



Q2 2014

Message From the CEO



Dear Housing Choice Voucher Program Property Owners:

As we head into spring following a record-breaking winter, HCV students in high school and college are also rounding the home-stretch of the 2013-14 school year. Besides working hard to achieve academic excellence as so many HCV participants have done in the past, there is also often the need to secure financial aid for college.

That is why I am very proud to announce a new CHA scholarship program that could help alleviate some of the collegiate financial burden on HCV families.

Over 100 scholarships ranging from \$1,000 to \$2,500 will be issued as part of a new CHA scholarship program that started this year, based on an applicant's financial need and academic merit. Applicants may include current high school seniors, undergraduate and graduate students and adults seeking to start a post-secondary program in Fall 2014. Applications are being accepted for this special opportunity through May 15.

The new scholarship program is just one of the many new initiatives designed to help CHA families on the road toward self-sufficiency. CHA's strategic initiative, "Plan Forward," is dedicated to provide safe and affordable housing for low-income families. But it is more than bricks and mortar. We work hard to positively impact the lives of CHA residents, whether it is through educational, recreational or commercial opportunities.

Further, CHA has been busy working on a new Section 3 website that allows public housing residents, HCV participants and low-income Chicago area residents to apply for all Section 3 jobs with CHA and its contractors, as well as any other jobs posted by the agency. The Section 3 program ensures that employment and other economic opportunities funded by HUD are directed toward low and very low-income individuals.

The website, <https://section3jobs.thecha.org>, will streamline the process for CHA's Section 3 community. It is user-friendly and efficient.

And, to round out this theme of opportunity, CHA recently helped to open the "Buffett Place," – a new supportive and green housing development that provides key services for individuals with mental health needs, the homeless and those with disabilities at 3208 N. Sheffield. Formerly The Diplomat Hotel, the Buffett Place will house 51 studio apartments after a total gut renovation of the vacant four-story building.

CHA is providing rental subsidy for all units of this supportive housing development through its Property Rental Assistance (PRA) program.

All three of these programs show CHA's continued dedication to providing not only housing, but support services and opportunities to HCV and public housing families.

Thank you for your interest in the work of this agency, and we look forward to achieving great heights in 2014.

Sincerely,
Michael R. Merchant

In This Issue:

- Message from the CEO
- Meet Our Board Members
- Tax Savings Program
- Foreclosure
- Lead-Based Paint
- The Property Manager's Corner
- Bedroom Verification Guidelines
- Controlling Ants in the Home
- HUD-VASH Program
- HCV Program Property Management Tips
- Inspections Corner

Meet Our Board Members - Commissioner Rodrigo A. Sierra



The Chicago Housing Authority (CHA) Board of Commissioners makes decisions about CHA policies and programs to guide CHA's current and future programs. In this series we introduce you to new and sitting board members. For this issue, we present Commissioner Rodrigo A. Sierra.

Rodrigo A. Sierra is chief communications and marketing officer and senior vice president of the American Medical Association (AMA). At AMA he leads a transformation of the 165-year-old organization to reclaim a leadership position in shaping the evolving healthcare system for the nation. A brand repositioning, media and public affairs expert, Sierra is responsible for AMA public relations, enterprise marketing and communications, digital and social media, leadership positioning and brand strategy.

Over a distinctive and award-winning career, Sierra has been instrumental in achieving meaningful results in high-profile corporate, media, government and regulatory positions. He has a proven record of developing innovative solutions for individuals, companies, governments and not-for-profits in challenging marketplace circumstances. His brand and crisis management expertise and experience in strategy, policy and organizational issues have equipped him to create and implement proactive initiatives that effect positive change for both brand and social impact.

Sierra earned an MBA from the Kellogg School of Management through the Executive Master of Business Administration program in June 2008. He holds a bachelor's degree in philosophy from Northwestern University.

Take Advantage of the Tax Savings Program

Everyone loves to save money, and HCV Program Property Owners are no exception. Property Owners are encouraged to take advantage of everything that being a part of the CHA HCV Program has to offer, including tax savings. Under state law, Illinois Property Owners who rent to Participants in the HCV Program may receive property tax abatement ("tax savings") in an amount up to 19% of a property's Equalized Assessed Value (EAV). The actual amount will depend upon tax rates, the state equalizer, EAV and the number of qualified units rented to HCV Program Participants.

