

Exhibit 6-6 Policy Overview

Old Policy	New Policy
Exhibit 5-4	Exhibit 6-6

Forms

LR402 Residential Lease Agreement Addendum Schedule of Charges

LR428 Late Rent Fee Notice

PM608 UPCS Inspection Checklist

PM609 Housekeeping Inspection Checklist

PM610 Tenant Charge Notice

PM613 Vacated Tenant Statement

Administrative Desk Manual

Post a Late Rent Fee

Exhibit 6-6

Other Charges Under the Lease

HUD regulations at 24 CFR 966.4 and 966.5 require AHFC to provide a schedule of charges to the tenant for maintenance and repair beyond normal wear and tear, consumption of excess utilities, and charges for services or items in connection with the *Residential Lease Agreement*. The purpose of this exhibit is to detail how staff will determine appropriate tenant charges.

The *Residential Lease Agreement Addendum - Schedule of Charges* (form LR402) is available to all tenants, posted in a conspicuous place, and details:

- Maintenance and repair charges for damages beyond normal wear,
- Charges for consumption of excess utilities, and
- Special charges for services or items in connection with the *Residential Lease Agreement*.

6-6.1 NORMAL WEAR AND TEAR

The general upkeep of the dwelling unit is the responsibility of the family. Under the Alaska Uniform Residential Landlord and Tenant Act, “the tenant shall keep the premises occupied and used by the tenant as clean and safe as the condition of the premises permit.” Unavoidable deterioration in the dwelling and its fixtures resulting from normal use is considered normal wear and tear.

While a family resides in a unit, it is expected that flooring, paint, cabinetry, and appliances will degrade due to daily usage. Deterioration of the dwelling unit, common area, building, or facility due to normal daily use will not be charged to the family. When damages beyond normal wear and tear are caused by the family, guests, or visitors, the family is responsible for paying for associated repairs or replacement.

6-6.2 ASSESSING CHARGES

When possible, charges will be based on the actual cost of materials and labor to repair or replace an item. When estimating charges for move-outs, defensible time charges will be used and the actual work documented to confirm appropriate billing. When assessing maintenance charges, keep the following in mind:

- Maintenance charges are not intended to make a profit.
- Charging for repairs is intended to produce a deterrent effect for future damages.
- When in doubt, use the lower estimate.

6-6.2.A Documentation

Families are financially liable for loss, damage, destruction, or failure to satisfactorily clean AHFC property, equipment, or furnishings. A family's liability will be based on a physical inspection and/or other documentation provided by AHFC employees. It is imperative that all inspections be accurate, thorough, well documented (i.e., move-in, move-out, Uniform Physical Conditions Standard (UPCS), housekeeping), and kept on file in the family's folder in the property management office.

Documentation is important for any charges and must be clearly stated in writing. The documentation must clearly communicate the work and materials required to bring an item back into compliance. The reason for this is twofold:

- The family must be able to determine what is being charged and why; and
- Maintenance must be able to view the documentation and explain appropriate work and/or charges.

Damages that exceed normal wear and tear in a unit must be documented on a *UPCS Inspection Checklist* (form PM608), *Housekeeping Inspection Checklist* (form PM609), or on a work order. Staff must be able to identify the damage that led to the charge.

1. Normal Work Hours

Work performed between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, exclusive of holidays, is considered normal work hours. This includes those properties where the maintenance employee works less than 8 hours.

2. Overtime Work Hours

Work performed on weekends, holidays, or outside the hours listed above is charged at the overtime rate with a minimum labor charge of 1.5 hours in accordance with the current labor union contract.

3. Tenant Charge Notice

Notification of charges will appear on the *Tenant Charge Notice* (form PM610). Move-out charges to a former tenant will appear on the *Vacated Tenant Statement* (form PM613). Supporting documentation such as work orders or material invoices must be attached to the notice.

