

A Landlord's Guide
to the
Housing Choice Voucher Program



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1 Introduction

Welcome to The Housing Authority of the City of Lumberton (HACL) and its Housing Choice Voucher (Section 8) Program. In order to introduce you to this program, we have assembled information that will enable you to understand how the Housing Choice Voucher (HCV) program works and to point out the advantages of being a participating landlord.

This manual will explain HACL's policies and procedures regarding tenant selection, security deposits, rent and utilities, inspections, terminations, and other important information. We also invite you to visit our website <http://www.hacl014.com> to obtain additional information about Section 8. On our Website, you can view and download copies of many of the forms referenced in this guide. We hope that the information provided here and on our Website, will give insight into how the HCV program can be both beneficial and profitable.

HACL has HCV funding for over 500 units. HCV families come to us through different ways, such as the waiting list and portability from other jurisdictions. These families represent hundreds of persons seeking affordable housing. As a result, the need for quality affordable housing is tremendous.

HACL's goal is to expand housing opportunities for HCV families in low poverty areas, and other areas which have not traditionally participated in the HCV program. This goal also includes improving the quality of units in the areas we already serve. With your assistance we can reach our goal.

We appreciate your interest in the Housing Choice Voucher Program and we look forward to a successful working relationship with you. Please contact us if you have any questions, comments, or suggestions.

Thank you.

2 Background

2.1 What is Housing Choice Voucher?

The Housing Choice Voucher Program was created by the Housing and Community Development Act of 1974 as amended, and is funded by The U. S. Department of Housing and Urban Development (HUD). This program provides rental assistance to low-income families in the private rental market. The program was designed to achieve the following goals:

- ◆ To provide improved living conditions for low-income families while maintaining their rent payments at an affordable level;
- ◆ To promote freedom of housing choice and integrate lower income and minority families into mainstream society;
- ◆ To provide decent, safe and sanitary housing for eligible participants; and
- ◆ To provide an incentive to private owners to rent to lower income families by offering timely assistance payments, a pool of families to select from, and regular inspections to insure upkeep of the property.

2.2 Cycle of Housing Choice Voucher Participation

Both HCV applicants and landlords are sometimes confused as to how families enter into participation in the HCV Program. Simply completing an application with the Housing Authority does not give the family housing assistance. Similarly, just because a dwelling unit meets Housing Quality Standards does not mean a prospective tenant will receive HCV assistance. Progression from applicant to renter is a multi-step process, as outlined on the following page.

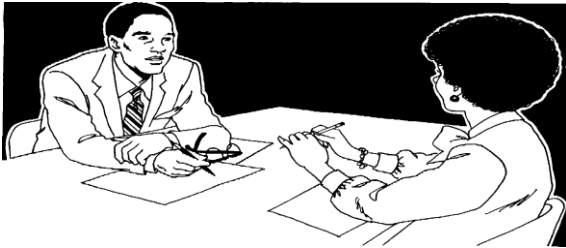
2 Background

STEP 1- The Initial Application

Families complete an initial application. The Authority performs verifications to determine eligibility. If eligible, the family is placed on the waiting list pending availability of a Housing Voucher.



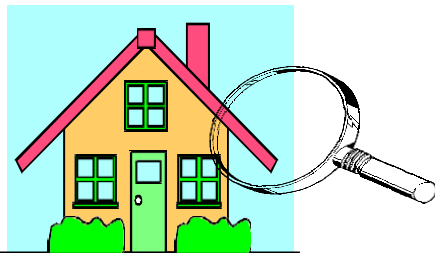
STEP 2 - Receiving the Voucher



When the family's name is selected from the waiting list, an enrollment interview is scheduled. Final verification of family income and composition is performed. The family receives a briefing on the rules and regulations of the HCV Program and is issued a Housing Voucher. Now the family may look for a dwelling to rent.

STEP 3 - Selecting a Dwelling

Once the family has been issued the Housing Voucher they have 60 days to find a suitable dwelling. It is the family's responsibility to locate a dwelling, not the Authority's.



STEP 4 - Dwelling Inspection

Once a dwelling is located the Owner submits a Request for Tenancy Approval (RFTA) to the Authority. Submission of the RFTA will trigger the initial Housing Quality Inspection. The Authority must complete the inspection within fifteen (15) days of receiving the inspection request.

STEP 5 - Rent Negotiation

The rent for the dwelling is set by the owner. However, the rent charged must be reasonable and in accordance with Authority guidelines.

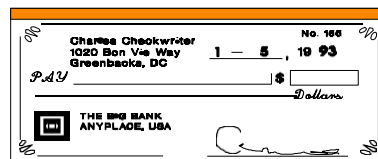


STEP 6 - Execution of Documents

The family and the landlord will sign the lease. The Authority is not a party to the lease. The landlord and Authority will execute the Housing Assistance Payment (HAP) Contract. The family is not a party to the HAP Contract.

STEP 7 - Receiving Payment

After all documents are signed and the family moves in, housing assistance payments will begin after the housing unit passes HQS inspection. It is Authority policy to prorate payments from the date the lease and HAP Contract take effect. All future payments will be made by the fifth working day of each month.



2 Background

2.3 Roles and Responsibilities

The Housing Choice Voucher (HCV) Program is a partnership between the Housing Authority, the landlord and the assisted family. HACL and the landlord enter into a Housing Assistance Payments (HAP) Contract to establish the subsidy arrangement. The landlord and the assisted family enter into an Assisted Lease Agreement that governs the landlord/tenant relationship.

THE HOUSING AUTHORITY 'S RESPONSIBILITY

Receive applications from interested families and determine program eligibility.

Explains and disseminates information about the program to families and landlords.

Issues the Housing Voucher to the family.

Inspects and certifies that the dwelling meets Federal Housing Quality Standards.

Approves the dwelling, the lease and the landlord's participation.

Executes the HAP contract with the landlord.

Makes housing assistance payments to the landlord on behalf of the family.

Ensures that both the family and the dwelling continue to qualify for program participation.

Monitors compliance by the family and the landlord with program regulations.

THE LANDLORD'S RESPONSIBILITY

Screen families to determine if they will make good residents.

Comply with the terms of the HAP contract with the Authority.

Maintain the dwelling in decent, safe and sanitary condition. Make necessary repairs in a timely and professional manner.

Collect rent due from the family in a timely manner and enforce the lease.

