

ON YOUR MARK, GET SET, *TAKE CONTROL!*



A guide for residents about the first nine months of the Title 6 program

by Alice Warner, in collaboration
with the National Housing Law Project

About the people pictured and quoted in this book

In the margins of this booklet there are quotes from people. These are residents of HUD-subsidized complexes in Massachusetts, Illinois, and California. These residents (Dorothy Chretien, Helga Hallfeldt, Betty Ann Lavoie, Marcia Scardina, and Joyce Stringer) are working with their neighbors to save their homes. They agreed to help us make this booklet so that others could learn from their experiences.

The cover photograph on the left shows Joyce Stringer and the Carmen-Marine Apartments in Chicago, IL. Also pictured (below, from left to right) are Mary-Jane O'Brien, Joyce Stringer, Kathy Osberger, Alba Fonseca, and LaVerne Nickson, with other residents.

The cover photo on the right shows Dorothy Chretien (left) and Betty Ann Lavoie (right), and the Amesbury Garden Apartments in Lawrence, MA.

Why three holes?

The National Housing Law Project is publishing a series of booklets about Title 6. We use three-hole paper so you can put the booklets together in a three-ring binder.

ON YOUR MARK, GET SET, *TAKE CONTROL!*

“There is safety in numbers. If you have enough group support, people will listen to you, and if you believe in it, you will have it.”

—Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

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“I get such a joy from being part of this. I think how people have been so good to us and nice to us and helpful. I am thankful that we have gotten so far and so fast. I'm learning something I didn't even know existed. For me it is a challenge. I learn something every day.”

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

WHY READ THIS BOOK?

There is a new law that affects housing that the federal government subsidizes or pays for. This book is for the people who live in this housing. The purpose of this book is to help you make the most of the new law.

This booklet explains some of the fine print in the new law. It explains the process the new law sets up for owners of this housing to make changes. The booklet concentrates on the beginning of the process (the first nine months). We explain how you can tell what is happening now with your apartments. We tell you what could happen in the future. This booklet shows you how to use the first nine months to your advantage. It explains how to get a say in what goes on at your apartments.

This is the second booklet in a series. You will first need a basic description of the new law, and how it could help or hurt you. *Save Your Home*, the first booklet, explains that information. The back cover of this booklet has information on how to order *Save Your Home*. This booklet is written for people who have already read *Save Your Home*.

This booklet has two parts. Part 1 explains what happens in the first nine months, and what to focus on in that time. Part 2 has the details you will need.

LOOK OUT! The first nine months are crucial

Put time on your side

Title 6 offers you opportunities. Unfortunately, this is a time-limited offer. Use the time to prepare yourself. The more prepared you are, the more control you have over the results.

Early and organized birds get the worm. The first nine months of the process are critical. Start organizing and gathering information even before the Title 6 process starts if you can. For most (if not all) of the first nine months, the owner and HUD will be deciding the dollar value of your apartments. It may not be certain what the owners will do.

You may at first think you can wait out the first nine months to see what happens. This is not a good idea. At the end of this time, owners will decide what to do with your apartments. It will be tough to control the results if you aren't well-organized and prepared by then. This is your chance to get ready, to learn the rules and organize.

Names to know

When you begin, there is jargon you need to know:

Title 6: The official title of the law is "Low Income Housing Preservation and Resident Home-Ownership Act," or "LIHPRHA" (pronounced lip-rah), or "Title VI" (6).

HUD: The government office that supervises these subsidized projects is the U.S. Department of Housing and Urban Development. (People call it "HUD").

“It started out we just didn't want to have to move. In the process most people decided they want to buy their apartments. They don't want to leave. They have raised their kids here and have put so much into their apartments, it is as if this is a home they already own. People have bought their own stoves, their own refrigerators, tiled their own floors, put in new carpeting.”

— Marcia Scardina,
West Park Place,
Chicago, IL

“Our owners hired a management company about three years ago now. The first thing they did was ask for a rent increase. After a point you get tired of all the rent increases. It was probably another 40%. Our tenant organization was formed to fight the rent increase. That was the same year Title 6 came out. We decided if there was a new program for tenant ownership we should try to pursue it.”

—Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

Title 6 gives owners choices

Title 6 gives certain options to the owners of your apartments when your complex reaches its 18th birthday. We call these options “routes” the owners can take. The owners can take:

- Route 1 ➔ to sell
- Route 2 ➔ to stay in
- Route 3 ➔ to convert
- Route 4 ➔ to do nothing

As you read this, remember your group can influence the decisions the owners make. Your group’s job will be to make sure they pick the option that works for residents. To do that you have to understand the owners’ choices and desires, as well as yours.

Route 1 ➔ to sell: The owners can sell the apartments, but only to someone who will keep them as affordable housing. They have to get approval from HUD. (HUD calls this a plan to “transfer.”)

Route 2 ➔ to stay in: The owners can keep the apartments, but still get a large cash payment from HUD. They have to promise to keep the apartments affordable. They have to get approval from HUD. (People call this a plan to “stay in.” HUD calls it “extending.”)

Route 3 ➔ to convert: In certain situations, the owners can turn the apartments into market-rate housing or some other use. They have to get approval from HUD. (HUD calls this a plan to “terminate” or “prepay.”)

Route 4 ➔ to do nothing: The owners can ignore this new program and keep the apartments the way they are now.

Title 6 gives residents choices too:

Title 6 offers choices to residents too. You can take:

- Route 1 ➔ to buy
- Route 2 ➔ to get changes made
- Route 3 ➔ to do nothing
- Route 4 ➔ to move out

Route 1 ➔ to buy

You can buy the apartments if you are willing to keep them affordable for you and others who need them, and the owners are willing to sell. You don't have to be rich to do it (and you won't get rich by buying). HUD and other government offices have money to give to resident groups. The government gives out the money if you promise to keep the apartments affordable for others who will need them.

You will need to work with your neighbors and your community. You will need HUD's approval. You may need to convince your owners to sell if they haven't decided to already. You may need to convince your owners to sell to you instead of someone else. As a resident group you may be able to get ahead of the others by making an early offer. You can get HUD money to pay for professional help.

Does this sound like pie in the sky? Other people in your situation have done it. Other groups are on the way to buying their apartments right now.

There are many ways you can buy the apartments. In each one, your group would form a new company. The new company would buy the complex with government money. After the buy-out, you would continue to live in your apartment. You would still pay rent or a share of the housing cost to the new company. The company would charge you no more than 30% of your combined household income for both rent and utilities. Your rent could not be more than a market rate ceiling set by HUD called the Fair Market Rent. The new company would hire a management company or management staff to do the day-to-day work at the complex. The new company would have to follow HUD rules, just like the current owners have to.

“We had a vote on the form of ownership we wanted. We looked at four different ways. Our development consultant explained each one. People wanted to keep it the way it is now, so the the one that suited us best is a tenant-sponsored non-profit rental. People will come in automatically as part of our association. They will pay monthly rent. They won't own their apartments individually. When they leave they didn't put anything in so they won't take anything out. The difference will be that we will have a board of directors. People will have a say in what is to be done. People will vote for a board of directors who will decide what is going on.”

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

“I’m raising 3 kids on my own. It is hard to go to school, work and raise kids. It’s hard to be the kind of parent and employee you want to be and concentrate on something else too. I decided there are some things more important than a clean house. You have to have a house first.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

What’s the difference between this arrangement and the way you live now? You would be more than just a tenant. You would be part of the company that controls the apartment complex. A resident board of directors runs the company. The company would hold democratic elections to elect residents to that board. You would be able to vote in those elections, as long as you lived at the complex.

This elected board of directors would make the key decisions for the company. The board would have to keep the rents affordable and keep the complex in good repair. The company would have to offer vacant apartments to members of the public who need them. The board would supervise the management, and make policy decisions. The board would be responsible for making sure the company takes care of everything.

There are different ways to form the new company. (A companion booklet called *Let’s Choose a New Owner!* has details about this. See the back cover for information on how to order it.) Some of the kinds of companies are:

- a resident- controlled non-profit
- a community-based non-profit
- a limited-equity resident cooperative

Buying with a resident-controlled non-profit: If you buy the complex this way, you keep renting your apartment from the new company. You don’t have to make a down payment or pay a new deposit. If you move out, the company rents out your apartment to another household who needs it. You don’t make any money when you move out. You just get back your deposit.

Buying with resident and community board members: This can be similar to the resident-controlled option. The difference is the way you set up the board of directors. In this company, the board includes residents and people from your community. The community board members bring special experience and knowledge to help the company function and grow. This might be a company you form with a local non-profit group. You might still be able to have a majority of residents on the board. If you want to make an early-bird offer, you have to follow certain HUD rules. The rules spell out how many and what kinds of board members you can have.

Buying with a limited equity resident cooperative: This option is a little different. The cooperative buys the complex, and you buy a share in the cooperative. Owning a share gives you the right to use your apartment. You make a down payment to buy a share. A typical down payment might be a few months' rent. You might be able to arrange loans for people who don't have that money now. You might be able to get your security deposits back so you could use that money for the down payment.

If you move out you sell your share back. You get back your down payment, plus a small return on your investment. A typical return would be your money with interest. A typical interest rate would be interest at the rate that the cost of living goes up. The return on your investment has to be a small amount to keep the apartments affordable for the next person moving in. People call this a "limited equity" cooperative.

Otherwise this option is very similar to the others. You would still pay monthly housing cost to the cooperative. You would be part of the group that controls the apartment complex. A resident board of directors runs the cooperative. The cooperative would hold democratic elections to elect the board members. You would be able to vote in those elections.

