

CRESCENT CITY HOUSING AUTHORITY
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November 25, 2008

Dear Section 8 participants and participating landlords,

The purpose of this letter is to notify all Section 8 participants and participating landlords of a new policy that HUD has enacted regarding program integrity. Notice PIH 2007-27 requires that PHA's (Public Housing Authorities) pursue litigation to collect excess subsidies paid in error to any tenant who has committed fraud in connection with the Section 8 program. PHA's who do not initiate litigation and pursue all efforts against tenants and landlords who commit fraud to recover excess subsidies must return to HUD all amounts that constitute an overpayment of subsidy.

In order to comply with this new regulation, the CCHA has no alternative but to pursue litigation in Small Claims and Civil Court with participant families who commit fraud and refuse to enter into or honor a repayment agreement with the CCHA. When a participant family commits fraud in connection with the Section 8 program, it is most commonly done in one of the following three methods: failing to report income, allowing an unauthorized person to reside in their unit, or making side payments to the landlord. Many participating landlords are not aware that by accepting a payment from the tenant which exceeds the determined amount noticed by the CCHA, they are actually committing program fraud.

The CCHA understands that mistakes can be made and will review each situation reasonably. For example, if a participant family forgets to report an increase to their household income, CCHA staff will work with the family to set up a repayment agreement for the overpaid subsidy. The family will be required to sign a repayment agreement and the CCHA will set up a payment schedule that will allow the family to repay the excess subsidy in installments. Families who are engaged in a repayment agreement should be aware that a breach of the repayment agreement can result in termination from the program and possible litigation by the CCHA to recover the balance of the excess subsidy. In 2008 alone, the CCHA has taken five former participants to Small Claims and successfully secured judgments against all five, totaling \$8,065. The CCHA has also taken one former participant to Civil Court and successfully obtained a judgment in the amount of \$9,261 against him. Two additional cases are scheduled for early 2009.

The purpose of this letter is not to intimidate, but to ensure that all program participants and participating landlords are aware of their responsibilities with regard to the Section 8 program. If you have any questions regarding your obligations to this program, or what constitutes as program fraud, please contact the CCHA and ask to speak with your caseworker, or the caseworker of your assisted tenant. We will be more than happy to answer any questions you have regarding program integrity.

Sincerely,

Megan A. Miller
Housing Programs Supervisor