



**Move to Work Demonstration
Program Application**

**MTW Expansion Cohort #4
Landlord Incentives**

Lake County Housing Authority MTW Plan

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Part I (a) MTW Plan and Landlord Incentive Activities Information

(1) Vision for Lake County Housing Authority MTW Program

The driving force behind LCHA's MTW vision and reason for its interest in MTW, is to create more successful HCV families to be able to live in any area of Lake County that they choose. All MTW initiatives will focus directly or indirectly on the ability of households to have better choices on where to live. MTW provides new tools to address the many challenges and barriers faced by LCHA voucher families in their efforts to find a home in any area. The barriers in locating a home in any of the "higher rent" neighborhoods should not have to be dealt with alone.

- Concentration of assisted housing in the highest-poverty zip codes in Lake County with the highest shares of voucher holders (67%) living in poor, low-opportunity neighborhoods
- Extraordinarily high housing development and rental costs
- Lower landlord participation in the most desirable areas in the County

MTW flexibility will enhance LCHA's ability to develop relationships with landlords in more desirable areas and in turn help its voucher families to thrive, and thus to support the community. MTW flexibilities will help LCHA families to have access to housing options in communities of opportunity through the landlord initiative that will include landlord incentives.

LCHA recognized the trend of its Housing Choice Voucher (HCV) participants to lease up in areas that are heavily concentrated with housing subsidy and poverty.

LCHA worked to develop a program in January 2016, to encourage its HCV participants to move to communities that promote self-sufficiency and have deconcentrated areas of subsidized housing and poverty. The C.H.O.I.C.E.S (Choose Housing Options in Communities Empowering

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Self-Sufficiency) program. Families are presented with the program at their initial briefing and each annual recertification.

The Payment Standards are higher in Opportunity Areas and participants may receive a 30-day extension on their Voucher. Opportunity areas have better school ratings, lower crime rates, more employment options, and better housing stability. They also offer more diversity and lower poverty rates.

Every year, each community in the region is analyzed by HUD and Fair Market Rents are established based on survey data. Statistics show rents are higher in areas with less concentration of low-income families. From 2017 through 2018, 436 HCV families moved to a C.H.O.I.C.E.S opportunity areas. Of those 436 families, 86 moved from a traditional area to an opportunity area.

Although the number of new landlords participating in the current C.H.O.I.C.E.S program increased slightly since its development, the burden still falls back on the HCV participant to “sell the program”. LCHA staff is involved in the search process by encouraging and helping the HCV family with tips for meeting landlords and promoting themselves.

A booklet was developed and is given to the family to show the areas of opportunity as well as tools to locate a unit. New Landlord packets are available to forward to landlords and the LCHA staff is available to walk the landlords through the process.

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The lessons learned from this current program pertaining to the HCV families are:

- Increased frustration levels searching for units in opportunity areas.
- The feeling of taking on the new landlord is overwhelming.
- The number of refusals is disheartening.
- It would just be easier to find a place who already takes the HCV.

The MTW landlord incentives can help greatly with our families who are already familiar with the choice to live in areas with better employment opportunities promoting self-sufficiency, better schools, lower crime rates and better housing.

The cost effectiveness will balance out as those in the work force retain their employment and thus result in lower Housing Assistance Payments. Others might be able to achieve better employment which will also result in lower HAP. Hopefully, those who are unemployed will seek and successfully gain employment.

The MTW plan of offering landlord benefits of vacancy payments and incentives for new landlords will be offset by the lower HAP made. The State of Illinois also offers a Tax Abatement for landlords who rent to an HCV family in a qualified Township and Census Tract. That program started in 2004 and has been extended through 2024. Most of the opportunity areas outlined by HUD's higher FMR's are included in the Tax Abatement Program. Each census tract must also qualify with no more than 10% of the population falling under the poverty level.

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Lake County Housing Authority has experienced team members who work together to help the HCV families achieve success. Success that can be measured by the Family Self-Sufficiency Program, the Family Unification Program, housing Mainstream and VASH voucher families.

The HCV program is under the direction of six managers who have, in total, over 78 years of housing experience. Their experience ranges across the spectrum of housing and covers all aspects to service the landlord benefits offered in this cohort.

The Director of HCV Compliance, the HCV Senior Program Manager and the Manager of HCV Inspections have day to day interactions with landlords. This includes current landlords and prospective landlords. Their experience and knowledge of the HUD regulations, the leasing process, market conditions and benefits of participating in the HCV program is very valuable. These managers discuss affordability with the HCV families as well as rent reasonableness with the landlords repeatedly throughout the day.

