

## TENANT COMMENTS

One of the main goals of the Mark to Market (M2M) Program is tenant participation. Under M2M, tenants and tenant associations have a right to give verbal and or written comments during the First and Second Mark to Market tenant consultation meetings or by mail about:

- **The competency and responsiveness of the management company.**
- **Physical condition of the property and any rehabilitation and repairs needed.**
- **The form of rental assistance tenants want to receive: project-based Section 8 vs. tenant-based Section 8 vouchers. (If applicable, CES can explain this to you)**

## TENANTS HAVE THE RIGHT TO ORGANIZE!

HUD regulations (24 CFR § 245.115) calls for owners and managers of HUD subsidized housing to recognize legitimate resident organizations.

Owners and/or managers may not obstruct any efforts by tenants to organize and meet to advocate for tenants they represent (24 CFR, Part 245.105).

## Get Involved, Now!

The Los Angeles Center for Affordable Housing (LACATH), a project of the Coalition for Economic Survival (CES), has been contracted by HUD to organize and provide information to tenants living in Mark to Market eligible buildings and Project-Based Section 8. LACATH and CES are available to help tenants establish tenant associations, answer questions and assist with tenant participation in the M2M process.



The **Coalition for Economic Survival (CES)** is a grassroots, community organization founded in 1973 for the purpose of uniting people throughout the Los Angeles area. CES is committed to organizing people to fight for tenants' rights, rent control, the preservation and production of affordable housing and other economic justice issues.

### **Coalition for Economic Survival**

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## The Owner Of Your Complex Is Making a Decision That Might Impact Your Living Condition

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## WHAT TENANTS NEED TO KNOW ABOUT HUD'S MARK TO MARKET PROGRAM



### **How Your Section 8 Works**

Your rent is low because it is subsidized by the Federal Government's Department of Housing and Urban Development (HUD). The subsidy that keeps your rent low is called "Project-based Section8."

The rent on your apartment is affordable to you because it is subsidized by the federal government. This subsidy is called “project based Section 8.” The subsidy is secured by a contract between the private owner of your apartment and the Department of Housing and Urban Development (HUD). This contract will expire shortly.

Under the old contract, the property owner has been receiving rents that are above market; that is, the amount you pay plus the amount HUD gives the owner is more than the apartment is worth. Before HUD will enter into a new contract with the owner, the rents must be lowered to market rent.

The owner can choose to either opt-out of the project-based Section 8 program or renew the contract at a lower rent level. Some owners in California with above market contracts are renewing them by participating in the Mark-to-Market program. Other owners are renewing at current rents.

## **What is Mark to Market**

Simply cutting the rents to market level can seriously jeopardize the quality of the property. HUD wants to be able to save taxpayers dollars by not paying the owner more for the apartment than it is worth while at the same time ensuring that the project is able to survive financially and physically. The Mark to Market program is the federal government’s solution to this problem.

The program has been designed to save the federal government money by lowering the amount of subsidy it pays the owner of your apartment complex every month to market level rents. There are two ways owners can participate in the program. They can either choose to go through a **full financial restructuring**, or they can choose to go through a rent reduction without restructuring. The program has also been designed to allow tenants to participate in both processes.

HUD has contracted with the **ONTRA Inc.** as the **Participating Administrative Entity (PAE)** in the Mark to Market Program. The PAE helps guide the owner through the contract renewal process and develops project specific plans.

### **GOALS OF THE PROGRAM:**

1. To maintain the affordability of the building for a long period of time
2. Improve and preserve the physical condition of the building.
3. Assure competent management of the building.
4. Provide an opportunity for tenants and community groups to give input in the M2M process.

### **M2M Can Provide Benefits To Tenants By:**

- Ensuring your rents are affordable by guaranteeing that the owner will continue to

provide affordable housing for at least the next 30 years (pending Congressional appropriations).

- Ensuring repairs needed to keep housing in decent, safe conditions.
- Making sure management companies respond to tenant complaints and treat tenants with respect and dignity.

## **TENANT PARTICIPATION**

For full restructuring, HUD requires PAEs to ensure that tenants have a right to participate in the restructuring process. **The PAE will invite you to attend a first tenant meeting and comment on the condition, management of the property and affordability of your housing.** CES will attend this meeting and help you prepare your comments. We will also work with tenants to make any additional recommendations after the date of the meeting. Your comments will be compiled and included in the restructuring plan

There will be a **Second tenant meeting** where tenants would have the opportunity to comment on the plan. The PAE will make their proposed restructuring plan available to the tenants when it is completed. The PAE receives a financial incentive to come up with a restructuring plan that meets tenant approval, so we strongly suggest that you compare the plan to the comments you made before either approving or not approving it.

**REMEMBER!** *Your participation in this process is very important. This process will help you and your neighbors address mutual concerns about your complex. Important decisions about the type of subsidy you will receive will be asked and decided.*