6-6.2.B Time and Materials

Different personnel perform tasks at different speeds and efficiency levels. There are also different job classifications for maintenance personnel. This creates disparities between charges for common tasks. To keep charges balanced, job standards are established for common maintenance tasks.

1. Job Standards

Job Standards for Maintenance Tasks appear as Exhibit A in the *Schedule of Charges*. Each task listed has an average time attached to it. When assessing charges to families for normal maintenance tasks, staff will use the job standard times. The job standards do not apply to move-out repairs as unit conditions vary widely. If there are extraordinary circumstances or damages, be sure to include documentation and justification for additional time charges.

Time for pickup of supplies and travel time to and from the job site may be charged if they are significant and documented. Additional supporting documentation should be provided to the asset supervisor in extraordinary situations, as each charge may be appealed by the family.

2. Standard Labor Charges

AHFC maintenance staff varies from custodians to lead mechanics. There are also different sizes of crews in each area. To provide consistency in charges for labor, a table of "blended" wage rates is provided in the *Schedule of Charges* Exhibit B, *Standard Labor Charges*. All work performed by AHFC personnel will use the wage rates listed in the table. There are rates for normal work hours and overtime hours.

3. Material Charges

Due to AHFC's wide geographic dispersion, there are no standard charges for materials. Staff will document and use actual charges when passing material costs on to families.

Example - Assessing Time and Materials

1. A deadbolt replacement in Bethel takes 70 minutes, and the hardware costs \$150.
2. A deadbolt replacement in Juneau takes 55 minutes, and the hardware costs \$125.
3. In this instance, the Job Standard is 60 minutes for the labor charge.
4. Each location charges for the actual cost of the hardware.
5. Using the tables, Bethel's charge is \$35.48 for labor and \$150 for materials.
6. Juneau's charge is \$25.71 for labor and \$125 for materials.

There may also be additional costs involved in the repair of the deadbolt such as repairing the broken door. These may be charged at the actual time and materials as long as the work order clearly articulates the damage and work required to return the damaged door to serviceable condition.

Charge Examples

The following are common examples of charges.

Restore heat to a unit due to:

1. Family failure to pay utility bill - Charge Family
2. Mechanical failure - No Charge
3. System blew out - No Charge

Sink/toilet plugged up in unit due to:

1. Child's toy plugging a toilet - Charge Family
2. Faulty clapper (flush valve) - No Charge

6-6.3 ANIMAL CHARGES

AHFC requires a refundable pet deposit of \$200 in order to add a cat or dog to a household. The deposit is due in full at the time of the *Animal Request*. For families that are unable to pay the full deposit at the time of the *Animal Request*, AHFC may offer a payment plan. See Chapter 13 for guidelines on setting a payment plan.

Assistive animals are not pets, and thus, are not subject to a pet deposit.

Family failure to properly dispose of animal waste will be charged a flat rate of \$10 for each occurrence.

6-6.4 EXTREME WEATHER CHARGES

The family is responsible for any frozen pipes or other damages caused by open windows or doors. Damages or clean-up time associated with frozen pipes will be assessed at the same rate as damages beyond normal wear and tear.

The family shall be assessed a charge of up to one-half hour ($\frac{1}{2}$ hour or 30 minutes) time at the standard labor rate if AHFC must close doors or windows left open by an absent family during times of extreme weather.

The family is responsible for any damages to a unit or premises due to failure to follow operation instructions for heating, ventilation, or circulation systems. Damages or cleaning time will be assessed at the same rate as damages beyond normal wear and tear.

6-6.5 LATE RENT FEE

HUD regulations at 24 CFR 966.4(b)(3) state that a PHA may assess a penalty for late payment. To encourage families to pay their rent in a timely manner and bring AHFC practices in line with the private market, AHFC has set a late rent payment fee of \$25.00.

