

AN OWNER'S GUIDE
TO
SECTION 8 RENTAL ASSISTANCE

**South Central MN Multi-County
Housing and Redevelopment Authority
410 Jackson Street, Suite 300
Mankato, MN 56001
Phone (507) 345-1977**

TABLE OF CONTENTS

Part 1: Introduction	1
What is the Section 8 Rental Assistance Program?	
How does the Program work?	
What does the Section 8 Program offer to owners?	
Part 2: What Concerns Do Owners Have Before the Tenant Moves In?.....	3
.....	2
Who determines a tenant's eligibility for the Section 8 Program?	
Does SCMMCHRA screen applicants for owners or managers?	
Can an owner refuse to rent to an assisted tenant?	
What is the required length of the term of the lease?	
How much rent can an owner charge?	
When can an owner request a change in the monthly contract rent?	
What is Rent Reasonableness?	
How does an owner or manager handle extra payments or agreements?	
Does the SCMMCHRA prepare the lease?	
Can an owner collect a security deposit?	
What if a tenant and owner want to allow a pet?	
Can an owner charge late fees?	
Part 3: Discussion of Forms and Procedures.....	5
What document does an owner need to sign to get a unit on assistance?	
When are the leasing documents signed?	
Can additional members be added to the household and lease?	
What is recertification?	
When can rent be increased?	
How can a lease be ended?	
Ownership and address changes	
Part 4: Inspections.....	7
Types of inspections and their purposes	
Most common fail conditions that we find when we conduct an inspection	
Housing Quality Standards (Requirements for each room)	
Part 5: Owner's Rights and Responsibilities.....	10
Fair Housing	
Occupancy problems	
Eviction Process	
What is SCMMCHRA's position or involvement in a court case?	
Part 6: Attachments.....	12
Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards	
Request for Tenancy Approval	
Housing Assistance Payments Contract: Parts A, B and C	

Part 1

Introduction

What is the Section 8 Rental Assistance Program?

Section 8 is a federal housing program funded through the U.S. Department of Housing and Urban Development (HUD). HUD provides Section 8 rent subsidies to families with low income in the form of housing Vouchers. South Central Minnesota Multi-County Housing Redevelopment Authority (SCMMCHRA) administers the program in Martin, Nicollet, Sibley, Waseca and Watonwan counties. SCMMCHRA pays rent subsidies directly to rental property owners on behalf of eligible families.

Federal regulations govern the contractual relationship between property owners, the SCMMCHRA and tenants. Each party has rights and responsibilities. By explaining what they are, we hope that you will better understand how the Section 8 Program affects your business.

How does the Program work?

Applications are taken from families eligible for the Program and their names are placed on a waiting list. When a current recipient leaves the Program, the next eligible family on the waiting list is selected for assistance. After a family is selected, the following occurs:

1. The eligible family must participate in a Section 8 Briefing, after which a criminal background check is conducted and income documentation is compiled.
2. The eligible family is issued a Voucher. They have a maximum of 120 days to locate a rental unit.
3. The family locates a rental unit. The family and owner discuss the rental terms and the lease.
4. SCMMCHRA sends the property owner a Request for Tenancy Approval (RTA). The RTA must be filled out by you and returned to the SCMMCHRA. By signing this form, you indicate that you are interested in participating in the Section 8 Program as a property owner.
5. After the RTA has been approved by SCMMCHRA, arrangements are made for a housing inspection. The SCMMCHRA staff performs the inspection. If the unit fails the inspection, the owner must correct the problem(s) if the owner is interested in working with the Section 8 Program.

NOTE: No rent payments can be made until a unit has passed inspection.

6. The tenant pays approximately 30 to 40 percent of family income to the owner for rent each month, with the SCMMCHRA paying the balance of the monthly rent directly to the owner.

What does the Section 8 Program offer to owners?

1. A guaranteed portion of rent paid by the SCMMCHRA each month.
2. An annual inspection of the unit to help alert the owner of required and/or recommended repairs.
3. An opportunity to improve the local housing stock.

Part 2

What Concerns Do Owners Have Before the Tenant Moves In?

Who determines a tenant's eligibility for the Section 8 Program?

The SCMMCHRA determines whether or not a family is eligible for the Section 8 Program.

Does SCMMCHRA screen applicants for owners or managers?

Tenant screening and selection is the responsibility of the owner or manager. **Owners need to screen potential tenants with rent assistance in the same way they screen potential tenants without assistance.** SCMMCHRA's role is to make sure tenants are eligible for the Section 8 Rental Assistance Program ONLY. We do this by verifying that a tenant's income and family composition meet Program guidelines. The SCMMCHRA may not serve a tenant who has a history of violent criminal behavior or the sale, use, or manufacture of illegal drugs. SCMMCHRA will give references to an owner upon request. SCMMCHRA must give the family's current address, and, if known, the name and address of current and prior owners.

