

## **Getting Started: The Louisville Metro Housing Authority's Leasing Up Process for Section 8:**

*Please carefully read this Leasing-up Process Guide and follow this step by step. This guide is written in sequential order. If you have any questions and or concerns at any given step in the process, please do not hesitate to reach out via phone or email.*

### **1. All New Landlords: Participation Requirements for Sign-up:**

- **Must own a rental unit in Louisville, KY in Jefferson County and not owe any back taxes.** *Refer to the "Notice regarding Unpaid State or Local Real Estate Taxes, Fines, or Assessments eff May 14, 2014" informational sheet in the packet regarding this.*
- **Fill out the W-9 and Mandatory Direct Deposit Form attaching a voided check for Checking accounts, proof of ownership either a copy of the Deed or Settlement Statement for every rental unit that you will renting under the HCV Section 8 Program along with a copy of the Property Management Contract between the Owner and Property Manager if your rental property will be managed by a local property manager and or if you live more than an hour driving distance from Louisville, KY Jefferson county. Please scan and email, fax, or mail to 420 S 8<sup>th</sup> Street Louisville, KY 40203 Attention to Finance either Melissa Stone, Jiwan Bista, or Janell Coghill.** *Their contact info will be located at the bottom of the Mandatory Direct Deposit form, so please refer to this form to return your info and keep your info current and up to date and active with Finance.*
- **All Corporations such as LLC's must file for a TIN# with the IRS and provide that number on their W-9. All others may use their social security number.**
- **Once set-up is complete Finance will email you your LMHA Owner ID #. Please use on all future Leases and correspondence as requested. LMHA will list your number on all future Rent portion notices and Direct Deposit Stubs for your reference.**
- **Any changes in Ownership needs to be communicated to the Landlord Liaison and Finance department to initiate the transfer. The Landlord Liaison will help both parties facilitate the process.**
- **The City of Louisville Jefferson County Government requires that all landlords with rental properties located in Louisville Metro must register with Louisville Metro effective March 1, 2017. Please see the "Rental Registry" informational sheet located in the packet for more information and how to register. This is not a Section 8 requirement by LMHA, but by Louisville Metro Government.**

- *Please refer to the “Section 8 Information for An Owner/Manager,” “Landlord and Tenant Legal Resources,” “Eviction Process,” and “Home Repairs Programs” informational sheets in the New Landlord Informational Packet. Study up vendors.*
- 2. Sign up, sign-in, and list your rental property by visiting [www.gosection8.com](http://www.gosection8.com):**
- **First determine the rent that you are charging for your rental property by utilizing the Market Rent Estimator to do a rent comparable analysis within an one mile radius using comparable units to ensure that the rent you are charging is reasonable and to ensure that the unit will pass the first part of the inspection, which will come later.**
  - **You may compare this to the FMR or Fair Market Rents, the maximum allowable rents for all the bedroom sizes on the program. *Please see FMR’s for the current year.***
  - *Please understand that not every tenant’s voucher will be able to support your requested rent; even though, you have done the above and done the rent comparable analysis which is good for 60 days.*
  - *Write down your username and password so you can go back in and list properties once vacant or to add new rentals you have acquired, remove properties once rented.*
  - *If you are having technical difficulties please go to the “GoSection8.com” informational sheet in the packet for more information and customer support since this is an independent website and not LMHA’s website.*
  - **List and advertise rentals.**
  - **Upload pictures like you would on any other device.**
  - **Post the Expected Rent that you want for the unit.**
  - **Wait for HCV families that have recently attended a Housing Choice Voucher (HCV) Briefing to contact you with interest.**
- 3. The Leasing Process Begins:**
- a. **Have Applicant family complete a written application for rental and perform a showing either before or after application.**
    - i. **We do not screen HCV families.**
    - ii. **Determine if the applicant family is a desirable renter per your application process.**
    - iii. **Make a copy of their Housing Choice Voucher (HCV).**
    - iv. **Include their voucher as income as part of their family or household income.**
    - v. **Sit down with the applicant family, so they can do the adding for the Gross Rent Calculation, which is The Total Contract Rent the Landlord is**

Requesting \$ \_\_\_\_\_ + The HCV family's Utility Allowance  
\$ \_\_\_\_\_ = Gross Rent total \$ \_\_\_\_\_.

