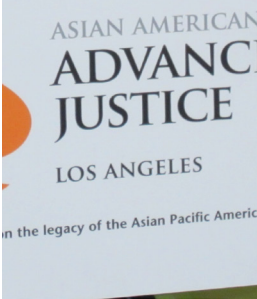
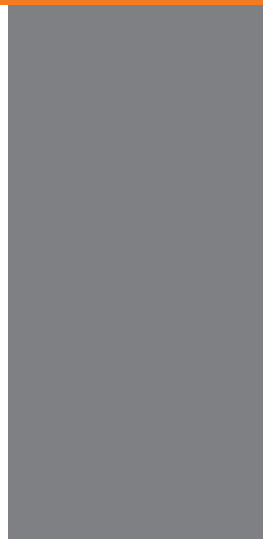




Federal Mortgage Maturity Toolkit

A Step-by-Step Guide for Advocates



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ORGANIZATIONAL DESCRIPTIONS



Asian Americans Advancing Justice - Los Angeles

Founded in 1983 as the Asian Pacific American Legal Center, Asian Americans Advancing Justice - Los Angeles (Advancing Justice - LA) is the national's largest legal and civil rights organization for Asian Americans and Native Hawaiians and Pacific Islanders (NHPI). Through direct services, impact litigation, policy advocacy, leadership development, and capacity building, Advancing Justice - LA focuses on the most vulnerable members of Asian American and NHPI communities while also building a strong voice for civil rights and social justice.

Advancing Justice - LA is based in downtown Los Angeles, with satellite offices in Orange County, Sacramento, and the San Gabriel Valley. Our affiliates include Asian Americans Advancing Justice - AAJC (Washington DC), Asian Americans Advancing Justice - Asian Law Caucus (San Francisco), Asian Americans Advancing Justice - Atlanta, and Asian Americans Advancing Justice - Chicago.

www.advancingjustice-la.org



The Public Law Center

The Public Law Center (PLC), Orange County's pro bono law firm, is committed to providing access to justice for low-income and vulnerable residents. Now in its 34th year of service, PLC's 35 staff members work with 1,600 lawyers, paralegals, law students and other volunteers on a wide range of issues, including domestic violence, human trafficking, guardianship, housing, health, bankruptcy, asylum, family law, consumer fraud and immigration. In 2014, PLC staff and volunteers provided over 67,000 hours of free legal services in handling over 4,600 cases and benefitted more than 8,000 low-income children, adults and seniors in Orange County. The estimated value of this work is \$22 million in 2014 alone.

www.publiclawcenter.org

ORGANIZATIONAL DESCRIPTIONS



Public Counsel

Public Counsel is the public interest law firm of the Los Angeles County and Beverly Hills Bar Associations and the Southern California affiliate of the Lawyers' Committee for Civil Rights Under Law. Established in 1970, Public Counsel is dedicated to advancing equal justice under law by delivering free legal and social services to indigent and underrepresented children, adults, and families; ensuring that other community-based organizations serving this population have legal support; and mobilizing the pro bono resources of attorneys, law students, and other professionals. Public Counsel's staff of over 70 attorneys and 50 support staff — along with over 5,000 volunteer lawyers, law students and legal professionals — assists over 30,000 children, youth, families, and community organizations every year. Because affordable housing opportunities continue to be of critical importance to Public Counsel's client base, Public Counsel's Community Development Project maintains a specific focus on preserving and expanding affordable housing opportunities.

www.publiccounsel.org



National Housing Law Project

The National Housing Law Project, based in San Francisco, has served as the nation's expert in affordable housing law since 1968. NHLP's mission is to help the millions of extremely low-income people in our country realize their basic human right to decent and affordable housing, and use the power of law to address the inequities and discriminatory practices that have traditionally created barriers to housing justice for people of color, immigrants, families living in poverty, domestic violence survivors, and other marginalized groups.

www.nhlp.org

INTRODUCTION

Yong Woom Wang, a 74 year old retired baker who lives in Anaheim, California, collects a monthly social security check of \$870. He is one of nearly 1.2 million extremely low-income (ELI) renter households in California who earn 30 percent or less of their metro area’s median household income.¹ Only two out of ten ELI households in California are able to find an affordable and available home, and the shortfall is even more severe in many areas, including Los Angeles, Orange, San Diego, and San Bernardino counties.² For eight years, Mr. Wang was one of the few fortunate ELI renters who secured affordable housing at Miracle Terrace, a senior apartment complex in Anaheim that kept rents manageable through a federally subsidized mortgage program. Miracle Terrace was one of many affordable housing developments built in the 1960s and 1970s through below-market loans subsidized by the government to encourage the development of affordable housing. These loans contain use restrictions and restrict rents to affordable levels.

Over the last several decades, the affordable housing supply created by these subsidized mortgages has dwindled as owners have prepaid their mortgages to take advantage of skyrocketing market rents or the mortgages have matured. Although Congress created an entitlement to rental assistance for tenants living in properties that have been prepaid, no such protection automatically exists for tenants living in properties where subsidized mortgages have matured. Therefore, **these tenants become extremely vulnerable to homelessness and displacement if the owner chooses to increase rents after maturity.** This happened to Mr. Wang. Last year, the mortgage on his building matured, the affordability restrictions expired, and a new owner took over who increased Mr. Wang’s rent from \$350 per month to nearly \$600. Compelled to pay nearly 70 percent of his fixed income on rent, Mr. Wang was forced to stop driving because he couldn’t afford gas, cut back on necessary diabetes medication, and limit his monthly food budget to \$50. He could not find any alternative housing because the waiting list for Section 8 in Anaheim was closed and market rate apartment buildings charged even more than he was already paying.

Luckily, with the help of local legal advocates, Mr. Wang and nearly 200 other elderly, ELI tenants at Miracle Terrace were able to remain after persuading the new owner to apply for a little known HUD program called Tenant-Protection Vouchers for Certain At-Risk Households in Low-Vacancy Areas (Expiring Use Vouchers). In 2014, **Congress set aside \$5 million to assist tenants facing significant rent increases as a result of the maturity of a HUD subsidized loan.**³ The assistance may be provided as either enhanced vouchers or project-based vouchers. However, as Mr. Wang and the other ELI elderly tenants at Miracle Terrace discovered, the application process is fraught with difficulty.



¹ <http://www.chpc.net/dnld/CHPCHousingNeedReport020814FINAL.pdf> (p. 3)

² *Id.*

³ <https://portal.hud.gov/hudportal/documents/huddoc?id=14-07hsgn.pdf>

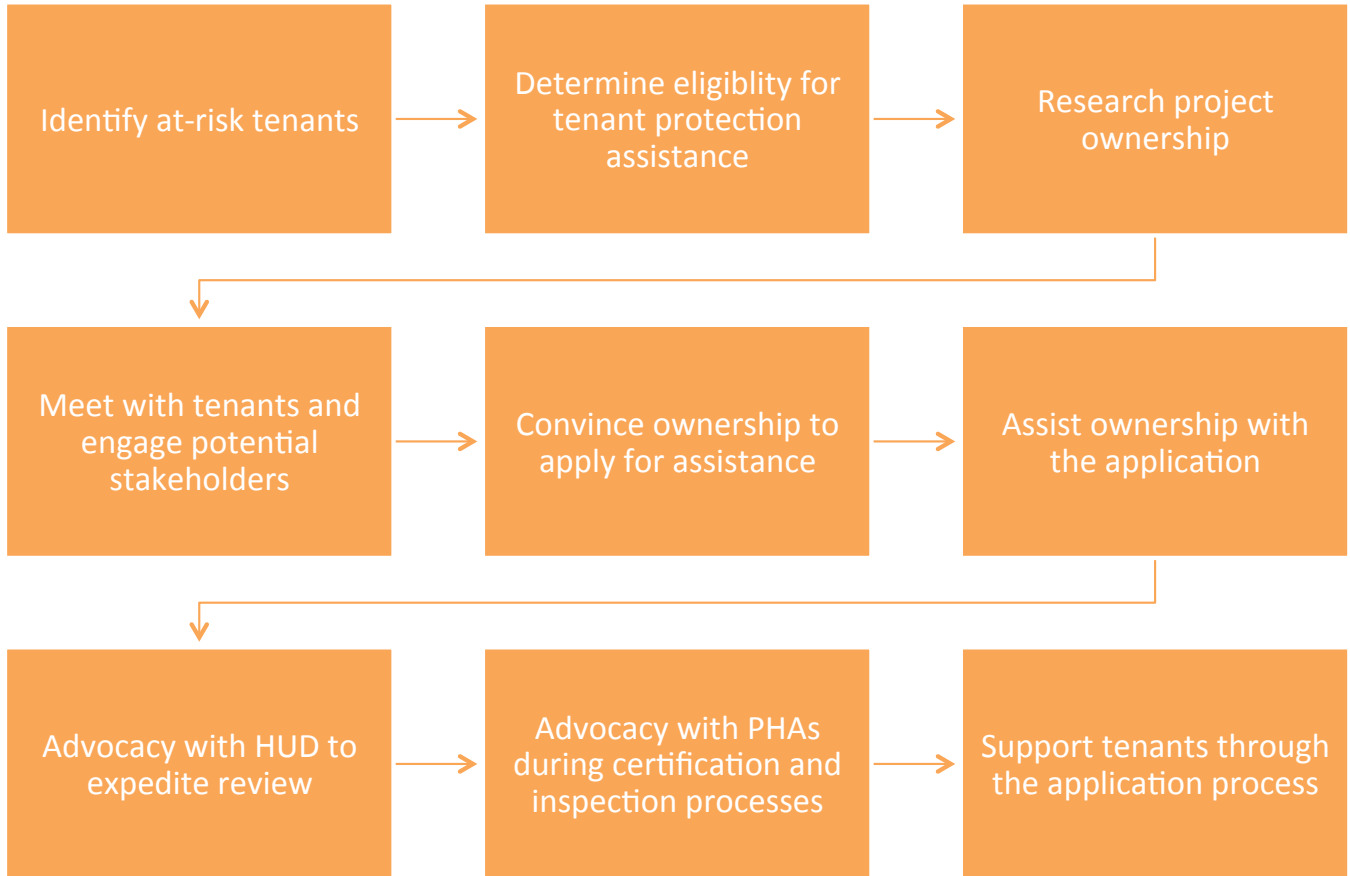
INTRODUCTION

Unlike the vouchers that are available as a matter of right to tenants living in properties subject to prepayment, the expiring use vouchers must be applied for by the owner, which gives owners — who do not often have the tenants best interests at heart — a disproportionate amount of power. For example, the owner of Miracle Terrace required Mr. Wang and the other tenants to pay extremely unaffordable rents throughout the application process, and there was nothing that tenants or advocates could do for fear of losing the owner’s cooperation in the process. Another problem with the expiring use vouchers are the delays in processing. Vouchers can take more than a year to process, which places a severe burden on tenants required to pay increased rents. Mr. Wang and most of the other ELI tenants at Miracle Terrace could not have sustained the extreme rent burdens that they carried while the expiring use vouchers were processed if it had taken a year. Fortunately, vigorous advocacy by local legal groups, Congressional offices, and contacts with HUD sped up the process to just 4.5 months. Even then, many tenants only managed to remain housed with the help of emergency food and rental assistance and severe cutbacks on necessities like medication. In the end, **124 project-based vouchers were secured through the program for Miracle Terrace, preserving the affordability of the complex and enabling Mr. Wang and nearly 200 other elderly ELI tenants to remain housed.**

Miracle Terrace is not an isolated property. Tens of thousands of units in similar properties are facing mortgage maturity or the expiration of use restrictions or assistance. In the Fiscal Year 2014–16 window, we have identified a total of 27,955 unassisted units in 365 properties in 46 states. Unassisted tenants in these properties face the serious risk of a rent increase, displacement and homelessness. Given the challenges with the application process, it is imperative to get involved in advance of the maturity. As described more fully below, tenants receive notification of mortgage maturity at least a year in advance. The best solution is to encourage prepayment if possible, so that tenants have a right to rental assistance. If that is not possible, it is ideal to arrange for the expiring use voucher to be processed around the time of actual maturity so that the gap period, when tenants are most vulnerable of displacement, is limited.