THE FAMILY IS OBLIGATED TO

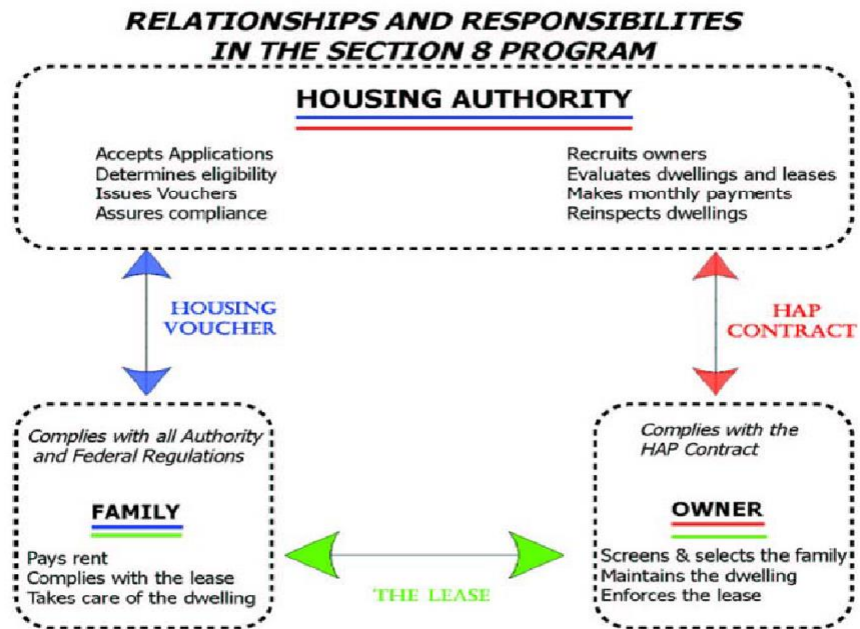
Supply the Authority with complete and accurate information concerning family composition and income and comply with all applicable rules and regulations.

2 Background

Make a good faith effort to find a dwelling which qualifies for the HCV Program and is appropriate for their family size.

Allow for annual inspection of the dwelling and annual re-certification of family status.

Comply with all terms of their lease with the owner.



3 Landlord Participation

3.1 Advantages of being a Landlord in the Housing Choice Voucher Program

Low Vacancy Rate

You would never have to worry about finding tenants to fill vacancies, because Voucher holders are always looking for good, standard units. The HCV Department strives to refer new participants from the waiting list and current participants who are looking for a change in housing.

Good Residents

The probability of your selecting a good resident is high because you will always have several participants to choose from. The choice is yours and you make the selection based on your own selection criteria. By agreeing to participate in the program you are not required to select an HCV tenant if the tenant does not meet your requirements. In addition, because you select one HCV family you are not automatically required to lease all of your units to HCV participants. Application fees are acceptable. The review of renter references is encouraged. As in all cases, fair housing is the law.

Maximum Up Keep of Your Property

Since your property will be inspected initially and at least once a year thereafter, you will always know the condition of your property. Coupling this with your own periodic checks, you will be able to ensure that your property is maintained at its highest level. This is particularly important if, someday, you consider selling your property.

Rent Whether Resident Has Income or Not

Most participating families are protected should they ever experience a loss of income. HACL will normally increase its portion of the contract rent. Even if a family has chosen a larger unit and is paying the difference in the rent, the family's portion will decrease and HACL's portion will increase. When a market renter loses his/her job, what recourse do you have if they can't pay the rent? Slow pay, repayment arrangements, and eviction often follow. The HCV program is definitely a bonus in this situation.

3 Landlord Participation

Reduced Paperwork

Leases and contracts are prepared at the HCV office; we do the paperwork for you. Most landlords start off with just one unit and continue to add units as they learn the process, the paperwork flow, and the numerous advantages of HCV participation.

3.2 Steps on Becoming a Housing Choice Voucher Landlord

Prior to participating in the HCV Program, the Authority requests all prospective landlords to attend a "Landlord Briefing". The Briefing explains in detail the rules, regulations and procedures of HACL's HCV program. You may arrange for a briefing at any time by scheduling an appointment with an Authority representative.

STEP 1 – Finding A Tenant

Locating prospective tenants is no different in the HCV Program than in the private rental market. However, the HCV Program offers the added benefit of an available pool of renters looking for housing units. If you wish, the Authority will give your name and general information about your unit to families who have been issued a Housing Voucher. To take advantage of this service you need to list your property with the Authority. Please note that the Authority WILL NOT steer specific families to a particular owner or rental unit. We will however, furnish families with information about units that we know are currently available.

STEP 2 – Selecting the Right Tenant

Many landlords wrongly believe that the Housing Authority screens applicants and actually selects eligible families for rental units offered to the program by willing landlords. In other words, they believe their HCV residents are HACL's tenants. This is a major misconception.

The HCV family renting your house or apartment is your tenant, not the Authority's. For better or for worse, you have selected the family and must assume the responsibility for your choice. This responsibility applies to both private market rentals and HCV assisted tenants.

3 Landlord Participation

Finding the ideal family requires an astute awareness of what makes a good tenant. It is your responsibility as the landlord to screen and select a prospective tenant using whatever criteria you have established for resident selection, as long as your screening and selection practices are in compliance with the Fair Housing Law. The HCV office will not be involved in your selection of families.

To help you determine the suitability of a family, several options are open to you. Some of those options are:

- ◆ Contact former landlords regarding rental payments and care for the unit and premises.
- ◆ Contact utility companies for payment history.
- ◆ Make inquiries on sources of income, talk to employers for references.
- ◆ Make inquiries of any past evictions and reasons for evictions.
- ◆ Make inquiries of any drug-related or criminal activity.
- ◆ Arrange to meet the family at their current residence to see, first-hand what sort of resident they are.
- ◆ Consider obtaining a credit history.

At this point you should also verify the family's Housing Voucher. Only when a family has reached the top of the waiting list are they issued a Housing Voucher that authorizes them to search for housing. Check the expiration date to make sure the family is still eligible for HCV assistance. Housing Vouchers are good for 60 days after issuance. Also check to see that the dwelling in question matches the bedroom size on the family's Voucher. The Authority will only make rental payments based on the bedroom size noted on the Voucher, irrespective of the size of the dwelling actually rented.

Step 3 - Completing the Move-in Paperwork

Once the landlord has selected a tenant with a Housing Voucher, it is time to complete the move-in paperwork. The paperwork starts the inspection process; it will also tell you who the Occupancy Specialist is for your tenant.

