

## NAVIGATING THE ROAD THAT LEADS TO THE LAND OF HAP The Journey of Fannie and Freddie



The cornerstone of the Public Housing Authority's (PHA) Housing Choice Voucher (HCV) Program, the Housing Assistance Payments Contract & Tenancy Addendum (HAP), can often be complicated. For rental property owners who choose to travel along the road that leads to the Land of HAP; the journey can be curvy, rocky and full of tolls.

One day local rental property owner, Freddie, who is always up for a challenge, decided to travel Route 8/Section 8 which leads to the Land of HAP.

About a year later, Fannie was also considering a trip to the Land of HAP via Route 8 and decided to ask Freddie for some advice because she knew he had traveled that road before. Freddie expressed several concerns to Fannie, reflecting on his own experience taking Route 8 to the Land of HAP. Some of the problems he encountered were significant cost burdens and adverse business consequences as a result of traveling to the Land of HAP.

Freddie advised Fannie that if she chose a better destination and took a different route, she will avoid many of the pitfalls he encountered such as...

When the HAP Contract terminated for any reason, Freddie's lease also terminated (see HAP, Pt. C, #12), and Freddie was left out in the cold to reclaim possession of his unit from the resident and could no longer collect resident funds.



During the term of Freddie's contract, rent could at no time exceed the "reasonable rent," which is set by the PHA. (See HAP, Pt. B, #6)



It was difficult for Freddie to terminate the tenancy, even when he had good cause and success in terminating tenancy for the same with his market properties, which was only able to be done for specified reasons such as "serious or repeated violation of the lease contract," criminal activity (delineated in the tenancy addendum) or "other good cause" (also delineated in the tenancy addendum). (See HAP, Pt. C, #8). Even after the end of the lease term, "good cause" had to be shown to the PHA to justify repossession of the unit by the owner. (See HAP, Pt. C, #8. d. (3).)



It was easy for the PHA to terminate Freddie's HAP Contract in midstream, under a long list of circumstances (e.g., inadequate space due to an increase in family size or composition, breakup of the family, non-compliance by resident or leaseholder, the unit is determined to fail some requirement of the HQS, etc.). (See HAP, Pt. B, #4)



The PHA only subsidized the cost to rent but NOT the property damage, repair costs, and many other payments which were due from the resident under the Lease Contract. (See disclaimer of liability in HAP, Pt. B, #2. e.) While the PHA had established a risk/damage fund up to \$1,000, it often didn't cover all the costs of the damages and only helps make the housing provider whole if damage is caused in the process of an eviction or if a resident skips out; that's it. But it does not go into effect until the end of lease.



On top of regular wear and tear, Freddie was required to maintain the unit in accordance with additional Housing Quality Standards (HQS), and had to remedy alleged deficiencies upon demand of the PHA, even though the condition of the unit was already fully compliant with all other local, state, and federal housing regulations. (See HAP, Pt. B, #3, #4. b. (7) & (9).)



After hearing Freddie's story about his unfortunate experience traveling Route 8 to the Land of HAP, Fannie decided she would forego her visit. Freddie continued to spread the word about his awful visit to the Land of HAP. Eventually, visits to the Land of HAP declined dramatically in spite of all the wonderful incentives created by the local PHA. Before long, the PHA decided it needed to figure out a way to improve the conditions in the Land of HAP to make it more attractive to visitors.

**To be continued...**