



OWNER PARTNERSHIP GUIDEBOOK

HOUSING CHOICE VOUCHER PROGRAM

Updated January 2023

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ABOUT THE HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher (HCV) program, formerly known as Section 8, is a federal housing initiative administered by the United States Department of Housing and Urban Development (HUD) and managed locally by the Housing Authority of the County of Santa Cruz (HACSC). The program helps participants obtain quality affordable housing on the private rental market by providing monthly rental assistance. Participants pay a portion of rent based on their income, while HACSC pays the remaining balance directly to the owner.

HCVs are flexible; voucher holders search for housing in the community of their choice, while owners enjoy standard management rights and responsibilities, such as tenant selection. Owners renting through the HCV program also enjoy certain benefits, including protection against tenant income loss and guaranteed monthly housing assistance payments.

HOW TO USE THE OWNER PARTNERSHIP GUIDEBOOK

The Owner Partnership Guidebook is intended to help owners navigate the HCV program. The term “owner” is used broadly and refers to both rental property owners and rental property managers.

Owners may wish to refer to the Guidebook to better understand certain regulations or to find an answer to a question. The Guidebook is an appropriate reference for both current owners renting through the HCV program and for new owners interested in renting through the HCV program. HACSC recommends that owners maintain a copy of the Guidebook while they have an active lease agreement with a voucher holder.

The Guidebook serves as a general overview of the HCV program, but does not discuss all essential aspects leasing to a voucher holder. Additionally, information in the Guidebook is subject to change based on HUD and HACSC rules and regulations. For more information, or for the most recent version of the Guidebook, please visit the HACSC website at www.hacosantacruz.org. You may also contact HACSC staff at (831) 454-9455 or info@hacosantacruz.org.



HOUSING CHOICE VOUCHER PARTICIPANTS

The HCV program helps income-eligible households secure and maintain healthy, safe, affordable housing on the open rental market. Participants can be anyone, including singles, families with young children, or multi-generational families. The HCV program allows seniors to age in place; disabled individuals to live independently; and ensures that teachers, farmworkers, and other hardworking families can live in and contribute to a stronger Central Coast. HCVs provide stability to critical members of our community that would otherwise be priced out of this region's expensive housing market.

SPECIAL PURPOSE PROGRAMS

Certain households are eligible to receive a special purpose voucher, which may expedite their acceptance into the HCV program. Owners may also receive a bonus payment for housing a participant with a special purpose voucher (*see page 8*). Some examples include:

- **Emergency Housing Voucher Program** - reserved for households that are homeless or at risk of homelessness
- **Veterans Affairs Supportive Housing** – reserved for homeless veterans receiving case management through the United States Department of Veterans Affairs
- **Family Unification Program** – reserved for households who have children in foster care, or are at risk of being placed in foster care, due to an instable housing situation