INTRODUCTION

This resource is a step-by-step guide for navigating the expiring use voucher process to protect ELI tenants and preserve precious affordable housing resources.



STEP-BY-STEP GUIDE

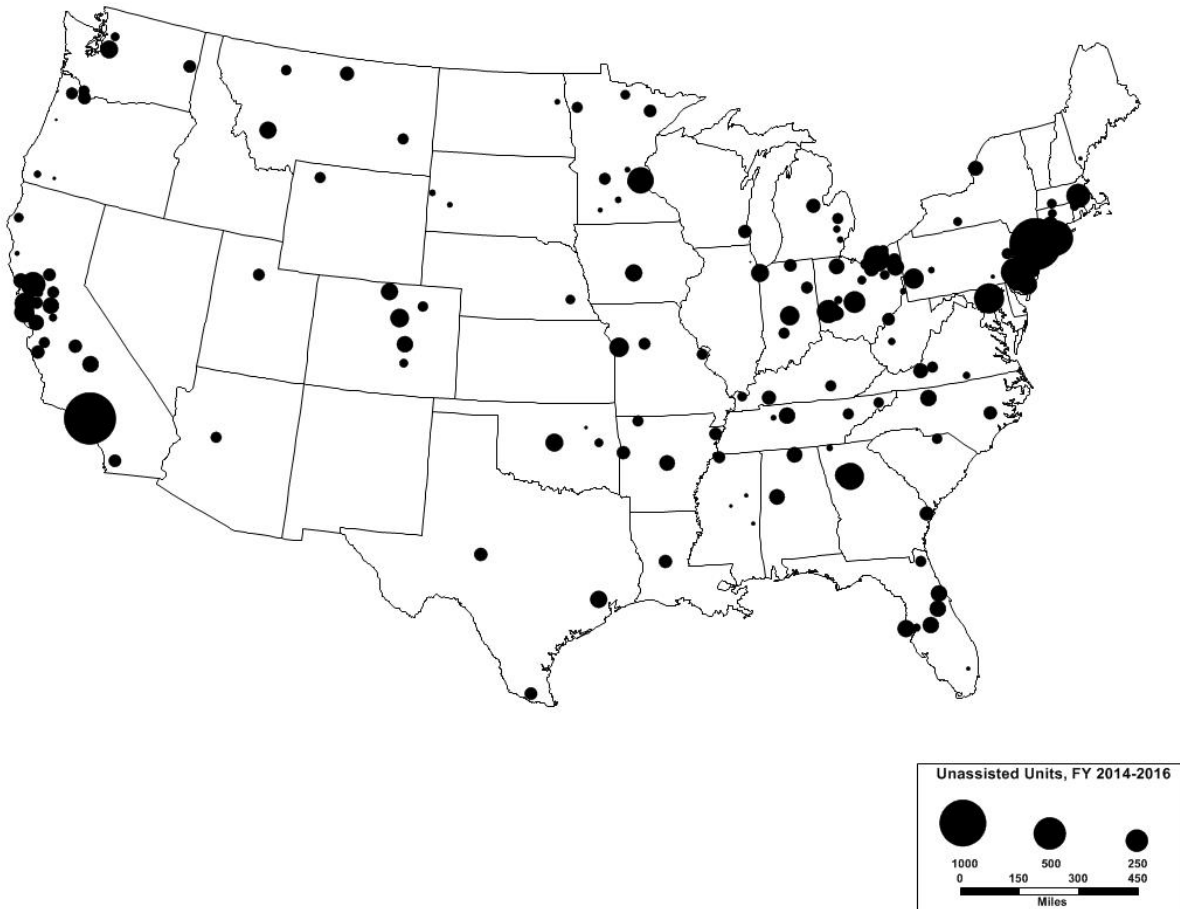
A. Identify At-risk Tenants

1. Finding out whether buildings in your community are maturing.

Identifying potentially affected properties is not complicated. Much of the basic information you need has already been compiled in the attached list of maturing properties, listed as [Attachment A](#).

Assembling the Data

The list was compiled by utilizing and filtering data from the National Housing Preservation Database.⁴ The projects listed are one of three types: HUD Section 221(d)(3) Below-Market-Interest Rate, Section 236, or Section 202 programs. All properties listed have federally subsidized mortgages that will expire between October 1, 2012, and September 30, 2016. Actual dates of maturity for each property can be found under the Loan Maturity Date column in [Attachment A](#). *Like most government data, imperfections abound, and this list is only a starting point for determining actual need for assistance and potential eligibility of properties and tenants under the statutory authority and HUD policy. To identify properties in a specific geographical area, you can sort the data by city, state or zip code.*



⁴ The database was created by the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition. See National Housing Preservation Database, <http://www.preservationdatabase.org/>

STEP-BY-STEP GUIDE

A. Identify At-risk Tenants

Unassisted Units

To determine the number of unassisted units in any given property, the total number of units under a Section 8 contract were subtracted from the total number of units of a property. (Tenants assisted under a project-based Section 8 contract are not directly affected by the mortgage maturity — they retain that assistance until a valid termination of that contract, at which time they are almost invariably eligible for special “enhanced” tenant protection vouchers.) **Knowing the number of unassisted units will enable advocates to gauge the number of potentially affected tenants in a property that might be eligible for tenant protections.**

Unassisted Units Formula

[Total Number of Building Units — Total Number of Units With A Section 8 Contract]

Project	Total Building Units	Section 8 Assisted Units	Unassisted Units
<i>Property A</i>	150	100	50
<i>Property B</i>	200	189	11

2. Does the Maturity Present Any Threat?

Once you have basic information about the potentially affected properties in your area, you can begin to determine the scope of the problem and how you can make a useful contribution. Because not every property will actually involve tenant rent increases or displacement, you will need to become more familiar with the specific circumstances of each potentially threatened property. **There are usually two primary factors that determine whether maturity will threaten current tenants: (1) can the rents increase significantly? (2) will the owner increase the rents?**

You can begin by taking the following steps:

(1) Scan the list of properties to see if you recognize any of them;

- Compare any information you might have to determine whether further investigation of possible need for tenant protections is warranted;

(2) Contact any tenants at the property or community organizations in the area, the owner and the local HUD office to explore possible needs for tenant protections at a particular project;

- Find out whether the owner has increased the rents (if restrictions have already expired) or has any near-term plans to do so (i.e. has a notice of rent increase been issued?). Talk to the

STEP-BY-STEP GUIDE

A. Identify At-risk Tenants

owner or manager about their plans, or ask the HUD project manager if they know what's being planned. Some nonprofit owners may not be planning to increase rents, even if the market would support it. However, if the controlling entity is a single asset non-profit, that may be a red flag for a property as risk of turning over to market rent. If the property needs repairs, this would be a good opportunity to make sure that the owner knows that tenant protection resources (in the form of special vouchers or Project-Based Vouchers) might be available. These resources, by permitting the owner to get increased rents closer to market value, could provide increased income to facilitate repairs. A Project-Based Voucher contract may make it easier for the owner to obtain a loan to undertake these improvements.

(3) Investigate whether market conditions in the neighborhood might support a rent increase for unassisted tenants when restrictions do expire; several pieces of information might be helpful:

- *What are the current restricted rents?* You could ask the tenants or HUD, or file a FOIA if HUD resists disclosure of the rent schedule. Before you do that, note that, for properties that have a Section 8 contract for some of the units, the database contains a field — “S8_1_Rent To FMR,” which provides a ratio that compares the current contract rent being charged by the owner (which should be the same for the unassisted units), and the published Section 8 Fair Market Rent for the area, which is used in establishing local payment standards for the Voucher program. Since you can determine the Section 8 FMR for the area by consulting a HUD online dataset, you can determine the current contract rent by multiplying that FMR by the decimal in this field.
- *What is the market rent for the subject property?* You can get a rough idea from looking at the published Section 8 FMR for the area (which may not accurately reflect the unrestricted market rent for the subject property), or by asking the public housing authority (PHA) what rent they would approve as a reasonable rent for the subject unit if it were rented to a Voucher holder (the PHA must make such a determination for each voucher unit in their program, and thus many have built a database).

Typically, properties that show a ratio of less than 100% (current rent over projected rent) are especially susceptible to rent increases after restrictions expire.

(4) Determine whether the owner of the property is eligible to prepay the mortgage before expiration without HUD approval. Such a prepayment triggers enhanced vouchers for all unassisted tenants and therefore provides tenant protections more easily and without utilizing any available set-aside for mortgage maturities:

- Determine whether the property is “eligible low-income housing” under the Low Income Housing Preservation and Residential Homeownership Act (LIHPHA);⁵

⁵ 24 C.F.R. §248.101.

STEP-BY-STEP GUIDE

A. Identify At-risk Tenants

- Confirm that prepayment would be in the tenants' best interests;
- If prepayment is determined advantageous, encourage owner to pursue prepayment immediately with HUD to secure enhanced vouchers.

Note that, even if the mortgage expiration date is within the next 150 days and the owner would not necessarily be able to provide the statutorily required minimum notice, the notice statute provides an exception for projects whose owners agree to operate on the same terms and conditions until the mortgage maturity date.⁶ Thus, a simple use agreement extending the term of the regulatory agreement until maturity could permit a prepayment and provide eligibility for enhanced vouchers without a 150-day notice.

3. Notices of expiring restrictions

HUD has encouraged, but not required, owners to provide at least nine months' notice to tenants and HUD of an impending maturity of a Section 236 mortgage.⁷ However, **state laws may provide additional protections. For example, under California law,⁸ owners of properties with expiring use restrictions must provide both a 12-month and a six-month notice** to tenants and the PHA and the local government, where the termination of restrictions will increase rents or change the form of subsidy. Thus, if any of these parties has received notice, this provides an important clue about the owner's plan, including the current and projected rent levels. Just because an owner has not provided the required notice does not mean that termination will not occur or that the owner will not plan to increase the rents. For a full discussion of California notice laws, see [Attachment D](#).

4. State notice requirements of rent increases

State law may provide additional requirements. Under California law, for example,⁹ a landlord must give tenants at least a 60-day notice of any rent increases greater than 10 percent of the rent charged under the lease, before the rent increase can become effective. Such a notice is likely to come fairly late in the conversion process, so that, if the application for tenant protections is not already fully underway, there is likely to be a significant gap before such a legal rent increase can be offset with enhanced vouchers. An owner's failure to serve the required 60-day notice should provide grounds to forestall the rent increase.

It is important to keep in mind that regardless of whether a notice is required under federal or state law, if a notice is provided, it must comply with civil rights laws. This becomes particularly important when tenants are limited English proficient and notices are not translated. For a discussion of language access issues, please see [Attachment D](#) – California Addendum, Section I.C.

⁶ Pub. L. No. 105-276, Admin. Prov'ns, §219, 112 Stat. 2487-88 (1998).

⁷ Letter from Margaret Salazar, HUD Assoc. Dep. Ass't Sec'y, OAHF, to Section 236 Property Owners (Jan. 6, 2014).

⁸ Cal. Gov't Code §65863.10.

⁹ CA Civ. Code § 827.

STEP-BY-STEP GUIDE

B. Determine Eligibility for Tenant Protection Assistance

In 2015, Congress has provided up to \$7 million for tenants in three types of HUD-assisted housing, including those residing in properties with: (1) maturing HUD-insured, HUD held, or Section 202 mortgages that require HUD permission to prepay; (2) expiring rental assistance contracts for which tenants are not eligible for tenant protection assistance under existing law; or (3) expiring affordability restrictions accompanying a HUD mortgage or preservation program.¹⁰ The property must be located in a HUD-determined “low-vacancy area.”¹¹ HUD FY 2015 guidance requires that the expiration or maturity must have occurred prior to September 30, 2015. A full text copy of the most recent HUD Notice is provided as [Attachment B](#).

1. Which Tenants Are Eligible?

To be eligible for these expiring use vouchers, **tenants must: (1) be in residence at the time of the maturity or expiration; (2) be low-income; and (3) suffer a rent burden after expiration of more than 30% of adjusted income.** HUD will process applications on a rolling basis until the funds have been exhausted.¹²

In order for tenants to receive protections, additional criteria must be satisfied:

- **Owners must apply for these protections; tenants or PHAs cannot apply on their own;**
- The units must pass a PHA inspection and the owner must sign a subsidy contract; and
- The tenant must pass any eligibility screening imposed by the PHA for its voucher program.