Can an owner refuse to rent to an assisted tenant?

Yes, but according to state and federal law; an owner cannot refuse to sell, rent, or lease housing to potential tenants, or have different rental terms, on the basis of race, religion, color, creed, national origin, sex, marital status, physical disability, familial status, or reliance on public assistance. (Exception - an owner or occupier living in a one-family unit may refuse to rent part of the premises on the basis of sex, marital status, disability or reliance on public assistance.)

If there is a good reason, such as a poor credit history or poor rental references, owners may choose to rent or not to rent to a potential tenant.

SCMMCHRA must give the family's current address, and, if known, the name and address of current and prior owners.

How much rent may an owner charge?

The Voucher Program is not based on limiting the unit's contract rent. The SCMMCHRA advises participants regarding the reasonableness of the proposed rent in relation to the amount currently being charged for comparable rents in the private market. In addition, the unit must be determined to be within the family's affordability range.

What is Rent Reasonableness?

Rent reasonableness is determined for all units leased on the Section 8 program. When the HRA receives your Request for Tenancy Approval (RTA), it is reviewed to determine if the contract rent exceeds rents charged by you for comparable unassisted units. If you do not have comparable unassisted units, rent charged by other owners for comparable units will be used for comparison. For example, it would be acceptable for an owner to charge different rents on different floors, but not to charge different rents for identical units on the same floor. Differences in rent must not be based on whether or not the tenant receives Rental Assistance. If you do not have comparable unassisted units, rents charged by other owners for comparable units will be used for comparison.

How does an owner or manager handle extra payments or agreements?

All extra payments and agreements must be:

1. Voluntary;
2. The same amount for all tenants, assisted or unassisted;
4. Included on the lease under Additional Provisions or
5. Attached to the lease if it is a separate agreement; and
5. Approved by the South Central MN Multi-County HRA.

The tenant cannot pay additional rent for an attached garage. It is necessary to either list the garage rent amount on the lease under Additional Provisions or attach a copy of the agreement to the lease and write under the Additional Provisions section of the lease the words, "see attached garage agreement." Be sure to send a copy of the agreement to the SCMMCHRA.

If this procedure is not followed, the payment will be treated as an illegal side-payment and you may be required to reimburse the tenant for overpayments of the rent.

Does the SCMMCHRA prepare the lease?

No. You will be responsible to provide the SCMMCHRA with a copy of your existing lease with the tenant prior to the tenant being admitted to the Section 8 Program. The lease must include, in addition to the utilities and appliances to be furnished by the owner, the names of the owner and tenant, the address of the unit rented, the term of the lease, and the amount of monthly rent to the owner. In addition, Program regulations provide that a participating owner must certify that the terms and conditions of the lease are consistent with State and Local law.

The SCMMCHRA will provide both you and the tenant with a Tenancy Addendum to attach to your lease, which covers the Section 8 Program policies and rules.

What is the required length of the term of the lease?

The term of the lease is determined by the owner.

Can an owner collect a security deposit?

SCMMCHRA does not have the authority or responsibility to ensure payment of security deposit. It is the owner's responsibility to negotiate and collect full and timely payment. The security deposit for Section 8 tenants should not exceed the amount charged to unassisted tenants.

What if a tenant and owner want to allow a pet?

The lease does not address the issue of pets. SCMMCHRA strongly recommends that you specify exactly what type of pet, size, etc. is permitted and clarify this with the prospective tenant by putting this in writing, and have both you and the tenant sign and date it and keep a copy. SCMMCHRA is not involved in this arrangement.

Can an owner charge late fees?

Yes, however if you are going to charge late fees, they must be charged to all tenants, assisted and unassisted.

Part 3

Discussion of Forms and Procedures

What document does an owner need to sign to get a unit on assistance?

REQUEST FOR TENANCY APPROVAL

When you agree to rent to the tenant, both of you must complete and sign the Request for Tenancy Approval form. All sections on the form must be completed and approved prior to the issuance of an inspection. Be careful to enter the correct address in the owner's section, as well as the Tax Identification Number (TIN) or Social Security Number (SSN) of the owner. SCMMCHRA will send the housing assistance payment to the address noted if the assistance occurs. You may download a copy of the Request for Tenancy Approval by clicking the following link: <http://hra.voyageurweb.com/hud52517.pdf>

LEAD-BASED PAINT DISCLOSURE

Prior to renting pre-1978 housing, owners must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling.