- The Uniform Residential Landlord and Tenant Act (Alaska Statute 34.03) does not prohibit a late fee. It also does not set a late rent fee amount.
- The late rent fee is listed in the *Residential Lease Agreement*, Part I, Section G.1.

6-6.5.A Fee assessments

Families will be charged a late rent payment fee in each of the following situations:

- Failure to pay the full amount of rent due as of the close of business on the seventh day of each month. See the Cash Management policy, Exhibit 13-5, for determining when payments left in a drop box or received by mail are late.
- If a family has prepaid a portion of the rent and then does not pay the balance of the rent due within the grace period.
- Rent payments that are returned to AHFC due to insufficient or nonsufficient funds.

1. One Fee per Month

A family may only accrue one late rent payment fee each month. For example, a family tenders a personal check on September 10 and receives a late rent payment fee. The check is returned by the bank on September 25 for insufficient funds. Since the family has already been assessed a fee, AHFC will not assess another late rent fee. The family will be responsible for any bank fees associated with the returned check.

2. Prepayment of NSF Checks

If a family's rent payment check is returned for nonsufficient funds (NSF), staff will charge the family a \$25.00 late fee. The only exception to this is if a family pre-pays the NSF check before the rent grace period has expired.

Example – Non-Sufficient Funds Check

1. The family pays the current month's rent on April 2.
2. On April 5, the family returns to the office and explains that they wish to tender an additional rent payment because there was a problem with their April 2 payment, and the family believes that the check will bounce.
3. Staff will accept the payment and apply it to the family's account.
4. When staff runs a report on April 7, the family's account shows a credit balance.
5. On April 15, staff receives notification from PHD Central Office that the April 2 check bounced.
6. Staff will not charge a late fee as the family paid the rent in full on April 5.

6-6.5.B Notification

As stated in the *Residential Lease Agreement*, rent is due on the first calendar day of each month. AHFC has established a grace period until the seventh day of each month. This means that families may tender their rent, without penalty or fee, until the close of business on the seventh calendar day of each month.

1. Family Has a Notice to Quit in Process

For families that have received a notice to quit that they cannot correct, AHFC will not assess a late rent payment fee as AHFC is refusing to accept payment.

2. Late Rent Fee Notice (LR428)

AHFC will serve the *Late Rent Fee Notice* (form LR428) to each family that is assessed the late rent payment fee. The notice:

- a. Tells the family which month's rent is late.
- b. Advises the family that a \$25.00 late rent fee is being added to their account.
- c. Sets a fee payment due date of 14 calendar days from the Late Rent Fee Notice date.
- d. Advises the family that it is his/her right to grieve the fee if she/he disputes it.
- e. Advises the family that she/he will not be evicted for failure to pay the fee.
- f. Provides the family with instructions on how to seek a hardship exemption if she/he is subject to the minimum rent requirement.
- g. Warns the family that unpaid late rent payment fees are subject to further collection action.

3. Notice Delivery

AHFC will serve the Late Rent Fee Notice (form LR428) along with the Correctable Notice to Quit and Lease Termination for Nonpayment of Rent (form LR409).

6-6.5.C Computer Posting

The late rent payment fee will be posted to the family's account each month that rent is late. Staff will not post a late rent fee to a family's account prior to serving the late rent fee notice. Once the late rent fee notice is served, staff must post the late rent fee to the family's account before the expiration date and time of the nonpayment of rent notice.

The late rent payment fee will not be charged as rent. See *Post a Late Rent Fee* in the Administrative Desk Manual for instructions on posting a late rent payment fee.

6-6.5.D Grievance

The *Late Rent Fee Notice* is considered an adverse notice, and a family has the right to the grievance procedure to dispute it. The late rent fee is not considered due and payable until 14 (fourteen) calendars after the Late Rent Fee Notice date [24 CFR 966.4(b)(4)].

6-6.6 LOCK-OUTS AND KEYS

Public Housing charges for lock-outs are set at \$10 for normal work hours and \$35 for after normal work hours, weekends, and holidays. Each key or magnetic card issued to the family after the initial move-in is \$5.00.

