



HOUSING AUTHORITY OF THE CITY OF LOS ANGELES

SECTION 8 OWNER NEWSLETTER

November 2009

The Housing Authority Takes Steps to Keep Families Housed

Due to the economic downturn, many Section 8 families in Los Angeles have lost income and benefits, and this has affected their ability to pay their portion of the rent. This means the Housing Authority of the City of Los Angeles (HACLA) had to increase its rental housing assistance payments (HAP) share.

As the recession drives higher costs for HACLA, the same increases have been seen by housing authorities across the nation. As a result the U.S. Department of Housing and Urban Development (HUD) has recommended that housing authorities, including HACLA, take steps to lower the cost of the program.

To protect Section 8 assistance for all families, by reducing program costs, HACLA is taking the following steps:

- A) Lowering Occupancy Standards/Voucher Bedroom Size: The number of bedrooms per family size.
- B) Lowering Voucher Payment Standard: The maximum rent for a voucher by bedroom size.

These changes, explained on pages two and three, may mean many participant families will need to move. If you have vacancies in your housing portfolio, we recommend that you make them available to affected families. We recommend that you consider flexible terms and payment plans for security deposits as this will be appealing to voucher holders looking for rental units.

Recommendations for Owners to Keep Tenants Housed

The Los Angeles County unemployment rate of 12% is one of the highest in the state of California. As a result of the rise in unemployment, the vacancy rate is at its highest level in 23 years. This situation has decreased market rents and because of this, comparable rents are lower.

The Section 8 Housing Choice Voucher Program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing, and represents a reliable source of income to the owner. If the tenant loses his/her source of income due to unemployment or reduction of benefits, such as Social Security Income and/or CalWORKS, the housing authority conducts an interim reexamination at the tenant's request, and adjusts the tenant's portion of the rent to the landlord. The housing authority pays the difference between the contract rent and the revised tenant portion of the rent.

Owners can also assist to keep impacted families housed by lowering rents. As a benefit you will be keeping your existing tenants and avoiding costs required to attract new tenants.

You will also avoid the expense of filling empty units and vacancy losses by offering rent decreases to your Section 8 Tenants.

A change in the contract rent amount does not require a new HAP Contract. To lower your rent you can access and submit the rent decrease form online at: <http://www.hacla.org/owner-info/>

If you do not have internet access you can also submit a written request to the Rent Reasonable Desk by:

Fax: (213) 252-6177 **OR**
Mail: HACLA RRD
2600 Wilshire Blvd. 5th Flr. Ste 5600
Los Angeles, CA 90057

The written request must include:

- Owner name, Vendor number, and contact phone number
- Tenant name and EID#
- Tenant address, including apt number
- Current contract rent amount
- Proposed **decreased** contract rent amount
- Effective date of rent **decrease**

It must be submitted 30 days prior to the decrease.

Changes in the Occupancy Standards/Voucher Bedroom Size

The Occupancy Standards, also known as voucher bedroom size or subsidy standards, depend on the number of approved people in the household.

HACLA has set new minimum family sizes for each voucher bedroom size, a standard that is on parity with other public housing agencies in the Los Angeles Metropolitan region. If your tenant's family size is less than the new minimum family size indicated on their voucher, the number of bedrooms on the voucher will be lowered according to the following table:

New Minimum Family Sizes for Each Voucher Bedroom Size:

Voucher Bedroom Size	Minimum Family Size	Maximum Family Size
1	1	2
2	3	4
3	5	6
4	7	8
5	9	10
6	11	12

When will the New Voucher Bedroom Size Change Start?

If your tenant decides to remain in the unit, the new Voucher Bedroom Size policy will go into effect **at the time of your tenant's up-coming annual reexamination** effective **February 1, 2010**, or later.

If your tenant has a voucher to move or a new voucher, the new Voucher Bedroom Size will go into effect on **December 1, 2009**.

How Will the New Voucher Bedroom Size Affect You?

If the number of approved people in your tenant's family is less than the minimum family size listed, the HACLA will lower the Voucher Bedroom Size to the size allowed, according to the chart above.

At the time of your tenant's upcoming annual reexamination, starting February 1, 2010 or later, HACLA will let you know if the number of bedrooms on the voucher will change due to the new Voucher Bedroom Size.

Example: A two-person family in a two-bedroom unit. According to the new minimum family sizes, HACLA will change this family to a one bedroom voucher at the time of the upcoming annual reexamination, after February 1, 2010. If the **gross** rent (contract rent plus utility allowances) for the current two-bedroom unit is more than the Voucher Payment Standard (shown below) for a one-bedroom voucher, the family share of rent will go up. In that case your tenant has several options, which are detailed below.

1. Your tenant can get a voucher to move to a new unit that is the right bedroom size and rent amount according to the new voucher.
2. Your tenant can talk to you to see if you will accept a lower rent amount for your current unit. This is your tenant's choice, it is not mandatory. It is also not mandatory that you lower your rent, although we encourage you to do so.
3. Your tenant can elect to pay an increased share of the rent to you to make up the difference between your unit's gross rent and the new voucher payment standard. This is also not mandatory.
4. Your tenant can do both 2) and 3) – Talk to you to agree on a lower rent amount, and pay the difference as an increased share of the rent.

What about Disabled or Elderly Families with Approved Live-In Aides?

The rules for households with an approved Live-In Aide are not changing. The Live-In Aide must be approved by the HACLA before they are included on the family's voucher. Live-In Aides must be present at the annual reexamination.

Current family members are NOT permitted to change their status to be considered Live-In Aide.

Decrease in the Voucher Payment Standards

The Voucher Payment Standard (VPS) is the maximum amount of gross rent HACLA will pay for a unit. The VPS depends on the occupancy standards/voucher bedroom size.