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The Housing Specialist is a case manager who will manage the family's participation during the entire time they are involved with the HCV program. The Housing Specialist is responsible for computing the amount of the tenant rent and the housing assistance payment to the landlord, as well as preparing contracts and leases for signature. This is the Authority employee you will call for all inquiries concerning the family's tenancy in your unit.

The approval process begins when the family returns to their Housing Specialist, the following papers, which you have completed for them:

1. Landlord Information Form: This form is used to provide the Authority with basic information about you.
2. Request for Tenancy Approval (RFTA): The RFTA is used to provide information about the dwelling and the payment of utilities. The RFTA also contains a certification that the property owner is not related to the prospective tenant. It is very important that you read this form carefully and provide all the required information.
3. The Request for Taxpayer Identification Number and Certification: As in all matters relating to the reporting of income to the IRS, HACL wants to ensure the accuracy of its records. It is important that the reported income is correct and is applied to the correct tax identification number. For this reason, you must complete an IRS W-9 form (please see Chapter 7 for additional information on the W-9).

Step 4 – The HQS Dwelling Inspection

A unit ready for participation in the HCV program must be inspected by HACL before any housing assistance payments for that dwelling can be made. An initial inspection must be conducted before any assistance payments begin, regardless of the date of the previous inspection. This inspection is conducted with the landlord or the landlord's agent, not with the family. HACL will not make assistance payments until the unit passes inspection.

3 Landlord Participation

We suggest that, before scheduling an initial inspection, you conduct your own informal property inspection, take notes on needed repairs, and proceed with the corrective action. The Rent Ready Criteria listed in section 4.3 provides a generalized checklist used to determine a rent ready condition for a unit. By having the unit in rent ready condition, you will find that the initial inspection will proceed much more smoothly and the vacancy period for the unit will be reduced considerably.

The entire inspection process including a description of the Housing Quality Standards is covered in greater detail in Chapter 4.

Step 5 – Setting the Rent

Whenever a new rental unit is offered to the HCV Program, the Landlord's first question often is, "How much is the rent going to be?" HACL's response is usually another question, "How much are you asking?" And so, the rent negotiation process begins....

We would like to bring new dwellings onto the program at the Landlord's requested rental rate. Unfortunately, this is not always possible. In negotiating rental rates, the Authority must consider the following factors:

1. HUD's HCV Payment Standard
2. The size of the unit based on the number of bedrooms
3. The utilities and other services paid by the tenant
4. Rent Reasonableness
5. Rent previously charged for the dwelling.

HACL establishes a "payment standard" for each bedroom size in the Voucher Program. There is a published rate for efficiency through six-bedroom size dwellings. The payment standard represents the maximum amount of rent the Authority is able to subsidize.

The payment standard represents rental rates that include all utilities. So, if the tenant is responsible for a utility or service, this will, in turn, reduce the payment standard by an allowance given to the family to offset their utility expense. If the actual rent exceeds the payment standard, the tenant pays the difference to the landlord. Please be aware however, that at the time of initial lease up, tenants are prohibited by law from paying more than 40% of their income for rent.

Once HACL has determined its maximum subsidy payment allowable, the final step is to make a rent reasonableness determination. Rent reasonableness is simply HUD-talk for a private market survey. The Authority must determine whether the proposed rental rate is reasonable based on the rents charged for comparable units in the unassisted market.

3 Landlord Participation

Hopefully, upon completion of the rent negotiation process, the landlord's proposed rental rate will have been approved. Although this will not always be the case, however, we believe the advantages of renting your unit through the HCV Program will far outweigh any small variance in the requested rental rate.

Step 6 – Lease and Contract Signing

Now that you have selected a tenant, the unit has passed inspection and the rent has been determined, it is time to sign the legal and binding documents: The Assisted Lease; Housing Assistance Payments Contract; and Tenant and Landlord Statement of Responsibility.

Before executing these documents, the landlord must provide proof of ownership of the property with a copy of either the deed or recent property tax bill. If there is an agent managing the unit for the landlord, a management agreement giving him/her the authority to manage the property and execute documents on behalf of the owner must also be provided.

The Assisted Lease is a contract between the landlord and the tenant establishing the rights and responsibilities of both parties. The lease gives the family the right to occupy and use the interior and exterior of the unit for a specific period of time in accordance with the terms and conditions of the lease. HACL has developed an Assisted Lease that contains all the required HUD lease provisions. The Authority lease provides inclusive rights for both the landlord and the tenant. If a Landlord chooses to use his/her own lease, it must be approved by HACL before the tenant can sign the agreement and a copy of a HUD Lease Addendum must be an attachment to the landlord's lease. The Authority Assisted Lease (or the landlord's HACL approved lease) agreement takes precedence over and voids any other lease that the landlord may have executed with the tenant prior to the HAP Contract with HACL.

The Housing Assistance Payments Contract is between the Landlord and HACL. Part A contains all contract information such as: name of Tenant, dwelling address, initial rent to owner, etc.; Part B contains all of the contract terms.

The Tenant and Landlord Statement of Responsibility is a statement signed by the tenant and landlord that acknowledges and explains some of the more important move-in rights and responsibilities that are discussed in this guide. Either the Assisted Lease or the HAP contract or both cover these important issues.

The Housing Specialist will call you and the tenant to establish the move-in date once the unit passes inspection. If the tenant is currently in the unit, the lease will start the day after

3 Landlord Participation

the passed inspection. If the unit has passed and the tenant has not moved in the unit, you and the tenant must agree on a date you will give the keys to the tenant and come to HACL's office to sign all documents. The tenant must sign all documents before moving in. The Housing Specialist will mail you a Signing of Documents Notice as a reminder that the documents are ready for your signature. In order to receive timely payment, you and the tenant must sign documents promptly.

NOTE: If a tenant moves in before the unit passes inspection and contract signing, the tenant will be responsible for 100% of the contract rent until the unit passes and all documents are signed.

Once you have signed all documents, you will receive a Lease and Payment Notice advising you of the payment break down for the Authority and the tenant. This will also alert you to the next annual reexamination date. Please make sure you receive a copy of all documents that you sign for your records.

Step 7 – Receiving Payment

Once all the various documents have been executed the Authority will process your initial rent payment. Generally, you can expect to receive your initial payment by the 5th of the following month of document execution. The Authority distributes routine monthly rental payments by the fifth working day of the month.