OWNER BENEFITS OF THE HCV PROGRAM

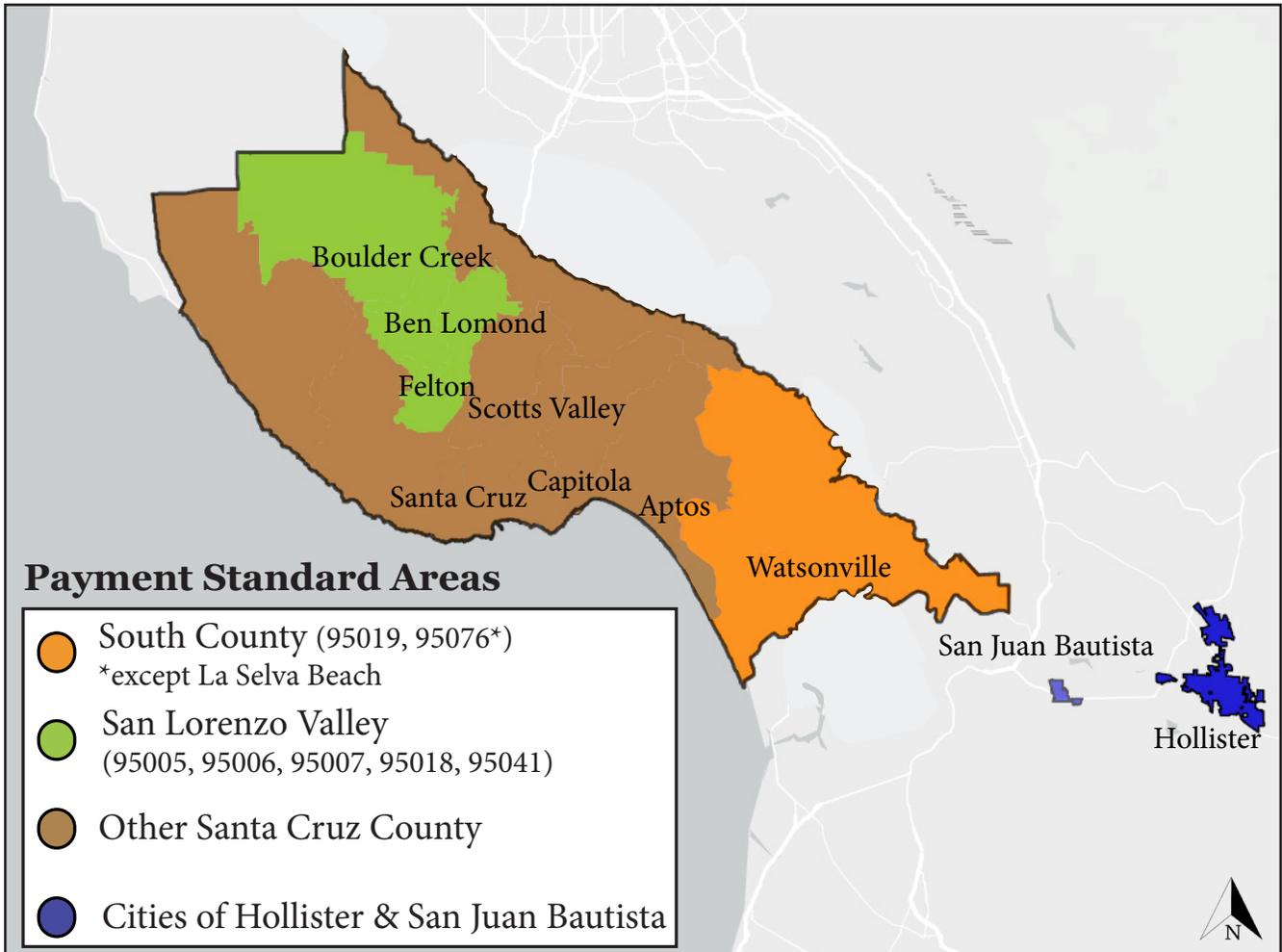
Renting to an HCV participant is a positive business decision. Owners working with the program enjoy:

- ✓ Guaranteed monthly housing assistance payments (HAP)
- ✓ Eligibility for Owner Assurance Program (*see page 8*)
- ✓ Protection from tenant income loss (HAP is adjusted to cover the difference)
- ✓ Tenant retention
- ✓ Direct deposit
- ✓ A program helpline just for owners - call the Leasing Specialist at (831) 454-5917
- ✓ Free property listing

HACSC JURISDICTION

HACSC administers the HCV program for the following communities:

- City of Santa Cruz
- City of Capitola
- City of Scotts Valley
- City of Watsonville
- Santa Cruz County unincorporated areas
- City of Hollister
- City of San Juan Bautista



MY UNIT IS NOT IN THIS AREA, WHAT DO I DO?

If your property is outside HACSC’s jurisdiction and you are interested in renting your unit to an HCV participant, please visit the following link to find contact information for the public housing authority in your area:

https://www.hud.gov/program_offices/public_indian_housing/pha/contacts

THE THREE-WAY PARTNERSHIP

The HCV program is based on three separate, but equally-important relationships. Each party has its own set of responsibilities to ensure success of the partnership.