Route 2 ➡ getting changes made

You may decide to keep renting, and leave ownership to someone else. If the owners want to get a stay-in payment, you will still have power to get changes made. If they get a stay-in loan, the owners can't charge you more than 30% of your combined household income for both rent and utilities. The owners also have to promise to keep the apartments affordable in the future. The owners need HUD approval to get a stay-in loan and take a cash payment. HUD has to take comments from you and from public officials before giving approval.

You also have power to get changes made if property will be sold. Buyers need HUD approval. Here again, HUD has to take your comments before giving that approval. Buyers may also want your approval to help them get ahead of other people who are interested in the property. They can get ahead if they have the "endorsement" or approval of a majority of the residents.

“We all thought nothing was going to happen even though the owner said he was going to sell. We had heard so many rumors and nothing was getting done. At first we didn't realize how serious the owner was. And we didn't know that if he was serious, anything could happen.”

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

“We send out a newsletter to tell tenants what is going to be talked about at our meetings. We keep the tenants informed each month. That way they don't have to say 'What's happening?' If nothing has happened, we just skip a month.”

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

With old owners or new buyers, you can use your power to negotiate for:

- repairs
- basic improvements (like insulation, new windows, playground equipment, special features for the disabled)
- affordable housing costs (including both rent and utilities)
- appropriate uses of common spaces
- on-site services for residents

If the owners are selling your complex, and you don't want to form a buyer, you can find a resident-friendly buyer. There are companies who will work with you and take your concerns seriously. There are companies who are ready to be accountable to you and the community for the decisions they will make as a landlord. Look in your own community first. In many communities there is a good local non-profit company that can help you.

If you find a buyer to work with, or a buyer comes forward on their own, you can negotiate with them about how they will run the complex. When the negotiating is done, you can sign an agreement with them, where you both make binding promises. The agreement can cover immediate things as well as issues that will come up in the future. For instance, you might ask for certain repairs or changes in management to be made as soon as the Title 6 process is finished. You can also ask for the right to approve important decisions that will be made in the years to come, such as:

- the choice of managers
- the project's yearly budget
- management policies like pets, late charges, laundry room hours
- the schedule and budget for project improvements, like new equipment for a playground, or new carpets and appliances
- the maintenance schedule, like the schedule for painting units

Route 3 ➔ do nothing

You can do nothing. The owners may make changes around you, even if you don't want any changes. If you pass up this chance, it is not likely there will be another government offer like this.

Route 4 ➔ move out

You can move out. Before you do, consider the result. Is there another affordable apartment for you to go to? Is it guaranteed to be affordable over the years to come? Is it fixed up? Will you have control over decisions at that complex? What will happen to the people in your current apartment complex? What will happen to other people in your area who need affordable housing?

“We built relationships with our alderwoman, our U.S. Congressman, our U.S. Senator and our mayor. The mayor has come out to meetings. They all support us.”

—Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

“The owner decided to sell because his 20 years was up and he could repay the mortgage. He is more into larger buildings now, such as office buildings and hotels. He is getting rid of all resident complexes like this that he owns.”

— *Dorothy Chretien & Betty Ann Lavoie, Amesbury Gardens, Lawrence, MA*

THE TITLE 6 PROCESS: A summary

If you want to buy your apartments or get changes made at your complex, you will want to use Title 6. To do this, you need to learn the process. Title 6 has a series of steps. There are deadlines for each step. What follows below is a summary of each route. There is a more detailed explanation of each step in Part 2, see pages 36-45.

Your owners may have already started the process. You will need to figure out what step they are at, and what the next deadline is. Part 2 also has a detailed explanation of how you can tell what your owners are doing, see Part 2, pages 53-58.

The owners start the process by sending a notice to HUD. The notice is called a Notice of Intent (many people call this an “NOI” for short). After that the steps might be different, depending on which route the owners are taking. There are three routes:

- Route 1 → sale
- Route 2 → stay in
- Route 3 → conversion

Route 1 ➡ sale

The owner gives a Notice of Intent to HUD and the residents to start the process. HUD and the owner each come up with a dollar value for the complex. To do that they inspect the physical condition of the complex. Residents can comment on what repairs and improvements the complex needs. HUD announces the final dollar value it agrees with. If the owners still want to sell, they give a second notice to HUD and the residents. The complex is placed on the market for offers from buyers. Only residents and certain community groups can make offers in the first six months the complex is on the market. If the owners accept an offer, the owners submit their buy-out plan to HUD. HUD takes public comments on the plan. If HUD approves the plan, the new buyers complete the purchase. The new rents start, and the new owners have to do any repairs or improvements they promised.

Route 2 ➡ stay in

The owner gives a Notice of Intent to HUD and the residents to start the process. HUD and the owner each come up with a dollar value for the complex. To do that they inspect the physical condition of the complex. Residents can comment on what repairs and improvements the complex needs. HUD announces the final dollar value it agrees with. If the owners want to stay in, they submit their stay-in plan to HUD. HUD takes public comments on the plan. If HUD approves the plan, the owners get the stay-in payment and the new stay-in loan. The new rents start, and the owners have to do any repairs or improvements they promised.

Route 3 ➡ conversion

The owner gives a Notice of Intent to HUD and the residents to start the process. HUD tells the owners what information they must give HUD to prove they meet the legal tests for converting. The owners give their conversion plan to HUD. HUD takes public and resident comments on the plan. If HUD approves the plan, the owners can convert the complex to market-rate housing or another use.

“We have been having monthly meetings across the street. We get as many as 50 people. We have a leadership group of seven people who started from the beginning. It can be hard to get people to grow with us. They say you are doing a good job but don't necessarily get involved. But we know that people will come along when we need it.”

— Dorothy Chretien
& Betty Ann Lavoie,
Amesbury Gardens,
Lawrence MA

“Don't let anyone fool you and say this is easy. It does take work, but it's worth it. A lot of the time you are going to be in the dark. But that's ok. It can be done.”
— Marcia Scardina,
West Park Place,
Chicago, IL

WHAT WILL HAPPEN IN THE FIRST NINE MONTHS?

For residents, this is the time to prepare. It is a time to organize, to gather information, and to make plans. Use this time to tell HUD what the problems with the buildings are, and what repairs and improvements you want. If the owners are selling, use this time to decide if you want to buy the complex. If not, find a resident-friendly buyer who will. If the owners are staying in, decide what you want HUD to put in the stay-in plan.

At this point HUD and the owners will be busy figuring out the dollar value of the complex. This is called the *appraisal*. They each come up with a number. If they don't agree on a final number, they have to get a third report to settle it.

To figure out how much the complex is worth, they will also physically inspect the complex to decide what repairs and improvements are needed. This is called the *capital needs assessment* or the *CNA* for short. Before HUD finishes its inspection, HUD has to meet with any interested residents to hear what you think the complex needs. This is called the *exit conference*, or the *CNA exit conference*.

In the first nine months, residents can be

...building a strong resident group

Use this time to build your resident group and make it strong. You will need to:

- decide whether you want to buy the complex
- decide what repairs you think are needed
- organize your group and plan your strategy:
 - deciding on long term goals for your group
 - making short term plans for what to do next as a group
 - gradually expanding the core group and weaving in new recruits as often as you can
 - agreeing on a way to make decisions as a group

...gathering and sharing information

To decide on goals, you have to get a lot of information and keep sharing it. You need to:

- find out about your apartments, the owner, the residents
- find out about Title 6 and how it affects your apartments
- tell as many residents as possible about the situation and their choices
- talk to other potential buyers to see what they offer
- tell people outside the complex what you want and what you are doing

...telling HUD what the complex needs

This is the time to inspect the complex to come up with lists of the problems and repairs and improvements you think are needed. You should:

- get technical help with your physical inspection
- tell HUD what the apartments needs at the CNA exit conference
- submit a written report on the project's needs to HUD

“ We hired a rehab consultant for the capital needs assessment. Basically we wanted her to look over the property. HUD and the owner were looking it over for their appraisals. We hired the consultant so they wouldn't miss anything that we caught. We sent out notices for people who had big problems to give us a call. We asked if we could come in and see their apartments and they said yes. We took the consultant to see about 15. She was really thorough. She wrote a letter to HUD, telling them what needed to be repaired right away and what could wait. Since then, the owner has been making a lot of repairs. Probably he has got to, but a lot of apartments had not been painted in 20 years. We took HUD and the owner to see these places. Now all of a sudden all of the apartments are getting painted.

