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WELCOME TO THE HACSB LANDLORD FORUM

Please remain on mute.
To ask a question, type it in the chat addressed to "Everyone".
Answers may be provided in the chat or read out loud.

November 6, 2024

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AGENDA

1. HAP Contract Overview
2. Rent Calculation Changes
3. HACSB Updates
4. Trivia Game
5. Questions & Answers

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HAP CONTRACT OVERVIEW


What is HAP?

- Definition: Housing Assistance Payments (HAP) program helps low-income families pay rent. Contracts are for an initial 1-year term
- Maximum rents are determined by our 3rd party inspections department Reliant Inspections based on rent reasonableness analysis
- Properties must meet Housing Quality Standards- The HUD minimum quality standards for housing assisted under tenant-based programs.



**Housing Assistance Payments Contract (HAP Contract)
Section 8 Tenant-Based Assistance
Housing Choice Voucher Program**

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HAP CONTRACT OVERVIEW

What to expect during the term of your Contract

- HAP: Monthly Payments made by HACSB every 1st business day of the month
- Regular Housing Quality Standard Inspections, as well as complaint inspections available upon request
- Rent increases (AB 1482)
 - Rent amount must not exceed the lower of the following:
 - Maximum allowed under rent increase cap, if applicable
 - Payment Standard, if applicable to program
 - Rent Reasonableness
- When the initial term of the contract come to an end, the contract will automatically become a month-to-month contract, and all terms of the initial contract remain the same

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HAP CONTRACT OVERVIEW- OUR PARTNERSHIP

Importance of Lease Enforcement

- Effective lease enforcement is crucial for a successful partnership between landlords and the Housing Assistance Payments (HAP) program

1. Maintains property standards
2. Ensures tenant compliance
3. Prevents disputes
4. Lease Duration

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HAP CONTRACT OVERVIEW-INSPECTIONS AND ABATEMENT PROCESS

Part B of HAP Contract: Body of Contract

3. Maintenance, Utilities, and Other Services

c. If the owner does not maintain the contract unit in accordance with the HQS, or fails to provide all utilities needed to comply with the HQS, the PHA may exercise any available remedies. PHA remedies for such breach include recovery of overpayments, suspension of housing assistance payments, abatement or other reduction of housing assistance payments, termination of housing assistance payments, and termination of the HAP contract. The PHA may not exercise such remedies against the owner because of an HQS breach for which the family is responsible, and that is not caused by the owner.

During the term of a tenancy, units will undergo:

1. Annual inspections for select programs
2. Biannual inspections for most programs

If a unit fails "two consecutive inspections", it will be placed into Abatement.

Abatement means:


1. Rent payments will be suspended
2. Landlord must address deficiencies
3. The unit will remain in abatement for a 90-day period

Landlords will receive written notification:

1. Prior to inspection
2. After inspection (outlining deficiencies)
3. Before Abatement

Landlords must request a 3rd inspection of unit once deficiencies have been addressed within the abatement period, otherwise the contract will terminate.

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HAP CONTRACT OVERVIEW-CONTRACT TERMINATIONS

- What are some reasons for the HAP Contracts Terminate?
 - Family Move-outs
 1. Tenant vacates the unit
 2. Owner cannot collect HAP for the following month
 3. Landlord must notify HACSB within 10 days of tenant's departure
 - Sole Member Passes Away
 1. Last remaining family member passes away
 2. Owner cannot collect HAP for the following month
 - PHA Terminates Assistance
 1. Family no longer eligible for assistance
 2. Zero HAP payments for six consecutive months
 3. Owner breach of contract items/abatement
 4. HACSB will notify landlord in writing

Part B of HAP Contract: Body of Contract

4. Term of HAP Contract

b. When HAP contract terminates.

