



APRIL 2022

# SOI Ad Hoc Committee

*Source of Income  
Ad Hoc Advisory  
Committee  
Recommendations  
Report*

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## Introduction

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The creation of the Source of Income Ad Hoc Advisory Committee was an outcome of a 2020 body of work undertaken by the City of Charlotte examining the possibility of amending the city's fair housing ordinance to include source of income protections, and particularly surrounding housing opportunities for households with Housing Choice Vouchers (HCVs). As a result of this analysis, in February 2021 the Charlotte City Council approved the creation of the Source of Income Ad Hoc Advisory Committee and charged the committee with:

**Developing recommendations, program enhancements, and process improvements to increase the acceptance of all forms of rental subsidies, including the federal Housing Choice Voucher (HCV) program, the largest source of rental subsidies in our community.**

In April 2021, the following individuals were appointed to serve on the Source of Income Ad Hoc Advisory Committee:

- Mark Ethridge, Ascent Real Estate Capital (Co-Chair)
- Kim Graham, Greater Charlotte Apartment Association (Co-Chair)
- Clay Grubb, Grubb Properties
- Beverly McCluney, SL Nusbaum
- Rev. Dr. Stephanie Moore Hand, United Methodist Church
- Philip Tegeler, Poverty and Race Research Action Council
- Fred Warren, Fred Warren Realty

The Ad Hoc Committee was supported by staff from INLIVIAN and the City of Charlotte, including:

- Fulton Meachem, INLIVIAN President and Chief Executive Officer
- Kimberly Cole, INLIVIAN Executive Vice President of Administrative Operations
- Pamela Wideman, City of Charlotte Director of Housing & Neighborhood Services
- Willie Ratchford, City of Charlotte Director of Community Relations
- Anna Schleunes, City of Charlotte Assistant City Attorney

The Task Force met monthly from May to December 2021. The monthly meetings were available to the public through live-streaming on the GOV Channel and the City's Facebook and YouTube pages, and meeting materials were posted on the Ad Hoc Advisory Committee webpage ([charlottenc.gov/Mayor/Pages/Source-of-Income-Ad-Hoc-Advisory](http://charlottenc.gov/Mayor/Pages/Source-of-Income-Ad-Hoc-Advisory)). Additionally, the Committee formed two subcommittees to conduct the work of the committee - these subcommittees also met monthly in-between the larger committee meetings.

To accomplish the charge of the committee, the Ad Hoc Committee conducted a comprehensive study of the Housing Choice Voucher (HCV) program in Charlotte, reviewed information on what other housing authorities and municipalities are doing around landlord incentives and HCV program enhancements including Moving to Work (MTW) public housing authorities, received information on INLIVIAN's HCV

program enhancements and opportunity areas, met with other local (non HCV) rental subsidy providers and other industry experts, considered relevant information such as landlord surveys and best practice research including that assembled during the City's 2020 analysis mentioned above, and collaborated with City staff on data mapping infrastructure to yield effective data and metric setting for expansion of rental subsidy acceptance especially in high opportunity areas (see Appendix for more details on data mapping). This work informed the Ad Hoc Committee recommendations.

The Ad Hoc Advisory Committee concluded its work in December 2021. This report sets forth the recommendations of the Ad Hoc Committee to increase the acceptance of all forms of rental subsidies in Charlotte, including the federal Housing Choice Voucher (HCV) program, together with recommended implementation strategies.

## Public Testimony

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Over the course of the eight months that the Ad Hoc Committee met, important testimonies and presentations were received from the following people and organizations. Highlights of lessons learned, and best practices related to rental subsidies is shared by these organizations is included in this report.

- Kimberly Cole, INLIVIAN Executive Vice President of Administrative Operations
- Elizabeth Kurtz, Chief Housing Officer, Charlotte Family Housing
- Jeff Lawrence, Berkadia Financial Services
- Isabel Lopez, NestQuest
- Hannah Mannion, NestQuest
- Fulton Meachem, INLIVIAN President and Chief Executive Officer
- Sherkica Miller-McIntyre, Carod Properties
- Tara Peele, President and CEO, Socialserve
- Pedro Perez, Executive Director, Charlotte Family Housing

## The Face of Subsidized Housing

Subsidized housing plays an important role in providing housing security in the lives of real people. There is not one type of person or family who lives in subsidized housing. There are families with single parent heads of households, father and mother or other partner households, and individuals. There are varying races, ages, and ethnicities. People might think it is only “this-type of person” or “that-type of family” that makes up the subsidized housing renter-household. There is no one face of subsidized housing. The reality is that perceptions, and especially negative ones, are often not the reality.