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

“We are planning to go door to door. We want to interview each tenant - meet them face to face and find out what their concerns are. They need to see you, then they say ‘Oh I know her, my kids play with her kids.’ Flying alone won’t do it.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

...looking into buying the complex

As soon as you can, you need to consider whether you want to buy the complex as a group. It is worth looking into, even if it sounds crazy. To do this you can:

- get technical help who can explain your choices and help you buy the complex if you decide to
- get in touch with other groups to hear what they have done
- if you are interested, start forming a company to act as buyer
- contact the owner when the group is ready

...building a support network

In this time you can create a strong support network to help your group accomplish its goals. You can:

- apply for money to get technical help
- find and hire technical help
- educate community leaders and government officials
- get promises of support from leaders and officials

In the first nine months, owners will be

- giving out the Notice of Intent to get started
- giving notice of the CNA & the exit conference with HUD
- getting the apartments appraised
- submitting the appraisal report to HUD
- getting the results of HUD’s appraisal report
- negotiating with HUD about value (maybe getting a third appraisal report)
- getting information on what their choices are
- deciding what to do with the apartments, by looking at:
 - the money information from HUD
 - their own money and tax situation
 - what residents and community are likely to do
 - whether there are possible buyers around
- giving a second notice to say they are going to sell OR filing a Plan to stay in

In the first nine months, HUD will be

- deciding if the complex fits in program
- getting the complex appraised
- doing the CNA (including visiting the apartments)
- meeting with residents at the CNA exit conference
- arguing with the owner about the dollar value (getting a third appraisal report if needed)
- telling the owner what money HUD will offer if they sell or stay in
- offering money to residents to help them form groups
- offering information and some assistance to owners, potential buyers, and residents

In the first nine months, your community could be

- making sure residents always have the latest, correct information
- making sure residents understand their choices and risks
- helping residents to get organized
- giving technical help and political support to residents
- giving or finding money for residents to get technical help
- letting HUD and the owners know the community will support a resident-friendly plan to keep the complex affordable forever
- telling any interested buyers to work with the residents
- watching the HUD process, keeping track of the progress
- making sure there is a resident-friendly, capable buyer who can step in immediately if needed
- making sure the complex does not get converted

“We are dealing here with a lot of very new immigrants. People come from countries where there is a lot of distrust for government. Our board had to work very hard to get people’s trust. At each step we put out a flyer. It took the better part of a year and a half to clear up the confusion. Some people still don’t fully comprehend or believe it. They think ‘Why would the government help us buy our building?’ They are still skeptical but we never give up. We keep showing up at their doors. They probably think there must be something to this since these people won’t go away.”

— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

“ I went to a meeting where the owner said he was interested in selling. Everyone just sat there. Then I went and opened my mouth. I said ‘What’s wrong with us? We are going to lose our homes and we are just sitting here!’ The organizer snapped me right out of the crowd and I signed up. I turned to my friend Dot. I said ‘If I can do it, you can do it.’ Then we turned to a few people we knew. We pointed and said ‘you’re it!’”

— Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

FORMING & BUILDING A CORE GROUP

There is no substitute for a strong group of residents. Building your core group and consistently recruiting new members to sustain it is the most important work you have. No matter what else you try to do, make this your first priority.

Start with a small core group

If there is no existing residents’ organization, you need to pull together a new residents’ group. Or, even if there is a resident group, you may need a new committee for this task. At first, it will probably be a very small group. This is typical of a new group and the beginning of the effort.

Pay attention to recruiting

Gradually you need to recruit new members and start including new people in the core group that makes decisions. Your success over the long haul depends on your ability to build your membership. It depends on your ability to develop new leaders, and share responsibility. This task is continuous, and takes constant attention. Always look for ways to include and teach new people. Your job as a resident leader is make it easy for people to come forward. You need to find ways to make it attractive for them to join you. People will come forward as they see that you are serious. If you ask them to help you do real work, and make real decisions, they will get involved.

Set up a way to make decisions

When you work with others, you need a clear process for making decisions. At first, when your group is small, this won't seem necessary. With a few people, the group can usually reach consensus and unanimity. As the group grows you may need to make up a new process. You may have a central group with committees to handle particular tasks or issues. The decisions may gradually get more complicated as your group becomes more sophisticated. Your decisions may get rushed, as your complex goes through the Title 6 steps. How will decisions be made? Who will decide what? Talk to other groups about how they make decisions. That way you can learn from other people's mistakes and borrow their best ideas.

Use committees when you can

One way to multiply your efforts is to expand by adding committees. For instance, you might have a committee working on rehabilitation issues, a committee working on rent and housing costs issues, a committee to hire helpers and a committee to do outreach and recruiting. It does take time to coordinate committee work but by dividing up the work your group can accomplish a number of tasks at the same time. Committee members can develop special knowledge and skills in a certain area.

When you set up the committees, write out a charge or a charter for the committee. Decide what the purpose of the committee will be, who will be on it, how new members will join, how the committee will make decisions, what decisions it will be responsible for, and how long the committee is expected to remain active. Defining the ground rules in advance can save you confusion and trouble later.

Let people know about your group

Tell people about your group. Explain what you are trying to accomplish and why. This means neighbors and people outside the complex too.

“Curiosity brings people out, also the confusion.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

“We had a membership drive where we tried to sign up every tenant. Now we have over 200 signed-up members. We go around on weekends knocking on doors, trying to talk to people whenever we would see them. The more we did this, the more they would approach us, like in the elevator or the hall or the lobby.”

— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

“ I wrote the owner a letter on behalf of the tenant association. We had three members at that point. I asked him what he intended to do. He wrote back and said he appreciated my interest and would let me know when he decided what to do.”

— *Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA*

Most groups use some combination of methods to keep residents posted. Groups use regular open meetings, flyers and newsletters. People inside the project need to know what is going on. Your work will affect them directly. The more they know, the more likely it is that they will get involved. No matter what you do, there will always be rumors at the complex and incorrect information. By keeping in close contact with residents, you can stop rumors and keep the real news in circulation.

People outside the project also need to know about your group. You want them to take you into account make their own decisions. You want them to help and support you at the right moment. This includes HUD, local community leaders and politicians, and the owners of your project.

Tell HUD how to reach you

You need to give HUD the name of your group, and the name and address of a representative for your group. Send a letter to the Resident Initiative Specialist, with a copy to the Director of Housing Management. If you do, HUD will send you copies of notices from the owners. HUD will invite your representatives to come along when HUD comes to the project for the Capital Needs Assessment inspection.

“ We negotiated a letter of intent with the owner. We wanted to own the apartments and keep them at a good price so people could stay here and live. We wanted the owner to say he would deal exclusively with us and no one else. He agreed.”

— *Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA*

Tell your government officials

State and local governments have rights to comment on the owners' plans. Tell them who you are and what you want. Work with them to make sure they will give you help and make comments that support your goals.

When you are ready, tell the owners

When you have formed a residents' group, you know what you want to accomplish, and you are ready to publicly present yourself, talk to the owners. The owners need to know who you are and what you want. They will be making decisions in this first nine months. The fact that you have

formed a competent and strong residents' group will make a difference in what the owners plan to do.

Keep in mind that the goal is to open an effective line of communication and start a successful relationship of mutual respect with the owners. The Title 6 process is long. You will be dealing with the owners a lot. If you can get along with the owners and establish your credibility, some of the steps will be easier for you. This way of working can be difficult to get used to, both for your group and the owners. Both sides will find it hard to put aside legitimate grudges. Both sides will approach each other with blinders on. You can't ignore the natural distrust of landlords and tenants.

There will a delicate balance between insisting firmly on your agenda and creating a business relationship. In some cases it won't work. There will always be rocky moments. You cannot make the relationship successful on your own — it takes both sides to make it work. Simply take care with your own end. The wins in this process will come through careful negotiation. Having a good line of communication with the owners can add to your power in the long run.

Spread the word locally

There may be possible supporters out there. There may be interested buyers, good or bad. Showing that there is a strong resident group may scare away bad buyers. At the same time, you will be telling good buyers how to find you.

There are many ways to make your group known. You can tell people directly, for instance by telling HUD or your state or local government of a resident representative. You can encourage the media to help get out your story.

Actions speak louder than words

People watch how you act. Act with a united front and use your power. It will save talking and explaining in the long run. A good way to practice this is to get involved with the Capital Needs Assessment process. Use it to show who you are, what you want, and what you can do if you set your minds to it.

“ We formed committees: a co-op committee, an architect committee, and an outreach committee. The outreach committee gets information out to the rest of the building. The architect committee meets with the architect and makes recommendations about the rehab of the building to the tenant association board of directors. The coop committee drew up a list of what we want from a managing company when we hire one.”

— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

“I first heard of it in a Boston paper. My son-in-law said to me ‘Mum do you know they are thinking about selling your place?’ A few of us got interested and we kind of took charge. We kept going to meetings...”
— Dorothy Chretien,
Amesbury Gardens,
Lawrence MA

GATHERING INFORMATION

You will need to find out everything you can about your complex, the residents and owners, and about Title 6. The more you can find out, the better. Once you get information, share it. By sharing, you can build knowledge and encourage other residents to participate. You can also build support for your efforts outside the complex this way.

You need to know about:

1. The Title 6 timeline
2. The possible supporters of your efforts
3. Your complex and its
 - regulatory status
 - residents
 - owners
 - physical condition
 - possible buyers
 - management and finances

A very detailed description of each kind of information, where to get it and what to do with it, is in Part 2, see pages 46-52. More information about the Title 6 timeline is in Part 2, see pages 36-45.

Calling HUD

There is a HUD office responsible for your area. Check the nearest large city or regional center. The Loan Management branch of the Multi-Family Housing division runs this particular program. Each Loan Management office must have a *Resident Initiatives Specialist* (or a “RIS”). The RIS will talk to residents and give information about Title 6.

Checking your answers

This booklet will explain information you need to find out, and where to find it. Often you can get information from more than one source. This helps you get accurate answers. Think of it as comparison shopping. Ask the same question to more than one person who should know the answer. Compare the answers. Often they will be different. By asking more than once, you can be sure you understand the question completely, and you get the full story. For example, this booklet tells you to get information from HUD. Ask HUD. Also ask your legal services office. Then compare the answers.

Legal services

Legal Services offices offer free legal advice to people who can't afford lawyers. (People also call this "legal aid".) They often work with residents of subsidized apartments. They can also represent groups, like tenant associations. They help as many people as they can, but they cannot take every case. You have to call them to find out. There is a legal services office in almost every county in America. Look in your local phone book, or ask your state bar association how to find your local office. If you can't find one, call the National Housing Law Project at 510-251-9400. You can write to the NHLP at 2201 Broadway, Suite 815, Oakland, CA 94612. The National Housing Law Project is part of the national legal services network. They can help you find the legal services attorneys in your area.