Interested Property Owners are encouraged to apply for the property tax abatement. In order to qualify, HCV Program Property Owners must meet the following guidelines:

- The property must be located in a census tract with a poverty rate below 12%
- At least one unit must be leased to a family

participating in CHA's HCV Program as of January 1st of the year for which the Property Owner is applying for the tax savings

- The eligible unit(s) must be in compliance with HQS as of January 1st of the year for which the Property Owner is applying for the tax savings
- The building must be in compliance with local building codes

Property Owners should note that a separate application is required for each property on an annual basis, and each application should have a separate Property Index Number (PIN).

To determine if a property is in a qualifying census tract, visit the FFIEC's website at www.ffiec.gov/geocode.

For instructions on how to apply, visit the CHA website at www.thecha.org and navigate to the "Tax Savings Program" page under "Property Owners."

Foreclosure - Owner Responsibilities

Based on Information Shared By the Lawyers' Committee for Better Housing (LCBH)

In the event that a bank seeks possession or foreclosure of a property, it is typically the result of the Property Owner falling behind on his or her mortgage payments and the bank has initiated a foreclosure lawsuit to take over the property. Sometimes the Property Owner is able to avoid foreclosure and keep the property. In other cases, the court grants foreclosure and allows the property to be sold at public auction to a new owner.

During the foreclosure process, Property Owners and tenants have the same rights and responsibilities as they would if the foreclosure was never filed:

Property Owners MUST

- Continue to manage the property and address maintenance issue (*Exception: If the court appoints a Receiver, he/she is responsible for maintaining the property*).
- Notify tenants IN WRITING when a building goes into foreclosure (within seven days of the Property Owner being served with a foreclosure complaint and summons)
- Return the security deposit if a tenant moves out while the building is in foreclosure.

Tenants MUST

- Continue paying rent, as failure to pay may be grounds for eviction
- Continue to honor the lease terms

Once the foreclosure sale is confirmed by the court, the Property Owner may no longer collect rent from the tenant and must return any security deposit, and the new owner is now responsible for maintaining the property.

Protections for Qualified Tenants:

Lease Extension/Renewal or Relocation Assistance Under New City Ordinance (Chicago Properties)

The new owner of a foreclosed rental property must either:

1. Extend or renew an existing rental agreement (oral or written)
 - Rent for new lease must be similar to old rent amount, and cannot increase existing rent by more than 2%
 - Annual rent increases cannot exceed 2% of the previous year

OR

2. Pay a one-time relocation assistance fee of \$10,600 to a qualified tenant

- \$10,600 per unit, not per person
- The owner must pay the relocation fee to qualified tenants no later than seven days after the day the tenants move (*Note: If assistance is not received within seven days, the tenant can sue for double the relocation assistance in addition to reasonable attorney's fees*)

The Property Owner - NOT the tenant - decides which option to pursue and can still evict for non-payment of rent or lease violations.

Some cases in which the owner does NOT have to pay relocation assistance:

- If the tenant is not a "qualified tenant"
 - * A "qualified tenant" is a person who has a Bona Fide Rental Agreement (*Note: All HCV Program Participants should be qualified tenants*)
 - * The new owner can evict the tenant with 30-day notice with no relocation assistance
- If a tenant and owner enter into a new lease or lease extension
 - * The new owner must continue to renew lease until the property is sold to a third party
- If the new owner offers a lease renewal or extension and the tenant turns it down
 - * The new owner can evict the tenant with a 90-day notice or expiration of lease (whichever is longer), with no relocation assistance
- If the tenant fails to pay rent at any time or violates his/her lease, the new owner can evict the tenant (five-day/ten-day notice) with no relocation fee

It is in the Property Owner's best interest to comply with the ordinance. Penalties for non-compliance include:

- A tenant may sue for monetary compensation
- A tenant whose notice rights have been violated can recover money for damages and reasonable attorney's fees
- The tenant whose relocation fee rights have been violated is entitled to recover double the relocation fee (\$21,200) and attorney's fees

For more information about tenants' rights during and after the foreclosure process and the new City ordinance, feel free to visit the LCBH website at www.lcbh.org.