The major barrier will be convincing owners to apply for these protections. Owners that agree to apply for the protections are generally sufficiently motivated to make any necessary minor repairs necessary to pass a PHA inspection and sign the assistance contract with the PHA. You may encounter rare situations where specific units need more repair, or where the owner would rather not continue to rent to a particular tenant, and uses the unit deficiencies as a convenient excuse. Creative advocacy relying on state or local law, or the lease, may be required to resolve these situations.

Usually, tenants who are eligible for tenant protections will pass the local PHA eligibility screening. However, a few PHAs have rejected tenants from HUD-subsidized properties by applying their usual eligibility screening criteria for their regular voucher program. Tenants with prior debts to the PHA from a prior relationship, or those with some criminal history background, have been especially vulnerable. Federal law currently does not prohibit such re-screening for these tenant protections, so you will have to encourage the PHA to grandfather all existing tenants, or challenge rejections under available administrative procedures.

¹⁰ To address this issue for properties maturing in or prior to FY 14 (through Sept. 30, 2014), HUD issued Notice HUD 2014-13 outlining the criteria for distributing funds (\$5 million) for expiring use vouchers for unassisted tenants in affected properties. (HUD’s prior effort in 2013 (HUD Notice PIH 2013-08) implementing a similar provision in the FY 12 Appropriation resulted in HUD approval of 18 properties for assistance.)

¹¹ HUD Notice HUD 2014-13 (May 20, 2014), p. 5.

¹² HUD Notice, p. 2.

STEP-BY-STEP GUIDE

B. Determine Eligibility for Tenant Protection Assistance

2. What Kind of Tenant Protection Assistance is Available?

Owners may request either enhanced vouchers or Project Based Voucher (PBV) assistance for tenants when restrictions expire at an eligible property. Although both types of assistance are administered through a Public Housing Authority (PHA), they vary from each other in important respects, discussed next.



a. Enhanced Vouchers Explained

Enhanced vouchers are tenant-based assistance.¹³ Eligible tenants can use these vouchers to stay in their homes or move to another unit. If another willing landlord can be found, and the unit passes inspection, tenants may move from the subject property immediately upon receipt of the voucher from the PHA. It will be necessary to coordinate rent payments under old and new leases to ensure that any double rent payments for overlapping leases are minimized.

With an enhanced voucher, the tenant who stays in place generally pays the rent that they were paying prior to the expiration of the rental restrictions (which was often a flat “basic rent,” usually exceeded 30% of income), but no less than 30% of income. For unassisted tenants who pay their own utilities, the new “minimum rent” will be set at a level that includes the PHA-determined utility allowance for the unit.¹⁴ The new assistance makes up the difference between that contribution and the new market rent for the unit. Some tenants may experience a rent increase, because their old pre-maturity restricted rent was actually less than 30% of adjusted income. However, if the family subsequently suffers a significant decline in family income, the PHA uses a different method: the enhanced voucher minimum rent changes from an actual dollar amount to a specific percentage of income.

Enhanced vouchers are different from regular vouchers in two key respects. First, they differ in *value*. They can be worth more than regular vouchers if a higher subsidy is needed to permit the tenant to afford to remain in the development after conversion, either at the time of conversion or later. If necessary, the enhanced voucher subsidy is set at an “enhanced” payment standard — i.e., the actual, PHA-approved, reasonable market rent level for the unit in the converting property, to enable tenants to afford the new unrestricted rents. This value must be adjusted in the future to cover any subsequent rent increases imposed by the owner, so long as the PHA determines that the rent is truly a “market-value” rent for the unit. By contrast, tenants who choose to move with their enhanced vouchers will have their assistance determined not by the reasonable rent for the unit, but by ordinary PHA-set local

¹³ HUD Notice, p. 5.

¹⁴ HUD Notice PIH 2001-41 (Nov. 14, 2001), at 30-31.

STEP-BY-STEP GUIDE

B. Determine Eligibility for Tenant Protection Assistance

payment standards, which may significantly differ from actual rents charged. For movers, the local payment standard may or may not be adequate to cover the actual rent charged by a new landlord, which may then significantly affect the tenant's net rent burden. (As described below, different utility allowances can also affect the net rent burden.)

Second, enhanced vouchers include *anti-displacement protection*. Generally, the current owner must accept them, as long as a tenant wishes to remain. Owners cannot evict tenants at the end of the lease term with no cause stated. This protection is stronger than the ordinary voucher program, which permits no-cause evictions at the end of the lease term, absent local eviction protections.

Whenever a tenant decides to move from the property, their enhanced voucher becomes a regular voucher and these two features no longer apply. However, moving can also sometimes confer a benefit. Upon moving, tenants are also no longer subject to the enhanced voucher minimum rent (equal to their prior gross rent), which means that they can pay 30% of adjusted income, plus any excess of the new unit rent over the local PHA payment standard. For tenants who are seriously rent-overburdened by the enhanced voucher minimum rent, moving may be financially attractive.

Despite the capacity of an enhanced voucher to cover all rent increases, some tenants receiving enhanced vouchers may find that their actual total rent contribution changes, because of differences in how utility allowances for tenant-paid utilities are calculated. Prior to maturity of a Section 236 mortgage, unassisted tenants who pay some or all of their own utilities either pay (A) basic rent, without a utility allowance, or (B) 30% of their adjusted income for rent, minus an owner-set utility allowance, but capped at a level known as the "Section 236 market rent."¹⁵ After maturity, direct-metered tenants who paid 30% of adjusted income minus an allowance will receive, as enhanced voucher holders, a new PHA-set utility allowance, which may vary from the prior owner-set utility allowance. After maturity, under enhanced vouchers, unassisted tenants must pay at least the same dollar amount of the gross rent (i.e., rent to owner plus any utility allowance) they were paying on the date of maturity.¹⁶ Regardless of the amount of the prior owner-set utility allowance, the PHA's utility allowance for its voucher program is used to calculate the gross rent contribution that serves as a minimum rent.¹⁷ Thus, even though the enhanced voucher covers all *rent* increases by the owner (both those immediately following removal of the rent restrictions and later on), the tenant's actual rent contribution under the enhanced voucher could change (up or down) from what it was under the HUD program prior to mortgage maturity, if the tenant had been paying more than basic rent and had a utility allowance.

If the two utility allowances differ, which they almost always will, tenants may benefit or be burdened by the switch. A tenant will benefit if the PHA utility allowance is higher than the prior owner-set utility allowance. Conversely, a tenant will be burdened if the PHA allowance is lower than the prior owner-set utility allowance.

¹⁵ Some unassisted tenants facing mortgage maturity reside in Section 202 properties for the elderly and disabled. Even where such unassisted tenants had tenant-metered utilities, they still paid a cost-based rent (like the Section 236 basic rent), and received no utility allowance. Unlike Section 236, no unassisted Section 202 tenants paid 30% of income. Thus, these tenants will be subject to a minimum rent set at their "gross rent" — i.e., the sum of the old rent to the owner plus the PHA's voucher utility allowance, regardless of their actual prior utility bills.

¹⁶ Notice PIH 2001-41 Part II (C)(3)(a)

¹⁷ Notice PIH 2001-41 Part II (C)(3)(a)

STEP-BY-STEP GUIDE

B. Determine Eligibility for Tenant Protection Assistance

b. Project-Based Vouchers Explained

Project-Based Vouchers (PBVs) are project-based assistance, attached to the units through a contract with the owner.¹⁸ The assistance remains with the building to be used by the next occupant of the unit, for the length of the contract between the PHA and the landlord, usually 15 years. After one year, tenants of PBV units become eligible to move to another unit with assistance, by requesting a regular voucher from the PHA, which moves them to the top of its waiting list for the next available voucher. The PBV subsidy remains with the property, for a new eligible tenant selected under the terms of the PBV program and contract.

PBV tenants generally pay 30 percent of their adjusted income for rent.¹⁹ **Unlike enhanced vouchers, PBVs are not subject to a minimum rent** equal to the prior rent before the restrictions were lifted. The total contract rent level that the owner can charge for the unit (i.e., the maximum of the tenant contribution plus the assistance payment) is limited to a reasonable market rent, but capped at 110 percent of the HUD-published FMR for the area (or any HUD-approved exception payment standard).

c. Pros and Cons of Enhanced Vouchers and PBVs

Tenants may prefer enhanced vouchers if they want to move right away with assistance. Moving also offers a rent-overburdened tenant the added benefit of reducing her contribution to rent to 30 percent of adjusted income, plus any excess of the rent over the PHA's voucher payment standard. From the owner's perspective, where the owner seeks market rents for the property that exceed the applicable PBV rent limit, enhanced voucher assistance can cover that new rent, providing more income for the owner while protecting the tenant.

PBVs offer several benefits. First, they can reduce tenants' rent contributions to 30% of adjusted income, even if the tenant remains in place. Second, PBVs provide greater protection for the continued use of the property as an affordable housing resource, because the assistance remains with the property if any individual tenant moves. Third, tenant mobility is also supported by the unique feature of the PBV program that provides the opportunity to request a regular voucher to move after one year of residency. Finally, by means of the federal subsidized contract rent for the unit, PBVs also offer new resources for owners to support financing for property repairs or rehabilitation.

Under HUD's current policy governing maturing mortgages and expiring restrictions, the owner makes this choice between enhanced vouchers or PBVs in the application to HUD, but tenants can devise strategies to influence that decision. Tenants should work to help the owner to understand that ongoing assistance attached to the project can support financing for repairs or upgrades, and that non-payments and vacancy losses will be lower because tenants' contributions are made affordable. Without PBVs, the building may experience a mass exodus of tenants forced to move due to the enhanced voucher minimum rent requirement.

¹⁸ Notice, p. 5.

¹⁹ 24 C.F.R. § 5.628 (specifying that the total tenant payment (TTP) for an assisted family is the highest of: 30% of the family's monthly adjusted income; 10% of the family's monthly gross income; the welfare rent; a minimum rent between \$0 and \$50 that is established by the PHA); 5.634(a); 24 C.F.R. § 5.634(a).

STEP-BY-STEP GUIDE

C. Research Project Ownership

The current owner of a project that has or may soon mature is a crucial partner in any effort to preserve affordability. The decisions to prepay a federally subsidized mortgage to obtain enhanced Section 8 vouchers for tenants, to apply for expiring use vouchers to preserve affordability, and whether to charge increased rents after affordability restrictions expire are all within the exclusive purview of the owner. Accordingly, it is crucial to determine the identity of the current ownership and to ascertain its motives and potential pressure points for negotiation.

To determine the identity of the current ownership, you can look at the following sources:

- Search the property records in the local county recorder's office;
- The National Housing Preservation Database — <http://www.preservationdatabase.org>;
- In California, contact the California Housing Partnership Corporation, which maintains a more up-to-date database;
- Call the assigned HUD Project Manager;
- Contact the property manager;
- Try a Business Search on the Secretary of State website by using the name of the building and/or the address of the building — e.g. <http://kepler.sos.ca.gov>.

Often, the legal entity that owns the property will be a corporation or LLC, which provides little significant information about the true decisionmakers and their motives. To determine the identity of the true decisionmakers, it is necessary to do a public records search on Lexis or Westlaw, or a Business Entities Search on the Secretary of State website. You can try a number of different searches to ascertain the identity of the people behind the corporate entity. For example, you can do a property search using the address of the entity, a person search using the name of the agent for service of process, and an entity search to determine if the entity has additional assets. After identifying key individuals or companies, you can do a google search to find out more information.

STEP-BY-STEP GUIDE

D. Meet with Tenants

Tenants living in buildings with expiring use restrictions may be in crisis because they are facing imminent, unaffordable rent increases that threaten imminent displacement. Yet, the voucher process is a long, opaque, and bureaucratic. Therefore, **it is extremely important to develop trust early on with the tenants and to identify key leaders who can organize the tenants and disseminate information.** Tenant organizers are key to any successful voucher application process, particularly when the tenant base is primarily limited English proficient (LEP), which is often the case in these buildings.