“ We fell upon this by accident. We didn't know the owner had to follow HUD rules. We thought his word was law.”

— Marcia Scardina,
West Park Place,
Chicago, IL

“We went to every meeting that had anything to do with housing. We put our names on every list we could find.”
— Marcia Scardina,
West Park Place,
Chicago, IL

HOW TO GET THE JOB DONE

Kill three birds with one stone

There will be a lot to get done in a short time. There is a trick to getting a lot done without getting overwhelmed. The trick is to kill three birds with one stone. Make your work on one task count towards another.

For example, during this time you need to gather and share information about Title 6. You also need to form a residents' group, and get outside help. You could think of these as separate tasks. If you do, you will lose time and precious effort.

Connect the work

Take time to recruit new members to help you get the information or spread it around. Take time to recruit people to help from outside the project too. That way you build the support for your group inside and outside the project, and you get the information about Title 6 and spread it around at the same time.

Some people will say it takes too much time to get new people to help, or to show them how to be helpful. Most people shy away from this technique. They think it will slower to involve other people. This is a natural and constant concern in this kind of work. Sometimes it will make things

slower, and you can't afford the time. In most cases, though, you can afford to slow down and concentrate on how you get the job done. It will improve your speed overall. If you think and act this way, your group will build more and more capacity, and will go faster and faster as you tap the interest, the energy and knowledge of more and more people.

Watch the tension

As you go further in this process, this issue will come up frequently. Somehow there will always be deadlines, especially deadlines that have to do with the real estate part of this. People may say there isn't time to build the resident organization. There will never be a right answer to this problem. The best you can do is to be conscious of the push and pull of the process.

“ There is an elderly Russian couple who just moved in. They don't speak English but they have relatives who live nearby. I want to get them to translate the tenant meetings for us.”

— *Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA*

“Our apartments are like something in a time warp. Nothing has been upgraded. When something wore out, like a refrigerator, the landlord would charge the tenant for replacing it.”

— Marcia Scardina,
West Park Place,
Chicago, IL

BUILDING & FLEXING YOUR MUSCLES: Using the CNA

In this first nine months you have the chance to start controlling the plans for your project. After the owners file a Notice of Intent, HUD will do a Capital Needs Assessment. You can make this procedure work for you. This is a good example of killing three birds with one stone. You can use it to tell HUD about the needs for repairs and improvements. You can use it to show the strength and commitment of your group to HUD and your local politicians and community leaders. Most important of all, you can use it to pull together and build your resident group.

Use the CNA by

- finding out the timetable for your comments
- collecting information on the project's physical condition involving as many people as possible and with technical help
- naming a representative for your residents' group.
- telling HUD the names of the representatives
- going to the inspection with HUD
- preparing as a group to present the information to HUD
- using your information to plan HUD's inspection tour by telling HUD in advance to view the places you want HUD to see and then insisting on it
- encouraging as many residents as possible to come to the exit conference to show your strength and interest
- review the project appraisals (if you can get them)
- review a draft of HUD's Capital Needs Assessment

Practice your moves

The real benefit of inspecting the project at this stage and commenting to HUD is that it gives you a chance to organize your residents' group and to practice the role of decision-makers for your project. This is not the last chance. If your owners decide to continue with Title 6, there will be another chance to review the physical condition of the project and any construction plans. At that time, you may want to do a more thorough physical analysis. The point now is to show everyone you exist, to practice coordinating your group and deciding strategy together. Take this chance to ask for input and greater involvement from other residents.

Try a building-wide survey

Most groups include a checklist for people to fill out. You could call a meeting to collect information, or go door to door. If you have time, you could seek grant money to hire a rehabilitation ("rehab") consultant. The consultant could inspect the project and give you a report. You may also be able to get free advice from a government building inspector or a housing rehabilitation specialist.

Think strategically

This is your first exercise in strategic decision-making. On one hand, you want to know everything you can about the project's physical condition. On the other, you want to decide how and what to present to HUD. Consider timing. HUD is taking this information to come up with a dollar value for the project. A value that is too high or too low could be a problem (see pages 37 & 38). However, most of the problems people find in apartments are relatively cheap to fix. They don't lower value much. Big ticket items are things like roofs, heating systems, and structural problems that affect more than one unit. Get technical advice and think through the results of your presentation before you make it.

Another strategy issue to consider here is how your efforts will affect your future business with the owners. Your reports can change HUD's mind about the owner's plans. The

“ This is all new. It's new to everybody. Tenants don't realize HUD is talking major repair. Tenants are thinking about shelves and doorknobs not sewers and structural problems. Tenants are so interested in the interiors of the apartment they aren't thinking about the exterior and they may not know if their building is in bad shape.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

“ We sent out flyers with a checklist of possible problems, listing each room separately. We also added a place to write in your own comments. We passed out the flyer to every unit. We got about a 90% response. We turned the surveys in to HUD, some in English, and some in Romanian. HUD got a kick out of that. We solicited apartments for inspection. We went and visited people and asked if they had a problem would they be willing to show it to a HUD inspector? We also hired our own architect. He did his own inspection. We gave HUD our own list of apartments to inspect. We sent a delegation of two people to go with the HUD inspector. HUD went to all of the apartments we asked them to go to.”

— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

owners will watch your actions during the CNA. They may take their impressions into account when deciding whether to sell to you. Get technical advice and decide the strategic question up front.

Influence the owners' plans

You may also want to use this period to influence the plans of your owners. There may be a particular buyer on the horizon who the owners want to sell to. Use this time to check out that buyer. Now is the time to find out if that buyer will be a good landlord. Now is the time to make a big fuss if you are not satisfied with the buyer. Do it now, before the owners go any further. Do it before the owners make promises to sell to that buyer.

If you are sure you want to buy the project, you can use this time to start negotiating with the owners. For this you definitely need technical advice, for example from an attorney and a development consultant.

If you are sure you want the owners to stay in, you can use this time to sell that idea to the owners. Here again you need technical advice, from an attorney and a development consultant.

MAKING YOUR OWN PLANS

When you first get involved, it may be strange to think about long-range or even short-range plans for your group. You may feel like there is not enough time to plan. You may not feel you know enough to decide what you want to have happen.

What is your mission?

Is it to find out what is going on with your project? Is it make sure residents will always have affordable rents and a livable apartment? Is it to get repairs and improvements made to the project? Is it to get better management, or control over management? Is it to get services for residents? Is it to buy the project? Is it to find out why people keep talking about your rights to buy the project?

Make long and short-range plans

No matter how strange it feels, you need to make long and short-range plans with your group. Once you make them, you need to go back and review and update them every so often. Without firm plans in place, you can get pushed and pulled in every direction. With a plan, you can stay on course. You can make sure the needs of your group are going to come first.

“Our goal is to determine what role tenants should have in this process. At the very least we want to make sure the building is well maintained and brought up to standards because whoever owns the building will own it for quite some time. The building needs to get updated and this will be our last shot for a long time. I don't think tenants will want to buy the complex but we need to look at that option with all of the others. Most people want this complex to be here for people who come later.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

“We want the advantages of owning the building. We want to have a say in the management of the building, and the rent increases. We don't want to have to worry about going through a rent increase at someone else's whim. We want to have input in these decisions. Rent is first of all, but upkeep is another thing. Our main purpose is to keep it affordable for low and moderate income tenants. If the owners paid off the mortgage and sold it to someone else it could go to market value.”

— Joyce Stringer,
Carment-Marine
Apartments,
Chicago, IL

How are you going to do it?

Are you going to form or expand a residents' organization to get this done? Will you comment on the plans put forward by other groups (a new buyer, the owners, etc.)? Will you make your own plan? What do you need to know in order to decide these questions? What kinds of help do you need? How are you going to get the help and the information you need?

What will you do right now?

Will you gather information and spread it? Comment to HUD on the physical needs of the project? Find out about a potential purchaser? Find out how to buy the project?

GETTING HELP

Finding (and keeping) good help is important. Sometimes it takes a big investment of your time and energy just to find help. In the end the time you invest pays off.

Take care in hiring

Make sure you understand your options before you make a choice. If you don't like the options you have, get more. You will invest precious time and energy in your relationship with these helpers once you hire them. You need the best.

Write a job description first

Before you hire anyone, write a job description. You might want to hire someone as a consultant, or as a staff person. Either way you need a description of what you want them to do. If you don't know exactly what to include, ask the people who are hoping to be hired to make suggestions. Get ideas from other people who have hired this kind of helper. Write out the criteria you will use to pick the best applicant before you start reviewing the choices. Come up with a list of identifiable milestones for the helper's work. Decide who will review their work if they are hired. Decide when the reviews will be done. Ask for references from your applicants and check them carefully.

Plan to supervise the work

Even if you hire the best, plan to supervise the work. This may seem strange, since you hired them for tasks you don't know how to do. You need to trust them so they can do the work you hired them to do. It is still your job to ask questions about their work. It is your job to evaluate their work. Insist

“Try every avenue to make what you want for your building a reality. Try to go to organizations that might be able to help you. It is very helpful to have support of community behind you.”

—Joyce Stringer,
Carment-Marine
Apartments,
Chicago, IL

“We hired a housing/development consultant, a rehab consultant, an attorney and a project manager to coordinate everything for us. We are paying them from a HUD grant and a loan from a state agency. We don't have to pay back the loan until we buy the complex. If we can't buy it we don't have to pay the loan back at all.”

— Dorothy Chretien & Betty Ann Lavoie, Amesbury Gardens, Lawrence MA

that the helper keep you informed. Every kind of work involves choices. What choices are your helpers making? Are they presenting you with all of the options? What is their reasoning? What are they concerned about?