If AHFC has to rekey the unit entry door because the family does not return the keys, the charge is \$35. If AHFC has to rekey other areas such as mailboxes or storage sheds, the charge is \$25 per lock.

Example - Lock-Out

1. Family left keys inside unit - Charge Family
2. Mechanical failure of locking set - No Charge

6-6.7 REPLACEMENT CHARGES

In situations where the cost of repair exceeds the cost of replacement, the replacement cost will apply. Costs charged to a family will be based on the actual cost. Items having an established life cycle (years of expected usage) will be charged to the family's account based on remaining useful life cycle. Current life cycle charts appear as Exhibit C in the *Schedule of Charges*.

To use the tables, determine the age of the item. The replacement cost of the item is then multiplied by the percentage that appears under the age of the item. This cost is billed to the family.

For example, the cost to replace a refrigerator is \$800. The refrigerator is 2-½ years old. The calculation is $\$800 \times 80\% = \640 . The charge is \$640.

6-6.8 SPECIAL OR EXCESS UTILITY CHARGES

Families may be responsible for additional fees when adding appliances (i.e., washer, freezer, etc.) to a unit. Charges differ by property address. See the *Schedule of Charges* Exhibit D for any additional charges. Anchorage properties are detailed in Exhibit E.

6-6.8.A Air Conditioners

At Golden Ages and Southall Manor, air conditioners that vent through the window are allowed. Seasonal installation/removal must be performed by local maintenance staff. In addition to a monthly excess utility charge, a separate charge will be assessed for installation/removal based on actual time and materials.

6-6.8.B Cable

Cable charges may be adjusted annually in accordance with the current cable contract and number of units receiving service. Families receiving cable service will be notified of the monthly cable charge prior to any changes.

6-6.8.C Outdoor Electrical Outlets

At some locations, AHFC provides exterior electrical outlets for cars. These charges also differ by property address. Fees are charged for the months of October through March only.

If the property has outlets directly tied to the family's unit and the family pays for the electric service, there is no monthly fee. See the "Outdoor Outlet" column in Exhibit D.

6-6.8.D Washers and Dryers

Washers and dryers are allowed only where designated hookups are present in the units.

1. If water is metered at the location, a monthly charge for water usage will apply.
2. If the family pays for the service to heat the water, there is no additional charge for heating the water.
3. Due to various utility providers, some locations have charges based on the size of the unit. These locations will be shown in Exhibit D. For Anchorage, they are in Exhibit E.
4. There are no additional electrical service charges for dryers as all locations with dryer hookups have tenant-paid electric.

6-6.9 VANDALISM, STOLEN OR MISSING ITEMS

The family is responsible for damage or repair charges if caused by the family. The family is responsible for damage or repair charges if caused by their guests or visitors. AHFC staff will weigh any extenuating circumstances when determining if a family is responsible for these types of charges.

6-6.10 MOVE OUT CHARGES

Because the condition of a unit at move-out can vary widely, charges for damages beyond normal wear and tear will be documented during a move-out inspection. Repairs or cleaning for damages beyond normal wear and tear will be charged at the standard labor charge rate (Exhibit B). There are certain standard tasks and fees that may be assessed at move-out if AHFC must perform them. See Exhibit F for those charges.

The family is not responsible for paying to return a unit to rentable condition; the family is responsible for paying for repairs or cleaning to return the unit to occupiable condition. "Occupiable condition" means that once an item is repaired, it will pass a housekeeping or Uniform Physical Conditions Standards (UPCS) inspection.

6-6.11 GRIEVANCE

A family may appeal the charges in this exhibit, as the charges constitute an adverse notice (24 CFR 966.4(b)(4)). When a charge is assessed, AHFC will send a notification of the charge, the payment due date, and the available grievance procedures.