- (1) The HAP contract terminates automatically if the lease is terminated by the owner or the tenant.
- (2) The PHA may terminate program assistance for the family for any grounds authorized in accordance with HUD requirements. If the PHA terminates program assistance for the family, the HAP contract terminates automatically.
- (3) If the family moves from the contract unit, the HAP contract terminates automatically.
- (4) The HAP contract terminates automatically 180 calendar days after the last housing assistance payment to the owner.
- (5) The PHA may terminate the HAP contract if the PHA determines, in accordance with HUD requirements, that available program funding is not sufficient to support continued assistance for families in the program.

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HAP CONTRACT OVERVIEW

Part B of HAP Contract: Body of Contract

13. Conflict of Interest

- Conflict of interest occurs when personal or financial interests clash with professional responsibilities. Ensure impartiality and fairness in Housing Assistance Payments (HAP) program.
 - Prohibited Conflicts include:
 - Owner-Tenant Relationship:
 - No familial or business ties (HACSB Sec. 8-103).
 - Tenant Interest in Unit:
 - No ownership or financial stake
 - Dual Interest:
 - No simultaneous ownership and tenancy
 - Employee-Tenant Relationship:
 - No employment ties between landlord/property manager and tenant (HUD 4350.3)
 - Consequences of Conflict
 - HAP Contract Termination

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HAP CONTRACT OVERVIEW

8. Termination of Tenancy by Owner

a. Requirements. The owner may only terminate the tenancy in accordance with the lease and HUD requirements.

b. Grounds. During the term of the lease (the initial term of the lease or any extension term), the owner may only terminate the tenancy because of:

- (1) Serious or repeated violation of the lease.
- (2) Violation of Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises.
- (3) Criminal activity or alcohol abuse (as provided in paragraph c).
- (4) Other good cause (as provided in paragraph d).

c. Criminal activity or alcohol abuse.

- (1) The owner may terminate the tenancy during the term of the lease if any member of the household is a guest or another person under a resident's control commits any of the following types of criminal activity:
 - (a) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises).
 - (b) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of these residences by, persons residing in the immediate vicinity of the premises.

15. Changes in Lease or Rent

a. The tenant and the owner may not make any change in the tenancy addendum. However, if the tenant and the owner agree to any other changes in the lease, such changes must be in writing and the owner must immediately give the PHA a copy of such changes. The lease, including any changes, must be in accordance with the requirements of the tenancy addendum.

b. In the following cases, tenant-based assistance shall not be continued unless the PHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner:

- (1) If there are any changes in lease requirements governing tenant or owner responsibilities for utilities or appliances.
- (2) If there are any changes in lease provisions governing the term of the lease.
- (3) If the family moves to a new unit, even if the unit is in the same building or complex.


c. PHA approval of the tenancy and execution of a new HAP contract are not required for agreed changes in the lease other than as specified in paragraph b.

d. The owner must notify the PHA of any changes in the amount of the rent to owner at least sixty days before any such changes go into effect, and the amount of the rent to owner following any such agreed change may not exceed the reasonable rent for the unit as most recently determined or redetermined by the PHA in accordance with HUD requirements.

What if you want to make any changes? Good News! Sections of the HAP Contract explain how you can do this!

- Changes the Lease or Rent
 - Outlined in Part C of HAP Contract: Tenancy Addendum, Section 18
- Termination of the tenancy by owner
 - Outlined in Part C of HAP Contract: Tenancy Addendum Section 8, part A, B, C and D

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HAP CONTRACT OVERVIEW- PART C OF HAP CONTRACT TENANCY ADDENDUM

Part C of the Housing Assistance Payments (HAP) contract is the Tenancy Addendum, which must be attached to the lease agreement.

Importance

1. Ensures compliance with HUD regulations.
2. Protects participant and landlord rights.
3. Clarifies lease terms and responsibilities.


Key Components

1. Lease Requirements:
 - Outlines lease terms and conditions.
2. Rent and Utilities:
 - Specifies rent, utilities, and payment responsibilities
3. Occupancy:
 - Defines household composition and occupancy requirements.
4. Term and Termination:
 - Establishes lease duration and termination procedures.

