

TENANT ADVISORY AND OPTIONS
Pursuant to Government Code Section 65863.10

Why did I receive the attached Twelve Month or Six Month Notice of Intent to Prepay or Terminate?

The development where you live is privately owned, but government assisted. This means that the owner has maintained lower rents either in exchange for a government benefit, such as a low-interest rate loan on the building or through a Section 8 contract that paid part of the rent on the unit. Some properties receive government assistance from both a low-interest loan and a Section 8 contract at the same time. The notices you receive mean that the owner will be eligible to end the government assistance that kept rents low and charge higher rents on the dates specified in the notice.

When the owner ends government assistance provided through a low-interest loan, this is called a "**PREPAYMENT**". When the owner decides to end government assistance provided through a Section 8 rental assistance contract, this is called an "**OPT-OUT**". State law requires the owner to give you a first notice at twelve months; and another, second notice at six months before they make any change that could affect you.

What does this mean to me?

It means that your rent may go up. However, if you received a Twelve Month Notice of Intent, your rent will not increase due to the prepayment or opt out for at least 12 months. If you received a Six Month Notice of Intent, your rent will not increase due to the prepayment or opt out for at least six months.

Should I plan to move?

You should not immediately move or agree to move. ***IF YOU MOVE BEFORE THE PREPAYMENT OR OPT OUT YOU WILL BE INELIGIBLE TO RECEIVE A SPECIAL SECTION 8 ENHANCED VOUCHER THAT WILL HELP YOU PAY THE NEW RENT!*** First, you should consider all of your options. You should also know the owner's decision may change.

What are the owner's options?

Owners have several options to consider prior to ending participation in assisted rental housing programs. These options include restructuring their federally assisted mortgage, renewing Section 8 subsidy contracts, and/or preserving the project by restructuring, refinancing, or selling to a new owner that agrees to continue to maintain lower rents. All of these options continue government assistance.

However, owners may end participation in the government assistance programs on the dates specified in the notices and convert the development to market rate housing. The owner can keep the property or sell it to a new owner. Either way, rent restrictions will

be discontinued. The rent will increase, but you may be eligible for a **Section 8 Enhanced Voucher** that can help you pay the new rent.

What is an Enhanced Voucher?

The Section 8 Enhanced Voucher replaces the government assistance that now keeps your rent low. Only tenants who are living at the property on the date the government assistance is ended – date of **PREPAYMENT** and/or **OPT- OUT** – are eligible to receive a Section 8 Enhanced Voucher!

Prior to the date of the prepayment or opt out, the local housing authority will contact you to determine whether you are eligible to receive a Section 8 Enhanced Voucher and will issue the Enhanced Voucher. Most tenants will qualify for this voucher.

If your household receives a Section 8 Enhanced Voucher, your share of the total rent will be either the amount you currently pay for rent or 30 percent of your adjusted monthly income, whichever is more. The voucher will cover the rest of the rent up to the amount approved as reasonable by the housing authority. If the housing authority determines the owner's proposed new rent is not reasonable, the owner must either lower the rent, or you will have to move to another rental property to use your voucher.

What are my options?

As a tenant, you have two primary options to consider. You can 1) remain in the development or 2) move.

Option 1: You Remain in the Development

If the property owner ends government assistance by either a PREPAYMENT and/or OPT-OUT they are required by federal law to accept a **Section 8 Enhanced Voucher**. The owner must continue to accept Section 8 Enhanced Vouchers from tenants in good standing and allow tenants to remain in the building. Enhanced vouchers are renewed yearly.

Option 2: You Move

If you decide to move out of your development, the Enhanced Voucher can be used to pay rent at other rental properties, but the Voucher becomes a regular Section 8 Voucher. This means other owners do not have to accept the Section 8 Voucher and rent to you. Also the regular Section 8 Voucher will only cover rent up to a set limit - called a **Payment Standard** – established by the local housing authority. If the rent at an apartment you would like to move into is higher than the Payment Standard, you may not be able to use your Section 8 Voucher. Also the property must be inspected by the housing authority to make sure it is in livable condition.

The local housing authority will advise you on how to use your **Section 8 Enhanced Voucher** to move to another property. You must first be issued your **Section 8 Enhanced Voucher** *before* you can use it to move. Remember, if you use this voucher to move, it becomes a *regular* Section 8 voucher. Consult with the local housing authority *before* you try to use your Voucher to move.

If you no longer qualify to receive Section 8 rental assistance based on your income and household size or the lack of availability of rental units in your area you will have to pay market rate rents.

If I choose to move right away, do I give up any options for future rental assistance?

Yes. If you move before the dates specified in the notices when government assistance will be ended – the date of **PREPAYMENT** and/or **OPT- OUT** you lose any rights to the Section 8 Enhanced Voucher. Although you may still be eligible for other forms of rental assistance, these may be difficult to obtain. It is important to remain in your development, and informed about the status of your subsidy by attending any meetings of tenants held by the owner, HUD, or tenant advocacy organizations.

What other notices is the owner required to provide?

To Others: In addition to the Twelve- and Six-Month Notices of Intent to tenants, the owner is required to provide qualified entities (organizations that have the capability to continue long-term rent restrictions) with a Notice of Opportunity to Submit an Offer (and Counter Offer) to Purchase the development. This notice must be provided to Qualified Entities (including tenant organizations) 12 months prior to the prepayment or termination date. At the same time, a copy of this notice must be posted in a common area of your development.

The owner is also required to send a six-month Notice to Public Agencies, including the City and/or County where your development is located. This notice describes the project in greater detail to the local government to assist them in preservation efforts.

To Tenants: The owner and/or their agent must re-notify each tenant household of any proposed changes in the date of prepayment or termination, rents to be charged, or any other changes which may affect tenants within seven business days. This notification is to be sent to the tenant through first class mail (postage prepaid).

Where can I go for additional information?

Contact the owner/agent or manager of your development, the housing or planning department of the city or county where you live, the local housing authority, legal

resources such as Legal Aid, and your nearest HUD office. Information for these resources can be found on the attached “Tenant Resources” page.

What other options are available to me?

If the owner does not comply with all of the requirements of California law regarding the conversion of your development from assisted to market rate rents, you have the option of taking legal action. Contact the local legal services agency identified on the “Tenant Resources” attachment to see if they are able to assist you.