

MTW Landlord Incentive Innovations

The MTW Demonstration allows MTW agencies to design and test various flexibilities to encourage owner participation in the Department’s programs. Owners are important to the program because their participation determines the geographical distribution and availability of units accessible to voucher holders. This document contains some examples of activities implemented by initial MTW PHAs. It outlines some, but not all, of the ways MTW agencies have utilized authorizations in the MTW Agreement to incentivize landlords and owners.

The information and data in this summary are pulled directly from MTW agency submitted Annual MTW Plans, all of which can be found on HUD’s [MTW Participating Agencies](#) page.

Highlighted Innovations

Atlanta Housing: Leasing Incentive Fees.....	2
Cambridge Housing Authority: Rent Reasonableness Policy & 120% Exception Rents/HCV	3
King County Housing Authority: Encouraging the Successful Lease-up of the Housing Choice Voucher Program.....	4
Lincoln Housing Authority: Landlord Incentive HAP	5
Massachusetts Department of Housing and Community Development: Owner Incentive Fund	6
Home Forward: housing authority of Portland: Measures to Improve the Rate of Voucher Holders Who Successfully Lease-Up	7
Oakland housing authority: Owner Incentives Program	9

Authorizations

MTW agencies Operating under the MTW Operations Notice:

- 4.a – Vacancy Loss
- 4.b – Damage Claims
- 4.c – Other Landlord Incentives

Initial agencies Attachment C of the Standard Agreement:

- D.1.a
- D.1.b
- D.1.d
- D.2.a

Atlanta Housing: Leasing Incentive Fees

ACTIVITY: AW.2008.02

DESCRIPTION

Living within AH's service jurisdiction is an expensive proposition, even for those households with incomes 20 percent above the Area Median Income (AMI) of \$79,700 annually for much of this reporting period (July 1, 2019 – June 30, 2020). With this knowledge and understanding that AH was planning long-term revitalization of its housing stock, AH sought to recruit property owners through incentives to lease their units to families affected by relocation efforts because of HUD approved demolition of AH-Owned communities.

Since implementation, this activity has evolved to create a faster program move process. AH utilizes MTW Authorizations Section VII.A: . . . Authorized to Create its Own HCV Program under Attachment D of its Amended and Restated MTW Agreement to provide leasing incentive fees (LIFs). In FY 2016, AH provided incentives for both prospective program participants and property owners to work together to find units and submit the Request for Tenancy (RTA) within 30 days of voucher issuance.

The LIFs serve to remove or reduce obstacles and barriers preventing low-income families from leasing quality housing in areas of opportunity. Overall, LIFs defray the cost of application fees, security deposits, and similar out-of-pocket expenses not readily accessible to voucher-holding families, especially first-time renters. Further, LIFs help to attract property owners with units in areas of opportunity, which increases both the affordable housing stock and number of housing partners accepting vouchers. Finally, AH offers LIFs to property owners with single-family homes to help increase the housing choices for voucher-holding families. Single-family property owners receive a New Contract Incentive or one-time unit incentive payment each time the single-family unit passes HQS Inspections on the initial visit and then subsequently leases that unit to a voucher-holding family under a new HAP Contract.

Source: [AH FY22 MTW Annual Plan](#)

Cambridge Housing Authority: Rent Reasonableness Policy & 120% Exception Rents/HCV

ACTIVITY: HC.2022.01

DESCRIPTION

This is a rent reasonableness policy to address the high cost of housing in the City of Cambridge. To retain landlords in the private housing market, CHA pays rent increases over the amount determined by HUD based on local rental market estimates. CHA already set payment standards above 120% of HUD's Fair Market Rent (FMR) for larger bedroom units. This policy extends the payment standard to any size unit. Most landlords are receiving the maximum amount permissible under CHA's payment standard. Furthermore, on a case-by-case basis, disabled households that find a unit in the private rental market may receive an even greater exception rent. In FY14 CHA modified its Rent Reasonableness policy to better reflect market conditions and streamline the process for determining reasonable rent. CHA standards are based on an updated market analysis provided by an independent consultant every two years. Based on data in each market area, CHA will identify a low rent and high rent in that area.