<u>Housing Choice Voucher Common Beliefs</u>	<u>Housing Choice Voucher Reality</u>
<ul style="list-style-type: none"> <li>• Landlords are forced to reduce their rents</li> <li>• Inspections occur many times throughout the year</li> <li>• First payment is often delayed</li> <li>• Longer eviction process than with nonsubsidized renters</li> <li>• Greater chance of wear &amp; tear on the property; Renters with HCVs come with problems</li> <li>• Banks and other financial institutions including insurance companies view the HCV program unfavorably</li> </ul>	<ul style="list-style-type: none"> <li>• Landlords are not required to conform to federal rent standards</li> <li>• Inspections occur at the beginning of the tenancy and at least annually thereafter</li> <li>• Direct deposit increases timeliness of rent payment (PHA portion)</li> <li>• Eviction times dependent on jurisdiction’s court system</li> <li>• Most renters work hard to comply with tenancy requirements to retain their HCV</li> <li>• Lenders view HCVs no differently than other sources of rental revenue; there are no higher/additional insurance premiums for properties that accept HCVs</li> </ul>

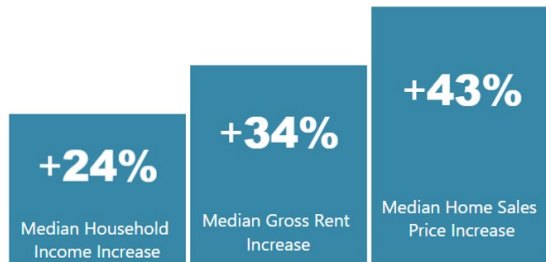
With regard to the Housing Choice Voucher program, INLIVIAN is actively working to change these perceptions. For example, they have implemented a media education campaign #HousingForEveryone, host an annual Housing Provider Symposium, and established a Housing Provider Advisory Group. The Source of Income Ad Hoc Advisory Committee discussed the impact of perception on landlord participation in the HCV program and acknowledges the role this plays – this is reflected in the Ad Hoc Committee’s recommended implementation strategies in this report.

## Charlotte's Rental Housing Landscape

Charlotte is a vibrant and desirable city, but rapid growth and changing development patterns have also led to a significant increase in housing costs, while growth in wages and incomes are not keeping pace. Rising costs can particularly impact vulnerable residents, including low-income renters, seniors, and persons of color, especially Black and Latinx residents whose incomes historically often lag their non-minority counterparts.

### Growth and Rising Costs.

By 2040, Charlotte is expected to grow by another 385,000 persons, contributing to increased costs and growing displacement risk in the future.



Over the past five years, both rent and home sales prices in Charlotte have outpaced growth in wages and income, making our city less accessible to low-and-moderate-income residents.

### The Affordable Housing Gap.

As of 2019, there was a need for approximately 27,600 housing units affordable to households at 50% and below of the area median income (AMI), including approximately 21,200 housing units affordable to households at 30% AMI and below. *See Appendix for additional housing gap information.*

### Rental Market Overview

Rental housing development has not kept pace with the demand for units that would be affordable to low-to moderate-income families. The high cost of development has resulted in more high-end apartments and townhomes coming to the market. Additionally, Charlotte vacancy rates are historically low in the wake of the pandemic eviction moratorium lease holdovers, and most of the rental homes being produced are often one-to-three-bedroom units thus limited opportunities for larger families with children and multi-generational households.

Conventional Properties	Jan 2022	Annual Change
Occupancy	95.6	+0.8%
Unit Change	0	
Units Absorbed (Annual)	1,281	
Average Size (SF)	941	+0.2%
Asking Rent	\$1,417	+17.2%
Asking Rent per SF	\$1.50	+16.9%
Effective Rent	\$1,414	+18.2%
Effective Rent per SF	\$1.50	+17.8%
% Offering Concessions	3%	-74.3%
Avg. Concession Package	4.6%	-33.3%

Source: ALN Apartment Data, 2022 Charlotte Market Report



### Pandemic Impact on Rents.

Per the Charlotte-Mecklenburg 2021 State of Housing Instability Report, the hourly rate needed to afford a one-bedroom unit while working a full-time job (40 hours per week) increased from \$17.96/hour in 2020 to \$21.04 in 2021, while the hourly rate needed for a two-bedroom apartment increased from \$20.44/hour in 2020 to \$23.98/hour in 2021. Between 2020 and 2021, the fair market rent for a one-bedroom unit increased by \$76, and \$88 for a two-bedroom unit, while minimum wage remains unchanged at \$7.25 per hour.