HACLA has lowered the VPS. The new Voucher Payment Standards are as follows:

New Voucher Payment Standard

Voucher Bedroom Size	New Voucher Payment Standard
Mobile Space	\$640
SRO	\$678
0	\$905
1	\$1,091
2	\$1,363
3	\$1,830
4	\$2,203
5	\$2,533
6	\$2,863

How Will the Voucher Payment Standard Affect You?

- 1) **If your tenant's Voucher Bedroom Size changes, the new Voucher Payment Standard will be used at your tenant's upcoming annual reexamination, starting with reexaminations effective February 1, 2010 or later.** You will be notified of the decrease in the Voucher Payment Standards.
- 2) If the rent for your unit is higher than the new Voucher Payment Standard, your tenant's share of the rent may go up. If your tenant does not want to pay more or talk to you about the possibility of lowering the rent, the tenant will receive a voucher to move to a different unit that corresponds to their new bedroom size and voucher payment standard.
- 3) If there is no change to your tenant's Voucher Bedroom Size and your tenant remains in your unit, your tenant's rent will not be affected by the new Voucher Payment Standard until the second annual re-examination, beginning in 2011.

- 4) If your tenant requests a voucher to move on December 1, 2009 or later, the new Voucher Payment Standard will be used.

Rental Market Conditions

Due to the struggling economy and high unemployment, vacancy rates are rising, rents are falling, and property owners are increasingly willing to negotiate contract rents. Even in high value areas, landlords are lowering rents to accommodate tenants.

The first quarter saw the largest rent decline in a decade for Los Angeles County, according to Reis, Inc., a real estate research company in New York. The last time vacancy rates were at this level in Los Angeles County was in the early 1990's, when they hit 5%. The vacancy rate climbed to 5.3% in the first quarter of 2009 from 3.8% in the first quarter of 2008. In contrast, vacancies had been hovering between 2% and 3% for the last decade.

Apartment rents in the U.S. West and South areas dropped 1.5%, marking their third consecutive decline, as higher unemployment forced some renters to combine households. The average monthly rent dropped to \$978 in the three months ended March 31 from \$993 in the fourth quarter of 2008. The average rent according to RealFacts was \$993 in the year earlier as well.

Los Angeles Times, April 23, 2009; Nick Timiraos, "Apartment Vacancy Rate Hits 22-Year High", *Wall Street Journal*, July 8, 2009; Lauren Beale, "Vacancies give renters room to negotiate", *Los Angeles Times*, July 5, 2009.

Backup Withholdings

If you notice a negative amount described as "backup withholdings" on your check stub or your statement from the HACLA, these are withholdings placed by the Internal Revenue Service (IRS). To correct the backup withholding the legal property owner needs to provide a corrected W9 to the IRS.

For more information regarding backup withholding please visit www.irs.gov publication 1281, page 18 and 19.

Direct Deposit

If you have not already signed up for direct deposit please sign up today. It is a secure way to receive your money, and no checks are lost or stolen. Payments are available at 12:01 A.M. on the first of each month unless the first falls on a weekend or holiday in which case payments will be available at 12:01 A.M. of the next business day.

To apply for direct deposit you may download an application from our website at:

<http://www.hacla.org/owner-info/>

Please keep in mind the following:

The processing of direct deposit generally takes between 90 to 120 days.

All ownership information needs to be current and all documents complete with the required signatures to ensure the timely arrival of your direct deposit.

List Your Properties with Us

The Housing Authority of the City of Los Angeles (HACLA) has launched a FREE rental listing service to help our Housing Choice Voucher holders quickly find and fill your vacancies. The new service is available online, at www.hacla.org, under "Property Listings." You can also register for free by phone (toll free) at 1-877-428-8844.

You will now be able to list properties in detail, add up to 10 photos to each listing, enjoy toll-free call center support, and many other benefits.

The new service works in collaboration with **Housing.LACounty.gov**, which averages 4,000 - 5,000 searches for housing every day. If you are already registered to list with Housing.LACounty.gov, you do not have to register again. Your properties will already be available through the new HACLA system, and the Housing Authority of the County of Los Angeles also uses this service. List your properties on one service and enjoy visibility from all sites!

Owner Services Unit is Moving

Effective December 2009 the Owner Services Unit is moving to the following location:

**2500 Wilshire Blvd. 6th Flr.
Los Angeles, CA 90057**

New Forms Available Online Transfer or Sale of Section 8 Subsidized Units

To update the Housing Authority on change of address, transfer or sale of Section 8 Rental Property please complete the "Reporting Ownership Transfer or Sale of Section 8 Rental Property" form located on our website: www.hacla.org.

Place your cursor on the Section 8 Housing link, click on Owner Information, and click on Report Ownership Change. Complete the form and submit according to the instructions provided.

Section 8 Owner Orientation Seminars

These sessions are designed to explain how the Section 8 Program works from the property owner's perspective.

November–December 2009 Orientation Schedule

Saturday, November 14, 2009
Tuesday, November 24, 2009
Thursday, December 3, 2009
Tuesday, December 15, 2009

The dates are also posted on our website: www.hacla.org. You must reserve a seat to attend one of the sessions by calling (213) 252-1253. NOTE: This line is set up to take messages only. You will not receive a return call. Please leave a contact number, since the schedule may be subject to change.

Persons with a hearing impairment should call the TDD Line at (213) 252-1639.

You can find the Owner Newsletter online at:

<http://www.hacla.org/ownrnwsltr/>

**The Housing Authority will be closed
on the following dates:**

November 26-27 in observance of
the Thanksgiving Holiday