- vi. Give the applicant family the info needed to do the calculation and add up their utility allowance, such as the Total Contract Rent your requesting, the unit type, the number of bedrooms, the utilities they will have to pay such as LG&E and Water & Sewage with Fuel types for Heating, Cooking, & Water Heater and the appliances such as the Refrigerator and or Stove they will have to furnish.
- vii. The applicant family will use their Housing Choice Voucher and utility charts we provided them in their Briefing packet. They will choose the correct unit type and then if their voucher size and the bedroom size for the unit doesn't match they will use the lesser of for the bedrooms on their utility chart.
- viii. If the bedrooms for their unit size is less than their voucher size their voucher will be lowered to the lesser of. If their unit is an exceptional rent area according to the unit address's census tract number based on "Exceptional Rent Area Map-Census Tract #'s" in the two columns next to the map then their voucher will be adjusted to the exceptional rent area FMR's.
- ix. Our Rental Assistance Monitors (RAM's) in New Lease Papers will check all of this when they received the New Lease Papers, which will be covered later in the process.
- x. The Gross Rent total is not allowed to go over the applicant's Max Gross Rent (BOX 6) of their Housing Choice Voucher. If it goes over the applicant family's voucher doesn't cover and support the Total Contract Rent the Landlord is requesting and the applicant family doesn't qualify. They do not have enough total gross household income and the financial assistance from Section 8 to pay for that contract rent unless the Landlord is willing to lower their rent taking a rental loss per month or a reduced rent. If the Landlord lowers the Total Contract Rent for the applicant family to qualify then the HCV family will not be allowed to pay the difference. This is considered a side deal and is outside the rules and contracts for LMHA and is considered fraud by HUD.
- xi. At the Lease Renewal it's important to note that a Landlord will be allowed a 2% rent increase. No cents and no rounding.
- xii. If the applicant family meets your screening process and is a desirable renter and their voucher supports the Total Contract Rent your requesting as described above then they are qualified to rent your unit

**and you can move on to the next step deposits.** *Please see our “Screening Your Tenant and Security Deposit” informational sheet in the packet for more information on Screening Your Tenant and Security Deposits.*

- Do credit checks and police record checks for each adult on the application.
- Check with previous landlords for references and past rental history.
- **Be sure to complete your application process before you fill out lease papers for the family, because once you complete the lease papers you have obligated yourself to rent your property.**
- If the contract has not been written both parties may mutually agree to opt out of the lease and a written release signed by both parties will void out the lease papers and LMHA must have a copy of this agreement.

**b. Security Deposits:**

- i. **Collect the security deposit before the New Lease Papers are completed.** There is an option to collect the deposit after the signing of the lease and if you choose this option make sure that the due date for all balances owed for the deposit is written in the Lease.*
- The family is responsible for their own security deposit. If there are damages when the family moves out it may affect the family’s assistance. If you take the family to court and win a judgment of at least \$1000, the family will have a year to repay the owner or lose their Section 8 assistance.
- The amount you collect should be no more than what you are charging families on section 8.
- ***If you fail to collect the deposit prior to filling out lease papers and the unit passes inspection the family cannot be denied possession of the unit due to you not collecting the deposit.***
- ***The security deposit agreement should be in writing and it should include the dates that any balances are due.***

**c. New Landlord Incentives offered by LMHA:**

- i. There are three new landlord incentives being offered to landlords who are adding New Units to the HCV Section 8 Program that has never been rented out to an HCV family on our program: New unit \$500 bonus for any bedroom size and an extra \$500 bonus for one-bedroom units, a Reduced deposit and damage fund, and a Vacancy Loss incentive if a HCV family moves without approval from the Landlord and*

authorization from LMHA. Please refer to the "New LMHA Landlord Incentive" letters effective August of 2020.

