

# Monthly update

A service of the Cuyahoga  
Metropolitan Housing  
Authority for landlords  
and program participants  
in Cuyahoga County.  
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## Consequences of Side Payments

**S**OME PROPERTY OWNERS HAVE AGREED TO ACCEPT RENT OFFERS FROM THE HOUSING CHOICE VOUCHER PROGRAM ONLY TO REQUIRE SECRET SIDE PAYMENTS OF ADDITIONAL MONEY FROM THEIR TENANTS. THIS PRACTICE WILL NOT BE TOLERATED.

Whether the side payment is exacted out of greed or to alleviate a cash flow problem, the U.S. Department of Housing and Urban Development (HUD) has made it clear to CMHA that it will not allow such activities to continue. HUD recently went on record, publicizing the fines for such practices. These penalties should make it clear that no side payment is worth the risk of the consequent fines.

Side payments are actionable offenses against the federal False Claims Act. Under this Act, persons who have submitted to HUD or a HUD intermediary, such as the HCVP, claims that are false, fictitious or fraudulent are liable for an assessment equal to three times the amount of the claim, plus a penalty of between \$5,500 and \$11,000 per claim. The United States has taken the position, furthermore, that the entire amount of the HAP, not just the amount of the side payment, is the amount of the claim that should be trebled.

In one Connecticut case, where a landlord required a side payment of \$60 from a tenant on 6 separate occasions (netting a total of \$360), the court levied a penalty of \$5,500 for each of the six side payments for a total penalty of \$33,000.



The consequences for HCVP participants who engage in side payments are also dire. They may lose their vouchers due to program violations.

The HCVP continues to work closely on an ongoing basis with the CMHA Police Department and the HUD OIG to investigate and bring those who obtain side payments to justice. Whatever is gained in revenue in the short term will be lost many times over in the long-run. Fraudulent activity can and should be reported to the HCVP. Calls are accepted 24 hours a day at 216 426-2900.