The Authority offers landlord's the option of having their payments electronically deposited directly into a checking or savings account. Landlords are strongly encouraged to select this electronic payment option. Electronic payments will appear in your selected account the day following release by the Authority, thus avoiding the delay associated with mailing a paper check. In addition, electronic payment eliminates the possibility of a mailed check being lost or misdirected. You can download the electronic payment enrollment form from the document library section of our website. Direct deposit is required.

4 Dwelling Inspections

4.1 Types of Inspections

Rental units subsidized by the HCV Program must meet Housing Quality Standards. To ensure that minimum standards are being met, HACL is required to inspect each unit prior to occupancy and on a periodic basis. The following will briefly highlight the important aspects of the inspection process:

Housing Quality Standards Inspection Report: Regardless of the type of inspection, the landlord will always be provided an HQS Inspection Report. This Report will list the deficiencies and designate a deadline for their correction. It may also list items that are inconclusive. Inconclusive items are items about which the inspector needs additional information to determine whether they will pass or fail. After researching this information, the inspector will notify the landlord of his/her decision regarding the pass/fail status of the item. Another term sometimes found on this report is PWC (Pass with Comment). This term will alert the landlord to a problem that does not fail now, but may be a potential problem in the future. It is the landlord's responsibility to contact the Authority once the necessary repairs have been completed. If you have any questions regarding the noted deficiencies or the time allowed, please contact the Housing Specialist upon receipt of the report, and they will be happy to discuss the items with you.

Initial Inspections: A unit ready for occupancy must be inspected before the family can move in or begin receiving an HCV subsidy. An initial inspection must be conducted before a new family moves in, regardless of the date of any previous HACL inspection. This inspection is conducted with the landlord or the landlord's agent, not with the family. HACL will not make assistance payments until the unit passes inspection. If the necessary paperwork is in order, the assistance payments will begin the day the family is scheduled to move in, or in the case of an in-place family, the first day following the date the unit passed inspection. Under no circumstances is a family to move in without receiving HACL's authorization. The Inspector cannot give this authorization. The Housing Specialist will give the authorization for the move-in date. A family moving in without appropriate authorization will be responsible for making the total rent payment. The landlord will have no recourse against the HACL for payment of rent for any period of time not covered by the HAP Contract.

Annual Inspections: Every year an annual inspection of the assisted unit must be conducted. This inspection, which is conducted to insure compliance with HQS, is conducted with the family. Allowing the unit to be inspected annually is a family's obligation and failure to cooperate will result in termination from the program. The landlord and tenant are notified in advance and in writing of the scheduled inspection. It is recommended that, if the landlord desires to be present for the inspection, they contact the Housing Specialist for a more specific appointment time. This inspection will typically be scheduled during the same month as the previous year's inspection.

The landlord and the tenant receive written notification of any deficiencies found during the inspection. It is the landlord's responsibility to make any necessary repairs within 30 days or less as indicated in the written notice. Any tenant caused deficiencies must be worked out between you and the family and corrected before HACL can pass the dwelling.

4 Dwelling Inspections

No extensions will be granted unless the landlord can substantiate a reason for the extension and HACL can determine that the required repairs warrant a time extension due to the nature of the repairs. And that the deficiencies to be corrected do not pose a serious threat to the health and safety of the tenant family.

If the landlord fails to complete the repairs and have the unit re-inspected and passed by the established date, HACL will abate assistance payments as of the first day following that date. For example: a dwelling was inspected on May 15 and the deadline for completing the repairs was June 14. Since the cutoff date is June 14, your June check will be prorated for 15 days. If the repairs are completed by June 14, the remainder of June's payment, June 15 through 30, will be paid on July's check. Please note that HACL's cutoff date for checking process is the 21st day of each month. If the required repairs have been completed and the unit re-inspected by the 21st of the month, proration of the following months check will not be necessary.

Special Inspections: Special inspections may be conducted at any time during the term of the HAP Contract, and may involve either a response to a reported complaint or an apparent violation by either the landlord or tenant that requires a site visit. Depending on the type of violation, the deadline for repairs varies from 24 hours to 30 days.

Quality Control (QC) Inspection: HACL has a public responsibility to ensure that units receiving HCV assistance are safe, sanitary, and decent as determined by the Housing Quality Standards. HUD requires the Authority to monitor its housing quality program through quality control inspections. To meet these objectives, HACL randomly samples at least 5% of approved units for inspection. Therefore, it is quite possible for any unit to be inspected again within thirty days of the last inspection. An HQS inspection report may be generated by this inspection.

Reminder: As soon as the necessary repairs are completed, as in all inspection situations, it is very important that you inform the Authority that the unit is ready. You may notify the Authority that the dwelling is ready for reinspection by telephone, fax or email. Once again, if you ever have a question about the content of a HQS Inspection Report, please call the Authority as soon as possible. In the long run, you will discover that keeping in touch with the Authority will save you time, and money.

4 Dwelling Inspections

4.2 Basic Housing Quality Standards

All dwellings assisted under the HCV program MUST meet the following requirements:

- ◆ Sanitary Facilities: A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a shower or tub with hot and cold running water shall be present in the dwelling unit, all in proper operating condition.
- ◆ Food Preparation and Refuse Disposal: Cooking stove or range top with either an oven or microwave and a refrigerator of appropriate size for the unit, supplied by either the landlord or the family and a kitchen sink with hot and cold running water shall be present in the unit. Adequate space for the storage, preparation and serving of food shall be provided.
- ◆ Space and Security: The dwelling unit shall contain a living room, kitchen area and bathroom. The dwelling unit shall contain at least one bedroom or living/sleeping room of appropriate size for two persons. Persons of opposite sex, other than husband and wife or very young children under 10 years of age, shall not be required to occupy the same bedroom or living/sleeping room. Exterior doors and windows accessible from outside the unit shall be lockable.
- ◆ Smoke Detector: The dwelling unit shall contain a working smoke detector on every level and in an appropriate location to provide maximum warning to occupants should a fire occur.
- ◆ Thermal Environment: The dwelling unit shall contain safe heating that is in proper operating condition and provides adequate heat to each room in the dwelling unit, appropriate for the climate to assure a healthy living environment.
- ◆ Illumination and Electricity: Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. Living and sleeping rooms shall include at least one window. A ceiling or wall type light fixture and at least one outlet shall be present and working in the bathroom and kitchen area. At least two electric outlets or one outlet and an overhead light, shall be present and operable in the living area and each bedroom.
- ◆ Structure and Materials: Ceiling, walls and floors shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts or other serious damage. All floors must be covered (e.g., linoleum, carpet, rugs, hardwood, sealant, paint). The roof structure shall be firm, and the roof shall be weather tight. The exterior wall structure and exterior wall surface shall not have any serious defects such as serious leaning, buckling, sagging, cracks, holes or loose siding.