When is the Housing Contract signed?

After the unit passes inspection, SCMMCHRA staff will prepare the following documents will need your signature:

HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT: The HAP Contract is a legal agreement that defines the relationship between SCMMCHRA and the owners in providing Rental Assistance. The Contract states the amount of rent SCMMCHRA will pay monthly directly to you or your agent. In addition, the contract includes the Tenancy Addendum. The tenant will be provided with a Section 8 Tenancy Addendum to attach to their copy of the lease between you both.

Your endorsement of the rent check certifies that the unit is decent, safe and sanitary and that the listed tenant family still occupies the unit.

OTHER DOCUMENTS WHICH YOU MAY BE ASKED TO PROVIDE TO SCMMCHRA:

You will be asked to provide a copy of your lease between you and your tenant.

The Internal Revenue Service requires that property owners must provide SCMMCHRA with their **Taxpayer Identification Number (TIN)** and a signed certification of accuracy. You must complete the form provided and submit it to SCMMCHRA. At the end of each year, SCMMCHRA completes a Form 1099 and submits it to the IRS with a copy to each owner.

Can additional members be added to the household and lease?

Yes. However, when adding any additional household members, you **must** notify SCMMCHRA because their income may affect the rental subsidy. You have the right to screen additional adults in the same way you screened the original tenants.

What is recertification?

Every 12 months resident family's income is reevaluated to renew their eligibility. The administrative staff will start the process four months in advance of the anniversary date. This is typically when rents changes and other lease term changes are made.

When can an owner request a change in the monthly contract rent?

The Voucher Program provides for rent increases when the term of the lease between you and your tenant comes due. The owner must notify the SCMMCHRA of any proposed rent changes.

Program staff from SCMMCHRA will review:

1. The last rent charged for the unit and recent charges for rent for comparable units;
2. Your justification for an increase over the previous rent based on increased taxes, utilities, and maintenance costs.

If you don't propose a rent increase or give notice to the tenant, the lease terms remain unchanged. If the tenant doesn't give notice at the end of 12 months, then the lease continues unchanged.

How can a lease be ended?

If the tenant has violated terms of the lease, you can issue an eviction letter or file an unlawful detainer action. It is the owner's responsibility to enforce the family's obligation under the lease.

Evictions of tenants on rental assistance are handled the same as evictions of unassisted tenants. SCMMCHRA administrative staff is not qualified to give legal advice. If you are unfamiliar with eviction procedures, SCMMCHRA recommends that you contact an attorney or the county courthouse. For additional information on termination of tenancy, refer to the Housing Assistance Payments Contract. This can be viewed online at <http://hra.voyageurweb.com/AssistanceContract.pdf>

OWNERSHIP AND ADDRESS CHANGES

To ensure continuity in rent payments, owners must notify SCMMCHRA when the ownership of the property changes. Payment of rent cannot be authorized until we have proof of the transfer of ownership.

Part 4

Inspections

Upon receipt of the Request for Tenancy Approval, the Housing Coordinator will make a determination as to the reasonableness of the unit's proposed gross rent and compliance with the Fair Market Rent limits.

Inspections of individual dwelling units selected by Program participants will be made by the Housing Inspector or other qualified persons. The purpose of the inspection is to certify that units meet HUD's minimum Housing Quality Standards (HQS) regarding decent, safe and sanitary housing. Rental units must pass inspection before HAP contracts can be drawn up and rent payments issued.

If the unit fails the inspection(s), the owner of the dwelling and the participating family will be notified of the unit's deficiencies in writing and of the date by which the violations need to be completed. The owner will be allowed a sufficient period of time to make the required repair.

TYPES OF INSPECTIONS AND THEIR PURPOSES

Initial

- To certify new unit meets HQS.
- To document existing conditions.

Annual

- To determine if renewing unit continues to meet HQS.
- To keep HAP Contract in effect.

Complaint/Interim

- Prompted by perceived non-compliance of HQS.
- Performed as a result of a complaint from family, owner or other source.