The above information is not intended, and should not be taken, as legal advice on any particular set of facts or circumstances. Property Owners and Managers are advised to contact an attorney for advice on how the law applies to his/her situation.

Lead-Based Paint: Tenant Protection and Property Maintenance

Part of being a great Property Owner and ensuring success of the HCV Program is to provide safe and sanitary homes for all tenants and their families. However, if a unit or property was built before 1978, chances are the tenant will be exposed to Lead-Based Paint. Deteriorating lead-based paint (i.e. peeling, chipping, chalking, cracking, or damaged paint) is a hazard and needs immediate attention – especially when found on surfaces that children can chew or areas that get a lot of wear and tear, such as:

- Windows and window sills
- Doors and door frames
- Stairs, railings, banisters, and porches

Lead poisoning can be extremely dangerous for children under the age of six because they are particularly susceptible to the potential neurological problems caused by lead-based paint due to developing nervous systems. Lead poisoning can cause severe learning disabilities, hearing loss, brain and nerve damage, and even death.

CHA will perform a visual paint assessment during the HQS inspection process to help protect tenants and families. In order to provide lead-safe environments, concerned Property Owners should address any significant paint issues as soon as discovered or regularly re-paint surfaces and trap any lead-based paint that may be present.

Full disclosure is required prior to the tenant becoming contractually obligated to rent the unit – it is the Property Owner's responsibility to provide this information and a written warning statement identifying the specific location of lead-based paint and lead hazards.

CHA provides a Lead Education Initiative Packet that includes two informational brochures about lead poisoning that detail its effects and prevention, which is distributed to all Participants at voucher briefings and re-examination interviews, and is also available in the Resource Centers of each regional office and online at www.thecha.org/forms. Furthermore, Participants must sign a Release Form and Checklist to confirm receipt and understanding of these materials.

While taking initiatives to protect tenants, it is important

to follow Fair Housing laws, even if the tenant's best interest is in mind. Property Owners CANNOT:

- Discriminate based on presence of children of any age or a pregnant woman in the family
- Require testing of blood lead level or to be informed if a blood lead test has been conducted
- Require disclosure of a child's or pregnant woman's blood lead level or medical actions taken
- Terminate the lease or create different terms and conditions of a lease from that of other tenants because a child or pregnant woman is identified with an elevated blood lead level
- Refuse to provide information regarding units which are being offered for rent which contain lead-based paint or lead hazards
- Refuse to rent a unit with lead hazards to a family with a young child or pregnant woman

The Environmental Protection Agency (EPA) issued the Lead Safe Housing Rule, which became effective on April 22, 2010, requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, contractors performing renovation, repair, and painting (RRP) projects that disturb lead-based paint in homes and child-occupied facilities built before 1978 must be certified and follow specific work practices to prevent lead contamination. Work on HUD-assisted housing, including units and properties listed under the Housing Choice Voucher Program, must comply with the most stringent requirements of the Lead Safe Housing Rule, the EPA RRP Rule, and any state or local law regulation. Renovations in pre-1978 housing must be performed by firms that are certified by the EPA or an EPA authorized state.

Property Owners are encouraged to become as educated as possible when it comes to lead-based paint treatment and hazard reduction. By protecting tenants and their families from lead poisoning, Property Owners help CHA accomplish its mission to provide safe, decent and sanitary housing opportunities.

For more information about Lead-Based Paint, consult the Property Owner Reference Manual or the HQS Inspection Guidebook.

Property Manager's Corner

In this series, we will feature guest articles written by a participating HCV Program property owner/manager that will focus on best practices for property management. The article below represents peer suggested options for improving your business and is not intended to be legal advice – consult an attorney for legal advice. For this issue, we present Shangwé Parker of The Habitat Company, with a feature about Tenant Screening.

The primary goal of a property owner and/landlord is to maximize the investment. Conducting quality resident screening helps protect the asset and minimize the costs associated with resident negligence. Below are some tips for developing a quality resident screening program:

- **Create a detailed application.** The applicant should be asked to list rental history for the last five years, late payment history over the previous 12 months, and all household members.
- **Require government-issued identification for all applicants.** Verify that the information provided in the application is accurate.