HACSC RESPONSIBILITIES

Determine household eligibility for federal rental assistance

Issue housing choice vouchers to qualified households

Determine and approve reasonable rent for a housing unit

Determine the participant's portion of rent and HAP

Inspect units in accordance with Housing Quality Standards

Provide participants and owners with professional service

Send HAP to owner in a timely manner

Enforce program regulations

OWNER RESPONSIBILITIES

Screen participants who apply for their units

Comply with fair housing laws

Maintain and repair the property

Collect monthly rent from the tenant

Enforce terms of the lease agreement

Receive HAP from HACSC

Comply with the HAP contract

Provide HACSC with copies of any notices given to the tenant

PARTICIPANT RESPONSIBILITIES

Abide by the terms of the lease

Pay monthly rent on time

Take care of the property

Provide utilities and appliances not furnished by the owner

Cover damages beyond normal wear and tear

Inform HACSC when vacating the unit

Inform HACSC of changes in income or family composition

Comply with the Family Obligations

OWNERS' RIGHTS

The Three-Way Partnership ensures that the owner and the tenant have a relationship independent of HACSC. As a result, owners maintain standard rights to manage their property, including:

➤ **Tenant screening**

Run background checks, call references, or perform any other relevant screening that you would like

➤ **Tenant selection**

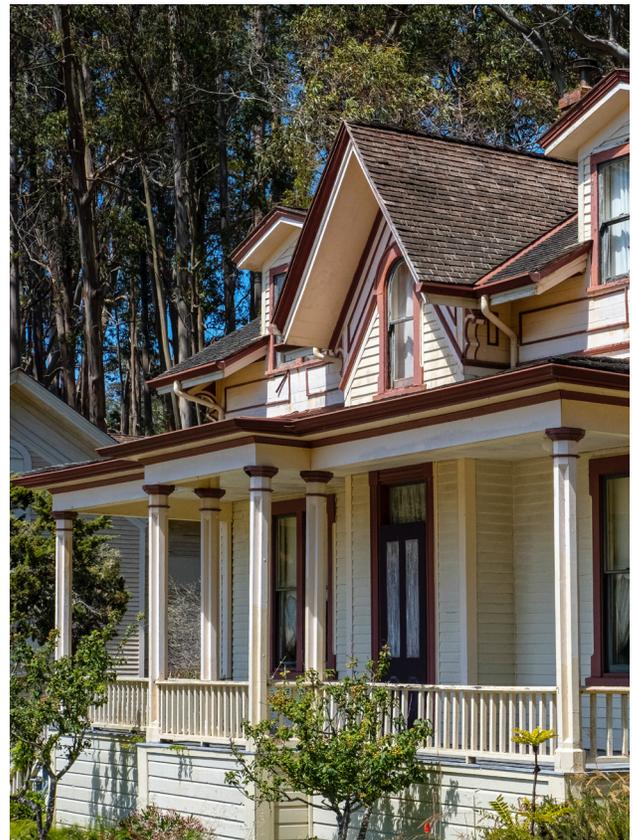
Lease to the applicant that is the best fit for your property

➤ **Lease enforcement**

HACSC is not a party to the lease, so you maintain the control over your property

