

## 2019 Housing Ohio Conference Basics of Subsidized Housing

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## Agenda

1. Introduction
2. Basics of subsidized housing
3. Types of subsidized housing
4. Rent and Utility allowances
5. Application process & denial
6. Termination / evictions

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## Intro

- This is intended to be a basic overview of subsidized housing issues
- Feel free to ask questions as I'm going
- Joe Maskovyak is nearby to correct me if I get something egregiously incorrect
- This is not intended to address Ohio Landlord/Tenant or Eviction law - that's another session (but I'll still do my best with these questions too)

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## Why Subsidized Housing Is Important

- Often worth hundreds of dollars a month
  - SSI recipient pays about \$160/month for rent in subsidized housing
  - Fair Market Rent for 1 bedroom is \$538/month
- Only enough units for about 1 in 5 eligible families
  - Roughly 20,000 subsidized units in Hamilton County
  - About 100,000 eligible families in Hamilton County
- Housing wage in Ohio for a 2 bedroom apartment is now over \$14 per hour
- Once you lose it, it's difficult to get it back

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## Subsidized Housing Basics

- Tenants pay approx. 30% of their income for rent & utilities
- Size of unit based on size of household, not amount of rent paid
- Rent subsidy paid to cover the remaining rent
- Landlord subject to federal law
- Tenant has many additional rights & obligations

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## Subsidized Housing 4 Basic Types

1. **Public Housing**
  - a. Owned by a public housing authority
  - b. PHA's receive funding from HUD to provide and maintain housing
  - c. Unit based subsidy
  - d. Requires "Good Cause" to terminate the tenancy

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## Subsidized Housing

### 4 Basic Types (cont'd)

#### 2. Project-Based Section 8

- a. Very similar to Public Housing
- b. Privately-owned
- c. Owner has contract with HUD
- d. Unit based subsidy
- e. Requires "Good Cause" to terminate the tenancy
- f. Many different kinds of PBS8, but operate under the same basic rules

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## Subsidized Housing

### 4 Basic Types (cont'd)

#### 3. Housing Choice (Section 8) Vouchers

- a. Tenant-based assistance
- b. Usually run by the local PHA
- c. Tenant can take the voucher to any private landlord who will accept it
- d. Mandatory lease addendum from HUD
- e. Must meet "Rent Reasonableness"
- f. Must pass "Housing Quality Standards"
- g. Can pay up to 40% of income
- h. Tenant can be asked to move after 1 year

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## Subsidized Housing

### 4 Basic Types (cont'd)

#### 4. Everything else

- a. Rural Development (RD)
- b. Low Income Housing Tax Credits (LIHTC)
- c. Homeless prevention programs / Continuum of Care
- d. State programs for people with physical and mental health disabilities

Some of these programs have income based rents, but others may just have set below market rents

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## Rent and Utility allowances

- **Annual Recertification**

- Tenant must recertify (report) income and household composition at least annually
- Usually same month each year

- **Interim recertification**

- If income increases, tenant may have to report, and PHA may increase tenant portion
- If income decreases, tenant has right to request recertification to decrease rent

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## Rent and Utility allowances (cont'd)

- Tenant's share of the rent is based on 30% of the total household income
  - There are some deductions to this amount which we won't go into here
- Tenant's share includes rent and tenant paid utilities
  - If tenant pays the utilities, they will get a credit, called a "utility allowance," in determining their share of the rent
  - This allows apples to apples comparison
- The balance of the Contract Rent is called the Housing Assistance Payment (HAP)
  - Paid by the PHA or HUD to the landlord
- Contract rent is also known as Fair Market Rent (FMR)

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## Rent and Utility allowances (cont'd)

### Example 1:

Contract Rent for a subsidized apartment is \$500 including all utilities. Tenant makes \$1,000 per month at her job.

How much does the tenant pay and how much is the subsidy?

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### Rent and Utility allowances (cont'd)

#### Answer to Example 1:

30% of \$1,000 = \$300 This is the client's share of the rent.

\$500 contract rent - \$300 tenant's share = \$200 the amount of the subsidy paid on the tenant's behalf.

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### Rent and Utility allowances (cont'd)

#### Example 2:

Total Rent for subsidized apartment is \$500 but no utilities are included. The local PHA has determined that the Utility Allowance for an apartment this size is \$100. Tenant makes \$1,000 per month at job.

How much does the tenant pay and how much is the subsidy?

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### Rent and Utility allowances (cont'd)

#### Answer to Example 2:

30% of \$1,000 = \$300 But, this client also has to pay all utilities, which average \$100 / month. So this amount is deducted from the tenant's share of the rent,  
\$300 - \$100 = \$200 amount tenant pays to landlord

The balance of the contract rent would be \$300 (\$500 contract rent - \$200 tenant's share). This is the amount of the subsidy.