**116 hours/week**  
**16.6 hours/day**

16.6 hours of work a day in at minimum wage needed to afford a 1-bedroom unit at FMR, or 116 hours per week.

Source: <https://ui.charlotte.edu/story/2021-state-housing-instability-homelessness-report-released-today>

### The Affordable Housing Pipeline.

Since City of Charlotte increased its affordable housing bonds to \$50 million in 2018 and 2020, the City and its partners have accelerated the preservation and development of affordable housing. Currently, more than 3,000 new, long-term deed restricted housing units affordable to households earning 80% and below the area median income (AMI) are scheduled to come online for leasing within the next 18 – 24 months, including nearly 800 units affordable to households earning 30% and below the AMI that will be accessible to households with HCV and other rental subsidies. Additionally, various other new affordable housing developments that are in progress that have been awarded low-income housing tax credits by the North Carolina Housing Finance Agency, and that have no City financial support, will also create additional opportunities for units affordable to households with rental subsidies. Even so, there remain opportunities to help create additional units affordable to low-income households with rent subsidies and particularly in moderate, high, and very high opportunity areas (*see Recommendations for additional information*).

## **Rental Subsidy Program Challenges**

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To help expand affordable housing options, rental subsidy programs, including the federal Housing Choice Voucher (HCV) program, rely on private-market landlords (housing providers), as well as non-profit housing providers like INLIVIAN, to rent safe and quality housing to rental subsidy households.

### The Housing Search Experience.

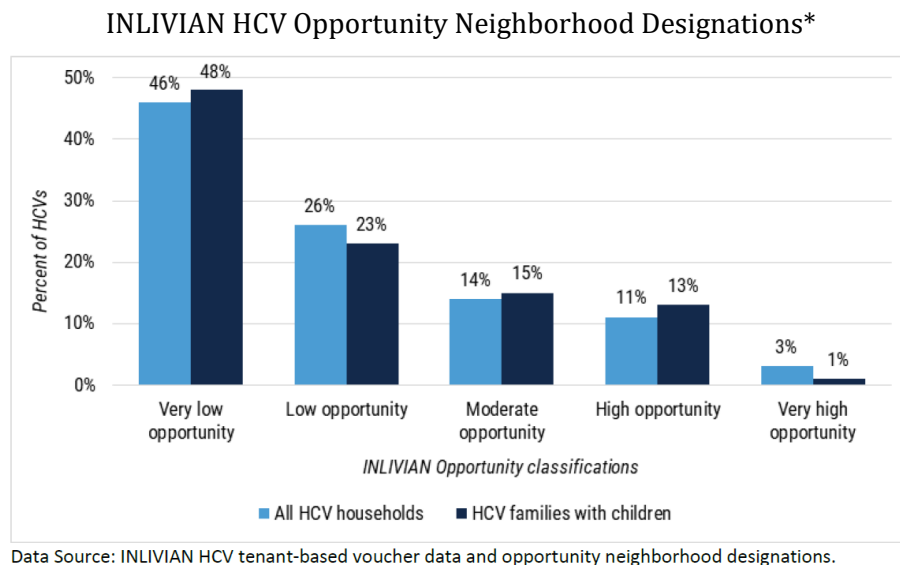
Charlotte has an affordable housing crisis - in today's market it is hard to find an apartment to rent in Charlotte. In addition, little of Charlotte's rental housing is accessible to households with rental subsidies for a variety of reasons.