Make believe you are hiring even if you are presented with helpers whose services will be free of charge. Because helpers use your time, there is really no such thing as free. Choose a free helper as carefully as you would a paid helper.

Who do you need?

Here is a list of the kinds of help you should be looking for during the first nine months. You may need only one, or all of these helpers. The list will help you decide.

Organizational development

The stronger your residents' group, the more you can accomplish. There are people who can help you build and maintain a healthy group. They could be community organizers, or consultants who specialize in organizational development. They could be advisors who work for a funding organization. They might be people in your community with experience building and managing similar organizations.

Legal & regulatory

The Title 6 program is a complex legal and regulatory scheme. It involves real estate development. It requires you to make and maintain a legal organization (such as your residents' group). You will need an attorney to advise you. Most attorneys specialize. You need someone with knows subsidized housing (at best, who knows Title 6), real estate development, corporate, partnership and non-profit law. Many resident groups have found private attorneys with this specialized knowledge. There are also legal services offices in every part of the country which offer legal aid at no charge and are familiar with subsidized housing.

Physical analysis

You need to analyze the physical condition of the project. You need to make recommendations about what needs to be done. You probably need to know what the work you propose will cost. (You definitely need to know the cost if you are going to be a buyer.) You could hire an architect, or a person with construction experience. You want someone who is particularly familiar with remodeling or rehabilitation (often called *rehab* for short). You want someone who knows about buildings of this type and size.

Real estate development & fundraising

You need advice about the real estate development process set up by Title 6. You need to raise money for your own efforts. You could hire a housing development consultant. You need someone with special knowledge about subsidized housing and non-profit real estate development. It would be best to find someone already familiar with Title 6, and with working for resident groups.

Political and community support

You need support from the politicians around you and other community leaders. You could ask for help from local city councillors and mayors. Since they are closest to your project, it may be easier for them to understand the importance of your efforts. Since one of the major actors here is HUD, a federal agency, your U.S. Congress and Senators are very important allies. You could also ask for help from your state representatives, senators and governor.

“Our rehab consultant is helping us hire an architect. She has three firms looking at the property. We will hire one of them to study the condition of the buildings.”

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence MA

“We got a \$25,000 grant from HUD for what they call the “first phase.” We are going to use that money to pay an architect, to pay our development consultant and for some office activities and expenses.”

— *Dorothy Chretien & Betty Ann Lavoie, Amesbury Gardens, Lawrence MA*

FINDING MONEY

In this stage you will need money. You probably need small amounts for organizational expenses, like copying flyers, or paying people to offer child care at meetings. You also need larger amounts to pay technical advisors.

HUD grants

If the owners of your project have filed a Notice of Intent, you can get grant money from HUD. You have to fill out an application on a HUD form. You can get the form from HUD. You can receive as much as \$25,000 to \$30,000 at this stage. This money is a grant. It will not have to be repaid. Check with HUD to find out the current rules. The Resident Initiatives Specialist is the person at HUD to talk to. Make them your ally in getting the grant.

Other freebies

If the owners of your project have not yet filed the first notice, you can get grants from other places. Your state or local government may offer grants. For example, they may have grants from the federal Community Development Block Grant program. They may have a special local or state housing fund. Check with the local planning or housing office. Private foundations are another possible source. Ask a reference librarian at the public library for indexes of foundations and other grant programs. You can get names and addresses of places to ask for money, and descriptions of what kind of grants each foundation offers. Ask people who are familiar with non-profit organizations and subsidized housing if they know of a source.

Raising money directly

Another way to cover costs is to raise money directly. This works well for your everyday organizational expenses like copying. You can hold money-making events, like car washes, raffles or bake sales. You could ask members of the resident group to give a small donation. You can also look for donations in kind. Could a local housing group or a government housing office lend you their copy machine? Their meeting space? Could they assign a staff person with the experience you need to help you?

Pay later

You can ask your technical advisors to let you pay them later if you can. This is not likely before you have signed a contract to buy the project. Still it is possible and worth exploring. This is called deferring the fees.

For instance, an attorney might agree to bill you only if and when you get the money to buy the project. Or, another consultant might agree to bill you only if and when you get a certain grant you have applied for. These arrangements may work for some advisors but not for others. It depends on their money needs. A large law firm can more easily absorb your unpaid fees than a consultant who works alone.

When you explore these issues with your advisors, discuss the risks that they might be willing to take on. You can get critical information about your project just by discussing this with a knowledgeable technical advisor. While you may not be able to defer fees at this stage, there is no harm in asking.

“We have a steering committee with six people. We meet in my apartment. Before the meetings we put flyers on all the doors. We had a woman from the city housing office come out and explain the process. She said the tenant association could get money from her agency if we wanted it. She was very interested in helping us.”

— Helga Hallfeldt,
College Garden I
Apartments,
Sacramento, CA

“Go, try and do it! It can be done, and it’s such a great feeling.

Go for it! It’s been done before but you’ll never know unless you try it yourself. Now I know everybody in the complex. People say “Betty Ann, how are you?” You get to know your neighbors. Everyone watches over each other because now they know you.”

— *Dorothy Chretien & Betty Ann Lavoie, Amesbury Gardens, Lawrence MA*

CONCLUSION

The “to do” list is different for every project and group. You must decide what to work on first. No matter what your situation, you will want to spend at least half of your time building your resident group. The stronger your group, the more control over the future you will have.

If you are reasonably sure that your owners are going to sell the project, focus very early on who should buy the project. Decide whether your group wants to be part of the purchase.

If it is not clear what the owners will do, keep your own work open-ended. Prepare yourselves both for a sale and for a stay-in. Do you want to convince them to pick one route instead of the other?

The Title 6 program can benefit residents. It offers a chance to fix up your project. You can use it to make housing costs affordable. You can use it to make sure your home will be affordable and livable for the years to come. Title 6 offers you a chance to take control over decisions that affect your life.

Other resident groups have used the program to their advantage. Following their example, it is critical for you to educate yourself and get organized as soon as you can.

ON YOUR MARK, GET SET, *TAKE CONTROL!*

The fine print

This is Part 2 of the booklet. Part 1 explains generally what happens in the first nine months and tells you what you could work on during that time. Part 2 has more details.

“Our owners filed the first Notice of Intent saying they wanted to sell. At that time we didn’t know what they were going to do. We had had several meetings with the owners before that. We were hoping they would sell. We kept pointing out to them there were advantages in selling. Our attorneys and board told them the tenants want to purchase the building.”

*Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL*

THE DETAILS OF THE TITLE 6 PROCESS

Title 6 has a series of steps we described briefly in Part 1 of this booklet. If you need to figure out what step your owners have reached, and what the next deadline is, see chapter 3, “Where are you now?” on page 53.

The steps are different, depending on which route the owners are taking. There are three routes:

- Route 1 ➔ sale (this could take roughly three years)
- Route 2 ➔ stay in (this could take roughly two years)
- Route 3 ➔ conversion (this could take less than a year)

Route 1 ➔ Sale

There are nine steps to this route:

- Step 1 ➔ first notice
- Step 2 ➔ appraisal
- Step 3 ➔ dollar value
- Step 4 ➔ second notice
- Step 5 ➔ marketing
- Step 6 ➔ plan of action
- Step 7 ➔ public comments
- Step 8 ➔ HUD approval
- Step 9 ➔ purchase



Sale step 1 → first notice: On their own, or on your suggestion, the owners decide to sell your apartments. They file a Notice of Intent to start the process. They check the box that says they want to "offer to sell." (They are supposed to send copies to residents.)

Once the owners give notice, you can apply for grants from HUD (see part 1, page 32) to get technical help. You know the owners are interested in using the Title 6 program. You need to decide whether you want to buy the complex. If you do, you need to organize yourselves into a buyer and prepare to make an offer (see *Let's Choose a New Owner!*). If you don't want to buy, you need to find a buyer you like. You need to find one you can work with, who will make a good landlord. Make sure they are organized and ready to make an offer.

You have to prepare to tell HUD what repairs and improvements you want, or if there are problems with the management, or if the rents the owners want to charge are too much for you to pay.



Sale step 2 → appraisal: The next part of the process is called the *appraisal*. HUD and the owners decide on the dollar value of the apartment complex.

During the first two months, HUD has to inspect the complex. HUD has to see what condition it is in and what repairs it needs. This part of the appraisal is the *capital needs assessment* (CNA for short).

At the appraisal step, you have your first chance to tell HUD what repairs and improvements are needed at your complex. This is a great chance to organize your group and get residents interested. You need to collect information about what the complex needs. At the same time, you can use that as an excuse to ask residents what they'd like to see in other areas. You can get other residents thinking about other good changes that they could get, like control over management. You can use this to practice working as a group and practice the art of influencing the decisions HUD makes.



Sale step 3 → dollar value: Within 9 months of the owners' first notice, HUD has to tell the owners the dollar value of the apartments.

“HUD's appraiser said our property was worth approximately \$8.5 million. The owner's appraiser said it was worth approximately \$12 million. Now there is a third appraisal being done.... We don't know for sure what the owner will do. We are continuing with our plans as if we knew we were going to be the owners. HUD regulations say we need to file a purchase plan. We are working on that plan now.”

— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

Author's update: Since the first interview with Joyce, HUD has approved the Plan of Action that the Carmen-Marine Tenants' Association filed. The residents hired a property management company to manage their building. They are well on their way to purchasing it and becoming a tenant cooperative.