Quality Control

- Quality Control inspections are conducted to monitor housing quality
- To fulfill HUD's regulation to monitor fifteen percent of units to verify that previously inspected units meet HQS.
- To verify level of competency and consistency of inspection staff.
- For HUD staff monitoring

MOST COMMON FAIL CONDITIONS THAT NEED TO BE CORRECTED PRIOR TO CLIENTS RECEIVING ASSISTANCE:

1. Broken windows
2. Missing window and door locks that are within six feet from the ground
3. Tripping hazards (loose carpet/linoleum/tile)
4. Missing or cracked light switch plates and/or outlet covers
5. Faulty plumbing
6. No bathroom window and/or mechanical vent
7. Missing or faulty smoke detector or missing batteries

8. Debris in basement, in unit, or outside of building
9. No handrail on a stairway with four or more steps
10. Torn or missing screens on windows
11. Dead bolt locks that are keyed from the inside

EGRESS DIMENSIONS (This information is provided to you in the event that you are required to provide egress windows)

5.7 square feet clear opening
44 inches from floor to sill
Minimum 20 inches clear opening width
Minimum 24 inches clear opening height

HOUSING QUALITY STANDARDS

Requirements for Each Room

Ceilings and walls must be in good condition. There must not be any large cracks or loose plaster or an excess of peeling or chipped paint.

Floors must be in good condition. The floor covering must not be curling or have loose edges or holes. The sub-floor must be in good condition.

At least one window must be in good condition and must open and close. The sills and frames must not be rotting. There can be no broken or missing windowpanes and screens. Windows that are within six feet of the ground must have adequate locks that are permanently attached to the window.

All rooms used for living must have two sources of electricity, except the bathroom that only requires a permanently installed light fixture. The kitchen must have one permanently installed light fixture and at least one outlet. All outlets and switches must have covers with no exposed, frayed wiring. There must be no open, exposed electrical boxes or wires.

Living Room

There must be at least two outlets, one permanently installed ceiling or wall light fixture and an operable window if designed to be opened.

Kitchen

Stove - All four burners of the stove must work (gas or electric stove). If the stove is equipped with a pilot light system, burners must light with pilot. The oven must be functional. A microwave could be used in place of the stove.

Refrigerator - The door gasket must be attached to the door securely, forming a proper seal to assure the freezer keeps food frozen and the refrigerator keeps food cold.

Sink - There must be hot and cold running water, and a drain with trap. It must be properly hooked to a sewer line, and cannot leak.

Preparation Area/Outlets - There must be adequate food preparation and storage areas, with adequate means to dispose of food wastes. There must be a ceiling or wall-type light fixture and one outlet.

Bathroom

There must be a private flush toilet that is solidly fastened to the floor, a sink with hot and cold running water with no leaks and a tub or shower with hot and cold water. There must be a fan vented to the outside or an operable window. There must be no rotten or weak areas on the floor or any water damage to the ceiling. There must be at least one permanent light fixture present and working. An outlet cannot be substituted for an overhead light. Note: No outlet is required; however, we recommend the installation of a GFCI (ground fault circuit interrupter) outlet in the room if the outlet is too close to the faucet. There must be a ceiling or wall-type light fixture.

Bedroom

There must be at least two working outlets, one permanently installed ceiling or wall light fixture and an operable window/screen if designed to be opened. The window should be large enough to use as an emergency exit.

Heating

The dwelling unit must have a heating system that will heat the unit to a comfortable temperature. The dwelling unit must not contain unvented room heaters that contain kerosene, gas or oil (electric space heaters are acceptable if a safety guard is present).

Windows

Windows cannot have cracked broken or missing panes. If accessible from the outside, windows that are within six feet from the ground must be lockable.

Steps/Porches

Any porches, balconies or decks that are more than 30 inches above ground must have a rail 36 inches high. All stairs (inside and outside) with four or more steps/risers must have a handrail. All steps must be sturdy.

Site and Neighborhood

There must be no hazards in the area such as broken-down buildings or large amounts of trash or junk that could endanger the health, life and/or safety of residents. The unit must be free of insect or rodent infestation. There needs to be more than one exit from the unit.

Building Exterior

Exterior walls should not show severe defects such as buckling, bowing, or leaning; contain large cracks or falling or missing pieces of masonry; or be deteriorated to the point that would allow water and serious drafts to penetrate.

Foundation, Roof and Gutters

The unit must not have any indications of structural instability:

- Evidence of major recent settling
- Large cracks or holes
- Severe leaning
- Large sections of crumbling brick, stone or concrete
- Undermining of footings, walls, posts or slab
- Major deterioration of wood support members due to water damage or termites.

Roof

The roof must not have serious defects such as serious buckling or sagging, which indicates the potential of structural collapse. There should be no large holes, bare patches or missing shingles that would result in significant air or water infiltration.

Gutters

The gutters, downspouts and soffits should not show serious decay and should allow the entry of significant air or water into the interior of the structure. For houses built with a wide roof overhang, gutters and downspouts are not required.

Fire Exit

The dwelling unit must have an alternative exit that meets local or state regulations. This may include:

- ❑ An openable window if the unit is on the first floor or second floor or easily accessible to the ground.
- ❑ A back door opening onto a porch with a stairway leading to the ground.
- ❑ A fire escape, fire ladder or fire stairs.

