



RE/MAX[®] EXPERTS

PROPERTY MANAGEMENT

Section 8 Frequently Asked Questions

Landlords and property managers in Lakeland have a love-hate relationship with the Section 8 program. In theory, it is guaranteed rent from well behaved tenants who will keep your rental property looking like new. But in practice, it's never that easy.

First, let me diffuse a few Section-8 myths:

1. You don't have Section 8 rentals, you have Section 8 tenants. This is a technically, but it's a critical one. Any home can be rented to a Section 8 tenant, provided that the home meets the quality thresh-hold established by the Section 8 program. That's why you find Section 8 tenants living in homes all over, as long as the property meets Section 8 quality standards, a Section 8 tenant can rent it.
2. Section 8 renters are not necessarily rental risks. Many renters on the Section 8 program are wonderful upstanding citizens who simply qualify for a housing allowance because of their income. A Section 8 renter will often care for your home as well as a self-pay tenant.
3. If a Section 8 renter does damage to your home, Section 8 will not compensate you for damages. Section 8 has punitive measures that they can impose on a tenant - i.e., the tenant can be kicked off of the Section 8 program for violating the terms of the program, including damaging the property, lying on their application, making too much money, etc – but, **Section 8 administration will not pay for damages to your property inflicted by your Section 8 tenant.**
4. Section 8 does not always pay, regardless of what happens. If the tenant defaults on their agreement with Section 8, Section 8 won't pay; if the tenant lies on their Section 8 application; Section 8 won't pay; if the tenant becomes unqualified for the program, Section 8 won't pay; and if you don't provide a product that meets Section 8's quality standards, Section 8 not only won't pay, but they will abate your rent retroactively to the date that the violation occurred.

The Section 8 program changes as the personnel who administer it change. A new inspector in Section 8's rank's, or a new administrator in the back office, can make all the difference between a program that's landlord-friendly or a one that favors the tenant. But as of right now, here's what we like - and dislike - about the Section 8 program.

Pros

1. When you have a great property that's low-maintenance, the program is easy. The money comes in as long as the home stays in good condition.
2. The money comes right on time, every time... as long as you and your tenant keep the rules. Some Section 8 offices will even send your money to you before the first of the month!

3. If market rent rates increase, you can apply - and will usually receive - an increase in your Section 8 rent upon lease renewal. Rent rate increases are determined by the Section 8 program, as are market rents. But if you can show that comparable rentals in your area are going up in price, you'll have a good chance of getting a raise.
4. A good Section 8 counselor will be your friend - helping enforce your rules; keeping your tenant in line; and making sure that your tenant doesn't harm the property
5. A Section 8 tenant usually renews their lease. Traditionally Section 8 tenants stay for longer.

Cons

1. A bad Section 8 counselor will be your enemy. An unscrupulous counselor will side with the tenant - even if the tenant is wrong. The whim of a Section 8 counselor is all it takes to cause your rents to be abated without cause, without notice, and even retroactively. There is no repercussion to the Section 8 counselor or reimbursement for incorrectly abating rent.
2. Your money can be abated without notice (or at least without up-front notice). We've have seen a few unpleasant surprises where the owner found out that the rental income was stopped only after the fact, and by then it was too late to do anything about the cause of the abatement. The money stopped, the tenant left, and the landlord was left holding the bag.
3. **Section 8 does not pay a deposit. If a Section 8 tenant damages your home, you're required to fix it.** And if you don't fix it, your money will be abated. It doesn't matter if the damage was entirely the fault of your tenant - it's your responsibility to fix. In one dramatic case we encountered, the tenant set fire to the home and Section 8 required the owner to repair it.
4. Some repairs are required to be fixed within 24 hours and if they're not done in that short of a time-frame, your money will be abated.
5. It takes up to 2 months to start getting your money from the Section 8 program. Typical bureaucratic red-tape means you won't get your first month's rent right away, but when you do get paid, you'll receive everything that's due to you from the date that the tenant moved in.

We do not believe the Section 8 program offers any benefits to Landlords. In theory the program should work to landlord's advantage, but lately inspections have been stricter, tenant-management by Section 8 has been more lax, and we've encountered one too many unavoidable situations where owners have paid for damage by tenants and had their money abated - never to get it back again. The Section 8 program sets all the rules and holds the ultimate enforcement power against you - they can pull your tenant out and revoke your rents - even rents they've already sent to you.

We have found that a quality self-paying tenant with a security deposit in place, is much more likely to properly maintain the property and pay on time. With our proven tenant screening method and aggressive rent collection. We have placed hundreds of quality tenants over the last 7 years with minimal damage to properties and maintain an outstanding payment record.

For more information on the Section 8 program, or any other issue related to managing residential properties, contact EXPERT PROPERTY MANAGEMENT today.