Rents must be within the range of the low and high rent to be considered reasonable. CHA reserves the right, at any time, to declare a rent unreasonable or establish an alternate reasonable rent determination methodology. CHA will determine rent reasonableness at initial move-in, before any increase in rent and before the contract anniversary date or at any other time at the discretion of CHA. CHA will not automatically redetermine rent reasonableness based on a decrease in the published FMR.

Sources: [CHA FY22 Annual MTW Plan](#)

King County Housing Authority: Encouraging the Successful Lease-up of the Housing Choice Voucher Program

ACTIVITY: 2018-1

DESCRIPTION

CHALLENGE: King County's low vacancy rate, coupled with the large in-migration of an affluent and skilled workforce, make it difficult for KCHA's voucher holders to compete on the private market. The shopping success rate after eight months of searching hovers around 75% — an achievement in this market, but lower than our agency stretch goal of 80%.

SOLUTION: KCHA is working to preserve and increase the number of housing options available by recruiting and retaining landlords in the HCV program. In order to secure units, KCHA is exploring the implementation of incentive payments to landlords who agree to lease a recently vacated unit to another voucher holder, not to exceed one month of the Housing Assistance Payment (HAP).

These payments will serve as an incentive for landlords to continue their participation in the HCV program by minimizing the owner's losses typically experienced during turnover. KCHA also is streamlining our Housing Quality Standards (HQS) protocol even further by allowing landlords to inspect and self-certify that the unit passes HUD's standards. The program takes a phased-in approach and starts with newly constructed, not-previously-occupied units issued a Certificate of Occupancy or Temporary Certificate of Occupancy. The second phase extends the pilot to KCHA owned properties built after 1978, and the third phase to non-KCHA affiliated LIHTC properties. To ensure that these units meet KCHA's high inspection standards, quality control audits will be performed on no fewer than 20% of the self-certified units every 90 days of the two-year pilot.

These efficiencies will enable faster lease-up times and cause less disruption for landlords while ensuring program compliance. In early 2020, in response to the COVID-19 pandemic, KCHA implemented a catastrophic response plan that extended self-certified inspections to all qualifying landlords.

In addition to strategies to improve landlord recruitment and retention, KCHA will continue to invest in strategies to aid voucher holders in leasing a unit in the geographic location of their choice. Examples of previously implemented activities include: providing access to a security deposit assistance fund; use of multi-tiered, ZIP-code based payment standards; and continuing to focus on customer service.

Source: [KCHA FY22 MTW Annual Plan](#)

Lincoln Housing Authority: Landlord Incentive HAP

ACTIVITY: 2018-1

DESCRIPTION

As an incentive for landlords to participate in the MTW tenant-based voucher program, Lincoln Housing Authority will provide the landlord a one-time additional Housing Assistance Payment (HAP) of \$200 upon the execution of the HAP contract for the new unit and tenant. This HAP payment will be included with all other HAP reported in VMS. The landlord is not eligible for \$200 additional HAP payment if the contract is executed for a transfer in units with the same landlord, or if the contract is executed due to a lease renewal or change. The following properties are also excluded from the additional landlord incentive payment of \$200: 1) properties managed or owned by Lincoln Housing Authority, or 2) properties receiving Low Income Housing Tax Credits.

This initiative came from discussions with our Landlord Advisory Committee who identified some of the following burden factors to participating in the voucher program: 1) the HAP contract creates additional paperwork and time, 2) inspection requirements result in repairs to units not otherwise required for a market-rate tenant, 3) landlords take time out of their business schedule to meet with inspectors for HQS inspections, 4) landlords must wait for their first rental payment until after inspections and contracts are approved rather than on the day the lease is signed, and 5) landlords lose rental revenue while waiting for units to pass inspections. This initiative creates an incentive that recognizes these barriers and compensates the landlords accordingly.