An ideal tenant leadership structure will include several leaders who organize other tenants to go door to door in each building to advise all tenants about meetings, updates, and recommended courses of action. If the tenant base is primarily LEP, it is important to have bilingual advocates to quickly and easily convey important information.



In addition to making sure that a tenant leadership structure is in place, it is important to make sure that a safe space exists for tenants to meet and that meetings are held frequently enough with the advocates/attorneys to ensure that tenants are kept abreast of developments. In our case, we held our tenant meetings at a nearby church, which was a safe space to discuss the issues without ownership or management's knowledge and large enough to accommodate the many people that typically attended. At our first meeting, we did intakes of all the tenants

to collect basic information and get a better sense of everyone's financial situation and goals. We held meetings at every important juncture in the process, including reaching out to the owner, submitting the application, and providing updates throughout the process. We also responded to tenant requests for meetings when the process had stalled or when they became concerned about the rent increases. Our strong communication structure and responsiveness to tenant questions and needs allowed us to develop trust with the tenants and move the process along as expeditiously as possible.

STEP-BY-STEP GUIDE

E. Engage Potential Stakeholders

A successful effort to protect tenants or to preserve the affordability of these buildings usually requires a strong coalition of community support. This support may be necessary to convince the owner to apply for expiring use vouchers, to expedite the voucher application process through HUD, and to secure support for tenants as they wait for the vouchers to be processed. It is also important to frame your advocacy into a compelling story about the tenants, and perhaps the future needs of others like them, for other stakeholders.

To maximize the effectiveness of collective community pressure, it is important to develop relationships with each of these entities early in the process. Before the application had been submitted, we organized several meetings with all stakeholders (minus the ownership) to get on the same page and emphasize the dire situation of the tenants. This early collaboration helped us to establish working relationships with all stakeholders quickly and enabled us to leverage these relationships to expedite the voucher process and obtain emergency assistance for the tenants while the vouchers were processed.

1. Technical Assistance Providers

If you are not familiar with the byzantine world of HUD offices, local housing authority regulations, and preservation politics, it is helpful to seek technical assistance as early in the process as possible.

For general assistance, the National Housing Law Project is an invaluable resource that can provide guidance throughout the entire process. Individual states may have their own resources. See [Attachment D](#) for California-specific resources.

2. Congressional Offices

Congressional offices are often key partners in the preservation effort because they have the most direct influence over HUD, which is ultimately responsible for processing voucher applications and can be a source of significant delay. Congressional offices can exert pressure on HUD to act faster than they normally would. They can also potentially provide referrals to emergency rental assistance for tenants who are paying increased rents as they wait for the vouchers to be processed. In our case, advocacy with Congressional offices resulted in a congressional inquiry into HUD that dramatically expedited the approval process. In addition, Congressional offices may have access to key contacts at HUD who can assist with the application process and other needs, such as emergency rental assistance, that arise during the process. To engage Congressional offices, it is best if the tenants themselves contact their local office to explain the problem and then an advocate or attorney can follow up and assist with coordinating and providing additional technical details.

3. HUD

HUD is ultimately responsible for processing voucher applications and therefore HUD staff are necessary partners. However, HUD can be very bureaucratic and slow, so it is important to develop relationships with key staff early in the process. The initial direct point of contact is the HUD Multifamily HUB/Program Center (PC) Director for your jurisdiction, who will receive the application and often serves as

STEP-BY-STEP GUIDE

E. Engage Potential Stakeholders

the coordinating person. You can identify the Multifamily HUB Director for your jurisdiction online.²⁰ It is also useful to develop relationships with HUD staff and leaders at headquarters in D.C. and regional directors to encourage HUD staff to expedite processing if necessary. In our case, this type of **internal pressure and accountability was crucial for moving forward the application in an expedited fashion.**

4. Local Housing Authority

The local housing authority is a key partner in the voucher process and can either expedite or delay the process. The local housing authority is not required to participate as administrator of these new vouchers, but receives a fee for doing so. If the housing authority declines, the HUD public housing field office director must take steps to find another housing authority to assume that responsibility, which could slow the process considerably.

After HUD has approved the voucher application, the local housing authority is responsible for administering the vouchers, which requires inspection of the units, certification of the tenants, and executing the Housing Assistance Payment (HAP) contract(s) (discussed below). Tenants will not receive the benefits of the vouchers until completion of these necessary steps, which can take months. **Developing a close relationship with key staff within the housing authority early in the process can be instrumental in expediting these steps.** The housing authority may also be able to provide emergency rental assistance to tenants paying increased rents as they wait for the vouchers to be processed. To engage the local housing authority, you can contact the voucher program manager and discuss the history of the property, the tenants' interest in remaining at the property, and identify early on whether the housing authority would be willing to administer the vouchers and any foreseeable impediments.

5. Local Government and Community Organizations

Local government agencies and community-based organizations, such as churches, social service agencies, and other civic organizations are also key partners, particularly when the owner requires tenants to pay increased, unaffordable rents during the pendency of the voucher application process. Because the voucher application process can take six months or more, these community partners can provide crucial gap assistance, such as emergency rental assistance, food assistance, and/or assistance with purchasing necessary medications. Community groups are also important when a building has a large limited English proficient population because they can provide meeting space, translation assistance, and the additional resources needed to process the voucher applications efficiently, particularly during the inspection and certification stage. Finally, local government and community groups can also be useful in putting pressure on owners to apply for vouchers and on HUD and the local housing authority to expedite the voucher application process.

²⁰ http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/hsgmfbus/abouthubspcs

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E. Engage Potential Stakeholders

6. Management Company

Most large buildings employ a management company to handle the day-to-day operations of the building. The management company can be an important ally if they are sympathetic to the tenants. To gauge the management company's attitude towards tenants, it may be helpful to have a neutral party, such as the California Housing Partnership, contact the property manager, explain the voucher process, and get a sense of whether the property management company is interested in applying for the vouchers. If so, it is important to include a representative from the management company in communications with the owner and to cultivate a positive relationship with all management company staff. In our case, the management company advocated for the tenants, did the lion's share of the work to apply for the vouchers, and provided substantial support to the local housing authority throughout the application process.

STEP-BY-STEP GUIDE

F. Convince Ownership to Apply for Assistance

1. Convincing the Owner to Apply for Expiring Use Vouchers

As discussed above, **only** owners may apply for expiring use voucher assistance. Therefore, **it is imperative to convince the owner that the expiring use vouchers would be in its best interest.**

Depending on the information that you gather from your research regarding the identity and motivations of the owner, you may want to emphasize different angles. You need to consider whether a phone call, formal demand letter, or sit-down meeting would be the most effective method of communication under the circumstances. If possible, it is also advisable to demonstrate the financial benefit to the owner of applying for the enhanced vouchers or project-based vouchers — i.e. stable government revenue, potentially more revenue than they could obtain otherwise, and significant demand and new channels of resources for rehabilitating the property if the project-based voucher option is chosen.

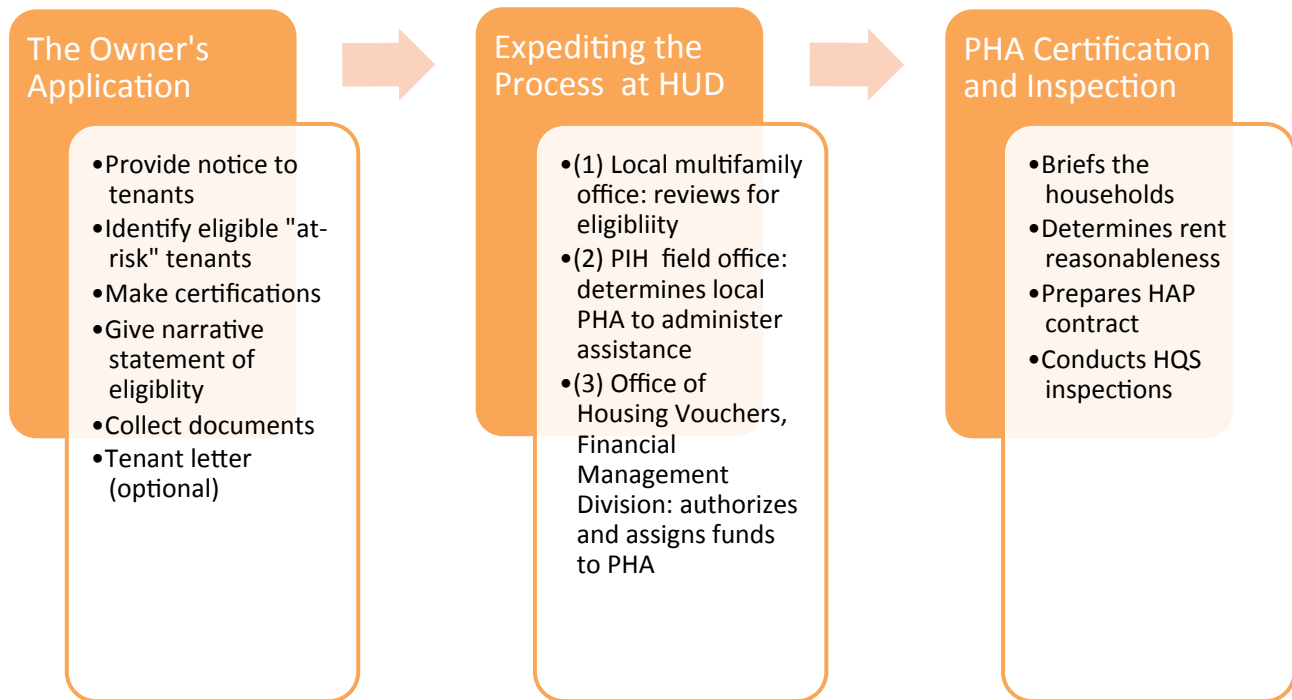
If informal advocacy is not effective at convincing the owner to apply for expiring use vouchers, it may be necessary to put more pressure on the owner. For example, you could seek a TRO or preliminary injunction against the rent increases if there is a legal basis for doing so. The most likely legal basis for enjoining rent increases are notice problems and violations of local rent control ordinances. If no legal basis exists to file an action, you should consider contacting local media outlets to put public pressure on the owner. Even if the owner is willing to comply, these strategies may be necessary to address rent increases that occur while the expiring use voucher is processing.

2. Negotiating with Owners to Delay Rent Increases

After securing the owner's commitment to apply for the expiring use vouchers, the next point of negotiation is whether the owner will delay the rent increases during the pendency of the application. If the owner will receive a financial benefit from the expiring use vouchers — i.e. if it will end up generating more revenue as a result of the expiring use vouchers or avoid possible, the primary leverage for tenants is that the owner will not receive the assistance from the expiring use voucher if the tenant who was living in the unit at the time the mortgage expired is evicted. However, in many cases, this point of leverage will not convince the owner to delay rent increases. In that case, the most effective strategy may be telling tenants to pay if they can and working out individual agreements with the owner for tenants who cannot pay. In our case, the owner agreed to hold off serving eviction notices to tenants who did not pay the full rent until notifying us first. This agreement allowed us to work with tenants to find alternate sources of funding and also to work with the management company to develop payment plans and other workarounds to address the concerns of both parties.

STEP-BY-STEP GUIDE

G. Assist Ownership with the Application



After securing the owner's agreement to apply for the expiring use vouchers, the next task is for the owner to put together the application to request expiring use voucher assistance. The HUD notice details the requirements. In many cases, the property manager will complete the application. To avoid delays in processing and the omission of eligible tenants, **it is recommended that advocates review the application prior to submission.** We also recommend forwarding a copy of the completed application to all stakeholders, such as Congressional offices. The various components of the application are described below:

1. Notice to Tenants: Prior to submitting the application the owner must notify in writing all current residents in unassisted units that it will be applying for expiring use voucher assistance and will be identifying eligible households. The notice must be provided in a manner that is effective for persons with disabilities and for persons who have limited English proficiency (LEP). Advocates can assist in this process by offering to draft the notice and/or translate the notice or otherwise make it effective for people with disabilities and/or people who are LEP.