From 2017 to 2019, 204 households (average of 68 per year) were granted a Housing Choice Voucher but were unsuccessful in utilizing it for a variety of reasons. While the data was not available to identify why all 204 households were unable to utilize their vouchers (e.g., if they presented the voucher to a housing provider that would not accept vouchers, or if they did not qualify for other reasons such as background criteria, insufficient income for the particular unit's rent, etc.), it is known that there is a significant gap in units available in Charlotte at rents affordable to low-to moderate income households, particularly in

areas of moderate, high and very high opportunity. Based on INLIVIAN's housing search logs, the three most common reasons that voucher holders are unable to utilize Housing Choice Vouchers is that the housing provider did not accept HCVs, no units were available, and the applicant did not meet income requirements. Additionally, INLIVIAN reports that the average time frame of successful housing searches during the 2017-2019 period was approximately 73 days. While the affordable housing pipeline in Charlotte will increase the number of units available to low-to-moderate income households including those with rental subsidies like the HCV, it cannot be discounted that the inability to utilize a voucher or to find housing for over two-months has very real impacts on those families and their housing stability.

### Housing Choice Vouchers by Opportunity Classification

Most rental subsidy/voucher households live in low opportunity neighborhoods. The majority of current HCV households live in census tracts with limited access to amenities and opportunities that help lead to increased economic mobility. Households with rental subsidies often experience challenges finding available rental units. While part of this is a result of the current tight housing market and severe affordable housing gaps in the Charlotte market, the housing search can be exacerbated by non-participation by housing providers. *See Appendix for additional information on HCV household locations and search success rates.*



\*INLIVIAN's opportunity designation is determined by the Census tract level by poverty rates, job proximity index, crime rate, transit type, and neighborhood elementary school performance.

### Rental Provider Feedback on Housing Choice Voucher Program.

Below is a summary of feedback received from rental housing providers about the Housing Choice Voucher program. The feedback was provided through various surveys, including the 2020 City of Charlotte landlord survey.

- The required HCV Housing Assistance Program contract (HAP contract) limits a landlord's ability to enforce their own lease agreement covenants and creates added layers of bureaucracy in the lease-up process



- Rent increases are too low to keep up with rental property expenses
- Inspections – Too frequent, stringent and delays in scheduling; time unit must be off-market pending inspections
- Cost of tenant damages and inability to recoup costs for repairs; lack of tenant and HCV program accountability
- Lack of HCV staff responsiveness
- Delays in initial rent payment
- Complicated process
- Prior bad experiences with HCV program
- Other rental assistance groups/subsidies are easier to work with compared to the HCV program

It is important to note that INLIVIAN is aware that challenges exist with the HCV Program and implemented enhancements to help mitigate some of the program challenges to help remove barriers and increase housing provider participation in the program. These enhancements are set forth in this report in the Voucher Program Enhancements and Incentives section. Additionally, information about the 2020 landlord survey conducted by the City of Charlotte, together with recommendations submitted by landlords to address HCV programs challenges to increase the acceptance of HCVs, is included in the appendix.

#### Insights from Other Subsidy Programs, Rental Housing Providers, and Industry Experts.

Charlotte is fortunate to have several rental subsidy program providers in addition to INLIVIAN and the HCV program, as well as organizations providing landlord incentives, landlord recruitment assistance, and other supportive services. Some of these include Mecklenburg County's Shelter Plus Care, Housing For Good and Keeping Families Together programs, Foundation for the Carolinas A Way Home program, Socialserve's Housing CLT program, The Lotus Campaign, Charlotte Family Housing, and others. To help understand the challenges and successes of other rental subsidy programs, as well as understand how the HCV program is viewed by the relevant practitioners, the Ad Hoc Committee received information from several organizations (below).

These individuals and community partners highlighted two common, noteworthy themes:

- Supportive services are critical for the success of rental subsidy programs as well as landlord recruitment/retention efforts, and
- Housing Choice Vouchers largely represent guaranteed cash flow.

#### Charlotte Family Housing (Charlotte, NC)

Charlotte Family Housing (CFH) is a non-profit organization in Charlotte that provides a shelter-to-housing program for working families experiencing homelessness, whose mission is to empower working families experiencing homelessness to achieve life-long self-sufficiency through shelter, housing, supportive services, and advocacy. Pedro Perez, Executive Director, and Elizabeth Kurtz, Chief Housing Officer, joined the Ad Hoc Advisory Committee at their August 2021 meeting. **They attribute CFH's success to their ability to provide supportive services**, such as clinical social workers focused on making sure families have the financial skills and confidence to achieve their long-term goals to lead to successful graduation from the program; providing housing coordinators to get families into housing and serving as advocates and intermediaries on behalf of landlords to make sure the needs of both the family and landlord are met. CFH proactively searches for units to meet the needs of their clients, pre-qualifies

applicants with properties, and develops long-term relationships with housing providers. They walk hand-in-hand with their clients and property managers with whom they have relationships through the application, inspection and move-in to ensure that the process goes quickly and smoothly. They continually search for units that fit the needs and wants of their client's families so that they have a curated list of housing units as they begin the process. CFH also pre-qualifies applicants with properties so that management can reasonably work around any barriers before the family puts in an application. An important selling point for landlords is the **benefit of having a resident with in-place supportive services**. 95% of households exit the CFH program into unsubsidized housing, including approximately 15% moving on to homeownership.

More information: <https://charlottefamilyhousing.org>

#### Socialserve / Housing CLT (Charlotte, NC)

Tara Peele, President and CEO of Socialserve, joined the Ad Hoc Committee at the August 2021 meeting and shared about the work of Socialserve and the HousingCLT program. Socialserve works to connect people to housing through a robust database of available for-rent units. The Housing CLT program streamlines the process of finding housing for people who are homeless or at risk of homelessness by providing a single point of contact for housing providers, service agencies and tenants, all the way from the application process through the length of tenancy. By recruiting and retaining housing providers who are open to engaging with programs that receive ongoing support, HousingCLT enables homeless service agencies to focus on delivering stabilizing services to the households they refer. The housing provider relationships cultivated by HousingCLT eliminates wasted time and application fees incurred by households in their search for safe, stable, and affordable housing.

Housing providers who partner with HousingCLT are given viable applicants that HousingCLT assists through application, inspection and moving. HousingCLT maintains regular contact with housing providers to help address any issues that threaten tenancies - including rental payment delays. The program also provides several incentive and risk mitigation funds that support and reward participating property providers (*see Program Enhancements and Incentives for more details*).

HousingCLT connects tenants and landlords - helping each be successful in the relationship, finds housing providers, assists households through the application process, pays upfront costs/arrears as well as ongoing monthly rental subsidy and utility assistance. **Ongoing supportive services is key.** HousingCLT partners with agencies like Supportive Housing Services, United Way and Roof Above to provide case management services to serve clients with complex barriers (multiple evictions, etc.)

More information: <https://www.socialserve.com/HousingCLT.html>

#### NestQuest (Houston, TX)

NestQuest is a Houston based non-profit organization founded in 2017 that connects Houston families with children participating in the Housing Choice Voucher program to participating rental units located near high performing public schools. Isabel Lopez and Hannah Mannion with NestQuest joined the Ad Hoc Advisory Committee at their October 2021 meeting. NestQuest helps voucher families by acting as landlord by subleasing units to tenants, and they comparably act as the leaseholder for the property. This master-lease arrangement and close relationship with the Houston Housing Authority allows NestQuest to offer housing availability to voucher holders without the property actually accepting vouchers. This greatly simplifies the housing search process for HCV families with children. Households do not have to mention their voucher during the housing search, and also do not have to have credit background checks performed by landlords. Housing providers agree to disregard and override any history of financial evictions, low credit scores, or income requirements when screening prospective tenants, while reserving

the right to deny applicants for any behavioral eviction history. Among other things, NestQuest performs quarterly inspections of occupied units to ensure units will pass any housing authority inspections. **Case-management assistance is critical** – NestQuest provides participating families with financial budgeting & planning, resource matching, goal setting & pathways to achievement, etc. NestQuest manages all of the housing paperwork and inspections, and serves as the liaison with the housing authority. This unique arrangement provides voucher households access to high opportunity areas and high performing schools, increased housing choice with no credit checks, and access to safe, stable housing communities.

More information: <https://nestquesthouston.com/>

#### Real Estate Management Expert - CAROD Properties (Charlotte, NC)

CAROD Properties is a Charlotte real estate and property management firm. Sherkica Miller-McIntyre, Broker in Charge and Owner of CAROD, joined the Ad Hoc Committee at the September 2021 meeting and shared her personal experience as a real estate professional with the HCV program. Ms. Miller-McIntyre also serves on INLIVIAN's Housing Provider Advisory Council. In summary, CAROD Properties:

- Views HCV administrative challenges (inspections, lease-up, timeliness of payment) no differently than those of market-rate tenants
- Views HCVs as guaranteed income, which has proven to be particularly important in a pandemic environment
- Plays a significant role in educating their landlord-clients (clients) about the HCV program, to gain landlord participation in the HCV program
- Handles all inter-face with INLIVIAN regarding the HCV on behalf of their clients
- Has been tremendously successful in convincing clients to accept HCVs, and has not had any clients leave the program; administratively they place limits on the number of HCV units in their portfolio
- Has found that the HCV program enhancements implemented by INLIVIAN has helped make the HCV program more attractive to their clients

#### Multi-Family Residential Financial Expert – Berkadia (Atlanta, GA)

Founded in 2009, Berkadia is a national leader in the commercial multi-family real estate industry with a \$300-billion-dollar portfolio, primarily servicing commercial mortgage loans. Jeff Lawrence, Managing Director, joined the Ad Hoc Committee at the October 2021 meeting and shared how tenant-based and project-based vouchers are viewed by the financial industry. Contrary to common misconceptions, when it comes to real estate financing, Housing Choice Vouchers are viewed no differently than any other sources of rental income. When lenders underwrite deals, there is no consideration of vouchers in the rent rolls (they do not underwrite to voucher rents, they underwrite to market rents) and therefore no penalty is attributed to the developments for participating in the HCV program. Underwriting is generally based on market rents and how the market is performing, irrespective of vouchers. When project-based vouchers are involved, they are viewed very positively because they represent confirmed cash flow. Throughout the pandemic Berkadia found that developments with project-based vouchers had very durable cash flows even in the height of the pandemic. The data show a compelling argument to be made to landlords, that HCV tenants perform with better rent collection rates than market-rate tenants, as evidenced during the pandemic. Higher insurance rates are occurring across the board, with no correlation to vouchers.

In summary:

- Tenant-based vouchers generally don't have an impact on how financing is viewed and underwritten even considering market dynamics
- Project-based vouchers are viewed favorably; overall voucher durability of cash flow is valuable

- There is compelling empirical data that HCV tenants perform better rent collection rates than market-rate tenants
- Every deal is different - there will always be a specific property where underwriting is tweaked, but in a broader sense, lenders are not focused on HCVs and properties that accept HCVs are not penalized in any way during underwriting
- Acknowledged that there are HCV program process challenges, and recommended that the Ad Hoc Committee identify ways that the HCV program can be as user-friendly as possible to increase voucher acceptance

## Voucher Program Enhancements and Rental Subsidy Program Incentives

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To expand affordable housing options for voucher and other rental subsidy recipients, many public housing agencies (PHAs) and non-HCV rental subsidy providers have developed incentives, streamlined administrative processes, and offered customer service support to encourage landlords to participate in the HCV and other rental subsidy programs. Locally, INLIVIAN has introduced incentives and process improvements to address barriers to landlord participation in the HCV program. Among other things, this has resulted in housing units being made available to voucher households in high opportunity areas. Other local organizations working with or providing rental subsidies have similarly implemented incentives. Below are several local examples of program enhancements and incentives developed and implemented by agencies to increase the acceptance of rental subsidies.

### INLIVIAN HCV Enhancements / Incentives ([www.inlivian.com](http://www.inlivian.com))

INLIVIAN is the local public housing authority in the Charlotte community, administers the federal Housing Choice Voucher program, and develops, owns, and operates affordable and mixed-market housing developments. INLIVIAN provides the following HCV program enhancements and incentives to increase landlord participation in the program. *See report Appendix for additional information on the HCV program enhancements implemented by INLIVIAN.*

- Increased program rents in high and very high opportunity areas
- Up to \$1,000 risk/damage mitigation
- \$250 signing bonus
- Annual rent increase of at least 2%
- Continuity assistance (funds between lease-ups that offset time unit may be vacant)
- Inspections every 2-years instead of annually
- Decreased number of inspection days for lease-up inspection
- Landlord self-certification on initial inspection for non-health and safety issues
- Housing provider outreach position, first-time housing provider concierge service, and lunch-and-learn series for current and prospective housing providers

### HousingCLT Incentives ([www.socialserve.com/HousingCLT](http://www.socialserve.com/HousingCLT))

The Housing CLT program streamlines the process of finding housing for people who are homeless or at risk of homelessness by recruiting and retaining housing providers who are open to renting units to this population. Housing CLT provides the following incentives to increase landlord participation in their program.

- One point of contact for landlords
- Up to 2 months' rent signing bonuses; this is sometimes used to incent the landlord to lower the

- per month rent under fair market rent (FMR)
- Holding fees to incent landlord to hold the unit so application can be completed, and an inspection can be conducted
- Risk mitigation fund to cover excessive damages/ eviction costs
- Pay existing rent / eviction/ utility arrears to help tenant become 'rent ready'
- Hire private inspectors to conduct quicker inspections
- Pay for repairs to meet HUD's Housing Quality Standards (HQS); have purchased appliances for units that do not come with them to meet HQS
- Stability bonuses if landlords renew a lease for client household

Lotus Campaign Incentives ([www.lotuscampaign.org](http://www.lotuscampaign.org))

Lotus Campaign is a local non-profit that seeks to increase the availability of housing for people experiencing homelessness by serving as a bridge builder between non-profits working with homeless individuals and households or those at-risk of homelessness, and landlords who have available units. By mitigating the risks of renting to those in need, their Landlord Participation Program enables a speedy move-in, sometime in as few as seven days. Lotus provides the following incentives to increase landlord participation in their program

- Signing bonus to landlords
- Payment for the cost of application fees
- Guarantee rent and against loss of rent and damages
- Support services for renters
- Assistance for landlord if an eviction is necessary
- Landlords waive security deposits, credit checks, and employment records

## Recommendations for Increasing Acceptance of Rental Subsidies

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Pursuant to the committee charge, the Source of Income Ad Hoc Advisory Committee developed recommendations for increasing the acceptance of all forms of rental subsidies, including the federal HCV program. These recommendations are set forth below.

### 1. Source of Income protections in City of Charlotte and Mecklenburg County supported housing developments

The City and County should include source of income protections for any for-rent residential housing developments receiving public financial support of any kind, including both affordable and market-rate housing developments receiving Tax Increment Grants and other types of financial support.

Goal:

Create a new policy requiring mandatory acceptance of HCVs and other forms of rental subsidies and legal sources of income in all City and County supported housing.

Recommended Implementation Strategy:

- Bring forward policy to City Council to include source of income protections in all City supported housing developments.
- Advocate for the Board of County Commissioners to enact an analogous policy for all County supported housing developments.

### 2. Increased “Housing Navigator” Capacity

The City of Charlotte, Mecklenburg County, private and philanthropic sectors should provide new or expanded funding to increase capacity of existing local organization(s) to create greater rental housing provider participation in the Housing Choice Voucher (HCV) and other rental subsidy programs in areas of moderate to high opportunity. The definition of opportunity areas will be defined by the City of Charlotte in collaboration with community partners through a data-driven process, including data provided by INLIVIAN.

While the Ad Hoc Committee believes that the City of Charlotte and Mecklenburg County should participate in providing this funding, the committee also acknowledges that the private and philanthropic sectors can also play a role, recognizing that providing housing and economic mobility opportunities is a social responsibility.

Funding for this recommendation should be determined through a Request for Proposal (RFP) to existing housing support organizations. The City can assess budget needs based on proposals received. Then, in partnership with Mecklenburg County and the philanthropic sector, funds should be raised, and funding awarded. With increased capacity, the organization(s) will be able to increase rental subsidy acceptance by:

- Recruiting new landlords in moderate to high opportunity areas to accept vouchers and other rental subsidies.
- Acting as landlord for resident and leaseholder for property through master leases, working in close coordination with INLIVIAN and other rental subsidy providers.
- Serving as the first point of contact for housing providers/property managers if any issues arise during a voucher/rental subsidy holder’s occupancy.



- Creating or increasing incentives and remove barriers for housing providers, such as:
  - Facilitating required inspection of units
  - Covering rent during the inspect phase
  - Providing higher security deposits, risk mitigation funds, or related incentives

Funding should go towards personnel costs for housing navigators as well as towards investments in tools like supplemental rent payments (when market rent exceeds voucher payment standards), supplemental security deposits, risk mitigation funds, interim lease payments, and/or other incentives.

Goal:

Add 75 Housing Choice Voucher or other rental subsidy recipients in moderate to high opportunity areas in the first two years after funding is awarded.