Source: [LHA FY22 MTW Annual Plan](#)

Massachusetts Department of Housing and Community Development: Owner Incentive Fund

ACTIVITY: 2010-3

DESCRIPTION

An Owner Incentive Fund pilot initiative was established in January 2010 to promote upgrades to the housing stock in areas of the state with a large percentage of older, deteriorated housing stock. DHCD's goals for this activity are:

- Leasing higher quality units including incentivizing owners to upgrade existing housing at least one grade level, i.e. from a "C" to a "B" grade, or from a "B" to an "A" grade;
- Increasing the number of units that are accessible to persons with disabilities;
- Expanding the number of units leased in currently underserved neighborhoods; and,
- Encouraging new owner participation.

The program has been piloted by the Berkshire Housing Development Corporation (BHDC) since inception. Participating owners are eligible for a flat fee financial incentive payable over the first year of the HAP contract, provided that their unit is compliant with HQS at all times during this initial term. At the end of the first year under HAP contract, owners are eligible for an additional one-time payment under certain conditions.

DHCD has the flexibility to adjust the program criteria and payment amounts as needed to respond to local market conditions, particularly when planning an expansion of this program to additional RAAs. DHCD will continue to assess the feasibility of expanding the program to other regions using the same program parameters, with a focus on increasing the number of new landlords participating in the program and increasing the number of units available in high opportunity communities.

Source: [DHCD FY22 MTW Annual Plan](#)

Home Forward: housing authority of Portland: Measures to Improve the Rate of Voucher Holders Who Successfully Lease-Up

ACTIVITY: 09

DESCRIPTION

Since 2010, Home Forward has implemented a variety of measures to improve landlord acceptance of Housing Choice Vouchers in our community and improve the ability of voucher holders to successfully lease up. Based on much of Home Forward's work, the Oregon State Legislature passed HB2639 in July 2014. The legislation prohibits landlords from refusing rental applications of voucher holders only because they have a voucher and offers landlords access to a state managed Landlord Guarantee Fund if a voucher holder vacates a unit and leaves financial damages, such as property damage, unpaid rent, or fees. In addition, Home Forward has initiatives focused on improving landlord participation and the leasing success of voucher holders:

- Vacancy Loss Payment – Home Forward provides vacancy loss payment to owners through the end of the month after the move-out month when vacancies are unforeseen or unexpected (such as a death or an unannounced move-out) and the owners have not received proper notice of the intent to vacate.
- Landlord Incentive Payment – Since July 2014, the Landlord Incentive Payment focuses on new landlords. Home Forward makes a one-time payment of \$200 to new landlords, defined as those who have not worked in partnership with us for the past two years. At the time of receiving payment, landlords are also given the opportunity to complete a survey to provide feedback on their experience and Home Forward's lease-up process.
- Tenant Education Class – Since May 2016, Home Forward contracts with the Community Alliance of Tenants (CAT) to teach a tenant education class to voucher holders. Class graduates have access to up to \$200 to help with a security deposit in their housing search. Despite these initiatives, leasing success rates have fallen as a result of an extremely tight rental market, rapidly rising rents and an overall lack of affordable units. Even with the above measures in place and the new legislation requiring landlords to accept Housing Choice Vouchers, leasing success rates have fallen below our 2009 baseline.

In an attempt to keep pace with the market and ensure neighborhood choice for voucher holders, Home Forward increased payment standards most recently in December 2020.

In addition to the initiatives listed above, Home Forward began two new programs in FY2017, using single-fund flexibility, to help voucher holders lease up:

- Security and Success Loan Program – This is a partnership between Home Forward and Innovative Changes, a non-profit community-based lender, to offer low-interest loans for moving costs to voucher holders with a household income of at least 30% of the

Area Median Income (AMI). With a qualifying income, a voucher holder can borrow up to \$1,200 to help with deposits, fees, and other moving costs.

The program offers affordable monthly payments, extra incentives for financial education, and the opportunity for a household to build a positive credit history.

- Housing Search Advocates – This program is a partnership between Home Forward and two community partners, Human Solutions, Inc. and Transition Projects, Inc., who work with people experiencing low-incomes and homelessness. Three Housing Search Advocate positions have been funded at the organizations to help voucher holders lease up. If a voucher holder has not leased up within 90 days of receiving their voucher or have been identified by HCV staff as experiencing high barriers, they are referred to the Housing Search Advocates for additional support in their housing search.

