

HOME Program Landlords

You are our partners in the production and preservation of safe, sanitary, decent and affordable rental housing for income eligible tenants. AND we appreciate YOU!!!

You are a part of a nationwide network of for-profit and nonprofit developers assisting the nation and your community in addressing the critical need for safe, sanitary, decent and affordable housing. At the same time you are aiding in the removal of blighted, boarded and vacant properties, thus placing these properties into productive use and further contributing to the tax base.

As you know, we offer several grant opportunities to develop an array of housing types; single family and multi-family, new construction and rehabilitation.

And of course, we could not provide these housing options without you.

The trade off: We provide you with grant funds to assist with rehabilitation of existing units and the construction of new housing units. You are afforded some needed financing to protect and maintain your realty assets for years to come. We share that financing risk with you!

And in turn, when you signed the Project Agreement with the City, you agreed to maintain your property and allow the required HUD inspections to occur on a regular basis and lease to qualified tenants for a period of time, depending upon the City's investment in your property. You also agreed to provide annual reports, annual tenant income recertifications and annual proof of insurance, wherein the City is endorsed in your policy as an additional insured and loss payee.

Each property owner has executed a Project Agreement (Agreement), also referred to as a Grant Agreement, with the City of Chattanooga (City) and may have properties that are within the Affordability/Compliance Period. That period of time ranges from seven to twenty years.

The City wants to ensure your long-term success and wants to assist you in maintaining compliance with the terms and conditions of the Agreement. If you employ property managers, then it's your responsibility to instruct your managers regarding the terms you've agreed to by signing the Agreement with the City.

You are required to maintain two sets of files for each project; documents related to the development of your property:

1. The Project Agreement
2. The Development Pro Forma
3. A copy of the Deed of Trust
4. A copy of the Declaration of Land Use Restrictive Covenants
5. Insurance documents
6. Property tax receipts
7. Capital/Loss Reserve Account information
8. Copies of your property inspection reports
9. Copies of the Annual Reports submitted to the City, and

Documents related to your tenants:

1. Application
2. Lease Agreement
3. Rent and Utility Calculation Worksheet
4. Annual rent and occupancy data
5. Tenant income verifications

Let's consider some tools to assist with your important work:

- The Application for Rental Housing, which provides for:
 1. Your first contact with prospective tenants. Regardless of how you advertise your vacancies, you are required to accept an application from anyone who is interested in leasing your property. You must file and vet them in the order received.
 2. You are to collect pertinent tenant information designed to assist you in determining whether or not the applicant is qualified to rent your unit; you must determine the applicant's ability to perform the obligations of the lease, meet the income requirements, pay rent, etc.
 3. The names and relationship of household members who will reside in the property.
 4. Upon initial occupancy, HOME eligible households may earn up to 60% Area Median Income (AMI). (Except for multi-unit properties requiring 20% at low-HOME rents)
 5. Sources and amounts of family/household income; income that is not included or counted are:
 - a. Income earned by a family member under the age of eighteen (18)
 - b. Income used to care for a foster child
 - c. Income for a live-in aide

- d. Income for a family member participating in a government funded training or workforce development program, or
- e. Payments from the state to care for a family member with developmental disabilities.

For more on eligible and ineligible sources of income, please see the Rental Housing Manual on the Community Development web page.

- 6. The Application also allows you to determine the amount of debt a household has and the source of that debt - can the tenant afford to pay the rental rate, with or without rental assistance (Housing Voucher)?
- 7. References for you to check/verify.
- 8. It reminds you to ask for two months, source documentation proof of income. Proof may come from Social Security or other type of governmental entity, check stubs, letter from employer, and if necessary, a self certifying statement of earnings that are irregular due to performing odd jobs or being paid in cash.
- 9. Identification, etc.
- 10. **LAST YEAR'S TAX RETURN CANNOT BE USED TO DOCUMENT INCOME - DOCUMENTING ANTICIPATED INCOME.**

You are asked to maintain all applications, which could become a source (tickler file) for future tenants and allows you to document the reasons for selection and rejection. This information could be beneficial to you in the future, especially when you need to find new tenants and if there are ever claims of discrimination or unfair housing practices brought against you.

- The Lease Agreement: Now that you have vetted your applications and have decided on a tenant, you're ready to enter into a required lease agreement. The steps:
 - 1. The City will provide you with the most recent HUD approved Rent and Income Limits.
 - 2. You provide the City with a copy of the tenant's application and the required two months source documentation, proof of income for the household
 - 3. The City will calculate and provide you with the appropriate Utility Allowance, which is based on housing type, utility type and zip code. You then will provide the City with your Rent and Utility Calculation Worksheet, since we must verify that the rental rate is calculated correctly.
 - 4. Provide the City with with a copy of the Lease Agreement **before it's executed.** The City must ensure that your lease does not contain any of HUD's Prohibited Provisions.

PROHIBITED LEASE TERMS - Certain Lease Terms are prohibited. These include:

1. Agreement to be sued. Agreement by the tenant to be sued, admit guilt, or to a judgement in favor of the owner in a lawsuit brought in connection with the lease.

2. Treatment of Property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with the state law.

3. Excusing the owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for actions or failure to act, whether intentional or negligent.

4. WAIVER OF NOTICE - Agreement by the tenant that the owner may institute a lawsuit without notice to the tenant.

5. WAIVER OF LEGAL PROCEEDINGS - Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense or before a court decision on the rights of the parties.

6. WAIVER OF A JURY TRIAL - Agreement by the tenant to waive any right to a jury trial.

7. WAIVER OF RIGHT TO APPEAL COURT DECISION - Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.

8. TENANT CHARGEABLE WITH COST OF LEGAL ACTION REGARDLESS OF OUTCOME. Agreement by the tenant to pay attorney fees or other legal costs even if the tenant wins the court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses

5. Once the City has reviewed and approved your lease, as required by HUD, you and your tenant may execute the Lease Agreement. We prefer a twelve month lease, however, you and your tenant may mutually agree to a shorter term.

- Lead-based paint compliance documentation: You must either have the tenants sign a provision in the lease agreement stating that you have given them a copy of the "Protect Your Family From Lead In Your Home" booklet, or a separate lead disclosure statement dated and signed by the tenant

- Security Deposit Installment Agreement: You have found a qualified tenant, but the tenant does not have the full amount of the Security Deposit. At your discretion, you may allow the tenant to make installment payments. If so, then please use this document.

Other required documents and information that you the landlord must provide the City and maintain in your tenant file:

1. Initial Occupancy Profile, for the very first tenant to occupy a unit
 2. Copies of the bank account where you are depositing a portion of your rental income into a Capital or Loss Reserve Account to cover future repairs and replacements. This information is to be made available to the City upon request.
 3. Annual income recertification.
 4. All property insurance and renewals, endorsing the City as an Additional Insured and Loss Payee.
 5. When there is a change in tenancy, then start all over with the application, proof of income, lease agreement, lead disclosure, etc.
- Income requirements for HOME Tenants
 - When can you increase your rental rate? Only at annual recertification, providing that you are not increasing to a level higher than HUD's published maximums and provided that you inform the tenant of your plans, in writing and at least thirty (30) days prior to lease renewal.