4 Dwelling Inspections

The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., shall be such as not to present a danger of tripping or falling. All stairs with four or more steps require handrails; porches and balconies more than 30 inches high require guardrails. Elevators shall be maintained in safe and operating condition.

- ◆ Interior Air Quality: The dwelling unit shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful air pollutants. Air circulation shall be adequate throughout the unit. Bathroom areas shall have at least an operable window or other adequate exhaust ventilation.
- ◆ Water Supply: Either public or private sanitary water supply is acceptable.
- ◆ Lead Based Paint:
 - ◆ Units that were constructed prior to 1978 and are occupied by a child younger than 6 must be inspected for defective paint on all interior and exterior painted surfaces of a residential structure.
 - ◆ Units that were constructed prior to 1978 and are occupied by a child younger than 6 with elevated blood level (EBL) must receive treatment to all intact and non-intact interior and exterior painted surfaces of a residential structure.
 - ◆ Units that were constructed prior to 1978 and are occupied by minors over 6 years old can have some defective paint conditions and pass inspection.
 - ◆ Access: The unit must have a private entrance without going through another dwelling unit. The building shall provide an alternate exit in case of fire.

In addition, at least one window in each bedroom must be of sufficient size to permit the occupants to escape a fire and also to allow a fully outfitted firefighter to enter.

An egress window must satisfy all four International Residential Code (IRC) criteria:

- ◆ Minimum width of opening: 20 in.
- ◆ Minimum height of opening: 24 in.
- ◆ Minimum net clear opening: 5.7 sq. ft. (5.0 sq. ft. for ground floor).
- ◆ Maximum sill height above floor: 44 in.

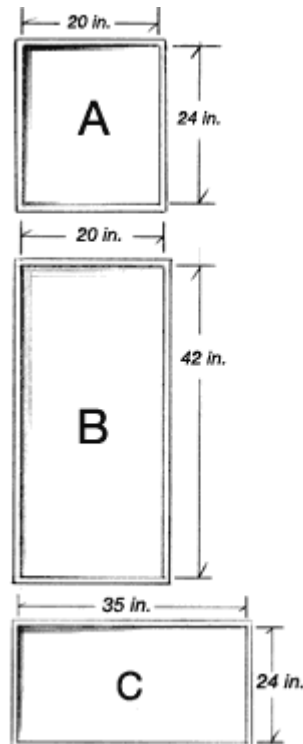
The diagram on the next page illustrates the relationship between window width and height.

4 Dwelling Inspections

At first glance, you might assume that a 20-in. by 24-in. window (**A**) would be acceptable for egress. Those dimensions would yield a net clear opening of only 3.3 sq. ft.

To achieve the required net clear opening of 5.7 sq. ft., a 20-in. wide window (**B**) would have to be 42 in. high.

Likewise, a 24-in. high window (**C**) would have to be 35 in. wide.



Please note: If a dwelling does not offer adequate emergency egress it cannot be approved for participation in the HCV program.

- ◆ Site and Neighborhood: The site and neighborhood must be reasonably free of conditions that would endanger the health and safety of residents, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, excessive accumulations of trash, vermin or rodent infestation, and/or fire hazards.
- ◆ Sanitary Condition: The unit and its equipment must be free of vermin and rodent infestation.

4 Dwelling Inspections

4.3 Rent Ready Criteria

The following criteria are provided as a general checklist used in determining a rent ready unit for HCV participants and serve as a guide in preparing for the inspection. Other items not listed below may cause the unit to fail. All county, city and state codes must be followed.

1. All utilities on and operating safely.
2. Roof, gutter, fascia boards, foundation and exterior walls structurally sound and weather tight.
3. Windows and exterior doors function properly, weather tight, and lockable.
4. Window screens installed on all windows, if unit does not have a properly working A/C.
5. Bathroom doors must lock. Bedroom doors are not required to lock.
6. Stairs, porches and rails must be structurally sound.
7. Handrails for stairs, and guardrails for porches, if required. Generally, 4 or more steps for stairs require handrails, and porches 30 inches above ground require guardrails.
8. Properly installed smoke detector on each level of dwelling unit.
9. Adequate heat to all rooms used for living.
10. Water heater properly installed and operable.
11. All plumbing properly installed, leak free and properly vented as required.
12. Approved refuse disposal provided.
13. Site and interior of house free of garbage, debris and infestation.
14. Unit must be vacant and free of any landlord possessions (No storage of any kind including automobiles, furniture, etc.).
15. Stove and refrigerator must function properly and safely.
16. All interior walls, floors and ceilings are safe, structurally sound and weather tight.
17. All painted surfaces free from peeling, chipping, scaling and loose paint.

4 Dwelling Inspections

18. Safe and sanitary conditions throughout.
19. Provide adequate and properly functioning electrical outlets, switches and fixtures.
20. All rooms of unit must be accessible and bedroom ceiling must be at least 7ft.

4.4 Common Deficiency Items

The following is a list of deficiency items that commonly fail on the first inspection:

1. Lack of screens on all windows (unless the dwelling has an air conditioning system designed to cool the entire unit).
2. All utilities not turned on and functioning.
3. Appliances which do not function properly. Refrigerator door gaskets are torn or do not provide a tight seal. Burners on gas range do not light.
4. Trip hazards from carpet or other flooring.
5. Repairs not made in a reasonable, workmanlike manner.
6. Our goal is to avert future trouble and to this end, the inspector must make a judgment call as to how well repairs will hold up and serve their purpose.
7. Missing or inadequate weather stripping on doors and/or windows. Weather stripping should be of the permanent type such as brass spring metal, or metal strips with rubber channels. Foam rubber adhesive stick on types are not acceptable for permanent repairs.
8. Plumbing leaks repaired with tape or caulking. All plumbing leaks should be repaired in a professional manner by replacing seals, gaskets, and pipes as necessary.
9. Gas burning water heaters or furnaces installed in bedrooms and bathrooms, or in the closets of these rooms.
10. Unvented fuel burning space heaters present in the dwelling.
11. Bathroom has no means of ventilation. All bathrooms must have either an operable window or exhaust fan.
12. Missing or broken electrical outlets and cover plates.
13. Missing screens or foundation vents, and open crawl space doors.