“Our complex has 7.5 acres of land with 16 buildings consisting of 160 apartments. The churches surround us. There is St Anthony’s, St. Mary’s, St. Joseph’s, and St George’s all very close. So naturally a lot of their parishioners are right here in the complex. If we leave they are losing a lot of their parishioners. They spoke up in our favor, and the city said they would do whatever they could.”
Dorothy Chretien
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence, MA

Here you find out if the complex will really be able to use this program. If the value is not too low, it will fit into the program guidelines. (If the value is too high, the owners will later have to go through a special sale process called a “mandatory sale”.)



Sale step 4 → second notice: Within 1 month after getting the HUD dollar figures, the owners must file a second notice if they want to sell.

Now you can be more sure the owners are selling. It would be best to be ready to make an offer if you want to buy. Or, your chosen buyer should be ready if you have one.



Sale step 5 → marketing: After the owners’ second notice to sell, the owners can take offers from possible buyers. For the first 6 months of this *marketing period*, only certain types of groups can make offers to buy the apartments. These are resident groups and certain community-based non-profit groups who have the backing of residents. (To fit in here the non-profit group has to have certain numbers and types of board members.)

In most cases, the owners do not have to accept any of these offers. If they do accept an offer, they move to the next step. Before they move on, HUD must check the offer to make sure it meets program rules. In some cases, the owners may have to do a “mandatory sale” if the complex has a high dollar value. If so, the owners have to accept the first qualified offer a buyer makes.

If the owners don’t get any qualified offers within 15 months, the owners can convert the apartments. If the owners refuse all qualified offers, they cannot convert.

As soon as possible you or your chosen buyer needs to make an offer to buy the complex. Owners usually want to complete a sale quickly. They are more likely to accept an early offer. If you aren’t buying, you need to find out if anyone is interested. You need to find out all about any of these possible buyers.

Possible buyers may come to the complex looking for your endorsement. If they do, you want to negotiate with them.

Find out who they are and whether you want to work with them. Ask for references. Tell them what you want. Listen to what they want. Talk about what repairs and improvements should be made. Talk about how the common space should be used and other management policies. Discuss any changes to the rents and when the changes will be made. Discuss who will make decisions about the complex. Will residents sit on the board of directors of the ownership company, or will residents have the right to approve certain decisions the board makes?

You don't need to approve a buyer unless you are convinced the relationship will work. If there is no one offering to buy the complex, you need to find a buyer who will make a good landlord. You need to make sure they make a qualified offer before the deadline passes.



Sale step 6 → plan of action: Within 6 months after the owners accept an offer, the owners and the buyer have to jointly submit a Plan of Action. The Plan must tell HUD the purchase arrangements, any fix-up they will do, the future rents for the apartments, and what money the buyer needs from HUD.

If you or a chosen buyer are buying, you need to submit the Plan. You need to work with other residents on the design of the plan. If you can get the support of the state and local government for your plan, that will help later. If you are not buying or working with the buyer, you will now get information about who the buyer is and what they plan to do. You need to go over it with a fine-tooth comb. You have to get ready to influence HUD.



Sale step 7 → public comment: During the first 2 months after the owners and buyer submit a Plan of Action, the residents can submit comments on the Plan to HUD. The state and local government can also comment.

This is your chance to influence HUD's decision on whether to approve the buyer's plan and what the plan should be. If you are the buyer, you will work to get it approved. If you aren't the buyer, you will work to get HUD to follow guidelines you set up and explain. Having the support of

“We have a lot of decisions to make. There is a commercial property downstairs. It used to be a daycare center. There were problems between the center and management, so it is now vacant. We have to decide what we are going to have there, what kind of business. We are thinking about day care, and maybe something helpful to the community and senior citizens, for instance, a visiting doctor's office.”

*— Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL*

your state and/or local government can really help. You may also want to arrange for press coverage to keep a public spotlight on the decisions that are going to be made. Use the information you have collected and the political support you have to convince HUD that your position is the right position.



Sale step 8 → HUD approval: Within 6 months, HUD has to decide whether to approve the Plan to sell. To approve it, HUD has to decide:

- the purchase and fix-up money the buyer wants is as low as possible
- the buyer will keep the apartments as affordable housing
- the buyer will keep up the apartments
- the buyer won't force current residents to leave unless there's "good cause" (such as not paying rent)
- new rents for current residents won't be more than 30% of household income (and will never be more than market rents set by HUD)
- the buyer will spread out significant rent increases over 3 years for current residents
- future rent increases will be covered by HUD rules
- the owners are now following HUD rules
- the owners are all paid up on their current HUD loan

If HUD doesn't approve the Plan right away, you'll need to keep the pressure on, continuing informally with Step 7.



Sale step 9 → purchase: If HUD approves the Plan, the buyer has 3 months to make the purchase. If the sale falls through because HUD doesn't give the buyer the money it promised, the owners can convert the apartments. If the sale falls through because the buyer can't finish, the owners have to offer the apartments to another buyer for at least 2 months. If no buyer comes forward who can get HUD approval and funding, the owner can convert the apartments to market-rate housing.

If HUD doesn't approve the Plan, owners are not allowed to convert.

Here you watch to make sure a sale doesn't fall through. If the owners offer the complex for sale again, you need to offer to buy or find a chosen buyer before the deadline.

Route 2 ➡ stay in

There are seven steps to this route:

- Step 1 ➡ first notice
- Step 2 ➡ appraisal
- Step 3 ➡ dollar value
- Step 4 ➡ plan of action
- Step 5 ➡ public comments
- Step 6 ➡ HUD approval
- Step 7 ➡ payment to owner with new loan money



Stay in step 1 ➡ first notice: On their own, or on your suggestion, the owners decide to stay in. They file a Notice of Intent to start the process, checking the box that says they want to “extend.” (They are supposed to send copies to residents.)

Once the owners give notice, you may be able to apply for grants from HUD to get technical help (see part 1, page 32). You also know the owners are interested in using the Title 6 program. You can't be positive at this point what they will do. Consider what you want. Do you want to buy the complex? You may want to negotiate with the owners. You may be able to change their minds. If you don't want to buy, you need to organize yourselves and prepare to influence the current owners plans to stay. Prepare to tell HUD what repairs and improvements you want, or if there are problems with the management, or if the rents the owners want to charge are too much for you to pay.



Stay in step 2 ➡ appraisal: The next part of the process is called the *appraisal*. HUD and the owners decide on the dollar value of the apartment complex.

During the first 2 months, HUD has to inspect the complex. HUD has to see what condition it is in and what repairs it needs. This part of the appraisal is the *capital needs assessment* (or CNA for short).

At the appraisal stage, you have your best chance to tell HUD what repairs and improvements are needed at your complex. This is the time to organize your group and get residents interested. Collect information about what the complex needs

“Of course when they went around they went to nicer places. We took them to places that needed work. We invited the owner to come along with our rehab consultant. Then we were invited to come along when the owner did his inspection.

— Dorothy Chretien &
Betty Ann Lavoie,
Amesbury Gardens,
Lawrence MA

“In our building alone tenants speak 12 languages. Right now the building is predominantly Romanian. We put out flyers in English and Romanian.”

—Joyce Stringer,
Carmen-Marine
Apartments,
Chicago, IL

and then present that information to HUD. Use this to practice working as a group and practice the art of influencing the decisions HUD makes.



Stay in step 3 → dollar value: Within 9 months of the owners' notice (Step 1 - First Notice), HUD has to tell the owners the dollar value of the apartments.

Here you find out if the complex will really be able to use this program. If the value is not too low, it will fit into the program guidelines. (If the value is too high, the owners will have to choose whether to take less money or to sell the complex through a special process called a "mandatory sale.")



Stay in step 4 → plan of action: Within 6 months after getting the HUD dollar figures, the owners must submit their Plan of Action. The Plan must tell HUD how much money the owners want. It must explain any fix-up they will do. The Plan must describe the future rents for the apartments (needed to pay for the new loan).

You will now get information about what the owners plan to do. You need to go over it with a fine-tooth comb. You have to get ready to influence HUD in Step 5 - Public Comments. You need to pay special attention to their repair and improvement plans, and to their new rent structure.



Stay in step 5 → public comments: Within 2 months after that, the tenants and the state or local government can submit comments to HUD.

This is your chance to influence HUD's decision on whether to approve the stay-in plan and what the plan should be. Here also, having the support of your state, the local government and press coverage can really help.



Stay in step 6 → HUD approval: Within 6 months after the owner submit the Plan, HUD has to decide whether to approve the Plan. To approve it, HUD has to reach the same conclusion it must reach for a sale (see details in Sale Step 8 - HUD Approval).

If HUD doesn't approve the Plan right away, you will need to keep the pressure on, continuing informally with the work of Step 5 - Public Comments.



Stay in step 7 ➡ Payment to owner

with new loan money: If HUD does approve, the owners have 3 months to take the necessary legal steps to make the new loan arrangements. If the owners don't get the money HUD promised within 15 months, they can convert the apartments. If HUD doesn't approve the Plan, the owners can go back to running the apartments the way they were. They can also start the Title 6 process over again. Watch to make sure HUD gives the owners the money before the deadline.

Route 3 ➔ Conversion

There are six steps to this route:

- Step 1 ➔ first notice
- Step 2 ➔ documentation
- Step 3 ➔ plan of action
- Step 4 ➔ public comments
- Step 5 ➔ HUD approval
- Step 6 ➔ conversion



Conversion step 1 ➔ first notice: The owners want to convert the apartments to market-rate housing. They file a Notice of Intent to start the process, checking the box that says they want to “terminate.”