Infestation

Unit must be free of insects or rodents.

Smoke Detectors

There must be a working smoke detector on each floor/level of the unit and in the common area on the floor in which the tenant is living.

Garbage Storage

Each unit must have adequate garbage storage facilities.

Water Heater

Each water heater must have:

- ❑ A proper flue for venting exhausts gasses.
- ❑ A temperature-pressure relief valve and discharge line 18 inches from the floor that will operate when either the temperature or the pressure in the tank become too high.
- ❑ No serious leaks from the tank.
- ❑ There should be no combustible materials piled up against the heater.

IMPORTANT: If the unit was built before 1978 and the tenant has children under age 6, no chipped or peeling paint is allowed on the interior or exterior of unit. Check with SCMMCHRA on the diminimus levels.

Mobile Homes

Mobile Homes must be properly placed and tied down. If evidence of tie-downs is not accessible when inspected, the owner must provide evidence in writing. The skirting must be secure with no pieces missing.

For additional information about Housing Quality Standards go to <http://hra.voyageurweb.com/hud52580a.pdf>

Part 5

Owner's Rights and Responsibilities

FAIR HOUSING

The Fair Housing Act prohibits discrimination in housing because of race of color, national origin, religion, sex, handicap, or familial status (including children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under age 18).

OCCUPANCY PROBLEMS

What can an owner do about problem tenants?

Owners should maintain a consistent policy when handling problems with tenants. SCMMCHRA suggests that owners send written warnings or confirmation letters to tenants and keep copies for their files. It is a good idea to send a copy of the warning to the SCMMCHRA administrative staff. These letters can be entered as evidence in a court hearing. Remember, under state law, an owner must give the tenant a reasonable chance to correct possible lease violations before starting eviction proceedings.

EVICTION PROCESS

What are the grounds for eviction during the term of a lease?

1. Serious or repeated violations of the lease;
2. Violation of Federal, State or Local law that imposes obligations on the tenant in connection with occupancy or use of the unit and the premises;
3. Criminal Activity or Alcohol Abuse

(A) The owner may terminate the tenancy during the term of the lease if any member of the household, a guest or another person under a resident's control commits any of the following types of criminal activity:

- 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 residing on the premises);
- Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises; or
- Any violent criminal activity on or near the premises;
- Any drug-related criminal activity on or near the premises.

(B) The owner may terminate the tenancy during the term of the lease if any member of the household is:

- Fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or
- Violating a condition of probation or parole under Federal or State Law.

(C) The owner may terminate the tenancy for criminal activity by a household member in accordance with this section if the owner determines that the household member has committed the criminal activity, regardless of whether the household member has been arrested or convicted for such activity.

(D) The owner may terminate the tenancy during the term of the lease if any member of the household has engaged in abuse of alcohol that threatens the health, safety or right to peaceful enjoyment of the premises by other residents.

4. Other good cause for termination of tenancy

(A) During the initial lease term, termination of tenancy must be something the family did or failed to do.

(B) During the initial lease term or during any extension term, other good cause includes:

- ❑ Disturbance of neighbors,
- ❑ Destruction of property, or
- ❑ Living or housekeeping habits that cause damage to the unit or premises.

(C) After the initial lease term, such good cause includes:

- ❑ The tenant's failure to accept the owner's offer of a new lease or revision;
- ❑ The owner's desire to use the unit for personal or family use or for a purpose other than the use as a residential rental unit; or
- ❑ A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, the owner's desire to rent the unit for a higher rent).

What is the eviction process that an owner must follow?

Notice of Intent. If an owner intends to evict a tenant for any reason, he/she must do one of the following:

1. Give written notice to the tenant, sending a copy of the notice to SCMMCHRA within 24 hours. The notice must specify the date the unit is to be vacated, the lease terms and conditions that have been breached and the actions of the tenant that caused the breach.
2. Start an unlawful detainer action and deliver or mail a copy of the complaint to SCMMCHRA within 24 hours of the time the complaint is filed with the court.

The copy of the notice or complaint should be sent to Attn. South Central HRA, 410 Jackson Street, Suite300, Mankato, MN 56001.

If a family is evicted for violation of the lease and a court authorizes the eviction, the lease is terminated.

What is SCMMCHRA's position or involvement in a court case?

Since the SCMMCHRA is not a party to the lease, the agency is not an advocate for either the tenant or owner. Any legal action such as an eviction must be brought by the owner against the tenant. The SCMMCHRA is not involved in any such action.