Part C of HAP Contract: Tenancy Addendum

2. Lease
 - a. The owner has given the PHA a copy of the lease, including any revisions agreed by the owner and the tenant. The owner certifies that the terms of the lease are in accordance with all provisions of the HAP contract and that the lease includes the tenancy addendum.
 - b. The tenant shall have the right to enforce the tenancy addendum against the owner. If there is any conflict between the tenancy addendum and any other provisions of the lease, the language of the tenancy addendum shall control.

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HAP CONTRACT OVERVIEW- FRAUD-PROHIBITION OF SIDE PAYMENTS


Owner/Manager Or Tenant Fraud

Incidences of fraud, willful misrepresentation, or intent to deceive about any federally subsidized housing program are a criminal act. If you are suspected of committing any fraudulent actions, we are required to refer the matter to the proper authority for appropriate action. This could result in you being accused of a Federal crime. You could also be terminated from participation in the program.

Some examples of fraud involving owner/managers identified by the Office Inspector General's investigation include:


- Requiring side payments in excess of the family share of the rent. Any payment in excess of the rent must receive prior approval from the PHA;
- Collecting assistance payments for units not occupied by Housing Program tenants; and
- Bribing PHA employees to certify substandard units as standard.

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RENT CALCULATION CHANGES

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BACKGROUND: HOUSING ASSISTANCE PAYMENT (HAP) FORMULA

Lease Rent

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Tenant Portion

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HAP


Affected by:

- Changes in market rents
- Rent increase requests
- Leasing in higher cost areas

Affected by:

- Tenant income
- MTW rent reform activities

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FUNDING CHALLENGES

Funding has not kept up with rising Housing Assistance Payments (HAP)

- Rising Market Rents
58% increase in average MTW Local Payment Standards
- Moving to Work Per-Unit Cost (PUC) change – 64%
March 2019: \$753 to March 2024: \$1,234
- Funding increase of 40% since 2019
- Anticipated funding deficit of \$12 million annually

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36% RENT TIER IMPLEMENTATION

- Streamlined Lease Assistance Program (SLA) is a tiered rent program
 - Term Limited Lease Assistance Program (TLA) utilizes SLA rent calculation
 - Most households are at the 30% rent tier
 - Tenant pays 30% of gross monthly income for rent
 - Under the SLA program, the tenant portion may increase to 36% of gross monthly income if program funding is inadequate to support the households on the program

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36% RENT TIER IMPLEMENTATION

- Effective April 1, 2025, all career-able households will be moved to the 36% (approximately 4,000 participants)
 - Affected tenants received notice in September/October
 - Rent portion changes will be processed in January with an effective date of April 1
 - Notice of Change to the rent portions will be sent to landlord and tenant
- Elderly/Disabled households will not be increased to the 36% tier at this time

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36% RENT TIER IMPLEMENTATION

- Implementation of 36% tier has anticipated cost reduction of \$6 million annually
- Other cost saving measures implemented:
 - Suspension of Signing Bonus Program
 - Suspension of housing search services and financial assistance
 - Temporarily reducing number of households receiving assistance by not pulling from the waiting list
 - Billing initial agencies for portability transfers to San Bernardino County
- Further analysis is being done on other possible cost reduction measures

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INSPECTION STANDARDS UPDATE



- Status of NSPIRE Inspection Standards – delayed until 2025 (Date TBD)
- New smoke alarm requirements effective December 23, 2024
 - Smoke alarm must be hard wired or have sealed, 10-year battery

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


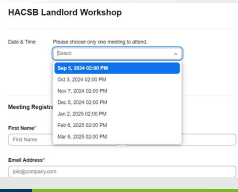
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HOUSING AUTHORITY UPDATES

- Landlord Workshop – 1st Thursday of each month at 2pm

Reserving your spot

- Visit: <https://hacsb.com/becoming-a-landlord/>
- Click "RSVP Here" button 
- Select workshop date and provide your information



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