2. Identifying Eligible Tenants: The owner must verify tenant income within the past 12 months to determine whether the household is "at-risk." A household qualifies as "at-risk" if that household's annual income is equal to or less than HUD's FY 2014 low income limit and the household would have to pay more than 30% of its monthly income for the new post-conversion rent without expiring use voucher assistance.²¹ Usually, the management company will have this information and will be able to take care of income verification. A list of households that are at-risk as well as a list of households that are not at-risk must be submitted with the application. Advocates can assist in the process by helping tenants to contest income determinations, collect proof of income, and conduct a special inquiry

²¹ The final determination of a household's income eligibility will be made by the PHA.

STEP-BY-STEP GUIDE

G. Assist Ownership with the Application

into any households that the owner deems to be not at-risk to ensure that the owner has up-to-date information.

3. Certifications: The application requires the owner to make a number of certifications, including the accuracy of the monthly rents used in the calculation of at-risk and not at-risk households discussed above, and that it is in compliance with civil rights thresholds. Although it may seem nonsensical to penalize tenants for an owner's violation of their legal rights, the latter certification is an important point for advocates to note. If potential civil rights violations are occurring at the property, it is advisable to hold off on filing a complaint or a lawsuit until after the expiring use vouchers are approved, because the owner will be deemed ineligible to apply. In our case, there were a number of language access problems, but we addressed some during the processing of the application and decided to hold off on filing any complaints to avoid any problems in getting the expiring use vouchers approved, which was the tenants' primary concern.

4. Narrative Statements: The application requires a narrative statement describing how the property is eligible. The requirements are very basic and listed in Section 3 of the notice. Advocates may want to review the owner's narrative statement to ensure that it references the correct eligibility criteria.

5. Collecting Relevant Documents: In addition, the owner needs to collect various documents to submit with the application. These documents include leases, mortgage note documents, and regulatory agreements related to the affordability restrictions. Advocates can assist by alerting the owner or property management company as early as possible which documents are needed.

6. Submitting an Optional Tenant Letter: In addition to the required components of the application, you can also submit a letter signed by all the tenants that explains their situation and the hardship that they will face if the expiring use vouchers are not approved. An example is enclosed as [Attachment C](#).

STEP-BY-STEP GUIDE

H. Advocacy with HUD to Expedite Review

The application submitted by the owner will go to the local HUD office, and must be processed by three HUD departments: (1) Multifamily; (2) Public Indian Housing (PIH)/Public Housing (PH) Field Office; and, (3) HUD Office of Housing Voucher's Financial Management Division (FMD) in Washington D.C. Because processing may stall in this bureaucracy, advocates should be persistent to ensure that the responsible HUD staff is reviewing the application in a timely manner.

1. HUD Multifamily

The Director of the local HUD office will submit the application to the local HUD Multifamily office for approval. HUD Multifamily review is identified in the notice and HUD Multifamily will review for the eligibility of the property. The application is reviewed for eligibility on the following grounds:

- a. The property was under a Section 202 Direct Loan or a Section 236 or 221(d)(3)–(d)(5) Below Market Interest Rate (BMIR) primary mortgage that matured (or will mature) in the relevant time frame; OR
- b. The owner's rental assistance payment (RAP) contract expired prior to FY 2012, or Rent Supplement contract expired prior to FY 2000. This includes verifying that the contract reached its expiration date, and did not terminate prior to the expiration date due to the prepayment of the underlying mortgage at the property; OR
- c. The property had an underlying HUD-imposed affordability restriction that expired (or will expire) in FY 2014 or prior to FY 2014 (or whatever date is established by updated guidance for FY 2015 and later). The Multifamily Hub/PC staff will verify that the affordability restriction was a HUD-imposed agreement. The Multifamily Hub/PC Director or designee must also review the specific provisions of the affordability restriction and mortgage note to verify that the expiration in fact removes/removed affordability restrictions on unassisted units at the property.

In addition, each property must meet the following requirements:

- The property does not, at the time of the request for assistance, have an active Section 202 Direct Loan, or an active Section 221(d)(3)–(d)(5) or Section 236 FHA-insured or HUD-held mortgage;
- The property is located in a low-vacancy area (low-vacancy areas are listed in Attachment A);²²
- The number of households identified by the owner as at-risk households does not exceed the total number of unassisted units at the property (in the case of a mortgage maturity or affordability restriction expiration)
- The households identified by the owner as at-risk and those **not** at-risk, did reside at the property at the time of the mortgage maturity, rental assistance contract expiration, or affordability restriction expiration.

²² Notice, p. 24.

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H. Advocacy with HUD to Expedite Review

All of this information is provided by the owner to HUD Multifamily in the initial application. A HUD Multifamily analyst will then review the application to determine that the building qualified for the expiring use vouchers.

In our case, we needed to do some initial advocacy on the building's eligibility for this expiring use voucher because the ownership had changed, but eventually HUD agreed that the building qualified. Despite the relatively simple process of determining eligibility, the application in our case stalled at HUD Multifamily for a full month. With this delay and mounting pressure for our clients to pay the increased rent, we requested our local Congress member to make an inquiry into the HUD offices. The inquiry prompted HUD action, and we were contacted by HUD that the office was quickly processing the application.

2. HUD PH Field Office

After HUD Multifamily confirmed that the building qualified for the expiring use vouchers, the application moved to HUD PIH, which works with the local PHA to administer the PBVs or enhanced vouchers. The PH Field Office Director determines the appropriate PHA to administer the assistance in accordance with established criteria, including but not limited to, jurisdiction and PHA administrative capacity. Once the PH Field Office identifies the appropriate PHA, it sends a letter of interest to the local PHA to administer the expiring use voucher assistance. The PHA will have the opportunity to agree or decline to administer the enhanced vouchers or PBV assistance.

3. HUD Office of Housing Voucher's Financial Management Division (FMD)

After the application was approved by HUD PIH and the local PHA accepted the administration of the expiring use voucher assistance, the application with finance request was sent to FMD in Washington D.C. Congress had designated only \$5 million in 2014 to fund the expiring use vouchers and funding had to be available for the tenants to receive assistance.

The FMD calculates the budget authority and assigns funds to the PHA, using the information from Section B of the HUD-52515 to determine the amount of funding. The FMD also calculates the special fee for the extraordinary costs associated with administering the enhanced voucher or PBV assistance under this Notice.²³

Additional Congressional inquiries may be necessary to complete this step if FMD or the PH Field Office is slow to respond.

²³ The fee is \$200 per unit for the higher number of units as determined: (a) the number of at-risk households at the property that were identified in the owner's request for assistance; or (b) the number of families that are eligible to receive assistance (identified in Section B of the HUD-52515).

STEP-BY-STEP GUIDE

I. Advocacy with PHAs During Certification and Inspection Process

1. Role of PHA

The PHA has two primary tasks in the process of applying for the expiring use vouchers. First, if the owner is applying for PBVs, the PHA must verify whether the request for PBVs meets the statutory and regulatory requirements of the PBV program and all other program requirements, including all applicable fair housing and civil rights requirements.

Second, after receiving the Annual Contributions Contract (ACC) documents and transmittal letter, the PHA must perform specified tasks to determine unit and tenant eligibility, and then issue expiring use vouchers to the eligible families. This process under the notice is the same as the standard housing voucher application process. The inspection and certification process is similar for both PBVs and enhanced vouchers. It is important to note that **the assistance may not be paid to cover any period of time before the PHA determination that the unit meets the housing quality standards of the program**. Thus, you should urge PHAs to conduct the inspection as soon as possible because the assistance starts as soon as the month following HQS approval.

2. Certification Process

The certification process for the PBV is the same as the process for a typical housing voucher and follows the administrative plan of the local PHA. The PHA will check the household for eligibility based on the following criteria: income limits, citizenship or eligible immigration status, social security number disclosure, family consent to release of information, background check, and family obligations. The certification process requires the PHA to a) brief the household on the PBV or enhanced vouchers, b) determine rent reasonableness, c) determine the Housing Assistance Payment (HAP) contracts, and d) inspect the property for Housing Quality Standards (HQS):

a. Briefing the Households: Each household receives a packet that identifies all of the information that family needs to know, needs to provide, and answers any questions that the household might have about the PBV or enhanced vouchers.

b. Reasonable Rent: The PHA must determine whether the rent requested by the owner is reasonable for the unit in comparison to other similar unassisted units based on the current condition of the unit. The PHA does not consider any planned future enhancements. If the PHA determines the owner's proposed new rent is not reasonable, the owner must either lower the rent or the family will have to find another unit in order to benefit from the expiring use voucher.

c. Housing Assistance Payments (HAP) Contract: The HAP Contract is a contract between the project owner and the local PHA, and specifies the number of units that will receive Section 8 assistance for a particular property. In addition, the HAP contract provides Section 8 subsidies to the owner to cover the difference between the PHA-approved rent and the HUD-required tenant rent contribution. For either enhanced vouchers or PBVs, the PHA-approved rent must be reasonable in relation to market comparables. For PBVs, the maximum rent is also limited to 110% of the area's HUD-established Fair Market Rent, or any allowable exception payment standard.

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I. Advocacy with PHAs During Certification and Inspection Process

d. Housing Quality Standards (HQS): The HQS standards refer to the combination of both the HUD and PHA-established requirements. HQS inspections are required before the HAP contract is signed and the payments can be made retroactive to when the property passes the inspection. First, the property must meet the physical standards that are HUD Performance and Acceptability Standards. Inspections are performed to identify deficiencies and then notification are provided to the owner and the current tenant seeking the PBV or enhanced vouchers. The PHA can set a policy as to the time frame in which the deficiencies must be corrected and the PHA will conduct a reinspection.

At Miracle Terrace, we used the initial briefing meeting to encourage the tenants to gather their information and fill out their applications as quickly as possible. We provided technical and language assistance after the briefing meeting to help the tenants, so that at the next meeting they were ready to submit their applications.

As to the rent reasonableness, we had some communication with the PHA and the owner as to their request for rent. We wanted to make sure that this negotiation did not hold up the HAP contract while both sides negotiated an agreeable figure. The property was slowly being renovated. The owner wanted rent for the higher value and the PHA was not willing to give the higher rent since the units that were receiving the PBVs had not been renovated. Eventually, they were able to work out a reasonable number.

The inspection was also another point of advocacy because once the property passed inspection, the HAP contract could be signed retroactive to that date. Therefore, **we were pushing the PHA and the owners to complete the inspections and repairs in 30 days so that the HAP contract could be effective for the tenants some time during the next month.** We also looked at notices that cited tenant-related issues from the initial inspection and went to every one of those units to help the tenants make the appropriate adjustments or fixes before the re-inspection. Even though the HAP contract and the expiring use voucher process took an additional two months after the inspection of the property was completed, the effective date of the HAP contract was retroactive to the approved inspection date. Our clients received rent credits for the retroactive months.

We were successful in having the certification process completed in 30 days through the continued advocacy with the owners and the PHA, and we would urge all advocates to do the same.

STEP-BY-STEP GUIDE

J. Supporting Tenants Through the Application Process

The application process can be long and arduous for tenants, particularly when the owner refuses to delay rent increases. Therefore, **it is critical to provide holistic support to tenants so that they can remain housed until the expiring use vouchers are processed.** Our support of the tenants during the process was two-fold — both for long-term assistance and for more immediate assistance.

1. Long-Term Assistance

Long-term assistance refers to the cooperation required by tenants during the voucher application and certification process. The tenants need to know the importance of their cooperation with the PHA and the owner for the process to go smoothly and quickly. Also, keeping the tenants informed about the process helped them understand their options along the way.

We held community meetings to keep the residents up to date on the progress of the expiring use vouchers, encouraged them to try to make next month's rent, and also helped collect necessary documents for their eligibility. We gave both group advice and individual advice to tenants so they understood the PBV process and what PBVs provided.

2. Short-Term Assistance

During the months-long process, tenants came to us asking for immediate food and rental assistance. First, try to find local short-term rental assistance for the tenants. There are many organizations that give short-term of rental assistance. Look for tenants with compelling stories to tell the organizations.