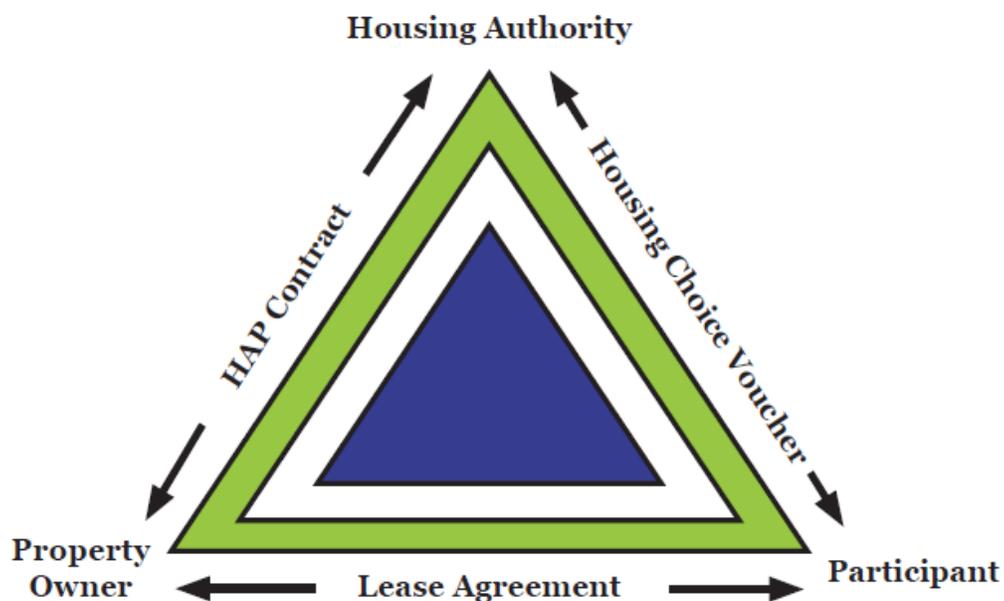
➤ **Security deposit collection**

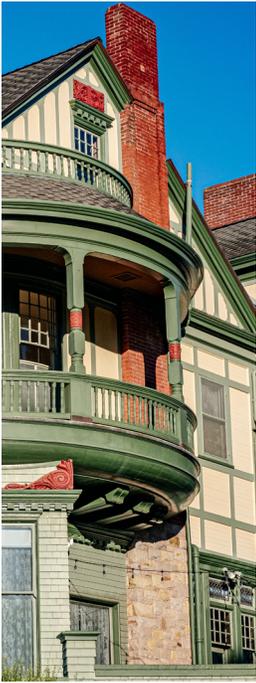
You may charge the tenant any security deposit within the legal maximum



➤ **Use of your own lease agreement (with HUD Tenancy Addendum)**

The HCV Program does not require a pre-established lease; you decide the terms!





OWNER ASSURANCE PROGRAM

The Owner Assurance Program is available exclusively to owners that lease to HCV participants. It can reimburse you up to \$5,000 for costs exceeding the collected security deposit related to:

- Damages caused by the tenant
- Unpaid rent and utility balances
- Legal fees associated with lease termination due to lease violations
- Vacancy loss due to lease termination

Owners must submit a claim to the HACSC for review by filling out the Owner Assurance Program Claim Form and attaching all required documentation. For more information, please visit the HACSC website or contact HACSC staff.

LEASE-UP BONUS PROGRAM

In collaboration with the Housing for Health Partnership, owners in Santa Cruz County will receive a **one-time \$2,000 bonus** for renting to an HCV participant who holds one of the following special purpose vouchers:

- Family Unification Program
- Family Unification Program - Youth
- Disabled and Medically Vulnerable Homeless Persons
- Veterans Affairs Supportive Housing
- Welfare-to-Work Program
- Homeless Families with Minors
- Shelter Plus Care
- Mainstream - CARES Act

The Lease-Up Bonus Program is not available for units in San Benito County. Please contact HACSC to confirm the voucher type of your prospective tenant.

EMERGENCY HOUSING VOUCHER BONUS PROGRAM

Owners who rent to an HCV participant holding an Emergency Housing Voucher will receive a **one-time \$2,000 bonus**. You may also be eligible for up to a \$500 reimbursement for unit repairs.

All owners in Santa Cruz County and San Benito County are eligible to receive this bonus. Please contact HACSC to confirm the voucher type of your prospective tenant.

AM I ELIGIBLE TO RENT MY UNIT?

Generally, if you own a housing unit, you are eligible to rent to an HCV participant. An owner would only be turned away in a small number of specific circumstances. However, owners are not permitted to rent to a relative with a voucher unless HACSC approves a reasonable accommodation.

Most housing types are acceptable on the HCV program, including apartments, single-family homes, condos, duplexes, townhouses, and manufactured homes with space rent. You may also rent out individual bedrooms in a larger unit, in an arrangement known as *shared housing*. Housing units that are not acceptable on the HCV program include recreational vehicles, tiny homes, and other structures that have wheels and/or are not anchored with tie-downs.

Owners do not need to pre-register on the HCV program.

HOW DO I FIND A TENANT WITH A VOUCHER?

Owners looking to rent to an HCV participant can list their property for free on [AffordableHousing.com](https://www.affordablehousing.com). Other listing services and advertising methods may also be beneficial.

Participants interested in your unit will contact you directly to apply. HACSC does not place participants in available units, and it is the owner's responsibility to screen for suitability as HACSC only screens for program eligibility.



HOW MUCH IS A HOUSING CHOICE VOUCHER WORTH?

A housing choice voucher does not have a specific monetary value. Vouchers simply enable the holder to receive rental assistance from HACSC and the amount of rental assistance that it provides can vary greatly.

To learn more, see pages 11, 12, and 13.

FIVE STEPS TO LEASING TO AN HCV PARTICIPANT

1

APPROVE A PARTICIPANT FOR TENANCY

Screen the prospective participant for suitability at your property and discuss terms of the lease agreement.