**4. Returning the New Lease Papers including the Lease back to LMHA:**

- a. **Normally The New Lease Papers including the Lease is returned by the HCV family in person on a first come first serve walk-in basis M-TH 8:30am-4:30pm and Fridays from 8:30am-3:30pm with a Rental Assistance Monitor in New Lease Papers (for current participants this is during the month of their lease end date, which is the month they must move out of their current unit) and we would review and have the HCV family to sign and date in front of us. Please note due to COVID-19 we are accepting New Lease Papers via email at [leasepapers@lmha1.org](mailto:leasepapers@lmha1.org) (please scan and email), drop box, or by mail at 600 S 7<sup>th</sup> Street Louisville, KY 40203 and the tenant family will need to complete their portions of the forms and sign and date with you. All forms will be highlighted.**
- b. **New Lease Papers:**
  - **Lead Based Paint, a Threat to Your Children:** This form must be read by the HCV family and signed and dated by them.
  - **The Move-in Checklist:** The HCV family will complete this as you both walk room to room together of the actual rental unit not a model unit stating the actual condition of the unit whether new, good, or other and both parties will sign and date it.
  - **Request for Tenancy Approval:** The Landlord will complete #2-11 and the bottom left and the HCV family will complete the bottom right. Both parties will sign and date it. We will not accept Lease Papers if the unit is NOT ready. The date that the unit is available for Inspection MUST be real not anticipated.
  - **The Lease (Please read the "Lease Information For Owners/Landlords" informational sheet in the packet and "Tenancy Addendum" to all leases executed under the Section 8 program):** The Landlord may use the HUD provided Residential Lease as a courtesy adding any additional provisions to Section 21- Additional Provisions, which is option #1 or the Owner may use their own personal lease option #2 including the names of the owner and head of household of the Section 8 Family, the address of the unit being leased, the term of the lease which is 12 months, the amount of the monthly rent to the owner, the amount of the security deposit, a listing of the utilities/appliances furnished by the owner and a listing of utilities/appliances to be furnished by the tenant, and listing of the other family members that will be occupying the unit which must match the household composition for Section 8.

- **The Housing Assistance Payments Contract (HAP Contract):** Landlord must fill out highlighted sections and sign and date it. *Please read “Part B of HAP Contract: Body of Contract” page 4 of 12. This will be the HAP Contract between the Vendor and LMHA.*
- c. **Due to COVID-19 New Lease Papers are no longer accepted and approved or rejected on the spot due to no walk-ins from the Public. Please allow us time to have our Rental Assistance Monitors to review and approve.**
  - If all the New Lease Papers as mentioned above are received, completed, no errors, and signed and dated by both parties and the gross rent total is not over the HCV family’s max gross rent then their New Lease Papers will be accepted and approved and both parties should be contacted and the two part inspection will be requested by our office.
  - However, if there is anything missing, not complete, not signed and dated, an error, or if the gross rent total goes over their max gross rent on their voucher then the New Lease Papers will be rejected and not approved. Both parties should be contacted and a 72 hours letter will be mailed to the HCV family requesting whatever needed information within five business days in order to review and accept and approve New Lease Papers. Normally this process would happen in the office and the HCV family could return when info was completed. Please note if the gross rent is over the HCV family’s max gross rent on their voucher an accept or reject letter to accept or reject a lower rent for the total contract rent that was requested by the Landlord will be offered. It’s your choice to lower or reduce your rent and if you choose to lower your rent that is all you will get in total per month in rent and the HCV family cannot pay the difference as mentioned earlier. If the Landlord rejects the lowered contract rent then the HCV family will be given a new set of New Lease Papers to find another unit.

5. **The Two-Part Inspection:**

- a. **The 1<sup>st</sup> part of the inspection is the Rent Comparable Analysis done by LMHA on the total contract rent that the Landlord requested and was covered and supported by the HCV family’s voucher and approved by LMHA within an one mile radius of the rental property using comparable units.**
  - i. **If the rent is not reasonable then an accept and reject letter will be mailed to both parties and the Landlord will be offered a lowered contract rent than what was requested and that was supported by their voucher. It’s important to note it’s the Landlord’s choice to accept the lower rent or reject it. If Landlord accepts it they cannot ask the HCV**

family to pay the difference. If the Landlord rejects it the HCV family will be issued a new set of New Lease Papers to find another unit.

