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Judge says Section 8 funds should pay off HOA dues rather than go to delinquent owner of West Palm Beach home

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A Palm Beach County homeowner renting to Section 8 tenants will lose the federal housing supplement after a court ruled the money should be used to pay his delinquent HOA fees.

Circuit Court Judge John Hoy ordered the West Palm Beach Housing Authority on July 19 to divert future rent payments from the owner of the suburban Lake Worth home to the Willoughby Estates Homeowners' Association, Inc., until late dues and legal fees are paid.

Attorneys for the association say the ruling gives guidance for future cases on how federal housing money should be used to settle homeowner debt.

"State statute doesn't specifically address how the (U.S. Department of Housing and Urban Development) should handle this kind of situation," said attorney Michael Bender, whose Pompano Beach-based firm Kaye & Bender represents the association. "Hopefully this will assist the housing authority in going forward and they will no longer challenge these cases."

A message left at the housing authority was not returned.

A new Florida law allows homeowner associations to collect rent directly from tenants who are living in homes where the owner is not paying dues. The law also allows associations to evict those tenants.

In the Willoughby case, the association filed for foreclosure against the 2,100-square-foot home in May after the homeowner, who lives in New York, amassed late payments and fees of more than \$2,900. According to the lawsuit the homeowner stopped making payments in August 2010.

The owner receives \$1,509-a-month in Section 8 Housing Choice Voucher money, while the tenant pays \$275-a-month.

Bender said the renter was willing to pay her supplement to the association, but that HUD said it would need a court order to do so.

The home also had a foreclosure filed against it by the bank in June. According to the Palm Beach County Appraiser's office, the home was purchased in 2006 for \$392,000. Its total market value last year was \$181,313.