4 Dwelling Inspections

14. Only one means of egress for the bedroom. All bedrooms must have two means of egress. If a dwelling does not offer adequate emergency egress it cannot be approved for participation in the HCV program.

5 Under Contract

5.1 THE ANNUAL AND INTERIM RECERTIFICATION PROCESS

The circumstances of every family assisted by the HCV Program must be reviewed at least annually in order to determine program compliance, continued eligibility, and the tenant rent. Their income and family size are re-verified. A family can be terminated from the program if the family does not comply with the re-certification process.

The review or re-exam process starts ninety (120) days before the re-certification date, which is the anniversary date of the move-in. The landlord and the family are notified of the re-certification results with the Amendment to Housing Assistance Contract form. This form reflects the change in tenant rent and housing assistance payments, family composition, and the effective date of the re-certification. This process is in accordance with the terms and conditions of the HAP Contract. All other covenants, terms and conditions of the original HAP Contract and/or Lease Agreement remain the same.

If you want to modify the terms of the lease you must offer the family the revised lease at this time. Written notice of sixty (60) days is required before the proposed beginning date of the new lease term. Please note that a new lease is not required for a change in the contract rent.

The annual re-inspection is conducted during this process. Landlords should be proactive in the managing of their units by inspecting the unit before the annual inspection. This gives you the opportunity to observe whether the family is maintaining the unit in the same condition that they received it. Making any repairs before the actual inspection will save you both time and money if the unit meets HQS when HACL conducts its inspection.

An interim re-certification will reflect changes that occur between the initial and subsequent annual re-certifications. If a family's income or family composition changes, the family must notify HACL immediately. These changes may result in an increase or decrease in the HAP payment. If there is a decrease in the HAP payment the landlord will be notified thirty (30) days before the actual change takes place. The Amendment to the Housing Assistance Contract form is also used to reflect interim changes.

5.2 Annual Rent Increases

Landlords are constantly concerned with rising costs and whether rent revenues will cover their operating expenses while allowing for a reasonable return on their investment. Landlords may ask for rental increases on an annual basis at recertification.

Before the rent can be increased on an assisted unit, the landlord must file a written request and it must be approved by HACL. Owners are encouraged to complete the Authority's "Owner Request for Rent Increase" form (available on our website) when requesting a rent increase. The Authority will evaluate all rent increase requests to determine whether the proposed rent is reasonable based on the rents charged for comparable rental units in the unassisted market.

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Rent reasonableness plays a very important role in determining what rent HACL can approve for an HCV assisted lease and, of course, the annual increase for that lease (see Chapter 7 for a further discussion of Rent Reasonableness). If the rent reasonableness test supports the proposed rent, the proposed rent will be approved.

The landlord must give the tenant at least a sixty (60) day written notice of a proposed rent increase. A copy of this notice must be given to the Authority. If it is determined that the tenant was not given sufficient notice of the increase and/or that the proposed rent is not reasonable in relation to rents charged for comparable rental units, then the proposed rent will not be approved at the time the owner submits the request. It is against HUD regulations to charge an HCV assisted tenant more than a non-HCV tenant. HACL has the responsibility to counsel participant families in the areas of rent negotiation and affordability of rents.

The landlord must also provide the Authority with information regarding the utilities and other services included in the rent. This information will be verified and used in evaluating the landlord's request for a rent increase.

5.3 Change of Ownership

Sometimes, the landlord who signed the HAP Contract sells an assisted unit and the new owner wants to continue receiving housing assistance payments.

The following questions and answers explain the process to effect a change of ownership.

- Q. What are the steps a property owner should take when selling a unit occupied by an HCV family?
- A. If the family is in the first year of the lease term, the prospective buyer must agree to assume the terms of the current lease and contract. If the lease term has gone over the first initial 12-month period, the new owner can ask the family to vacate with a 60-day written notice.

The steps to follow when the family is to remain in the unit are as follows:

- ◆ Send HACL a letter indicating the date of purchase and the name, address and phone number of the new owner.
- ◆ The new owner must sign a Statement of Intent form confirming his/her intent to honor the housing assistance contract and lease, as well as, inform us where the rent checks are to be mailed.
- ◆ The new owner will have to fill out a W-9 IRS Tax form giving us the Social Security or Tax I.D. number.
- ◆ A copy of the revised property deed is required.

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- ◆ A new HAP contract will be prepared for the owner's and HACL's signatures. A copy of the lease addendum identifying the new owner must be provided to the Authority. Please note this addendum must be signed by both the landlord and tenant.

Q. Can the new owner ask for an increase in the rent?

A. Yes, if there has not been an increase in the last twelve months. When the new HAP contract is executed, a new rent can be negotiated.

6 Move Out

6.1 LEASE TERMINATIONS

Assisted families have become more aware of their responsibilities as tenants since HUD added stricter requirements to the HCV Family Obligations. Families can now be terminated from the HCV program if they commit any serious or repeated violations of the lease, criminal activity, damage the unit or the premises, or fail to maintain their utilities. The revised Family Obligations reinforce the need for families to be responsible tenants and program participants while making them aware that they are accountable for their actions under the assisted lease.

As stated before, the initial term of the lease is one year and renews on a month-to-month basis unless terminated by the landlord or the tenant. The tenant must give the landlord at least thirty (30) but not more than sixty (60) days written notice that they intend to vacate the unit. Landlords should provide the Authority with a copy of the tenants vacate notice as soon as it is received. Tenants are not required to give a reason to vacate. However, breaking the lease or giving insufficient notice may jeopardize their continued participation in the HCV program.

The landlord, may only terminate tenancy in accordance with the lease, lease addendum and the HAP Contract. During the initial term (the first year) of the lease or during any renewal term, the landlord may only terminate the tenancy because of:

- ◆ Serious or repeated violation of the lease;
- ◆ Violation of Federal, State, and Local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises;
- ◆ Criminal activity;
- ◆ Other good cause. During the first term of the lease there must be something that family did or failed to do. Some good cause examples are: disturbing the neighbors, damaging the property, or poor housekeeping habits that cause damage to the unit or the premises.

After the initial term of the lease, the landlord may terminate the lease for any good cause listed below:

- ◆ Tenant failure to accept the offer of a new lease or revision. Please note the landlord must present this offer at least 60 calendar days prior to the proposed beginning date of the new lease;
- ◆ The landlord's desire to utilize the unit as a residential rental unit; or
- ◆ A business or economic reason for termination of tenancy (such as the sale of the property, renovation of the unit, or desire to rent at a higher rate).