We call our 211 hotline for organizations that provided emergency rental assistance (as well as food assistance) and we also reached out to the City of Anaheim for local Emergency Solutions Grant (ESG) aid because they have a homelessness prevention component that provides support for residents at risk of homelessness. Keep in mind that most organizations have rental assistance available at the beginning of the month and the money is allocated very quickly. We did do an intake process to determine the tenants with the most need.

Second, we reached out to many organizations for food assistance — the local food banks, harvest groups, and church groups. Our tenants were very sympathetic and their story motivated organizations to volunteer to drop off boxes of food. Also, many clients reached out to their neighbors and their churches for help.

Throughout the process, it was important to determine both the short-term and the long-term needs of the tenants, especially for rental assistance. Because anyone who moved out of their unit would be ineligible for the expiring use vouchers, it is critical to help tenants remain at the building while the application is being processed, all the way to the point of the new assistance flowing to the owner.

STEP-BY-STEP GUIDE

K. Media Strategies

Media strategies can provide important leverage in these cases. For example, media coverage may pressure a recalcitrant owner to apply for the expiring use vouchers or hold off on evictions. **Reporters can shed light on delays and inefficiencies within HUD and the local housing authority if the application is taking too long to process and the tenants are at-risk of displacement.** Media coverage, particularly ethnic media coverage for immigrant populations, may also generate support and/or contributions for the tenants.



However, media strategies should be considered with caution because the owner must file the application and thus collaboration with the owner is essential until the expiring use voucher process is complete. Because advocates cannot control the content that ends up in the media, there is a risk that anything that the owner perceives as negative publicity may endanger retaining the owner's cooperation. Another possibility is to use ethnic media to garner support for limited English proficient tenants, particularly tenants who are forced to pay increased rents while the voucher application is processed. If the owner is not part of the same ethnic community, it may be less risky to engage ethnic media to bring awareness and other assistance to the tenants.



In our case, we made a strategic decision to use media as a hammer if the owner failed to collaborate with us — i.e. if he refused to apply for the expiring use vouchers or started evicting tenants during the process. We decided not to do any media, even ethnic media, until after the expiring use vouchers were secured as long as the owner was cooperating with us.

ATTACHMENTS

A. List of Maturing Properties

Please click the title or image to view the PDF on Google Drive

Mortgage Maturities with Unassisted Units FY13

Property Name	Address	City	State	Zip Code	County Name	FHA 1 End Date	Total Units	Sec 8 Assisted Units	Unassisted Units	SE 1 Program	SE 1 Assisted Units	SE 1 Rent To FMR	SE 2 Program	SE 2 Assisted Units	FHA 1 ID	FHA 1 Program	FHA 2 Assisted Units	S202_1 Status	S202_1 Assisted Units
Cashewcroft Villa	113 Mission 1114	Stockton	CA	95211	Stockton	8/1/2013	36	0	27	Rent Supp	9	23			1764023	236	36		
Montauk Arms	Montauk Ave	Mobile	AL	36604	Mobile	4/1/2013	40	0	40						0624022	236	40		
Country Square Apartments	1122 Aq Cr	Springdale	AR	72765	Springdale	5/1/2013	120	12	108	UMSA	12	91			0824067	236	120		
Mariner Two	N Merrill & W Harding	Marlinton	AR	72110	Conway	5/1/2013	48	0	48						0824052	236	48		
Halyon Apartments	3975 E Quintero Ave	Fresno	CA	93726	Fresno	10/1/2012	50	0	50						12144093	236	50		
Fourtain West Apartments	2530 W Fountain Way	Fresno	CA	93705	Fresno	10/1/2012	72	0	72						12144189	236	72		
Colorado Park Apartments	1144 Colorado Ave	Palo Alto	CA	94303	Santa Clara	10/1/2012	60	17	23	UMSA	37	53			12144164	236	60		
Eden House Apartments	1501 260th Ave	San Leandro	CA	94578	Alameda	11/1/2012	116	0	116						12144151	236	116		
Hilltop Manor	790 Rosewood Dr	San Jose	CA	95125	Santa Clara	11/1/2012	148	0	148						12144802	236/202	148		
San Pedro Townhouse #1	13935 San Pedro St	Los Angeles	CA	90064	Los Angeles	12/1/2012	8	0	8						12244221	236	8		
San Pedro Townhouse #2	13915 S San Pedro St	Los Angeles	CA	90064	Los Angeles	12/1/2012	12	0	12						12244222	236	12		
Valley Oak Park I St	4800 Northwood St	Santa Rosa	CA	95403	Sonoma	12/1/2012	131	71	60	UMSA	71	79			12144147	236	131		
Casa De Harwood	1387 Veterans Blvd	Redwood City	CA	94061	San Mateo	2/1/2013	136	83	43	UMSA	93	86			12144814	216/202	136		
Mountaintop Arms	3154 E Alameda Ave	Fairfield	CA	94533	Solano	1/1/2013	92	63	33	UMSA	61	71			12144135	236	92		
Hollywood Knickerbocker	1174 N Hollywood Ave	Los Angeles	CA	90028	Los Angeles	5/1/2013	282	280	2	UMSA	280	80			12222002	241/1A/236	282		
Huntington Villa North	16000 Villa North	Huntington Beach	CA	92647	Orange	5/1/2013	198	192	6	Preservatio	192	86			12244274	236	198		
Meadow Apartments	1145 Meadow Ave	Merced	CA	95340	Merced	5/1/2013	100	20	80	Rent Supp	20	76			12144123	236	100		
Foodhill Plaza Apartments 1	5124 Foodhill Plaza	Sacramento	CA	95841	Sacramento	6/1/2013	100	97	3	Preservatio	97	82			13644132	236	100		
Keamley Coolidge Plaza	720 W Keamley Ave	Fresno	CA	93706	Sonoma	8/1/2013	150	139	11	UMSA	139	85			12144261	236	150		
Esperanza 39th Street Manor	1230 W 39th St	Los Angeles	CA	90037	Los Angeles	8/1/2013	45	0	45						12244489	236	45		
Linda Glen	1937 Linda Ave	Oakland	CA	94613	Alameda	8/1/2013	42	40	2	UMSA	40	102			12144442	236	42		
Vicentian Villa	2407 Mission St	San Francisco	CA	94103	San Francisco	8/1/2013	124	72	52	UMSA	72	62			12144127	236	124		
Unity, Peace & Freedom	Cashmere St	San Francisco	CA	94124	San Francisco	8/1/2013	94	88	6	UMSA	88	65			12144025	236	94		
Norfolk Senior Housing	P Sheppard Rd	Norfolk	CT	06254	Uncitified	1/1/2013	28	11	17	UMSA	11	70			13744144	236	28		
Southfield Apartments	Willard Ave	Newington	CT	06111	Hartford	2/1/2013	113	0	113						13744178	236	113		
Georgetown Gardens	119 Sany Ave	Torrington	CT	06790	Uncitified	7/1/2013	184	96	148	Rent Supp	36	61			13744114	236	184		
Presbyterian Village	122nd Ave	Largo	FL	33773	Pinellas	10/1/2012	400	80	320	UMSA	80	62			0674057	236	400		
Presbyterian Village	721 Green St	Tampa	FL	33607	Hillsborough	11/1/2012	140	48	92	UMSA	48	68			06744103	236	140		

Mortgage Maturities with Unassisted Units FYs 14-16

Project	Address	City	State	Zip Code	County	Loan Maturity Date	Total Units	Assisted Units	Unassisted Units	SE 1 Program	SE 1 Rent To FMR	SE 2 Program	S202_1 Status	S202 Program Name	S202_1 Assisted Units	FHA Program Name
GRUBBING PINE*	1880 Northwood Dr	Jarvis	AL	36801	Jarvis	11/1/2014	96	56	40	UMSA	95.79	UMSA				236
Selma Square Apartments	1201 Woodrow Ave	Selma	AL	36701	Dallas	2/1/2014	88	67	21	UMSA	155					236
Columbia Square Townhouses	116 Chewsita Dr	Rainbow City	AL	35906	Etowah	4/1/2014	200	80	120	UMSA	121					236
Charlterick Apartments	1200 Woodrow Ave	Selma	AL	36701	Dallas	7/1/2014	96	66	30	UMSA	139					236
PRESBYTERIAN APARTMENTS*	2211 Country Club Ave NW	Huntsville	AL	35816	Madison	11/1/2014	206	82	124	UMSA	100.49					236/202
IDEVIA THOMAS	1484 Ave - Highway Rd	Tuscaloosa	AL	35461	Tuscaloosa	8/1/2015	130	0	130							236
Robindale East Apartments	381 N Hollywood St	Blytheville	AR	72315	Mississippi	8/1/2014	88	8	80	UMSA	95.75					236
CARROLL HOUSE APARTMENTS	PO Box 101	Lumbia Springs	AR	72612	Carrroll	10/1/2014	64	0	64							236
METHODIST VILLAGE INC	7811 Euper Ln	Fort Smith	AR	72903	Sebastian	3/1/2015	96	0	96							236
Partlow Towers	1200 Commerce St	Little Rock	AR	72202	Pulaski	4/1/2015	131	0	131				Active	202 direct loan/elderly/jun-2014	0	
Macondo De Los Arroyos	7529 E Cullen St	Scottsdale	AZ	85257	Maricopa	4/1/2014	121	101	20	UMSA	71					236
COUNTRY CLUB CIRCLE	355 Country Club Cir	Prescott	AZ	86303	Yavapai	8/1/2015	60	0	60							236
Garden Grove Manor	10212 Solita Ave	Garden Grove	CA	92643	Orange	10/1/2013	78	0	78							236
Town Park Towers	60 N Third St	San Jose	CA	95112	Santa Clara	10/1/2013	216	173	43	UMSA	80					236/202
Serra Woods	4855 Miller Ave	Riverside	CA	92505	Riverside	11/1/2013	190	0	190							236
Miracle Terrace	225 S Western Ave	Anaheim	CA	92804	Orange	11/1/2013	179	0	179							236
Congregational Tower	288 F St	Chula Vista	CA	91910	San Diego	11/1/2013	186	184	2	UMSA	55	UMSA				236
Wiss Plaza	1226-43 Anapaloo	Los Angeles	CA	90006	Los Angeles	1/1/2014	43	0	43							236
Los Robles De Cortez	1475 Oak Dr	Vista	CA	92083	San Diego	1/1/2014	76	0	76							236
Heaven #201	1178 N Madison	Los Angeles	CA	90029	Los Angeles	2/1/2014	50	48	2							236
Vista Tower	3000 Larnard Ave	Los Angeles	CA	90005	Los Angeles	2/1/2014	230	146	84	UMSA	46					236/202
Siskiyou Gardens	380 Siskiyou Way	Weed	CA	96094	Siskiyou	3/1/2014	48	24	24	UMSA	107					236
Sunset Apartments	1713 Park Ave	Los Angeles	CA	90026	Los Angeles	4/1/2014	86	61	5	UMSA	55					236
Bellflower Friendship Manor	9550 E Oak St	Bellflower	CA	90706	Los Angeles	4/1/2014	144	72	72	UMSA	54					236/202
Highwood West Apartments	3712 La Mirada Ave	Los Angeles	CA	90038	Los Angeles	5/1/2014	84	79	5							236

Please click the title or image to view the PDF on Google Drive

[HUD Notice PIH 2015-07](#)



**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Housing**

Special Attention of:
Regional and Field Office Directors of
Public Housing; Multifamily Hub
Directors; Multifamily Program Center
Directors; Public Housing Agencies;
and Owners/Agents

Notice HUD 2015-07

Issued: April 23, 2015

Expires: This notice remains in effect until amended, revoked, or superseded

Cross References:

HUD Notice PIH 2014-13
HUD Notice PIH 2008-12 (HA);
HUD Notice PIH 2011-20 (HA);
HUD Notice PIH 2011-46 (HA);
“Consolidated Appropriations Act, 2014”
(PL 113-76)
“FY 2015 Omnibus; Consolidated and
Further Continuing Appropriations Act” (PL
113-235)

Subject: Funding Availability for Tenant-Protection Vouchers for Certain At-Risk Households in Low-Vacancy Areas – Fiscal Year 2015

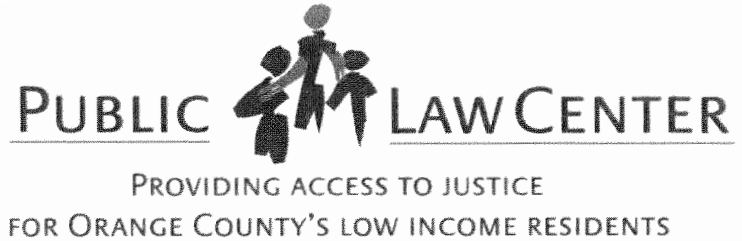
1. **Purpose.** HUD is making up to \$7,000,000 available for Tenant Protection Vouchers (TPV) for certain at-risk households in low-vacancy areas for Fiscal Year (FY) 2015.