2

COMPLETE THE REQUEST FOR TENANCY APPROVAL (RTA)

The participant will present to you an RTA packet to fill out. The RTA requests information about the unit, such as the proposed rent rate and who pays for utilities.

Submit the RTA by mail, at the HACSC office drop box, or by e-mail to landlords@hacosantacruz.org.

3

GET RENT APPROVED

The unit must meet affordability guidelines for the participant and HACSC staff may request a lower rent rate from you.

To learn more, see pages 11, 12, and 13.

4

PASS A HOUSING QUALITY STANDARDS INSPECTION

HACSC staff will contact you to schedule a Housing Quality Standards inspection at a convenient time.

To learn more, see pages 14 and 15.

5

SIGN LEASING DOCUMENTS

Sign the lease agreement with your tenant and provide a copy of the lease to HACSC.

Sign the HAP contract that HACSC sends to you.

WHAT CAN I CHARGE FOR RENT?

The HCV program does not set a universal cap on rent. However, the HCV program is designed to ensure that rent is affordable to a participant when they first move in to a unit. Accordingly, HACSC may be required to ask the owner for a lower rent rate due to certain regulations.

The following chart will help you understand what HACSC must consider when reviewing a proposed rent rate.

See pages 12 and 13 to learn how these variables are used and when the proposed rent rate may need to change.

HOUSING AUTHORITY VARIABLES



PAYMENT STANDARD

Maximum monthly rental assistance a tenant can receive



UTILITY ALLOWANCE

Tenant-paid utilities are considered part of gross rent



RENT REASONABLENESS

Ensures that rent charged to the assisted unit is comparable to similar unassisted units



40% AFFORDABILITY RULE

Tenants may not pay more than 40% of their monthly income toward rent
-- Initial lease term only --

TENANT VARIABLES



MONTHLY INCOME

Tenant typically pays 30% - 40% of income toward rent
-- Initial lease term only --



VOUCHER SIZE

Determines the payment standard for which the tenant qualifies

UNIT VARIABLES



UTILITY CHARGES

If the tenant pays for any utilities, a utility allowance is calculated



NUMBER OF BEDROOMS

Used to determine utility allowance and rent reasonableness



UNIT TYPE

Used to determine utility allowance and rent reasonableness

RENT CALCULATION & APPROVAL PROCESS

Once an RTA is received, HACSC staff will complete the following steps to calculate the HAP and the tenant portion of rent. Staff will use those values to assess whether the proposed rent rate can be approved under affordability and reasonableness guidelines.

- 1 Gross rent is calculated (contract rent + utility allowance)
- 2 Tenant's minimum contribution to gross rent is calculated (typically, 30% of monthly income)
- 3 Tenant's minimum contribution is subtracted from the lesser of gross rent or the applicable payment standard
- 4 HAP is set equal to the remaining balance from step 3
- 5 If gross rent is greater than the payment standard, the tenant's contribution is adjusted to cover the difference
- 6 **Rent reasonableness** is determined and the tenant's contribution is checked against the **40% affordability rule** (see page 11) **HACSC may need to request a lower contract rent at this time**
- 7 Rent is approved!



EXAMPLE RENT CALCULATIONS

A. Susan Jackson is an **owner** and wants to rent her one-bedroom apartment in the City of Santa Cruz for **\$2,700/month**. The tenant is responsible for water but Susan pays for all other utilities and provides the stove and refrigerator.

Dan Miller is an HCV participant and has a one-bedroom voucher. Dan has a monthly income of **\$3,200**, meaning his **minimum contribution** to gross rent is **\$960** (30% of monthly income) and his **maximum initial contribution** to gross rent is **\$1,280** (40% of monthly income).

The **payment standard** for a one-bedroom unit in the City of Santa Cruz is **\$2,577** and the **utility allowance** for water in a one-bedroom apartment in Santa Cruz County is **\$66**.

Contract rent:	\$2,700	
Utility allowance:	\$66	
Gross rent:	\$2,766	
<hr/>		
Payment standard:	\$2,577	
Lesser of gross rent or payment standard:	\$2,577	
<hr/>		
Tenant's minimum contribution (30%):	\$960	
Housing assistance payment:	\$1,617	} → \$2,700 rent to owner
Tenant's portion of contract rent:	\$1,083	
Tenant's adjusted contribution:	\$1,149	
Tenant's maximum initial contribution (40%):	\$1,280	



Dan Miller is **eligible** to rent this unit as Dan's total contribution to gross rent is \$1,149, which is less than 40% of his monthly income.