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### Rent and Utility allowances (cont'd)

#### Example 3:

Total Rent for a subsidized apartment is \$500 but no utilities are included. The local PHA has determined that the Utility Allowance for an apartment this size is \$100. Tenant lost her job last month and has no income. She reported this loss of income to the subsidized landlord, and her rent was reduced.

How much does the tenant pay and how much is the subsidy?

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### Rent and Utility allowances (cont'd)

#### Answer to Example 3:

30% of \$0 = \$0

But, this client also has to pay all utilities, which average \$100 / month. So this amount is deducted from the tenant's share of the rent,  $\$0 - \$100 = -\$100$  ??

In this instance, the tenant would receive a \$100 check each month to help pay the utilities

The balance of the contract rent would be \$500 (\$500 contract rent - \$0 tenant's share). This is the amount of the subsidy.

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### Rent and Utility allowances (cont'd)

#### • Minimum rent

- Public Housing: \$0 – \$50
  - PHA sets
- Housing Choice Voucher: \$0 – \$50
  - PHA sets
- Section 8 Project-Based: \$25
  - Set by HUD; nationwide

#### • Hardship exemption: under certain circumstances, may qualify to be exempt

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## What size unit do I get?

- The general rule is 2 people per bedroom
- Only people identified on the lease can live in the subsidized unit
- Generally, children are not required to share bedrooms with adults
- HUD gives the different subsidy programs some guidance and requires the PHA / owner to develop a written policy
- Tenants with disabilities may request a "Reasonable Accommodation" under fair housing laws for an extra bedroom to store medical equipment or for a live-in aid

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## Application process & denial

- Usually must apply separately at the PHA for Public Housing and HCV
  - Usually have separate waiting lists
- For Project Based Section 8, must apply with the private owner  
<http://www.ohiohome.org/opc/housingdatabase.aspx>
- There are income and asset limits
- Subsidized landlords are allowed to screen tenants and can consider criminal history, eviction/ tenant history, and credit history
  - Broad discretion, but must be reasonable, and generally must be part of a written policy

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## Application process & denial (cont'd)

- Application denials – slightly different based on type of subsidized housing, but generally:
  - Landlord/ PHA must promptly notify applicant of denial and provide basis of decision
  - Tenant has right to some review process
  - May have the right to an informal meeting
  - Applicants get some administrative due process, but not as much as participants (tenants)

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### Application process & denial (cont'd)

- Very few of the grounds for denial are mandatory
  - Lifetime sex offenders
  - methamphetamine manufacturers
  - current users of illegal drugs
- However, much discretion for authority to deny beyond the mandatory grounds
- There is always an administrative process to challenge a denial

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### Termination / evictions

- **“Good Cause” is Required. Examples:**
  - Nonpayment of rent
  - Serious or repeated violations of the lease
  - Unauthorized occupants
  - Failure to recertify
  - Violation of tenant obligations under state law
  - Some criminal activity or alcohol abuse

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### Termination / evictions (cont'd)

- Must be serious tenant wrongdoing
  - Minor violations are generally not grounds for termination / eviction unless there is a pattern of repeated minor violations
- Tenant must be responsible for the conduct

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## Termination / evictions (cont'd)

- Specific Notice is required prior to termination:
  - Requires additional language (usually to inform tenant of additional rights)
  - Must state reason for termination
  - Termination limited to reasons stated
  - Specificity
  - Strict compliance with federal law
  - Typically can be combined with state eviction notice

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## Termination / evictions (cont'd)

- **Public Housing**
  - Multi-step administrative due process – “Grievance process”
  - Informal “hearing” – usually with site manager
  - Formal hearing – independent Hearing Officer
  - Opportunity to examine PHA records
  - Written decision based only on the facts presented at the hearing
  - Purpose is to resolve termination disputes without litigation
  - If tenant loses, Landlord must still go to court to evict under Ohio law, so another chance to defend

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## Termination / evictions (cont'd)

- **Project Based Section 8:**
  - Much less process than with Public Housing
  - Tenant may request a meeting with landlord to discuss termination
  - Usually, Landlord must meet with tenant if so requested
  - Purpose is to resolve termination disputes without litigation
  - If tenant loses, Landlord must still go to court to evict under Ohio law, so another chance to defend

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## Termination / evictions (cont'd)

### • Housing Choice (Section 8) voucher termination:

- Termination of voucher ≠ eviction
- Tenancy termination conducted by landlord using state court eviction procedures
- PHA determines termination of voucher
  - Must give tenant written notice
  - Tenant has right to hearing with PHA

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## Termination / evictions (cont'd)

### Voucher Termination Hearing Rights

- Notice must state reason for termination
- Tenant has the right to see PHA documents before hearing
- Tenant can bring an attorney
- Hearing officer must be neutral (but can be PHA employee)
- Provide evidence
- Decision based on evidence presented at the hearing
- Written decision that provides reason for decision
- Tenant can appeal Hearing Officer's decision to court

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## Any Questions?

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