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It is important to point out that the Authority does not initiate, approve, or otherwise direct the termination of any lease or the eviction of any tenant. All such actions are the responsibility of the landlord and must be done in accordance with State and local law, and as stipulated in the HAP Contract. There is no distinction between HCV and private rental tenants concerning evictions. The North Carolina Landlord/Tenant Law applies equally to both.

The HAP Contract may be terminated by HACL for the following reasons:

- ◆ If the lease is terminated for any reason;
- ◆ If the unit fails to meet HQS requirements;
- ◆ If the family moves out for any reason;
- ◆ If HACL is not responsible for any portion of the contract rent for a period of 180 calendar days;
- ◆ If the family size decreases or increases with proper notice from HACL;
- ◆ If the family is terminated from the program; or
- ◆ If the landlord is not in compliance with the provisions of the HAP Contract.

If HACL terminates the HAP contract for any reason, the lease automatically terminates.

The Authority requires (in accordance with the HAP Contract for the landlord and the Family Obligations for the tenant) that copies of termination and eviction notices be furnished to HACL. Maintaining an open line of communication with the Authority can only help to enhance your participation in the HCV program.

6.2 EVICTIONS

Landlords must be familiar with the notices and grounds for lease termination before they can terminate a lease. Landlords should be good record keepers and document all tenant violations. Non-payment of rent is very easy to document; simply keep a monthly accounting of the date(s) you received payment(s) and the amount you were paid. In addition, the form of payment (i.e. cash, check or money order) should also be recorded. A record of payment for damages and the cause of damages should always be maintained. Other violations like disturbance to neighbors, poor housekeeping, unauthorized person(s), etc. should be addressed by letter to the family explaining the violation. Any such violation letter should

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clearly state that a failure to correct the violation(s) in the allotted time frame will result in termination of the lease. The landlord should always keep a copy of such correspondence for their files.

In the event that you must actually bring an eviction action, HAP payments will continue to the landlord until a court decision or an actual eviction of the family's possessions from the premises. If the rent has been abated because of a failed inspection, no payment can be made. Landlords can never evict a tenant for nonpayment of the Authority's portion of the rent, only for the tenant's portion.

If you are unfamiliar with North Carolina Landlord/Tenant Law you should consult with your own Attorney for information regarding appropriate eviction procedures.

6.3 INFORMAL HEARINGS AND REVIEWS

HCV applicants who do not meet initial eligibility requirements or program participants who have not complied with family obligations requirements can be denied assistance or have their assistance terminated. Such families have the right to have their cases reviewed by a third party to determine if HACL has, denied or terminated assistance in accordance with HUD rules and regulations and Authority policies. A third party will listen to both the family and HACL representatives to determine if the Authority's decision was appropriate. The Hearing Officer must be someone other than the person making or approving the decision and must be knowledgeable of the rules and regulations of the HCV Program.

All applicants who are denied eligibility into the HCV program are given the right to an informal review. If an applicant loses the appeal, the applicant's name will be dropped from the waiting list and the applicant will not be allowed to participate in the program.

All active participants must be given the opportunity for an Informal Hearing before their assistance can be terminated for failure to comply with any of the Family Obligations. The payment to the landlord will continue until the Hearing Officer makes a decision, unless the unit has failed an HQS inspection due to the landlord's failure to repair. If the reason for a proposed termination is tenant-caused damages (and there is no other landlord related HQS violations), HACL will continue to make assistance payments until the matter is decided by the Hearing Officer. Regardless of the reason for the termination of assistance, the landlord will receive one additional month's rent after the date of the termination letter in order to give the landlord the opportunity to evict the family if the family does not move or make other arrangements. The landlord may choose to allow the family to remain in the unit under a new lease; however, under such circumstances, HACL will no longer be responsible for making housing assistance payments.

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7.1 Fraud

The Department of Housing and Urban Development is seriously concerned about fraud in the HCV Program and has instructed the Authority to emphasize the importance of running a fair and honest program. Please make note of the following items.

Side Payments:

The collection of side payments from HCV tenants is a serious offense, which is punishable under federal Law. Side payments include, but are not limited to, rent payments collected from HCV tenants in addition to the agreed upon Contract Rent. Other examples of side payments include: rent on appliances which are included in the rent; fees for routine maintenance services covered under the lease agreement; charging tenants for utilities which are included in the rent; and requiring HCV tenants to perform services in lieu of payments (for example, their own maintenance). If HACL discovers or suspects that a landlord is collecting any type of side payment, we will report the matter to HUD's Inspector General's Office for investigation, and possible prosecution under federal law.

If you are offering a "rent special", such as a free month's rent or a rental rate that is below the rental rate quoted to HACL, then you must offer the same rent special to prospective HCV tenants. Whenever you sign a HAP Contract with us, you are certifying that the rent you are charging the HCV tenant is no greater than the rent you are charging non-HCV tenants. By not offering HCV tenants an advertised or posted rent special, you are in violation of this provision of the contract.

Family Size Change:

If you suspect an increase or decrease in your tenant's household size, then you should report this to HACL immediately. It is a fraud violation for assisted tenants to have more household members than the number reported to the Authority

Family's Income Change:

If you are aware of an increase or decrease in your tenant's income, you should report this to HACL. Changes of the tenant income must be reported to the Authority immediately. It is also a fraud violation for assisted tenants to fail to report income changes to HACL.

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Move-Outs:

If the tenant moves out, you must report this to HACL immediately. To knowingly accept housing assistance payments for a vacant unit and not report it to HACL is a breach of your contract with the Authority and could be considered a fraudulent act.

The Housing Authority is committed to administering a fair and honest HCV Program. Your help in assisting us in this endeavor is greatly appreciated.

7.2 Fair Housing

On April 11, 1968, Congress passed the Civil Rights Act of 1968. Title VIII of this Act is commonly referred to as the Fair Housing Law. Through this act and subsequent amendments, Congress declared a national policy of providing fair housing throughout the United States. The Fair Housing Act prohibits discrimination in housing because of:

- ◆ **Race or Color**
- ◆ **National Origin**
- ◆ **Religion**
- ◆ **Sex**
- ◆ **Familial Status (including children under the age of 18 living with parents or legal custodians; pregnant women and people securing custody of children under the age of 18)**
- ◆ **Handicap**

In the sale and rental of housing, no one may discriminate in taking any of the following actions:

- ◆ **Refusing to rent or sell housing**
- ◆ **Refusing to negotiate housing**
- ◆ **making housing unavailable**
- ◆ **Denying a dwelling**
- ◆ **Setting different terms or conditions for sale or rental of a dwelling**
- ◆ **providing different housing services or facilities**
- ◆ **Falsely denying that housing is available for inspection, sale or rental**

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- ◆ **For profit, persuade owners to sell or rent (blockbusting)**
- ◆ **Denying anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing**

If you do not currently have a policy to ensure the objective and nondiscriminatory selection of families, then you should consider developing one. Such a policy will be to your advantage, because in promoting fair housing, you will minimize your exposure to unfounded housing discrimination complaints. After all, fair housing is a right afforded to all persons seeking housing, whether they are HCV participants or private market renters, and it is your obligation as a landlord to comply with the law that guarantees this right.