LCHA has a Supportive Housing Manager who is currently working exclusively with housing the State Referral Network, Mainstream and VASH clients. Due to the nature of the clients' special needs, a collaboration between LCHA, individual agency case managers and landlords is imperative. It is an ongoing achievement to serve this group of clients successfully.

The director of the Family Self-Sufficiency and Special Programs works concurrently with the Housing Counselor in guiding families to services needed. The special programs include the Family Unification Program, both for families and youth. The Family Self-Sufficiency program is presented to all HCV and special program families. Needs are reviewed, plans are discussed,

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program options are presented, and resources are made available to help the family reach their goals. Local employers participate in the employment workshops held periodically.

The Housing Counseling program is led by a HUD certified Housing Counselor who educates and advocates for homeless residents, tenants, and homeowners. Guidance is provided on Fair Housing, the Americans with Disability Act, housing rights and options. Current and potential landlords are contacted monthly, and outreach is ongoing to develop relationships with new landlords interested in the HCV program.

LCHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

LCHA will affirmatively further fair housing by:

- examining their programs or proposed programs,
- identify any impediments to fair housing choice within those programs,
- address those impediments in a reasonable fashion in view of the resources available,
- work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require LCHA's involvement,
- maintain records reflecting these analyses and actions.

Part I (a) MTW Plan and Landlord Incentive Activities Information (2) Plan for Future Community/Resident Engagement

LCHA's Housing Counseling program maintains a listserv of approximately 3000 Lake County landlords that we contact via Constant Contact on a monthly basis. The Housing Counseling and

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FERA (Federal Emergency Rental Assistance) programs have also been presented to local investors associations. Landlord outreach continues as meetings are held to welcome new landlords and explain the programs offered. The most recent meeting held in May 2021, had 60 landlords in attendance, with nearly half of them new to the HCV program.

Through FERA, we advocate to landlords for our tenants and have successfully added 5 new HCV-accepting landlords since the program began in April. As of today, over 300 landlords have had their delinquent tenants made whole by FERA.

Every one of these landlords has received information on Fair Housing and how to become an HCV landlord. We anticipate that, by the end of the program, FERA will have provided this information to over 2000 property owners.

One of the goals of rental counseling for voucher holders is to train participants to present the voucher as a benefit to the landlord. Clients are taught to advocate for the voucher, representing it as a source of consistent funds and long-term stability, rather than an inconvenience. The voucher holders that receive this type of housing counseling are more prepared to present their best selves to landlords, understand their rights and responsibilities, and are superb representatives of the voucher program.

Staff involvement with HCV families in providing information on units available by landlords willing to cooperate with the program will help streamline their efforts in locating a home in an opportunity area. Living in opportunity areas could provide families with strong incentives to

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become employed, retain employment, increase their earned income and progress in their careers. LCHA will explore ways to strengthen the effectiveness of the landlord incentives and improve the MTW outcome.

Our community partner agencies meet monthly as a Program Coordinating Committee. They include Workforce Development of Lake County, College of Lake County, Community Partners for Affordable Housing, Consumer Credit Counseling Service, Catholic Charities, NICASA, Mano y Mano, Love Inc. and many others. All work together to help link services to families.

Part I (a) MTW Plan and Landlord Incentive Activities Information (3) LCHA Operating and Inventory Information

The Voucher program consists of a total of 3,217 vouchers which include 477 project-based, 260 FUP, 100 Non-elderly disabled, 90 Mainstream, and 6 VASH vouchers. The Public Housing program consists of a total of 489 housing units which includes 155 scattered family sites and 334 near elderly units in 7 different buildings. All voucher families and public housing units are dispersed throughout the county.

By participating in the MTW Demonstration Program, LCHA hopes to decentralize the concentration of assisted families in low-income areas. Landlord incentives in opportunity areas could increase landlord participation and allow for families to have equal access to better schools and employment opportunities. Leasing HCV families in opportunity areas is a challenge and the stigma of rental assistance is a barrier to overcome. The current C.H.O.I.C.E.S program was developed to encourage families to seek housing in opportunity areas. LCHA received a grant award from The Illinois Housing Development Authority in the amount of \$100,000. These

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funds allowed us to address the needs of homeowners and renters in the county through the Housing Counseling Program.

Although the past year has been challenging during the Covid pandemic, LCHA partnered with Lake County to distribute \$2,194,773 in rental and utility assistance to 2,087 residents in Lake County as well as funds up to \$2,000,000 under the FERA program. LCHA also partnered with the Illinois Housing Development Authority to provide marketing and intake for their rental assistance program.