The FY 2015 Omnibus; Consolidated and Further Continuing Appropriations Act (Public Law No. 113-235, enacted December 16, 2014), provides that up to \$5,000,000 of the \$130,000,000 appropriated for TPVs may be made available for this purpose. In addition to exercising that authority, HUD is also making available \$2 million in carry-over TPV funding of the \$5 million that HUD made available for this purpose under the Consolidated Appropriations Act, 2014 (PL 113-76). TPVs provided under this set-aside are considered “replacement” TPVs and are not subject to the re-issuance restrictions that apply to certain TPVs under the FY 2015 Omnibus.

This Notice describes the eligibility, selection, and funding process for this TPV set-aside funding in FY 2015. (The Notice retains the same eligibility, selection, and funding process from the previous fiscal year’s notice for this set-aside funding, HUD Notice PIH 2014-13.) To be eligible for this set-aside funding, the three potential events that trigger a project’s eligibility (described in section 3 of the notice) must either occur in Federal Fiscal Year (FY)

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C. Tenant Letter



July 11, 2014

Mr. Thomas Azumbrado
Multifamily Hub/PC Director
Los Angeles Multifamily Hub
611 W. Sixth Street, Suite 800
Los Angeles, California 90017

Re: Request for Tenant-Protection Vouchers for At-Risk Senior Households Living at Miracle Terrace Apartment (225 S. Western Avenue, Anaheim, CA) Pursuant to HUD Notice 2014-13

미라클 테라스 아파트에 거주중인 저소득층 노인가정을 위한 세입자-보호 특별 바우처 요청

Dear Mr. Azumbrado:

We are tenants at Miracle Terrace Apartment, a 179-unit apartment building for seniors located at 225 S. Western Avenue in Anaheim, CA. We moved in to Miracle Terrace when it offered affordable rent for senior citizens. Most of us have lived at Miracle Terrace for more than five years and some for more than fifteen years. We are all tenants on fixed social security income. Most of us receive less than \$12,000 per year and all of us fall below the extremely low-income guideline of \$22,000 per year.

저희는 애나하임 225 S. Western Ave 에 위치한 179 유닛이 있는 연장자 아파트인 미라클 테라스 아파트에 거주하는 세입자들입니다. 저희는 미라클 테라스가 연장자들을 위한 저렴한 렌트를 보장하고 있을 때 여기로 이사왔습니다. 저희 중 대부분은 5년 이상 미라클 테라스에 살고 있고, 그중 일부는 15년 이상 살았습니다. 저희는 모두 고정된 수입은 소셜 시큐리티 밖에 없으며, 대부분 일년 12,000 불 미만으로 살고 있어, 모두 연방 반곤충 가이드라인인 22,000 불 이하입니다.

Over the last eight months, our rent has risen by 75 to 80 percent. After we sought help from Asian Americans Advancing Justice – Los Angeles and Public Law Center, non-profit legal advocacy organizations, we learned that we were experiencing these dramatic rent increases because the federally subsidized mortgage that had kept our rent low expired last year. This month, a rent increase of 50 to 60 percent went into effect and we are all paying more than 30 percent of our income on rent. Most of us are paying more than 50 percent of our income on rent. We are left with only \$15 - \$50 a month for food after we pay for basic necessities like prescriptions and transportation.

지난 8개월동안, 저희 렌트비는 75 퍼센트에서 80 퍼센트까지 상승했습니다. 엘에이 아태계 법률센터와 퍼블릭 로 센터에게 도움을 받아, 저희는 이런 엄청난 렌트비 인상이 지난해 연방보조 주택모기지

Building upon the legacy of the Asian Pacific American Legal Center
1145 Wilshire Blvd., 2nd Floor, Los Angeles, CA 90017 T 213-977-7500 F 213-977-7595 www.advancingjustice-la.org

PLC, 601 Civic Center Drive West • Santa Ana, CA 92701-4002 • (714) 541-1010 • Fax (714) 541-5157

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C. Tenant Letter

만기가 된 것이 이유임을 알았습니다. 이 달만 해도 50에서 60 퍼센트의 렌트비 인상이 시행되었고, 저희는 현재 소득의 30 퍼센트 이상을 렌트비로 감당하고 있습니다. 저희 대부분은 소득의 반 이상을 렌트에 내고 있으며, 약값과 교통비를 빼고 나면 한달에 식비로 남는 돈은 고작 15 불에서 50 불 정도입니다.

The current owner of our building is submitting this application for Tenant-Protection Vouchers for At-Risk Households in Low Vacancy Areas provided for in the 2014 Appropriations Act pursuant to HUD Notice 2014-13. We appreciate that the owner is working to help us obtain this voucher. We are very worried that we will not be able to pay the dramatically increased rents for long. We ask that you process and approve the application as quickly as possible and hopefully no later than August 2014. We do not want to be evicted while this application is pending. If we are evicted, we have nowhere to go because the Anaheim Housing Authority Section 8 voucher list is closed and the waiting list for those of us who managed to get on is five to eight years.

현재 아파트의 소유주는 연방주택국 규정 2014-13 에 의거하여 지정된 주거 밀집지역 저소득층 가정을 위한 세입자-보호 바우처 신청을 위해 서류를 제출했습니다. 저희는 소유주가 이 바우처를 받아 저희를 도우려고 한다는 사실에 감사합니다만, 이대로는 엄청난 렌트비 인상을 오랫동안 감당할 수 없다는 것에는 변함이 없습니다. 저희는 당국이 이 바우처 신청을 최대한 빨리 검토, 2014년 8월내에 승인해 주시기를 부탁드립니다. 저희는 이 신청서가 진행되고 있는 동안 살고 있는 집에서 쫓겨나지 않기를 바랍니다. 애너하임 주택국의 섹션 8 바우처가 아예 없고, 대기명단이 5년에서 8년인 현재 상황에서 쫓겨나면 저희가 갈 곳은 없습니다.

There is no rent control in Anaheim and we cannot afford market rents when our income is less than \$1000 per month. Expedited processing and approval of these vouchers is our only hope to avoid homelessness. At our advanced age, many of us have disabilities and serious health problems that would be severely exacerbated by displacement and homelessness. Please help us to remain at Miracle Terrace.

애너하임에는 렌트비를 적정수준 이상 올리지 못하게 하는 법률이 없고, 월 소득이 1000 불 미만인 저희가 현재 마켓수준의 렌트를 감당할 방법이 없습니다. 최대한 빨리 바우처 신청을 검토하고 승인받는 것이 저희가 가진 유일한 희망입니다. 많은 분들이 신체가 부자유하고 건강문제가 심각한 상황에서 저희가 현재 살고 있는 집에서 쫓겨난다면 제대로 남은 여생을 영위할 수 없음은 자명합니다. 제발 저희가 미라클 테라스에서 계속 살 수 있게 도와주시기 바랍니다.

Sincerely,

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D. California Addendum

I. California Notice Requirements

A. Notice of Mortgage Maturity

As discussed in the main text, unlike federal law, which does not require notice prior to mortgage maturity, California law requires that owners provide notice to tenants both 12 months and 6 months prior to expiration of rental restrictions for affordable housing.¹ The notice law also requires a 12- and 6-month notice to “affected public entities,”² which typically include the local mayor and housing authority, as well as the state’s Department of Housing and Community Development (HCD).³

Before reviewing whether an owner has complied with notice requirements, advocates should confirm that the notice law applies. This can be done by confirming that the project fits the law’s definition of “assisted housing development.”⁴ Most types of federally-subsidized housing are included in the definition, as are properties financed with low-income housing tax credits.⁵

An initial step in reviewing the notice for defects is to research whether the owner has provided sufficient notice to each of the appropriate parties or entities: affected tenants, the appropriate local officials, and HCD. A subsequent step is to examine whether the notice actually includes all required elements. The elements in the 12- and 6-month notices have some differences and advocates should review each requirement in the notice law.

Notable requirements in the 12-month notice include:

- a statement that rental restrictions are expiring,
- the anticipated date of expiration,
- the program involved, and
- a statement that expiration may have the effect of removing rental restrictions.⁶

The six-month notice to affected tenants must include more specific information, including:

- anticipated rents following expiration, and
- the names and phone numbers of local government, housing authorities, and legal services organizations.⁷

¹ Cal. Gov’t Code §§ 65863.10(b)(1), 65863.10(c)(1).

² *Id.*

³ Cal. Gov’t Code § 65863.10(a)(1). Additionally, a separate notice, to organizations described as “qualified entities” who may be potential purchasers, is required 12 months prior to expiration. It is unclear whether the owner must provide any notice (or a copy of what was already served) to tenants who moved in after the required notice was timely served.

⁴ *Id.* at § 65863.10(a)(3).

⁵ Note that California owners who commit to extending the affordability of a development for at least 30 years beyond the expiration of current rent restrictions may be exempt from notice requirements. See Cal. Gov’t Code § 65863.13.

⁶ See *id.* at § 65863.13.

⁷ See Cal. Gov’t Code § 65863.10(c)(2).

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D. California Addendum

In addition, the six-month notice sent to public entities must include additional specific information about the development, including:

- the number of units assisted,
- the income levels of affected tenants, and
- a description of the owner’s plans for the development.⁸

If proper notice is not provided, affected tenants or affected public entities may seek injunctive relief.⁹

B. Notice of Rent Increases

Under California law,¹⁰ a landlord must give tenants at least a 60-day notice of any rent increases greater than 10 percent of the rent charged under the lease, before the rent increase can become effective. Such a notice is likely to come fairly late in the conversion process, so that, if the application for tenant protections is not already fully underway, there is likely to be a significant gap before such a legal rent increase can be offset with enhanced vouchers. An owner’s failure to serve the required 60-day notice should provide grounds to forestall the rent increase.

C. Language Access Issues

In addition to the actual requirements of the state notice law, advocates should also examine whether additional state or federal laws may apply. For example, civil rights laws may require translation of a written notice into a tenant’s primary language. Title VI of the Civil Rights Act of 1964 prohibits discrimination in federal programs based on national origin, among other factors.¹¹ Courts have interpreted Title VI to prohibit discrimination against individuals with limited English proficiency (LEP).¹² Agencies, including HUD, have drafted guidance related to LEP individuals’ access to federal programs,¹³ which generally require recipients of federal assistance to “take reasonable steps to ensure meaningful access” to federal programs.¹⁴ As a result, an owner’s failure to translate notices for LEP individuals may mean a violation of notice requirements.

The US Supreme Court has held that individuals claiming a disparate impact — often the case with language access issues — have no private right of action under Title VI.¹⁵ This means that individuals may have to rely on administrative processes, such as HUD’s fair housing complaint process, to enforce these requirements. There is a private right of action for individuals bringing claims under the Fair Housing Act; however, the case law regarding discrimination based on national origin related

⁸ *Id.* at § 65863.10(c)(3).

⁹ *Id.* at § 65863.10(j).

¹⁰ *Cal. Civ. Code* § 827.

¹¹ *See* 42 U.S.C. §§ 2000d – 2000d-7.

¹² *See, e.g., Lau v. Nichols*, 414 U.S. 563 (1974).

¹³ *See Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficiency Persons*, 72 Fed. Reg. 2732 (Jan. 22, 2007); *see also Executive Order 13166*, 65 Fed. Reg. 50121 (Aug. 16, 2000); *Memorandum from the Attorney General to Heads of Federal Agencies, General Counsels, and Civil Rights Heads, Federal Government’s Renewed Commitment to Language Access Obligations Under Executive Order 13166* (Feb. 17, 2011).