7.3 Portability

One of the top priorities of HUD is to broaden housing choices for low-income families. The HCV program is an ideal mechanism to accomplish this goal since the subsidy is not tied to a specific unit. Families can use their assistance to move not only across town but they can also move anywhere in the United States.

Families like the idea of moving to low-poverty areas for the following reasons:

- ◆ **Increased job opportunities**
- ◆ **Better schools**
- ◆ **Better housing**
- ◆ **Lower crime rate**
- ◆ **Convenient to shopping**
- ◆ **Better public services Other amenities**

In order to move to another area, an assisted family must give notice to their current Housing Agency (called the Initial HA), that they would like to move to another jurisdiction. The new Housing Agency (called the Receiving PHA) has the flexibility to change the bedroom size based on the Receiving PHA's occupancy standard. The receiving PHA verifies family information and determines the contract rent and housing assistance payment. The payment standard for the Receiving PHA's area and the utility allowance may be different. The Receiving PHA's paperwork may be different, as well.

If you have units in different areas, please get to know the procedures for each PHA. This will allow for a smooth transition when families move from one jurisdiction to another.

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HACL is committed to increasing its rent assisted housing stock with units and landlords that have not traditionally participated in the HCV program in all of Robeson County area. With continued education of the families and the landlords about the benefits of the program, we hope that the goal of providing our families with the best housing possible will be realized.

7.4 Tax Identification Numbers

HACL has a few simple rules regarding the use of the appropriate tax identification number, and wishes to pass this information along to you.

- ◆ Every owner, manager, or apartment complex receiving housing assistance payments must have a Tax-ID Number on file. HACL cannot issue a check unless an appropriate Tax-ID Number is on file.
- ◆ The Tax-ID Number must belong to the payee named on the assistance payments check. For example, if a check is made payable to ABC Management Company, who manages XYZ Apartments, the Tax-ID Number must belong to ABC Management Company. Conversely, if the check is made payable to XYZ Apartments, the Authority will need XYZ Apartments' Tax-ID Number, and not the Tax-ID of the Management Company.
- ◆ If a landlord manages one property and is the payee under a company name, and manages another property and is the payee under his own name, then each must have separate Tax-ID Numbers for each property. For example, John Smith manages property under ABC Management Company. In that situation, ABC's Tax-ID Number must be reported. In addition, John Smith manages a small apartment building under his own name. Here, we need John Smith's tax number.
- ◆ All checks will have one payee only, unless the payee has appointed someone else to have control of the assistance check. For example, a check may read Jane Jones, the payee, and not John Smith, the caretaker of the check.

Hopefully, these rules will help you understand what HACL needs in order to accurately process income information for you and the IRS.

7.5 Security Deposits & Fees

A security deposit protects the landlord if the tenant moves out leaving damages, unpaid rent, late charges, and/or unpaid utilities, which the tenant is responsible for under the terms of the lease. The deposit is paid by the tenant to the landlord and cannot exceed

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one month's gross rent. If the tenant gives proper notice and has fulfilled the terms of the lease, the landlord must return the deposit to the tenant within thirty (30) days. If the landlord is retaining all or part of the security deposit, a statement specifying the exact reasons why the deposit is being held must be sent to the tenant within thirty (30) days.

Deposits must be collected and reimbursed according to Pennsylvania State law. A move-in/move-out inspection procedure is an excellent way to document tenant caused damages. The move-in inspection is a list of any existing damages or defects to the premises that both the landlord and tenant sign as the pre-occupancy condition of the unit. The move-out inspection is required to list the damages done while the tenant occupied the unit. A landlord cannot retain a security deposit to cover ordinary wear and tear items provided there was no negligence, carelessness or abuse of the premises on the part of the tenant. If the deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may collect the balance from the tenant as provided by law. Please consult with legal counsel should you decide to obtain a judgement against a former tenant.

The Landlord may charge a reasonable application fee, credit check fee, pet fee, and key deposits. Some apartment communities charge a cleaning fee in lieu of the security deposit.

Important Note

The family must pay all up-front fees; HACL will not assist the family with any of these up-front charges. All fees charged must be consistent with the fees charged to your non-assisted tenants. The collection of a security deposit greater than one-month rent is considered an illegal side payment and will be treated in accordance with HUD rules and regulations regarding fraud in the HCV Program.

7.6 Rent Reasonableness

Rent reasonableness plays a very important role in determining what rent HACL can approve for HCV assisted leases. The Authority must determine whether a proposed rental rate is reasonable based on the rents charged for comparable units in the unassisted (non-HCV) market. Such factors as location, age of unit, number of bedrooms, square footage, amenities, utility arrangement, and overall unit quality are considered when comparing proposed HCV rents to those of comparable units.

A rent reasonableness determination must be made on all initial leases and annual rent increases. For an initial lease, the rent reasonableness test must be applied to the proposed rent before it can be approved. Part of this test includes the physical inspection

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of the unit, whereby the inspector, utilizing the factors noted above and his/her knowledge of the rental market within HACL's jurisdiction rates the unit. If the inspector's report and non-HCV comparable unit for the market area support the proposed rent, the proposed rent will be considered reasonable and approved. In the case of annual increases, a similar process is followed. Annual rent increases for lease renewals are not automatic. Before HACL can approve a rent increase the renewal rate for the unit must be determined reasonable.

Finally, if the proposed rent for an HCV assisted lease is greater than the rent the owner is charging non-HCV tenants for similar units, this is not reasonable and cannot be approved by the Authority. It is against HUD rules and regulations to charge an HCV participant more than a non-HCV tenant.

7.7 Authority Website

Landlords are encouraged to visit the Authority's Website at: <http://www.hacl014.com>. On the Website landlords will find information concerning various aspects of the HCV program. In addition, the Website contains a collection of useful forms and program guides.