Part I (a) MTW Plan and Landlord Incentive Activities Information (4) Plan for Local MTW Program

LCHA plans to implement the landlord incentives to gain new landlords in opportunity areas to increase options for voucher families. The benefit of vacancy payments might encourage landlords to participate. The Cost Effectiveness should be realized by the decrease in HAP as the families will be closer to better employment opportunities. They will be able to realize Self-Sufficiency with seeking employment, retaining employment, or gain better employment. Housing Choices will be available when the new landlords in opportunity areas agree to participate in the HCV program. LCHA will be able to bridge the gap the families have had to overcome on their own. The Housing Counseling program has already begun successful relationships with new landlords.

Part I (a) MTW Plan and Landlord Incentive Activities Information (5) Proposed Use of MTW Funds

Lake County Housing Authority requests authority to use public housing and HCV funds flexibly in the MTW demonstration program. It is estimated that less than 1% of its HAP funds

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would be used for the landlord incentives and additional housing counseling. It would also include expanded supportive services to LCHA families with a focus on self-sufficiency and housing stability. The current C.H.O.I.C.E.S program can be revitalized to help HCV families successfully lease units in communities of opportunity.

Part I (a) MTW Plan and Landlord Incentive Activities Information (6) Evidence of Significant Partnerships

LCHA has strong relationships with several key agencies and housing partners. There are monthly meetings held with the Program Coordinating Committee (PCC) that include agencies working together to serve families in different ways. The Department of Children and Family Services is strongly committed to family's succeeding in self-sufficiency and is the main contact to refer families through the Family Unification Program. Catholic Charities is also involved in a family self-sufficiency program that is offered to all Lake County residents. If and when families receive the HCV, they are able to transfer the contract of participation to the housing authority to begin receiving escrow credit.

In 2020, LCHA had 10 FSS graduates who received over \$31,000 in escrow and four of the graduates became homeowners.

Workforce Development of Lake County is a main source to refer families in need of job readiness or resume building. They hold workshops and sponsor Get Hired Illinois which provides numerous employment opportunities throughout the county. The College of Lake County participates in the Workforce Innovation Opportunity Act and many clients are referred

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to them for tuition assistance and help defining a career path. Community Partners for Affordable Housing assist families along the path of homeownership and financial readiness. Consumers Credit Counseling Service helps families improve their credit, help budget and emphasize savings for future needs.

LCHA held a landlord round table in February 2020. Prior to the meeting, landlords were sent a survey to find out how LCHA could be proactive in meeting their needs. The survey was sent to over 1400 landlords. The results of the survey included questions about, basics of the program, utilities, inspection process, damages to the unit, rights as a landlord, tax benefits, and many more.

Staff from Prairie State Legal Services were in attendance as well as the Lake County Continuum of Care. Topics they covered were tenant/landlord's rights and the risk mitigation funds for MS5 vouchers. This was very well received and new landlords showed interest in participating in the program.

LCHA is a member of the Latino Chamber of Commerce and The Chamber of Commerce of Lake County. These are just a few options LCHA will utilize in the hopes of getting more landlords in opportunity areas. The local realtor's associations and the Illinois Rental Property Association are active in the area and could be a great source to expand the list of cooperating landlords.

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Part I (b) Landlord Incentive Activities Information (1) Landlord Needs Assessment

As of today, there are 879 current LCHA landlords participating in the HCV program with at least one active tenant. The following is the breakdown.

603.....landlords with one unit
100.....landlords with two units
48.....landlords with three units
26.....landlords with four units
94.....landlords with five or more units

The landlords who rent only one or two units are predominantly in opportunity areas and rent out condominiums, duplex, and townhomes to HCV families. It is not clear how many, if any, were previously owner occupied, but the pattern seems to be investment opportunities. In the past five to eight years there were a number of multi-family developments that converted their units to individually owned condominiums and sold them as such. Investors purchased the condos and rented them out.

The landlords with multiple HCV tenant's typically have multi-family units. Some of the multi-family units in Lake County have 100 units or more, but the most common is six units per building.

The problem with the condominiums and multi-family units is that the most common unit is only one or two bedrooms, which is limited to smaller families.

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The current rental housing market condition is strong. Single family homes with three or more bedrooms are only on the market a short time. This, of course, adds to HCV families search time. Due to the lack of supply, there is a lot of competition for what is available.

The U.S. Census Bureau reports that Lake County's housing supply is 73% owner occupied.

