



Be a Section 8 landlord – is it for you?

Are you a landlord? Do you want to be one or are you looking into the possibility of becoming one? Affordable prices in many areas have certainly prompted more interest for current and potential investors. Many are also considering renting to Section 8 renters. Who wouldn't want guaranteed rent? Let's explore a little more before you decide if becoming a Section 8 landlord is right for you.

The Section 8 Program is a federal rent subsidy program for low-income families. It offers them more affordable housing choices by allowing them to choose privately owned rental housing. The program is funded by HUD and administered by individual county's housing authority. To qualify for assistance, a family must have a gross household income of less than 80% of the HUD-determined median income for that county. Only families certified by the county's housing authority are eligible to participate.

Once approved, an eligible family receives a Housing Choice Voucher that authorizes the family to find a rental unit. The housing authority generally pays the landlord the difference between 30% of household income and the fair market rent. The housing authority pays the subsidized difference directly to the owner or property manager. In addition, the family is responsible for paying its portion of rent directly to the owner or property manager.

Advantages of the Section 8 program for property owners:

- The housing authority's portion of rent is guaranteed as long as the lease and contract remain in effect.
- Comparable rents.
- Initial & annual inspection.

As stated earlier, the subsidized portion of rent is guaranteed and paid directly through the housing authority. Section 8 program offers comparable rents within the neighborhood. Initial and annual inspections are conducted to ensure the unit continues to meet safe and sanitary conditions.



On the other hand, some of the disadvantages of the Section 8 program:

- Annual inspection.
- Paperwork.
- Potential problem in collecting the renter's portion of rent.
- Potential nuisance (noise violation, etc.)
- Potential eviction.

Interestingly enough, the annual inspection can also be a disadvantage for owners depending on the condition of the property due to repair and maintenance cost. Repairs for tenant-caused damages though are the responsibility of the tenant. The amount of paperwork involved, to name a few, such as Request for Lease Approval (RLA), inspection checklist, Housing Assistance Payment Contract, is one of the reasons why some landlords choose to stay away. Some landlords have experienced problems such as not being able to collect the renter's portion of the rent, nuisance for neighbors (noise violation, unauthorized tenants moved into the property, etc.) As a precaution, property owners should prepared themselves well with a thorough understanding of the laws involving in serving notices and eviction.

Some just causes for eviction:

- Failure to pay the correct amount of rent on date due.
- Not following the terms of the Lease after being requested to do so in writing.
- Causing or allowing substantial damage to rental unit and refusing to pay for repairs after being asked to do so in writing.
- Continuing to be noisy and disruptive to the peace and quiet of tenants and neighbors after receiving written notice to stop.
- Allowing illegal or criminal activities such as drug dealing, robbery, or prostitution to take place in the rental unit.

One would not dispute the fact there are good and reliable tenants within the group of Section 8 participants. That makes it that much more important to select the right tenants. Screening and selecting tenants will be one of the most important responsibilities for property owner as properly screened tenants is the best security against problems down the road. Owners should use caution to make sure their screening process adhere to fair housing laws. It would also be helpful to state within the lease a list of tenants approved to reside at the unit.



General Mortgage Capital Corporation

Your loan, My solution!

1350 Bayshore Highway,
Suite 740
Burlingame, CA 94010

Phone: (650) 340-7800 x 269
Fax: (650) 340-7898
Cellular: (650) 269-3917



After assessing and weighing your options, you can then decide if becoming a Section 8 landlord is right for you.

Sincerely,

Catherine Sun