. The Board will then resolve whether or not to remove these amounts from the active tenant accounts. Staff shall prepare an annual report to the Board advising all accounts written-off during the Fiscal Year.

Maintenance of Records. Records of accounts charged-off for reporting purposes shall be kept in perpetuity in order that they(a) be pre-paid by any client re-applying for admission before said application is considered for placement in a current program of the Berkeley Housing Authority, or (b) be pre-paid by any property owner seeking a new Housing Assistance Payment Contract.

**FAMILIES ASSISTED IN JURISDICTION**

1. A minimum of three attempts shall be made to collect the amount due, including demanding payment at each annual recertification. As appropriate, BHA will offer the family an opportunity to enter a Repayment Agreement.
2. BHA will deny the family the right to transfer to another unit (Public Housing), or to move outside the jurisdiction (Section 8), if there is any unsatisfied debt.

3. BHA will report in the HUD "PIC" system, all program participants with debts to BHA as a flag to other jurisdictions.
4. If there is no effort on the part of the family to make payments staff will:
  - a. Assign the account to a collection agency; or
  - b. Seek recovery via an appropriate action in the applicable court of jurisdiction; or
  - c. Propose termination of assistance; and
  - d. If no recovery is made at least twelve months after the third attempt or assignment to a collection agency, recommend that the account be written off.

#### FAMILIES NO LONGER ASSISTED IN THE JURISDICTION

1. BHA will seek to determine if the family is assisted in another jurisdiction. If so, BHA will notify the public housing authority of that jurisdiction of the outstanding debt, and request assistance with collection, including proposing termination of assistance.
2. If the family is not assisted in another jurisdiction, and there is no response to a request for payment mailed to the last known address, BHA will:
  - a. Assign the account to a collection agency; and
  - b. If no payment is received at least twelve months after the request for payment is mailed or assignment to a collection agency, recommend that the account be written off.

Note: BHA will consider excusing the debt if the remaining household members were not a direct party to the creation of the debt (e.g., a change in head of household).

#### LANDLORDS

If a landlord receives excess subsidy, BHA will advise the owner of the amount of excess subsidy that must be repaid within 30-calendar days of discovery, and allow 30-days for repayment.

If the landlord has other Housing Assistance Payment contracts, the amount of overpayment will be deducted from eligible subsidy beginning on the first payment 60-days after the initial notice to landlord for payment.

If the landlord does not have other Housing Assistance Payment contract, BHA will:

- a. Assign the account to a collection agency; or
- b. Seek recovery by filing an action in the appropriate court of jurisdiction.

- c. If no payment is received at least twelve months after assigning to a collection agency, recommend that the account be written off.

Depending upon the amount due, and the underlying cause for the debt, BHA will, as appropriate, also refer the matter to the HUD Inspector General for investigation and recovery.

## II. PHYSICAL ASSETS

BHA shall identify all fixed physical assets, including all computers, printers, fax machines, and other office equipment valued at \$500 or more. An inventory tag shall be affixed to all said items in a location readily visible. The Board of Commissioners also directs staff to determine items of inventory (including fixed assets) to be declared at the end of a usable life-span. Said items shall be made available for purchase at minimal cost or donation, as appropriate, as follows:

- a. Participants in the Section 8 Tenant or Project Based Voucher Program;
- b. Non-profit agencies serving low-income families in the City of Berkeley;
- c. BHA Staff; or
- d. If none of the above desires the item, the Board of Commissioners will direct staff to dispose of the item using any legal means available.

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 11-\_\_\_\_\_

REVISING THE WRITE-OFF POLICY ESTABLISHING THRESHOLDS FOR WHEN BOARD ACTION IS REQUIRED

WHEREAS, every Public Housing Authority is required to adopt a Write-Off Policy; and

WHEREAS, BHA adopted a HUD compliant Write-Off Policy in May 2010 under Resolution No. 10-28; and

WHEREAS, the Write-Off policy has been revised to establish a minimum threshold balance as the trigger for requiring Board approval; and

WHEREAS, in December 2010 the U.S. Department of Housing and Urban Development (HUD) approved the Inventory Removal Application, effectively initiating the termination of BHA's participation in the Low Income Public Housing Program.

NOW, THEREFORE BE IT RESOLVED, that the Write-Off Policy adopted under Resolution No. 10-28 is revised to establish a \$10,000 threshold for Board approval to resolve whether or not to write-off an account.

FURTHER RESOLVED, that the new Write-Off Policy, attached hereto and identified as Exhibit A, and incorporated by reference is adopted.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on July 14, 2011 by the following vote:

Ayes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary