



POLICY BRIEF

June 16, 2022

Landlord Supports and Incentives for Participation in Rental Assistance Programs

Highlights

Landlord supports and incentives bring in landlords as partners to ensure that rental assistance recipients have adequate housing options in the private market.

Key Findings

- Significant barriers exist for people to find rental units that accept housing vouchers as a form of payment.
- Landlord incentives and support programs help increase participation with housing voucher programs.
- Recently passed legislation to both protect tenants against source of income discrimination and provide greater landlord incentives encourages broader acceptance of rental assistance programs.

Recommendations

- Educate landlords about the broad range of benefits and incentives of engaging with rental assistance programs.
- Establish Landlord Engagement Programs across all counties based on current landlord incentive models.
- Create mechanisms for housing voucher recipients to report instances of discrimination.
- Strengthen and scale case management services to ease the burden on landlords.

How do landlord incentives support rental assistance programs?

Rental assistance programs are administered by governmental and service provider agencies to help low-income households pay rent. These programs may cover all or a portion of the rent and may be long-term or temporary. Examples of these assistance programs include Section 8 Housing Choice Vouchers (HCVs), Permanent Supportive Housing, and County COVID-19 emergency rental relief programs.

Because rental assistance programs provide a subsidy for recipients to find housing in the private market, Hawai'i landlords play a crucial role in helping cost-burdened individuals and families access affordable housing. Many tenants using rental assistance, however, have experienced barriers in finding available properties that are willing to accept rent-assisted tenants, like those who use federal HCVs. As a result, according to March 2022 data, there were 447 HCVs in Hawai'i that had been issued to qualified renters but were not currently being used.¹ Landlords often choose not to participate in rental assistance programs due to a variety of fears, including concerns about damage to property that exceeds security deposits, delays in occupancy that cause loss of rent, and the burden of working with renters who may require additional case management.

Providing incentives and programs to support landlords who accept rental assistance vouchers gives landlords and property managers extra security to overcome these perceived barriers. This approach, along with implementing state policy to protect renters against source of income discrimination, has proven to increase participation in rental assistance programs, thus giving voucher recipients more options in the housing market.

What types of incentives help engage landlords?

Landlords are critical partners in ensuring that individuals and families participating in rental assistance programs have adequate options for housing in the private market. In order to encourage broader acceptance of rental assistance programs, there are a variety of benefits and programs available to support landlords, which vary across counties and types of voucher programs.

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Housing subsidies through governmental and service provider organizations guarantee the landlord at least a portion of a household's rent, which cannot be said for other tenants. Landlords and property managers consistently report that this rental income stability is one of the main benefits of participating in rental assistance programs. Some rental assistance programs, such as Section 8 HCVs, may also be able to increase the subsidy if the household temporarily loses or has a decrease in its income. This benefit has been of critical importance to many landlords during the job loss that occurred during the COVID-19 pandemic and through the continued uncertainty. As one landlord on O'ahu, Jon Lam, who works with housing programs through the Institute for Human Services (IHS) and the Section 8 HCV program, stated:

“The main benefit I believe is guaranteed rent, right, and that in situations like we've just gone through with COVID, many of our tenants that were not on Section 8 just basically stopped paying . . . with our Section 8 tenants, we've had the . . . payments throughout the COVID period . . .”ⁱⁱⁱ

Receiving rental assistance to be able to obtain and stay in stable housing comes with a built-in incentive for tenants to pay their portion of the rent and maintain the unit. Housing programs often have long waitlists, and consequently voucher recipients may have waited months or years to receive the assistance. If tenants give cause for an eviction, they are at risk of permanently losing their housing assistance, and in turn falling back into housing insecurity.

Landlords who participate in rental assistance programs often receive additional built-in supports. Some of these incentives are rarely used but provide extra security for landlords who are skeptical of participating in rental assistance programs. Depending on the program, supports and benefits for landlords in addition to guaranteed rent may include:

- A 24-hour support hotline to respond to complaints and concerns
- Damage mitigation protections to cover tenant-caused damages above the security deposit
- Cash incentives
- Free advertising for available rental units for those searching for housing through the program
- Less time with a rental unit empty between tenants because programs have a constant need
- Free inspections to the rental unit prior to signing a lease and may have regular inspections annually, allowing the landlord to ensure that the unit is being maintained

See Figure 1 for more information about these incentives, and local examples of these incentives being implemented throughout the state.

Recipients of housing vouchers may also have access to case management services, which help ease the burden on landlords if a situation were to arise that requires additional intervention and management. In addition, many programs also provide employment counseling and other supports that help voucher recipients best navigate their time as a tenant, further strengthening their ability to be consistent and reliable.

Figure 1: Types of Landlord Incentives		
Incentive Type	Purpose	Local Example
24-hour support hotline	Provide additional support to landlords to mitigate any issues with tenants	24-hour hotline provided through PIC's Landlord Engagement Program
Damage mitigation fund	Protect landlords whose properties incur damages above security deposit	PIC's damage mitigation fund provided through its Landlord Engagement Program
Cash assistance	Provide security and incentive, often up to one month's rent, for signing up for program or for vacancies between tenants	HPHA's Moving to Work landlord incentive plan and Hawai'i County's landlord incentive pilot program
Free home inspections	Provide free home inspections to ensure the safety of rent-assisted tenants, which can cost \$300-900	Home inspections required by HUD-funded voucher programs
Case management	Ease the burden on landlords to provide extra support for residents on voucher programs	State and City Housing First programs provide in-person case management services

How do landlord incentives help to house those with rental assistance?

Across the country, states, counties, and cities are experimenting with innovative approaches to provide landlords with support and incentives to encourage greater use of rental assistance programs. For example, Marin County's Landlord Partnership Program (LPP) provides up to a \$2,500 security deposit, up to \$3,500 for damages made by tenants beyond the security deposit, up to \$3,000 for loss of income due to vacancy during repairs of excess damages, waivers for building permit fees to make repairs and improvements on rental sites, a 24-hour support hotline, and workshops and trainings.ⁱⁱⁱ Prior to the launch of the LPP, the success rate for families being housed was 30%. As of 2018 after the launch of LPP, that success rate increased to 58%.^{iv}

Locally, Partners In Care's O'ahu Housing Now (OHN) uses a public-private collaboration model to utilize COVID-19 relief CARES funding to rapidly house those experiencing literal homelessness.^v The program provides full rental subsidies for

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Figure 2: Landlord Incentives By Rental Assistance Program

	Section 8 HCVs	Special Purpose HCVs	Permanent Supportive Housing	HUD VASH	Rapid Re-Housing	Emergency Housing Vouchers
Who does the program serve?	Extremely low-income and low-income residents	Elderly, homeless, disabled, and veteran residents and families with special needs	Homeless individuals with a high level of need	Veteran individuals & households experiencing homelessness	Individuals requiring short- to medium-term support to transition into independent living	People who are homeless, at risk of homelessness, or fleeing domestic violence
Landlord Incentives and Supports Provided						
24-hour hotline			Varies (see LEP)	Varies (see LEP)	Varies (see LEP)	
Damage mitigation fund			Varies (see LEP)	Varies (see LEP)	Varies (see LEP)	
Cash assistance	Varies (see HPHA's MTW plan and Hawai'i County's landlord incentive)	Varies (see HPHA's MTW plan and Hawai'i County's landlord incentive)			Varies (see OHN)	
Case management			X	X	X	
Free home inspections	X	X	X	X	X	X
Free advertising	X	X	X	X	X	X
Consistent rent while in program	X	X	X	X	X	X
Less time with empty rental unit	X	X	X	X	X	X

up to 12 months and provides wraparound services and case management that is individualized to each household's needs to help stabilize them and create a path toward remaining housed after the end of the program. Landlords were provided cash incentives worth up to two months' rent in addition to regular rent payments while the household is living in the unit. In addition, every participating landlord has access to support from the Landlord Engagement Program, including a 24-hour help line and a damage mitigation fund.^{vi}

The cash incentives, wraparound and case management services, and supports provided through the Landlord Engagement Program have greatly contributed to the success of OHN. Prior to OHN, O'ahu housing placement rates were around 15-20 people each month; since OHN began in the Spring of 2021, housing placement rates on O'ahu increased to 50-60 people each month. In just over eleven months, OHN met its goal of housing 300 households (nearly 800 individuals). The program serves as a model for creating other, more permanent programs like it going forward.

What landlord incentive programs currently exist in Hawai'i?

Leaders throughout the state have implemented innovative programs to recruit and retain landlords participating in rental assistance programs. However, these programs vary across different counties and types of rental assistance programs.

In addition to O'ahu Housing Now, Partners In Care operates the Landlord Engagement Program to serve landlords participating in select rental assistance programs on O'ahu. For

many voucher programs, these landlords have access to a 24-hour help hotline to address tenant issues, and a damage mitigation fund to cover damages that exceed the security deposit. The County of Hawai'i Office of Housing and Community Development has been testing out a landlord incentive.^{vii} With funding through the CARES Act, the County recently piloted its program to provide property owners who participate in the County's HCV program with a one-time incentive of up to \$1,000 in gift cards to home improvement stores.

In January 2022, the Hawai'i Public Housing Authority (HPHA) was selected for the Landlord Incentives cohort of the U.S. Department of Housing and Urban Development's Moving to Work (MTW) demonstration program. As of June 2022, the program is in the planning phase, with aims to roll out its timeline within the next few months.^{viii} Along with funding flexibility to streamline operations of its core programs, providing job training supports for its tenants, and increasing housing choices for families, HPHA will implement three landlord incentives for participating in its HCV program:^{ix}

- Vacancy loss payments between HCV tenants to incentivize landlords to continue participating in HCV programs by providing up to one month's rent to compensate for time between tenant occupancy
- Front-end vacancy loss payments to incentivize initial landlord participation in HCV tenant-based assistance programs to compensate for one month's rent before a new HCV tenant moves in
- A "signing bonus" up to one month's rent to incentivize landlords—particularly those in neighborhoods closer to job

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centers or in areas where vouchers have been difficult to use—to join the HCV tenant-based assistance program

Notably, the Hawai'i State Legislature also recently passed H.B. 1752, which allocates \$1.5 million to establish incentives for landlords to participate in HPHA's Tenant-based Rental Assistance HCV Program and cover property damage expenses that exceed the tenant's security deposit up to one month of rent.^x It will also add new staff to HPHA to improve service delivery and ensure housing inspections take place within 15 days of a landlord or owner's request. This legislation will go a long way in allowing HPHA, which administers some of the HCV vouchers on O'ahu, to provide its participating landlords with necessary support and resources to accept rental assistance vouchers and help house those with greater financial insecurity. See Figure 2 for a list of incentives offered across various rental assistance programs.

While these programs are piloting innovative incentives for landlords, they are siloed and do not provide services to all landlords accepting the broad range of rental assistance vouchers. Partners in Care O'ahu's Landlord Engagement Program only serves landlords participating in select rental assistance programs that serve high-risk and homeless populations on O'ahu, and Hawai'i County's pilot program only serves landlords participating in their county's HCV program. The MTW landlord incentives program and the new funding established under H.B. 1752 will only support landlords receiving HCVs administered by HPHA, which administers less than 50% of HCV vouchers on O'ahu, and does not administer vouchers on neighboring islands.^{xi} This leaves a gap in landlord incentives and support services, particularly for HCVs administered by the county public housing authorities (PHAs) and for programs serving vulnerable populations that require additional support services in Maui, Kaua'i, and Hawai'i counties.

Will landlord incentives alone work?

Providing landlord incentives has been a successful strategy for supporting landlords in return for housing individuals and families who are vulnerable and may have a variety of challenges to accessing housing. In addition to increased access to landlord supports, tenants and prospective tenants with rental assistance also need to be supported and protected. Prohibiting source of income discrimination and implementing incentives and supports for landlords is a balanced and comprehensive approach as two of the many pieces needed to reduce housing insecurity and homelessness. This approach will open up access to housing for more of our most vulnerable citizens who may be housing insecure or experiencing homelessness while also ensuring that landlords are supported throughout the process.

While Marin County's Landlord Partnership Program had promising results in engaging landlords to house people, this program has not been successful on its own. Prior to the establishment of the LPP by the County, a source of income discrimination ordinance prohibiting discrimination in advertisement was passed.^{xii} This type of ordinance prohibits landlords or landlords' agents from broadly excluding those with rental assistance from being considered for a rental unit as other prospective tenants would be. While the Marin County ordinance provides some protections in the advertising stage, many other states and local jurisdictions, including Colorado, Massachusetts, New York, Maryland, Washington, and Washington, DC, among others, provide a more robust protection. These laws protect households with rental assistance from being treated differently than others in advertising, application, tenant requirements, and other phases of the entirety of the rental transaction and agreement.

In 2022, the Hawai'i State Legislature passed S.B. 206, which will prohibit certain landlords from discriminating based on source of income, including in advertisements for rental properties, based on participation in Permanent Supportive Housing programs or any Section 8 HCV program, or requirements related to participation in these housing assistance programs.^{xiii} This legislation, combined with incentives and benefits for landlords to work with some of the state's rental assistance programs, will help increase utilization of vouchers and help curb those falling into or back into homelessness because they are unable to afford rent.

Policy recommendations

While there is some work underway in Hawai'i to provide incentives and support programs for landlords and eliminate source of income discrimination, voucher recipients and landlords alike would benefit from a coordinated effort to ensure incentive and support programming across the state.

To address the underutilization of rental assistance housing vouchers, the state, counties, and service providers should work together to (1) ensure that landlords understand the benefits of working with rental assistance programs and eliminate stigmas against those who receive housing vouchers; (2) use existing models to establish landlord engagement programs that serve all rental assistance programs in all counties; (3) create mechanisms for housing voucher recipients to report instances of discrimination; and (4) strengthen and scale case management services to ease the burden on landlords.