- **Perform a credit and background check.** Carefully define the screening criteria with your provider to ensure you are accepting quality applicants.
- **Obtain landlord verifications.** Get documentation from previous landlords/owners to understand potential issues related to the applicant.
- **Conduct a home visit.** Observe how the prospect cares for their current unit to identify bad housekeeping habits before approving the applicant.

Incorporating these tips into your screening program will help reduce the risk of selecting a tenant that will negatively impact your investment.



What Constitutes as a Bedroom? CHA Criteria for Property Owners

When determining the rent price, CHA considers multiple factors regarding the property/unit in question. One of the characteristics used to identify unit size is the number of bedrooms in the unit. Once the Request for Tenancy Approval (RTA) paperwork has been received by CHA staff, an HQS Inspection will be conducted to determine that the unit complies with HQS requirements – including unit size.

Discrepancies exist as to what constitutes as a bedroom. Below are the criteria outlined in the HQS Inspection Guidebook.

Each bedroom in a unit MUST HAVE:

- A window that opens to the exterior
- At least two working outlets OR one working outlet and one working light fixture

- A minimum of 70 square feet of floor space
- Three-quarters (75%) has a floor-to-ceiling height of seven (7) feet or above
- A carbon monoxide detector located within 15 feet of entrance

Property Owners and Managers should keep in mind that any modifications made AFTER the HAP Contract has been implemented will undergo the entire process again, including a new HAP Contract, new RTA, new rent reasonableness study, etc.

In other words, the unit size and number of bedrooms will not be determined by an annual inspection after the Property Owner or Manager has modified the unit – it will be treated as an entirely new contract.

Controlling Ants in the Home

Feature Article by Nishaat Yunus, Midwest Pesticide Action Center (MPAC)

While ants are the most common pest problem in housing, they are far from the most harmful. Ants that are common to our region do not cause health problems. If you do have an ant problem, you can take care of it using least-toxic methods.

Prevention: What You Can Do Right Now

Prevention is essential when dealing with ants. Denying access to the food and water the ants are after in your home can go a long way. Start by inspecting the exterior of your building:

- Look for cracks or gaps in the foundation that need to be repaired
- Keep mulch and leaves away from the building's foundation
- Caulk, screen and weather strip windows, doors and exterior walls.



Also, be sure to seal food properly to keep it out of reach:

- Store garbage in tightly sealed containers and empty it regularly
- Limit eating to dining areas only
- Keep counter tops, floors, sinks, and all other surfaces clean

- Store food at least 2" off of the ground in tightly sealed containers.

Treatment: How to Act

Follow these steps to get rid of any ants that may make it into your home. It is important to note that spray pesticides are not effective against ants because they only kill what is visible. **Baits work best** because the ants will bring the poisoned food back to the nest and share it with their colony.

- Try to determine how they are getting in and seal those entry points;
- Spray soapy water or a 1:1 vinegar and water solution on floors and along ant trails to remove their chemical trail.
- Do not allow food to stay in dog bowls or in the sink overnight.
- Baits are the most effective pesticide control for ants. The ants take it back to their nest, away from you and your children, and share it among the colony.

To learn more about proper steps to reduce exposure to both pests and pesticides, visit the MPAC website at <http://midwestpesticideaction.org/what-you-can-do/in-your-home/#IndoorPests>.

HUD-VASH Program: Affordable Housing for U.S. Veterans

Property Owners are vital to achieving CHA's mission to provide safe and sanitary housing for low-income individuals and families, a category in which many Veterans exist.

The U.S. Department of Housing and Urban Development (HUD) and Veterans Affairs Supportive Housing (VASH) have developed a program that aims to move Veterans and their families out of homelessness and into permanent housing through the Housing Choice Voucher (HCV) Program.

CHA helps expedite the inspection process, rent offers and contracting process for all VASH applicants to help homeless Veterans lease quickly. CHA encourages Property Owners to participate in the HUD-VASH program and provide a social service by offering housing opportunities to those who served the country.

Interested Property Owners can contact the HUD-VASH Housing Specialist to share information about housing options they have available for rental with a HUD-VASH Voucher. Please contact Hilda Ramos at hilda.ramos2@va.gov.