- b. **The 2<sup>nd</sup> part of the inspection is the Physical inspection on both the exterior and interior of the rental property by The City of Louisville Metro Government's Dept of Codes and Regulations. This is requested and scheduled by their office on behalf of our agency within 72 hours by email if you have provided our Finance office with an active email. This will be for the first inspection only and if no email is provided then it will be scheduled by mail within 10-14 working days. If no email provided and sent by mail both parties will be mailed an appointment letter for the physical inspection, which will be listed as an Initial Type of Inspection. Please read the "A Good Place to Live! Booklet" on HUD's minimum Housing Quality Standards and "Chapter 156: Property Maintenance Code", link provided under the "Landlord and Tenant Legal Resources" informational sheet in the packet as well as the "Lead" informational sheets provided by the EPA/HUD, Louisville Metro, and Lead Safe Louisville informational sheets in the packet.**
- If the unit fails the physical inspection then a Fail Report listing all the violations it failed for will be mailed to the Landlord. If the HCV family still wants the unit the Landlord will correct the cited violations. If the HCV family doesn't want the unit after it fails then the HCV family must contact a Rental Assistance Monitor in New Lease Papers to get a new set of New Lease Papers and we will notify the Landlord in writing the HCV family doesn't want the unit so they may rent it to another applicant family.
  - **Once ALL repairs have been made the landlord will need to contact the HCV family and the HCV family will need to call LMHA's Inspection Request Line at 502-569-6468 to notify us that all repairs have been made so LMHA can request another inspection on behalf of both parties.**
  - **Once unit passes inspection the HCV family can move into the unit the same day it passes or within two weeks of the unit passing inspection. The Inspector will hand whoever is present at the Physical Inspection the Landlord or Landlord's representative a Pass Letter of Certification card. Later a formal Pass Letter of Certification from LMHA's office will be mailed to both parties.**
6. **Collecting the HCV's family Rent Portion and Next Steps:**
- i. **Please collect the Tenant's Rent Portion located in BOX 3 of their Housing Choice Voucher that you made a copy of in step one. If the unit**

passed on a date other than the first of the month prorate the amount listed in their BOX 3 of their voucher for that monthly only.

- ii. **Continue to collect the amount listed in their BOX 3 of their voucher on the 1<sup>st</sup> of the month till the Rent Portion letter comes to both you and the HCV family with their final rental amounts.**
- iii. The rent portion letter and the first initial HAP payment will come within a few weeks of the unit passing inspection, which is about two to three weeks. If you do not receive the rent portion letter and it's been four weeks please reach out to us, so we can resolve this matter for you.
- iv. If the HCV family's tenant rent portion amount decreases and is less on their rent portion letter than their voucher and they ended up overpaying in rent please cut the HCV family a check for the difference of what they overpaid and their new rent portion amount immediately. If they wish for overpaid rent to be credited then they may do so, but if not please cut them a check.
- v. Once you receive the rent portion letter the HAP payment will be paid within a week. The HAP will be effective the date it passed inspection and moving forward.
- vi. In a few weeks about two to three weeks from the rent portion letters being mailed the HCV's family file will be reviewed for quality and control and copies of the lease and Contracts will be mailed to both parties along with another courtesy copy of the rent portion letter. The Lease and contracts will have the effective dates of the Lease and the Lease end date filled in.
- vii. The HAP will be paid on the first of the month through the lease end date. The HCV's family will be due to you on the first of the month unless you gave them a grace period in their Lease.
- viii. 4-6 months prior to the lease end date LMHA will begin working on the HCV family's Annual Re-cert required by HUD and working on lease renewals and amending the HAP Contract if both parties want to renew.

**If you have any questions and or concerns regarding getting started as a new landlord and the lease-up process please do not hesitate to reach out by phone to Rebekah Aman-James, the Landlord Liaison for LMHA at 502-569-6948 or email at [aman@lmha1.org](mailto:aman@lmha1.org).**