The other factor contributing to a low supply is the strong selling market of homes. Appreciation rates have been reported averaging around 26% in Lake County since 2019. Owners are selling their single-family rentals for inflated prices and in turn require the tenant to relocate to another unit. This of course, is putting more market tenants out searching in competition with the HCV families. LCHA has averaged almost 100 families searching for a unit every month for many years.

LCHA's landlords who repeatedly rent to HCV families seem to be successful as they have a thorough residential application process. They don't lose control of their unit and choose their tenants based on tried-and-true market strategies. The value of the voucher is considered, but more emphasis is placed on rental history, employment stability and the tenant's proven obligation to pay the utilities they are required to pay.

Landlords who have never rented using the HCV are hesitant due to the stigma of the program participants and the extra paperwork involved. They say they have heard horror stories, but LCHA staff is prepared to explain the differences between a market tenant and an HCV tenant.

Staff has educated landlords a number of times by explaining that the HCV tenant and market tenant are to be treated equally. However, if an HCV tenant loses their job or has reduced hours

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and can't pay their rent, an adjustment is completed, and more Housing Assistance is paid on their behalf. Not so with a market tenant.

The horror stories the prospective landlord brings up can always be countered with, what would you do if it was a market tenant? An HCV participant has more to lose (their voucher) if they are in violation of their lease.

New landlords must also be educated on the HCV program and realize that the person signing the lease is their tenant, not the Housing Authority's. They must control their rental property and treat the subsidy of the HCV program as just rental assistance. Unfortunately, some new landlords expect the Housing Authority to control their tenant.

There is such a wide range in rents within the 1,368 square miles of Lake County. One local realtor has a property listed in an opportunity area as a three-bedroom single family home for \$4,200. That same sized house in a low poverty area in the County averages \$1,200.

The Fair Market Rents and the Payment Standards are published annually, however there will still be rentals out of reach for voucher holders. The current FMR for the three-bedroom home mentioned above is \$2,300 in the opportunity area and \$1,540 in a low poverty neighborhood. Hopefully, with the help of the MTW landlord incentives, LCHA will be able to reach more landlords that have rentals in opportunity areas and that have reasonable rents.

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Part I (b) Landlord Incentive Activities Information (2) MTW Cohort #4 Activities

If selected for the fourth cohort of the MTW Expansion, LCHA would like to implement *Activity #4. a. Vacancy Loss (HCV – Tenant Based Assistance)* to incentivize a landlord's continued participation in the HCV program.

This activity is likely to be effective in LCHA's market as successful landlords in opportunity areas will realize the benefit of receiving rental income during unit turnover. By continuing their participation in the HCV rental subsidy program and renting to another HCV family they will minimize their down time and expense to relet.

The second activity LCHA would like to implement if selected for the fourth cohort would be *#4. c. Other Landlord Incentives (HCV – Tenant Based Assistance)*

This activity will surely attract new landlords in opportunity areas to the HCV program. It will be marketed to new landlords in conjunction with additional services from the Housing Counseling program and the Family Self-Sufficiency program. If LCHA can help landlords understand the programs better, they might be more likely to take a chance and rent to an HCV family.

The landlords will have a direct contact with one of the experienced managers and/or supervisory staff who will be able to walk them through the leasing process. The landlord should also feel free to reach out to their contact for guidance through any issues that arise. As landlords are

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given copies of all their tenant's correspondence, they can feel confident to inquire with their direct contact as to the status of their tenant's situation with the Housing Authority.

The proposed connection between the new landlord and at least one specific contact at the Housing Authority might encourage them (along with the one month's contract rent) and be an effective means to showcase the benefit to the owner.

Part I (b) Landlord Incentive Activities Information **(3) Other Landlord Incentives and Initiatives**

Lake County Housing Authority is not planning on requesting any Agency Specific Waivers relating to landlord incentives at this time.

LCHA does plan on being proactive in helping landlords feel like they are part of the solution in helping HCV families become successful in their goals. Landlord outreach and continued communication is important for all parties involved. Families can realize their potential and reach their goals with the Family Self-Sufficiency program. It is important to keep developing new and informative ways to help both tenants and landlords succeed. The Family Self-Sufficiency case workers and the Housing Counseling program can work together to make this happen.

Contacting the local realtor's groups and rental companies will be a challenge, however, could help expand new landlords in the opportunity areas.

LCHA will continue to collaborate and foster partnerships with local realtor's groups and rental companies which will help expand new landlords' participation in vibrant communities.