HACSC would **approve** Susan's proposed contract of \$2,700 if it passes a *rent reasonableness* determination.

B. John Smith is an **owner** and wants to rent his three-bedroom single-family home in Watsonville for **\$4,200/month**. The tenant is responsible for all utilities, but the stove and refrigerator are provided by the owner.

Mary Brown is an HCV participant and has a three-bedroom voucher. Mary has a monthly income of **\$5,000**, meaning her **minimum contribution** to gross rent is **\$1,500** (30% of monthly income) and her **maximum initial contribution** to gross rent is **\$2,000** (40% of monthly income).



The **payment standard** for a three-bedroom unit in Watsonville is **\$3,751** and the **utility allowance** for all utilities in a three-bedroom single-family home in Santa Cruz County is **\$484**.

Contract rent:	\$4,200	
Utility allowance:	\$484	
Gross rent:	\$4,684	
<hr/>		
Payment standard:	\$3,751	
Lesser of gross rent or payment standard:	\$3,751	
<hr/>		
Tenant's minimum contribution (30%):	\$1,500	
Housing assistance payment:	\$2,251	} → \$4,200 rent to owner
Tenant's portion of contract rent:	\$1,949	
Tenant's adjusted contribution:	\$2,433	
Tenant's maximum initial contribution (40%):	\$2,000	

Mary Brown is **not eligible** to rent this unit as Mary's total contribution to gross rent is \$2,433, which exceeds 40% of her monthly income.

HACSC would **not approve** John's proposed contract rent of \$4,200 due to the *40% affordability rule* and would request a lower rate. John can choose to accept the lower rate for the initial lease term or find a new tenant.

RENT INCREASES

The owner and the participant can agree to increase the rent rate, but must inform HACSC. **Owners need to first provide their tenant with a 60-day notice and then give HACSC a copy of the 60-day notice.** The notice must be a dated letter or email addressed to the tenant that includes the address of the rental unit, the proposed rent rate, and the effective date of the increase. All rent increases are subject to *rent reasonableness* regulations and any applicable state or local laws.

Approved rent increases become effective on the first day of the month, at least 60 days after the request is submitted. Owners may specify a later effective date, up to 90 days after the request is submitted. Rent increases are always effective on the first day of the month and cannot be implemented in the middle of the current lease term.

HOUSING QUALITY STANDARDS (HQS) INSPECTIONS

HQS guidelines establish the minimum health and safety measures allowed by HUD in HCV-assisted housing. All units must pass an HQS inspection before HACSC may enter a HAP contract with the owner. HQS is not code enforcement.

Inspections occur each time an HCV participant submits an RTA, and at least biennially while the participant continues to occupy it.

Certified HQS inspectors will use a HUD Inspection Checklist to ensure that the unit complies with HQS. One failure item on the checklist results in a failed inspection. The owner and participant will be notified of the inspection results.

WHAT HAPPENS IF MY UNIT FAILS THE INSPECTION?

For initial inspections, the owner has the option to complete repairs or cancel the RTA. The participant can wait for repairs or search for new housing. Owners should contact HACSC to schedule a re-inspection when corrections have been made.

If the failure is during a recurring inspection, the owner is given a deadline to make repairs or HAP will be abated. The owner should submit an HQS Owner Self-Certification form indicating repairs were made or schedule a re-inspection.



COMMON HQS FAIL ITEMS

Non-functional smoke detectors

Leaking or insecure faucets

Inoperable burners on stove/range

Toilets not properly secured

Missing outlet cover plates

Clogged drains

Exposed wires

No hot water

Missing address markings

Tripping hazards on floor

Peeling paint

Missing water heater components

QUICK FACTS

HACSC has operated as an independent agency since 1969

Over 5,000 families receive rental assistance from HACSC

Over 1,850 owner partners rent to an HCV participant through HACSC

HACSC contributes more than \$100 million to the local economy through housing assistance payments

HACSC has a bilingual staff and can assist both Spanish and English speakers

CONTACT US

Leasing Specialist
(831) 454-5917
leasing.specialist@hacosantacruz.org

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Monday - Thursday 8:00 AM - 4:30 PM
Closed on Friday and public holidays

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