You need to take action immediately. This is a dangerous situation. You can apply to HUD for money to get technical help (see part 1, page 32). You need help fast. Call your local legal services and if you can't find one or you can't get through quickly, call the National Housing Law Project at 510-251-9400. You need to organize. You have to get ready to tell HUD why to deny the owners' plan to convert. You need to tell everyone — your state and local government, your newspapers, anyone who will listen — that the complex could be converted. You need to prove why that would be terrible.



Conversion step 2 ➔ documentation: Within 6 months, HUD has to tell the owners what they must prove to get HUD approval to convert.

You need to watch HUD to make sure they give the owners the right information.



Conversion step 3 ➔ plan of action: Within 6 months after that, the owners have to submit their plan to convert to HUD (called a *Plan of Action*).

Now you get the explanation of how the owners think they can pass the HUD tests for conversion (see Step 5 - HUD Approval below). Go over it with a fine-tooth comb, with the best technical help you can find. Share it with your friends and allies. Figure out a strategy on how to defeat the owners' plans.



Conversion step 4 → public comments:

Within 2 months after that, the tenants and the state or local government can submit comments to HUD.

This is your chance to influence HUD's decision on whether to approve the conversion. You absolutely need the support of your state, your local government and as much press coverage as you can get.



Conversion step 5 → HUD approval:

Within 6 months, HUD has to decide whether to approve the Plan to convert. To approve it, HUD has to decide that if the owners convert the complex:

- current tenants will not get large rent increases
- current tenants won't have to move to housing they can't afford
- other decent, affordable housing is available in the area for those who need it
- the owners are following HUD rules now

Keep the pressure on until the conversion plan is denied by HUD and you see the denial in writing on official stationery. Develop strategies in case it is approved. Can you take HUD and the owners to court? Is there anything else you can do to stop the conversion?



Conversion step 6 → conversion:

If HUD did approve and allowed it, the owner could immediately convert to market-rate housing. They could take the necessary legal steps to get residents to leave. At that point there would be no legal protections or rent assistance from HUD for residents. As soon as HUD and the resident leases allowed it, they could raise rents.

Here you need to watch to make sure the owners follow the law exactly, and let them know you are watching. If HUD has made some additional rules, you need to make the owners follow those rules too.

If HUD didn't approve, the owners could start the process again to get permission to sell or to stay-in. They could also go back to running the complex as it was before they tried to convert.

THE DETAILS OF GATHERING INFORMATION

This chapter has details about what information you need and why you need it. It also explains where to get information and how to make sense of it. You will need information about:

1. The Title 6 timeline
2. The possible supporters of your efforts
3. Your complex and its
 - regulatory status
 - residents
 - owners
 - physical condition
 - possible buyers
 - management and finances

1. The title 6 timeline

What to find out: Where does your complex fit in the Title 6 timeline? What is coming up in the future for your complex?

Why you need to know: Placing your complex in the Title 6 timeline will show you what is happening now. It will help you predict what will happen in the future, and when.

Where to find out: You can find out by checking with HUD.

How to interpret what you find: You can make sense of the HUD information by learning more about the Title 6 regulations. Ask an attorney, or a technical advisor or development consultant who knows about Title 6 to help.

2. The possible supporters of your efforts

What to find out: Is there a grassroots community organization fighting for affordable housing? Are there other people in your community who have experience and knowledge about housing? In the development and management of subsidized housing? Are there people who care about what happens to your complex and its residents? Are there people or groups who have political power or connections? Who have money to give or to lend? Who have time to offer?

Why you need to know: You will need all the good help you can get.

Where to find out: Ask anyone who you can think of. If you can't think of anyone, take a look at the list on page 23 of *Save Your Home* for ideas.

How to interpret what you find: Talk to people. Ask them what they know, tell them what you know. Ask them if they could help, and what they could do.

3. Your complex and its

...regulatory status

What to find out: What subsidy program paid to build and to operate your complex? What is your project's official birthday? Is your complex eligible for the Title 6 program? Is it also eligible for the old Title 2 program?

Why you need to know: This tells you how and when your complex could use the Title 6 program. It tells you what could happen in the future and when.

Where to find out: Ask HUD.

How to interpret what you find: You can make sense of the HUD information by learning more about the Title 6 regulations. Ask an attorney, or a technical advisor or development consultant who knows about Title 6 to help.

...residents

What to find out: Who lives at your complex? What is the size of and makeup of their households? What percentage of their income do they pay now for rent and utilities? (See page 11 of *Save Your Home* for simple chart for calculating the percentage.) What do they think of the complex now? What do they want to see happen in the future? (See detailed list of questions on page 25 of *Save Your Home*.)

Why you need to know: This tells you how you are going to pull together a strong group. It helps you see what the goals of the group should be. It gives you an accurate and detailed description of the residents. You will need it to describe the situation to people outside the complex. It will help you explain why you need support.

Where to find out: Ask your neighbors. Go door to door. Meet people in common areas. Hold meetings to encourage group discussion. Ask people to fill out surveys and questionnaires.

How to interpret what you find: An experienced tenant organizer or advocate can help you figure out how to use this task to build the organization.

...owners

What to find out: Who are the owners of your complex? What are their names, their businesses, their backgrounds, their ties to your community? How do they share ownership? How do they divide money from running the complex? How would they divide money from a sale or a cash payment from the government if they stay in? What is their financial picture if they do nothing? What do they want to do now? What makes them tick?

Why you need to know: This will help you negotiate for what you need later. It also tells you more about what is likely to happen at your complex and when.

Where to find out: There are legal documents called *organizational documents*, such as the partnership agreements (or corporate articles of incorporation and by-laws). HUD is supposed to keep them on file. Your local or state government might have them, especially if they also provided money for the complex. Local newspaper files are another place to look for general information. You can also talk to government or business people who may have dealt with the owners over the years.

How to interpret what you find: Most owners use a partnership or a corporation to hold the ownership of the complex. They do business under another name. It takes careful research to trace these business names back to real individuals. It takes technical knowledge to understand the financial relationships owners set up. Ask an attorney, a technical advisor or development consultant who knows about real estate and corporate law.

...physical condition

What to find out: Are there repairs needed? In the units? In the common areas? Do the building-wide systems need to be upgraded, like heating or cooling systems, or roofs? Were there defects in the original construction that continue to cause problems? Could you make the buildings more pleasant to live in? Could you make the buildings cheaper to run, for example, by making them weather-tight? Are the buildings and the units accessible to people with disabilities? How does your complex compare to market-rate projects in your area?

Why you need to know: The Title 6 program offers a unique chance to repair and improve your complex with federal dollars. This is true whether the owners are selling or staying in. HUD has to review the physical condition of the complex and see that the current or new owners take care of any problems. Up until now, HUD has never made a list of

repairs that covers all the repairs needed. If you know what needs to be done, you can make sure it happens. The more specific you are, the more persuasive you can be.

If you are thinking of buying the complex, you need to know what the problems might be. You will want to use HUD money to fix the problems when you take over. You will want to make the complex cheaper to run, since as new owners you will be in charge of the budget.

Where to find out: Ask your neighbors. Inspect the property. Get the physical inspection reports from HUD. Ask for the results of HUD's Capital Needs Assessment (if HUD has done it already).

How to interpret what you find: Ask a technical advisor who knows construction and rehabilitation or remodeling existing buildings. This could be an architect, a rehab consultant, or a building department official from your state or local government. You may need legal permission from the owners to get access to some parts of the complex. This is only a concern for areas that aren't open to residents, like the boiler room or the roof. Units are easy to inspect. As residents, you have the right to inspect your own unit. You can also give permission to anyone you choose to come and inspect your unit.

...possible buyers

What to find out: Are you interested in buying? Do you and your fellow residents understand how you could buy it and what it would be like to own the complex? Is there already another group that wants to buy the complex? Is it possible the management company of your complex might be interested? If you don't want to buy it, what are the other options? Will you have any control over what happens if you don't buy it? Are there any local community-based non-profit groups who might be interested? How about the local housing authority? Your local or state government? Is there any group you would prefer to have as a technical advisor to help you buy the complex? As a partner to own the apartments with you? As an owner? How would you describe or measure a good advisor? A good partner? A good owner?

Why you need to know: If the owners decide to sell, you want to make sure a good buyer comes along. If a good buyer doesn't make a deal with the owner by the deadlines set by the law, the owners could convert the complex. Or, a bad landlord could buy the complex.

Where to find out: Ask legal services and other housing groups to tell you how you could buy the complex. Ask them to help you get in touch with other resident groups who have bought apartment complexes like yours, or who are buying them now. To find out if there are other buyers interested, ask your neighbors if they have heard anything. Ask community leaders. Ask state and local government officials. Ask HUD if any buyers have asked about the complex. Buyers are supposed to file an expression of interest with HUD that describes who they are. Ask the managers, or the owners.

How to interpret what you find: Check the answers to these questions religiously. This is fertile ground for rumors and misstatements. Ask a technical advisor who knows real estate management and development, and particularly the development and management of subsidized housing.

...management & finances

What to find out: Who is the management company now? Are they related (legally or financially) to the owners? What do they get paid for management? How long has the management company been working at your complex? Are there any problems with the way the managers run the complex? Are there improvements needed in management? Does the management take care of the finances of the complex or is there money trouble? Is the complex fully rented or are there often vacancies? Are repairs made promptly? Are residents treated with respect? Is the waiting list for applicants fairly kept and used? Do the managers follow fair housing rules, or do they discriminate when they offer apartments to new residents? Are people living in apartments that are the right size for their household?