- **Educate landlords about the broad range of benefits and incentives of engaging with rental assistance programs.**

Many landlords in Hawai'i are skeptical of renting to people using rental assistance due to a history of misconceptions and othering of low-income people. The state, counties, and

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service providers must work through a coordinated communications strategy to ensure that the state's landlords and property managers understand the wide range of benefits available to them if they work with rental assistance programs. Working to share stories of participating landlords and tenants will help decrease stigma against those relying on rental assistance vouchers and increase participating landlords and voucher rental stock.

- **Establish coordinated landlord engagement programs that serve all rental assistance programs in the state.**

Programs that provide incentives for landlords to engage with housing vouchers have proven to increase the number of available units. However, programs currently operating in the state predominantly assist landlords participating in rent-assisted programs on O'ahu. Additionally, many of the landlord engagement innovations through the MTW landlord incentive program and funding provided under H.B. 1752 will serve HPHA's HCV-participating landlords, which only operates a fraction of O'ahu's Section 8 vouchers. Providing these landlord engagement incentives consistently across all rental assistance voucher programs in all counties will help encourage greater landlord participation in rental assistance programs.

- **Create mechanisms for housing voucher recipients to report instances of discrimination.**

S.B. 206 prohibits source-of-income discrimination in certain circumstances, meaning that many landlords will no longer be able to outright reject applicants solely because they are using permanent supportive housing vouchers or Section 8 HCVs. This legislation is an important step in providing voucher recipients with greater housing options but will not be effective without adequate enforcement. The state must provide residents with a mechanism to report instances of discrimination, and invest resources in

complaint investigation and follow up services to ensure the implementation and enforcement of the law.

- **Strengthen and scale case management services to ease burden on participating landlords.**

Effective case management services can help both prevent tenant issues from arising and mitigate any problems that may come up while providing housing for rent-assisted residents. Case management programs are particularly helpful for high-need populations, including elderly, disabled, and chronically homeless individuals. While many programs already operate case management services, they are not adequately resourced to provide the scale of services necessary to support rent-assisted residents. Partners working to provide housing should invest resources in quality case management services that include regular follow-ups to help those receiving housing vouchers thrive, and leverage programs like Community Integration Services (CIS) to ensure consistency in case management supports.

For more information about landlord engagement efforts to support the housing needs of people exiting homelessness, visit <http://homelessness.hawaii.gov/landlord-engagement>.

ⁱ HUD (2022). *Housing Choice Voucher Data Dashboard*. https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard

ⁱⁱ Q&A with O'ahu Landlord Jon Lam (October 2021). <https://vimeo.com/640199750>

ⁱⁱⁱ Marin Housing (n.d.). *Landlord Partnership Program*. <https://www.marinhousing.org/landlord-partnership-program>

^{iv} County of Marin (n.d.). *Marin County/Marin Housing Authority Landlord Partnership*. https://www.counties.org/sites/main/files/file-attachments/marin_county_-_landlord_partnership.pdf

^v Partners In Care (n.d.) *O'ahu Housing Now (OHN)*. <https://www.partnersincareoahu.org/about-ohn>

^{vi} Partners In Care (n.d.) *Landlord Engagement Program*. <https://www.partnersincareoahu.org/about-lep>

^{vii} County of Hawaii Office of Housing and Community Development (n.d.) *Landlord Incentive Program*. https://fb5ef8fb-5712-4a77-8357-a8b0b72da606.usrfiles.com/ugd/fb5ef8_f036c0c6273f404b8dbee41ae3a625b3.pdf

^{viii} Hawaii Public Housing Authority (2022). *HPHA Regular Board of Directors Meeting Notes 2/17/22*. http://www.hpha.hawaii.gov/boardinfo/board_mtgs_completed/2022/HPHA%20Regular%20Meeting%2002.17.22.pdf

^{ix} Hawaii Public Housing Authority (2021). *Moving to Work Demonstration Program – Landlord Incentives Cohort Moving to Work Plan and Application Package*. <http://www.hpha.hawaii.gov/mtw/HPHA%20MTW%20Plan%20and%20Application%20Package%20-%20Landlord%20Incentives%20Cohort.pdf>

^x Hawaii State Legislature (n.d.) *HB1752 HD3 SD1 CD1*. https://www.capitol.hawaii.gov/session2022/bills/HB1752_CD1_.htm

^{xi} U.S. Department of Housing and Urban Development (n.d.). *Housing Choice Voucher (HCV) Data Dashboard*. https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard

^{xii} County of Marin (2016) "Supervisors Pass Fair Housing Ordinance." <https://www.marincounty.org/main/county-press-releases/press-releases/2016/cda-fairhousing-110916>

^{xiii} Hawaii State Legislature (n.d.). *S.B. 206 S.D. 2 H.D. 1 C.D. 1*. https://www.capitol.hawaii.gov/session2022/bills/SB206_CD1_.htm