¹⁴ *Executive Order 13166*, 65 Fed. Reg. 50,121 (Aug. 16, 2000).

¹⁵ *Alexander v. Sandoval*, 532 U.S. 275 (2001).

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D. California Addendum

to language access is limited and may present challenges.¹ Advocates should also be sure to research state fair housing and other laws, which may provide their own translation requirements related to LEP status. For example, in California, state law requires that notices be provided in Spanish, Chinese, Tagalog, Vietnamese, or Korean if the tenancy contract was negotiated in that language.²

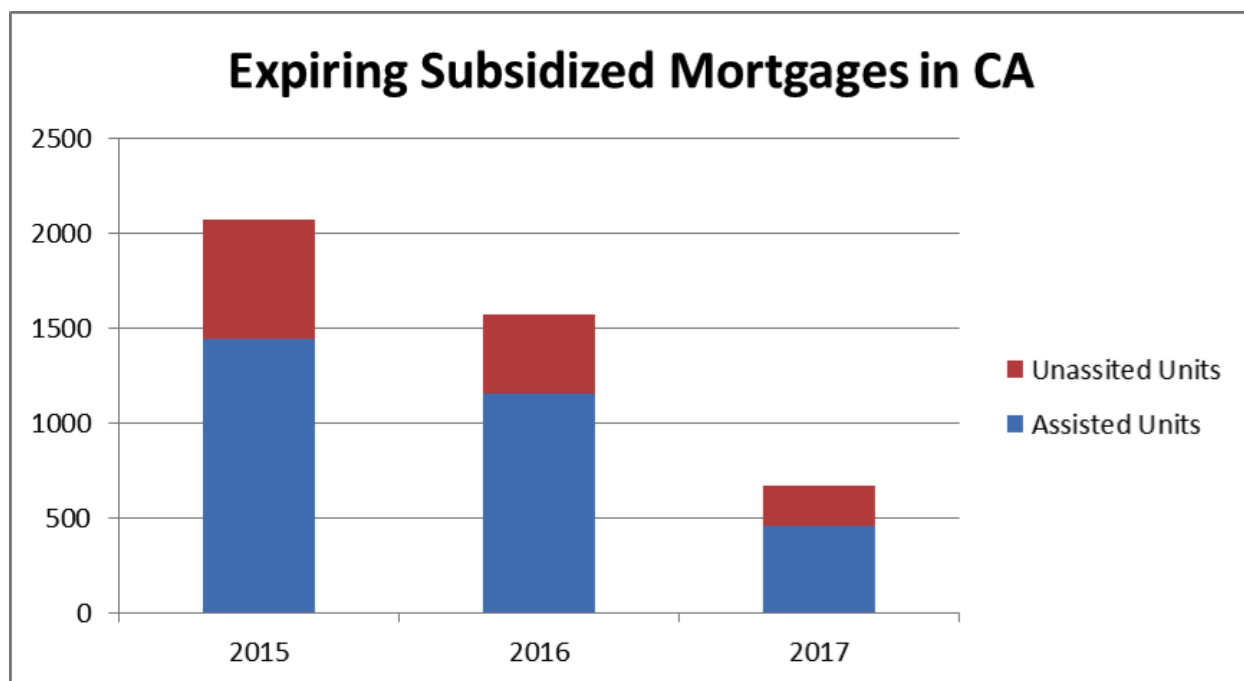
II. California Resources

For specific assistance negotiating with California project owners, the California Housing Partnership Corporation is an important resource that may be able to serve as a more neutral ambassador for the tenants than an attorney or advocate.

The following California-based organizations also have expertise in securing expiring use vouchers for low-income tenants:

- Asian Americans Advancing Justice – Los Angeles – www.advancingjustice-la.org
- National Housing Law Project – www.nhlp.org
- Public Counsel – www.publiccounsel.org
- Public Law Center – www.publiclawcenter.org

Consulting local government resources, such as your local public housing authority, can also be helpful.



¹⁶ See, e.g., *Vialez v. New York City Housing Authority*, 783 F. Supp. 109 (E.D.N.Y. 1991) (holding that a landlord's failure to translate a termination notice into Spanish did not support a disparate impact claim because it affected all non-English speakers in the same manner).

¹⁷ See Cal. Civ. Code § 1632.

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E. Case Studies - Miracle Terrace



Miracle Terrace is a 179-unit building located in Anaheim, California that houses low-income elderly tenants, the majority of whom are monolingual Korean speakers. None of the units had project-based Section 8, but a handful of households had individual vouchers. This project was developed by a faith-based non-profit group as an affordable housing complex financed with a loan insured and subsidized under Section 236 of the National Housing Act. This program provided affordable rents based on operating costs and subsidized debt service. On November 1, 2013, the mortgage matured and affordability of the units expired. Subsequently, the property was sold to Clear Capital LLC, a private, profit-motivated equity firm that targets large, multifamily properties. Rents in the building rose by 75 to 80 percent over the course of the eight months since the affordable rental restrictions expired.

Many tenants reached out to Asian Americans Advancing Justice – Los Angeles and Public Law Center for assistance in finding a resolution to the insurmountable hardship of paying the drastic rental increases. These rental increases imposed a severe hardship on the nearly 200 elderly, limited English proficient, extremely low-income tenants who were affected. The tenants receive very limited monthly income from Social Security, ranging anywhere between \$800 and \$1,000. After the rent increases went into effect, the tenants were forced to meet all of their basic needs on just \$200 to \$300 per month. As seniors, many of the tenants had to stretch their meager leftover income on prescription drugs, doctor's appointments, and basic services like communication and transportation. Advancing Justice and Public Law Center discovered that some tenants were living on just \$15 to \$50 for food each month. As the months went on and any savings dwindled, some tenants with serious medical conditions like cancer and diabetes cut back on necessary medications to pay their rent. Mr. Yong Woom Yang, a 74 year old monolingual Korean tenant who had lived at Miracle Terrace for 8 years said, "The rent increases were devastating to me. I could not afford necessary medicine for my chronic diseases, I had to cut back on my food intake because I could not afford my normal groceries, and I could not see my friends or family because I did not have money for transportation. I felt very depressed since the rent increases went into effect."

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E. Case Studies - Miracle Terrace

Unlike other low-income tenants assisted under HUD programs that lose their affordability due to certain loan prepayments or opt-outs from project-based Section 8, these tenants were not automatically entitled to rental assistance. The Section 8 voucher waiting list for Anaheim Housing Authority was closed at the time the tenants needed assistance and some tenants had been on the waiting list for an extremely long-time, ranging from 5 to 8 years. Moreover, the building is not located in a jurisdiction with rent control. The only source of rental assistance available to these extremely vulnerable seniors was the little-known expiring use Section 8 voucher. Congress has provided these vouchers to help cushion the impact on tenants in buildings with maturing federally subsidized mortgages or other expiring restrictions. However, unlike the vouchers available to tenants in prepayment or opt-out situations, the expiring use voucher is not available to all eligible tenants, and the owner must voluntarily apply for the assistance.

Asian Americans Advancing Justice – Los Angeles and Public Law Center learned about these expiring use vouchers and reached out to the owner to request that he apply for them. Although the owner agreed to apply for the expiring use vouchers, he refused to delay the rent increase, which forced tenants to be extremely rent overburdened for the 4.5 months that it took to process the expiring use vouchers. The process of applying for the expiring use vouchers was fraught with difficulty and delay as a result of a bureaucratic process that required approval from at least 4 HUD offices, in addition to the various administrative steps required of the PHA to certify the tenants, inspect the units, and negotiate and approve the project-based voucher contract. In addition, there was confusion as to whether this project qualified under the expiring use voucher criteria. It took continuous advocacy from Advancing Justice and Public Law Center, and a few Congressional Inquiries for the application to be processed. Throughout the process, the lead tenant organizer and two bilingual tenant advocates were crucial to organizing and supporting the tenants. Eventually, through the persistent advocacy of the tenant advocates as well as the office of Congresswoman Loretta Sanchez, 124 project-based vouchers were approved in record time, retroactive to 3 months after the major rent increases went into effect.

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E. Case Studies - Riverwalk Apartments



©2015 Google Map

[Riverwalk Apartments](#), formerly known as Callahan Plaza, is a 336-unit building located on 14 acres in Miami, Florida. In 1968, the property was financed with a HUD-insured mortgage. While the rents were not income-based, they were significantly lower than market rent because of the restrictions imposed by the HUD-insured mortgage. The tenants living at Riverwalk were primarily Hispanic, low-income and elderly. Many of the tenants have lived there for decades and raised their families at the property.

In April 2010, the HUD-insured mortgage matured and the affordability of the units expired. Subsequently, the property was sold to CFH Group, which intended to raise the rents to market. Although the new management was sympathetic to the long-term tenants, the new rents were unaffordable to most tenants.

Several tenants contacted Legal Services of Greater Miami, Inc. (LSGMI), when the rents started increasing in late 2012. Most of the tenants were living on fixed incomes and required assistance from family members in order to pay their living expenses. Unfortunately, there was nothing that could be done at that time and many tenants moved out of the property.

In April 2013, LSGMI received notice from the National Housing Law Project that HUD authorized funding for expiring use Section 8 vouchers and Riverwalk was an eligible property. Attorneys from LSGMI found one prior client that was still living at Riverwalk by receiving financial help from friends and family. LSGMI told him about this opportunity to obtain expiring use vouchers, but explained that the landlord had to apply for the expiring use vouchers. LSGMI attorneys contacted Riverwalk management on his behalf and requested a meeting to discuss the application process. Because the application was time consuming and the deadline was only a few weeks away, the attorneys feared the landlord would refuse to participate. Instead, the management team was thrilled to learn about the possibility because it would allow most of the older tenants to remain at the property. The owner was eager to apply for the funding. Nearly 175 of the families who were living there at the time the mortgage matured in 2010, remained at the property in May 2013.

ATTACHMENTS

E. Case Studies - Riverwalk Apartments

Riverwalk applied for the expiring use vouchers in June 2013 and HUD approved the expiring use vouchers in August 2013. HUD designated Miami-Dade County's Public Housing and Community Development as the administrating agency for the expiring use vouchers. However, HUD did not immediately issue the funding allocation notice. In November 2013, Representative Ileana Ros-Lehiten wrote a letter to HUD about the delay of the expiring use vouchers. In December 2013, the local field office advised LSGMI that "some budgeting issues caused delay." HUD allegedly wanted to determine the eligibility of all projects before issuing the funding allocations. In February 2014, HUD finally issued the funding allocation and the PHA determined the eligibility of residents in March and April 2014. Unfortunately, between the time HUD approved the project and the time the PHA screened for tenant eligibility, 27 potentially-eligible families moved out of Riverwalk.

During the eligibility process, several applicants were denied even though they lived there when the mortgage matured. The mortgage maturity occurred 4 years prior and under a different management company, so the landlord did not have proof that some tenants lived there in April 2010. Because of this, the list of eligible families provided to HUD was not correct. One lesson learned is that the landlord should include any family that may be potentially eligible and review the list closely. Fortunately, LSGMI successfully advocated for the PHA to overturn the initial eligibility determination for these families. Ultimately, approximately 160 families were approved for Section 8 vouchers.

When LSGMI first contacted Riverwalk, the landlord only wanted to apply for the tenant-based vouchers and did not want to apply for the project-based vouchers. LSGMI attorneys did not challenge this decision because of the landlord's willingness to apply for the funding. In retrospect, this was an issue that should have been discussed further and more advocacy should have been done to try to convince the landlord to select the project-based assistance. Because the tenants received an enhanced voucher, rather than a regular Section 8 voucher, the tenant's portion of the rent cannot be lower than the rents at the time the mortgage matured. The enhanced voucher reduced most tenants' rents to around \$475. While this was a significant reduction of the rent, for those tenants on SSI or who have an extremely low income, the rent may exceed 30% of their income and remain unaffordable. (Market rent sought for the apartments by the landlord was double this amount, at \$950.) This will likely force those families to eventually relocate to another, more affordable location and transform the voucher to a regular Section 8 voucher.

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