Why you need to know: The owners have to get HUD to approve a sale or a stay-in plan. You have the right to

CHAPTER FOURTEEN: THE DETAILS OF GATHERING INFORMATION

comment on those plans. If there are problems with management, you can address them in your comments. If money is being wasted or you are not getting services you are entitled to, this is your chance to get HUD to fix that. If you are buying, you need to know how the complex works so you will ask for enough money to be a good landlord.

Where to find out: Ask your neighbors. Get the management reviews from HUD. Get copies of any letters between HUD and the owner about management. Get copies of any requests by management (with HUD's response) to take money out of the project's rainy day funds, the *Replacement Reserve*, and *Residual Receipts Account*. Get copies of any rent increase materials the owners have submitted to HUD. This will include the project's *profit and loss statements*. These tell you the project's budget. They tell what money is coming in, and where it goes.

How to interpret what you find: Ask a technical advisor who knows real estate management and development, and particularly the development and management of subsidized housing.

WHERE ARE YOU NOW?

How to tell what is happening

Where does your complex stand in the Title 6 schedule? To find out, you need basic information about your complex. Then you can figure out what can (and can't) happen at your complex, and when. There is a series of questions you need to answer:

1. Can your complex use Title 6?
2. Is your complex disqualified?
3. Is your complex ready?
4. Has your complex started yet?

Question 1

Can your complex use Title 6?

There are many kinds of subsidized apartment complexes. Only some of them are eligible for Title 6. You need to find out what kind of apartments you live in. What is the name of the program that subsidizes or pays for your apartments to be affordable?

Some places you can go to find out:

- the manager of your complex
- HUD
- the local legal services office
- the local housing authority
- the housing, community development or planning department of your local, county or state government

You might live in a federal apartment complex. For example, it could be a 236, 221d3, 221d4, 202 or Section 8 complex. These numbers stand for sections of federal laws that created

programs to build or run your apartments.

The only projects that can use the Title 6 are complexes originally paid for with money from these programs:

- 236
- 221d3 BMIR (or “Below Market Interest Rate”)
- 221d3 with an *attached* Section 8 Loan Management contract (this is a special kind of Section 8)

CAUTION!*If these programs didn't pay for your apartments, the owners of your complex cannot use Title 6. This booklet will not apply to you. It can be difficult to get this information and interpret it. Get help to identify the complex.*

Question 2

Is your complex disqualified?

Your complex might be the right kind, but it still might not be able to use Title 6. The law disqualifies certain projects:

- whose owner has always been a non-profit company
- originally owned by a non-profit company and kept that way until September 15, 1980
- which got money from a federal program called Flexible Subsidy
- with owners who have been behind on their loan payments to the federal government (or who have been having trouble with HUD)

Ask HUD and your legal services office if this applies to your apartments. You might get notices from your owners even if the law disqualifies your complex.

Question 3

Is your complex ready?

To use Title 6, a complex has to be over 18 years old. The complex's birth date is the date that HUD gave the owners approval for the loan to construct the apartments. The IOU or *promissory note* for the apartments has this date printed on it. The note is a public document. HUD keeps it in its files. Ask

HUD and your legal services office how old the complex is. If you have received an Initial Notice of Intent, the date is in Item (3) (f) titled Date of Final Endorsement. You could get notices even if your apartments aren't in fact ready.

Question 4

Has your complex started yet?

To get a complex into the Title 6 program, the owners have to first give out an official notice, called a "Notice of Intent." They must give these notices to the residents, to HUD, and to the state or local governments.

You may have seen an official notice from the owner. You or one of your neighbors might have even kept the notices you received. Check with HUD to make sure you have copies of every notice the owners have sent. Here is a list of notices and an explanation of what they mean. The possibilities are:

- **No notice**
- **An initial Notice of Intent**
- **A Notice to Tenants**
- **A Notice of Election to Proceed**
- **A chart called Required Repairs and Estimated Costs**
- **A "Letter to Owner..."**
- **A "Calculation of Information..."**
- **A second Notice of Intent**
- **A Plan of Action**

No notice

The owners of your apartments have not started the program. It could be the apartments isn't ready yet. It could be the owner doesn't know about the program, or hasn't yet decided what to do. This can be a very good situation for residents. It gives you time to organize and learn the rules. This situation may change at any time. Watch for notices.

The initial Notice of Intent

The name of the notice is in the top left corner. On the bottom right corner, in very tiny print, there is a HUD form number.

This notice is HUD form 9608. If you have this, the owners of your apartments have started on the Title 6 program. They don't have to commit themselves at this point. They are seriously interested in the program. They want to find out what money they could make by selling or staying in. The date of that notice marks the start of the first nine months.

WARNING: If the owners say they want to terminate, call HUD and your legal services office immediately. If the owners say they are going to "offer to sell," or "extend," this is a good indication of what the owners will do.

The Notice to Tenants

The name of this notice is underlined and in capital letters. It will look more like a letter. It will be on HUD stationery. The owners are supposed to post it in every occupied building. If residents request it, the owners are supposed to provide the notices in other languages. If you have this notice, the owners of your apartments have started on the Title 6 program. HUD is inspecting the condition of your apartments to decide the project's dollar value. At the time of the notice, your apartments was in the beginning of the first nine months.

The Notice of Election To Proceed

The name of the notice is in the top left corner. On the bottom right corner, in very tiny print, there is a HUD form number. This notice is HUD form 9610. If you have this, your complex has an early birthday. The owners probably have a choice whether to use Title 6 or an earlier law. The earlier law is Title II (or 2). This is the Emergency Low Income Housing Preservation Act (ELIHPA), pronounced "ee-lip-pah"). Your owners filed the notice to keep their options open.

As soon as you can, talk to HUD and your legal services office. Do they know what the owners plan to do? Have the owners started to use either program? At the time of this notice, your apartments had not yet started the Title 6 process. Your complex is not in the first nine months yet. Your complex may never be on the Title 6 schedule at all.

***WARNING:** If your owner starts to use Title 2 instead of Title 6, you will need to act quickly. You won't get any more notices until the very end of the Title 2 process. You need to find out what the owner is doing and keep close watch. This booklet only covers Title 6. Ask your legal services office for information about Title 2.*

The Calculation of Information to be Returned to Owner

This notice is HUD form 9607. HUD and the owners agree on the dollar value of your complex. The owners will use this information to decide what to do. At the time of this notice, your complex was close to the end of the first nine months.

If the value is very low, your complex may not be eligible for Title 6. This happens if the value is less than the mortgage on the property.

If the value is very high, your owners might have to follow special rules for "mandatory sales." They apply if the value is over the "federal cost limits." This can happen anywhere. It is more likely in an area like Los Angeles or New York City. If your project falls in this group it could be dangerous. Check with your legal services office immediately.

The Letter to Owner

This is a letter on HUD stationery. The full title is "letter to owner transmitting information for extending affordability restrictions through retention or sale." This comes at the same stage as the Calculation form described above.

The Required Repairs and Estimated Costs chart

This is a chart. This comes at the same stage as the Calculation form described above.

The second Notice of Intent

This notice is HUD Form 9609. Usually, this means the owners have decided to sell. (See warning below about conversion plans.) HUD has told the owners the dollar value of the apartments. HUD has told the owners how much money the owner could sell it for and how much money HUD will pay the owner if they stay in. The owners have decided to sell. At the time of this notice, your complex was just past the end of the first nine months.

WARNING: *If your owners want to sell, you have to make sure there is a good buyer. If no buyer is successful, the owner could convert the complex. This could turn into a dangerous situation.*

The Plan of Action

Usually the owners file a Plan of Action for permission to sell or stay in. (See warning below about conversion plans.) HUD has told the owners the dollar value of the apartments. HUD has told the owners how much money they could sell it for and how much money HUD will pay the owner if they stay in. Usually the owners have decided whether they will sell or stay in. The Plan of Action will explain what the owners want to do and how much money they want from HUD. At the time of this document, your complex was probably several months beyond the first nine months.

WARNING: *If your owners are using Title 2, they will also file a Plan of Action, but the schedule will be different. Check with HUD and your legal services office immediately to find out if the Plan is a Title 2 Plan or a Title 6 plan.*

WARNING: *If your owners are trying to convert, they will also file a Plan of Action, on a different schedule. This is a dangerous situation. If the Plan talks about the owners "terminating" check with HUD and your legal services office immediately.*

CREDITS

This book was written by Alice Warner, and edited by Jim Grow of the National Housing Law Project. Kiko Denzer designed and produced the booklet.

Many others volunteered editorial comments, technical help, and photographs:

Emily Achtenberg, Housing and Development Consultant, Jamaica Plain, MA
Carol Berman, Ocean View Apartments, Venice, CA
Carol Brennan-Jones, Venice CA
Dan Burke & Mary Anne Young, Chicago Community Development Corporation, Chicago, IL
Dorothy Chretien & Betty Ann Lavoie, Amesbury Gardens, Lawrence, MA
Mary Louise Daly & Lou Ann David, Clarendon Hill Towers, Somerville, MA
David Etezadi, Legal Aid Foundation of Los Angeles, East L.A. Office, Los Angeles, CA
Linda Gast, Oregon Legal Services, Lincoln County Office, Newport, OR
Helga Hallfeldt, College Garden I Apartments, Sacramento, CA
Becky Himlin, National Low Income Housing Coalition, Washington, D.C.
Jane Jones, Homeowners' Rehab, Cambridge, MA
Marcia Scardina, West Park Place, Chicago, IL
Paul Shattuck, Yamhill County Community Development Corporation, McMinnville, OR
Joyce Stringer, Carmen-Marine Apartments, Chicago, IL
Charlie Warner, Community Action for Southern Hennepin, Hopkins, MN
Rob Wiener, California Coalition for Rural Housing, Sacramento, CA

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