HCV Program Property Management Tips

Property Owners and Managers who participate in the Housing Choice Voucher (HCV) Program must be knowledgeable and stay up-to-date on program-related issues. Updates to operations are often made, but by utilizing all available resources, Property Owners and Managers can keep up with program changes when they occur.

New Management Authorization Form

It is very common for Property Owners and Managers to wish to do business with a third-party agency to represent his or her properties. If/when this occurs, CHA needs to know about it in writing. A new management authorization form is currently in place, which serves to capture the owner's authorization and is used for the Property Owner's protection.

The Property Owner or Manager may authorize the third-party agency to do the following:

- Receive Housing Assistance Payment (HAP)
- Execute Housing Assistance Payment (HAP) Contract, Request for Tenancy Approval (RTA), and all other required documentation requested by Chicago Housing Authority (CHA)
- Act as an Owner Representative to conduct business with CHA – which may include, but not limited to, submitting Rent Increase requests, be present for inspections, and attend meetings

A valid government-issued photo ID is required of the agent and owner, and must accompany the Management Authorization form. For more information or assistance, please contact the CHA Customer Call Center at (312) 935-2600 or email hcv@thecha.org.

HAP Contract and Lease Information

The HAP contract requires the property owner or manager to specify what utilities and appliances he or she will be supplying, as well as which utilities and appliances will be supplied by the tenant. It is the Property Owner/Manager's responsibility to include these specifications in the lease agreement with the participating family/tenant.

In other words, when drafting the lease agreement to be signed by the participating family, the provided utilities must be specified and be consistent with what is indicated on the HAP contract. The lease must mirror the HAP contract – if inconsistencies exist among the paperwork, delays in payment will occur and the administrative burden will be on the Property Owner to correct and resign.

For more information or assistance, consult the Property Owner Reference Manual or contact the CHA Customer Call Center at (312) 935-2600.

Inspections Corner

Inspection Extensions

Every now and then, a unit may fail an inspection item, meaning the entire inspection will be marked as "fail." If this is the case, Property Owners typically have 30 days to correct the violation before their HAP Contract is abated.

On the other hand, there are instances in which CHA may grant an extension to make certain repairs. A "Weather-Related Extension" is granted when harsh weather between November 1 and April 30th (*note the extended date for 2014*) prevents Property Owners from correcting certain exterior violations. CHA considers Weather-Related Extensions on a case-by-case basis and only if:

- 1) The exterior repair does not endanger the health or safety of the tenant, and/or
- 2) The unit does not have any other HQS violations.

On rare occasions, CHA may grant a "Non-Weather-Related Extension" to correct a fail item. This type of extension is granted only when extraordinary circumstances exist that prevent the Property Owner from completing the repair – for example, if the Property Owner is having difficulty receiving the parts or there is a delay by the utility provider. Third-party documentation is required to verify the circumstances and the Property Owner has 60 days to correct the violation.

Property Owners must request an extension in writing using the Request for Extension Form available on the Owner Portal at www.thecha.org/hcvportal or on the CHA website at www.thecha.org/forms. *For more information, please consult the Property Owner Reference Manual, HQS Inspections Guidebook, or the CHA website.*



CHA

CHICAGO HOUSING
AUTHORITY™

60 E. VAN BUREN
CHICAGO, IL 60605
www.thecha.org



CHICAGO HOUSING
AUTHORITY™

Owner News | www.thecha.org/hcv

Q2 2014

Inspections Corner cont.

Preparing for Inspections

In order to pass an HQS Inspection, Property Owners must follow the criteria outlined in the Property Owner Reference Manual to render the unit “Rent-Ready.” Below are just a few guidelines to help Property Owners better prepare for an HQS inspection:

- All state and local codes must be followed
- All utilities must be on and operating safely
- Repairs, cleaning and punch-out work must be completed
- Windows and exterior doors must function properly and be weather-tight and lockable
- Bathroom must have either a window that opens or a working ventilation system
- Stairs, porches and rails must be structurally sound
- For buildings with centralized gas-fired boiler

heating units, there must be a carbon monoxide detector present

- Approved refuse disposal must be provided
- The stove and refrigerator must function properly

A full list of guidelines can be found in the Property Owner Reference Manual, along with the HQS Inspections Guidebook. For more information about HQS Inspections, please visit the CHA website at www.thecha.org.

