

**HOUSING AUTHORITY OF THE CITY OF LOS ANGELES
INTEROFFICE MEMORANDUM**

TO: HACLA Board of Commissioners

FROM: Marisela Ocampo, Director of Housing Services *MO*

THROUGH: Douglas Guthrie, President and CEO *Douglas Guthrie*

DATE: August 14, 2020

SUBJECT: Effects of COVID-19 on Rental Payments

Background

On March 27, 2020, HUD mandated a moratorium on the ability to initiate evictions or charge late fees on public housing residents due to the COVID-19 pandemic. The moratorium expired on July 25, 2020.

Due to the on-going COVID-19 crisis, the increased spread of the virus, the reclosing of businesses and California court's emergency rules limiting the ability to proceed with Unlawful Detainer (UD) filings unless the UD is "necessary to protect public health and safety", HACLA will not resume evictions due to unpaid rent or charge late fees for the foreseeable future. HACLA will continue to reassess this issues as the pandemic unfolds.

Collection of Rent

To date, HACLA has processed over 1,500 rent interim adjustments due to public housing residents' loss of employment. The revenue loss analysis focuses on the loss of tenant revenue due to rent adjustments. These reductions continue to show a positive trend, with an average rent adjustment of 150 per week in March to a current 30 per week being processed. The total estimated revenue loss due to rent adjustments is estimated at \$541,128 through August 2020 (Table A). From March through July, the rent collection percentage has remained steady similar to pre-COVID collections, from 99% to 98% (Table B). For July the rent collection percentage decreased to 95.9%. HACLA continues to take proactive steps to mitigate any decreases in rental collection percentages.

TABLE A- Revenue Loss Analysis				
Month	Original Posted Rent	Adjusted Actual Rent	Difference due to Rent Adjustment	Difference to Prior Month
January	\$ 3,141,108	\$ 3,141,108	\$ -	
February	\$ 3,167,634	\$ 3,167,634	\$ -	\$ 26,526
March	\$ 3,232,258	\$ 3,174,219	\$ (58,039)	\$ 6,585
April	\$ 3,244,921	\$ 3,077,843	\$ (167,078)	\$ (96,376)
May	\$ 3,147,804	\$ 2,986,650	\$ (161,154)	\$ (91,193)
June	\$ 3,049,892	\$ 2,989,111	\$ (60,781)	\$ 2,461

July	\$ 3,062,382	\$ 3,006,157	\$ (56,225)	\$ 17,046
August	\$ 3,070,409	\$ 3,032,558	\$ (37,851)	\$ 26,401
Cumulative			\$ (541,128)	\$ (108,550)

Table B- Rent Percentage Collected by Month - All Sites	
Charge Month	% Collected
March	99.35%
April	98.83%
May	98.47%
June	98.02%
July	95.90%

HACLA's Proactive Steps

Currently, HACLA does not issue 14-day notices to pay or quit, since HACLA is not pursuing evictions due to non-payment of rent. For residents whose rental payments are not received by the 10th of the month, Site Management continues to deliver the *Reminder of Rent Notice* following receipt of the list of those residents whose payments have not been received timely.

Best practices in the industry for preventing evictions include repayment agreements and proactive communication with residents. HACLA continues to provide consistent written and verbal communications to residents reminding them that any unpaid rent will accumulate, that they should notify HACLA immediately if they experience a loss of income so that their rent can be adjusted accordingly and that HUD will ultimately not forgive rents. Additionally, if necessary, HACLA enters into a repayment agreement with a tenant if an excess of rent continues to be owed. Staff contacts each tenant that is in rent arrears on a monthly basis to remind them of their obligation to pay their rent. HACLA encourages tenants to make full or partial payments if necessary. This proactive and consistent communication with residents has ensured a high rent collection percentage.

Finally, residents are reminded that if unpaid rent continues to be owed and/or a repayment agreement is not being paid timely, it can lead to a possible eviction in the future. HACLA's ultimate goal is to retain each resident, keep them safe and assist them during this pandemic.