Home Forward continued with a variety of policy changes (which do not require MTW flexibility) to make the voucher program more appealing to landlords since the passage of HB2639. These include:

- Allowing flexible lease terms based on an individual landlord's standard practice (including month-to-month). Accepting electronic Requests for Tenancy Approval from landlords to speed the process.
- Posting tools for landlords on our website so landlords can assess whether their unit is likely to pass rent reasonable and affordability tests.

In addition to the initiatives and new changes above, Home Forward continues to support voucher holders with an improved program orientation, with an increased focus on housing search, and utilizing the higher payment standards in opportunity neighborhoods. In hopes of helping voucher holders be better prepared for their housing search.

Source: [Home Forward FY22 MTW Annual Plan](#)

Oakland housing authority: Owner Incentives Program

ACTIVITY: 17-01

DESCRIPTION

Description/Update: The HCV program has been impacted by a dramatically escalating rental market and very limited inventory which has led to much longer search times than usual and multiple voucher extensions being granted for families searching for housing. According to Zillow, market rents increased by 21.6% in Oakland in 2016. In 2015, OHA saw hundreds of owners choose to leave the program or remove units by not re-leasing to HCV participants resulting in the loss of approximately 824 units of affordable housing. In response to these market conditions, OHA is implementing the Owner Incentives Program activity to support existing and recruit new owners to the program to offset the exodus.

This activity offers a range of services that both support and retain existing HCV owners by providing enhanced services to existing owners, especially those that are high performers. OHA is also looking to recruit new owners by offering incentives to sign on. Program components are as follows:

- Vacancy loss payments of up to two months HAP will be offered to existing HCV owners if they re-rent a unit previously occupied by an HCV tenant to another HCV participant within six months of contract cancellation. Based on average HAP amounts, total average annual costs for OHA to implement vacancy loss payments will range from \$208,280 to \$832,300 for vacancy periods of 15 days to 120 days.
- Pre-qualifying unit inspections will be offered to all HCV program owners to expedite the lease up process, and minimize delays or losses due to inspections. Inspections will not be linked to a participant and OHA will allow owners up to 120 days to find a tenant once an inspection has been passed. No additional costs are anticipated.
- Owner recognition program - Recognize long term owners (5 years or more) with 5 or more units on the program that maintain at least one unit on a biennial inspection schedule. Owners will receive awards and special designations to highlight their status as long term providers of quality units. No additional costs are anticipated. MTW flexibility is not required to implement this component and it is included for consistency of grouping like programs.
- New Landlord Incentive Payment – Provides new owner participants (have not received HAP in the past year) a one-time payment of \$500 upon execution of a new HAP contract, and meet other defined eligibility criteria. OHA had 130 new landlords sign up for the program in 2015 and OHA projects a 10% increase due to this incentive, totaling 143 new landlords. Projected costs are \$71,500.
- Capital Improvement Payment – Offer landlords that have failed a second inspection and are entering abatement a payment of up to \$2,500 to address capital improvement issues related to the reason for the HQS inspection failure. Landlords will apply for the payment and furnish documentation on the estimated repair costs for the improvement. Payments will be repaid to OHA via reduced HAP payments made to the

owner over a six-month period. Projected costs are estimated using the maximum payment of \$2,500 per landlord and are based on the number of landlords that had failed second inspections in FY 2015 and the projected cost is approximately \$385,000. OHA intends to recoup these costs by paying a lower HAP to the landlord and anticipates some loss due to landlords that may exit the program and not repay the loan. OHA will rely on its Fraud Unit in the Police Department to pursue and collect from landlords that exit prior to completely repaying the loan. OHA anticipates that this activity will maintain or increase the number of landlords participating in the HCV program and anticipates the number of units available for families to rent will increase as result of new landlord participation and the capital improvement payment option. Additional impacts will be increased leasing success rates for vouchers issued, increased overall voucher utilization rate and decreased voucher extensions, due to more units being made available.

Source: [Oakland FY22 MTW Annual Plan](#)