Recommended Implementation Strategy:

Phase I

- Issue RFP to existing housing support organizations.
- Evaluate proposals based on ability to fulfill goal of increasing voucher and rental subsidy recipient households in moderate to high income areas.
- Assess operating budget of selected proposal(s) to determine funding needs.
- Partner with Mecklenburg County and philanthropic sector to raise and award funding.

Phase II

- Establish reporting requirements and protocols to monitor operations of both housing navigators as well as rental subsidy providers.
- Set metrics to assess operational effectiveness of rental subsidy providers in streamlining inspections, payments, and other components of the housing process. It is important to note that INLIVIAN's operation metrics are regulated by HUD, however to the extent possible, INLIVIAN will make additional proposals to HUD to streamline processes.
- Work with landlords who participate through this initiative to collect input for pilot evaluation and highlight successes for further recruitment.
- Initiate education and communications plan in conjunction with housing navigator organization(s) to dispel myths and reduce stigma surrounding the Housing Choice Voucher program and other rental subsidy sources.
- Facilitate evaluation of outcomes for housing navigator services and the households supported by them to inform future investments and scale what works

### **3. Property Tax Incentives**

The City of Charlotte or Mecklenburg County should offer property tax reimbursements for new market-rate rental housing developments in high-opportunity areas that set aside at least 5% of their units for 30% AMI and below households with a voucher or rental subsidy. The definition of opportunity areas will be defined by the City of Charlotte in collaboration with community partners through a data-driven process, including data provided by INLIVIAN.

- The commitment and corresponding property tax reimbursement should last for a minimum of 15 years. The property tax reimbursement should total 25% of the project's annual property taxes paid to the City of Charlotte or Mecklenburg County.
- Housing providers would receive property tax reimbursements only once all set-aside units are occupied by eligible households.
- The agreement between the City or the County and housing provider should be developed in such a way as to remove barriers that would inhibit housing providers from participating.

Goal:

Execute agreements for at least 40 units in high-opportunity areas in the first two years after the policy is enacted.

Recommended Implementation Strategy.

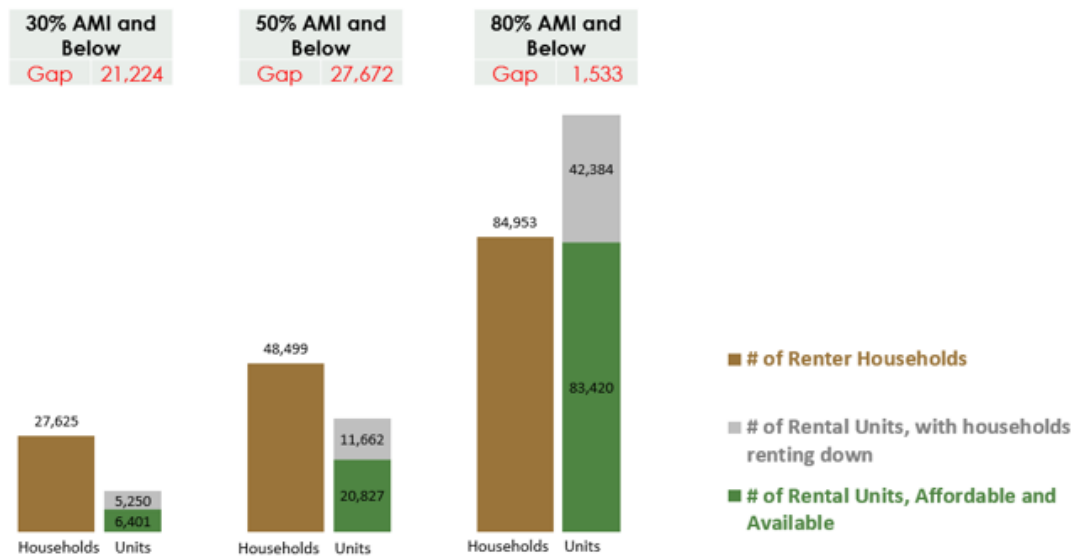
If legal obstacles prohibit the City from creating the property tax incentive program as recommended (for example, obstacles related to current North Carolina General Statutes), the City should:

- Consider alternative property tax incentive structures that are legally permissible to promote the ability of < 30% AMI households to obtain housing in moderate to high opportunity areas.
- Explore feasibility with Mecklenburg County to provide property tax incentives and support the County in enacting this policy if feasible.

## APPENDIX

### Affordable Housing Gap

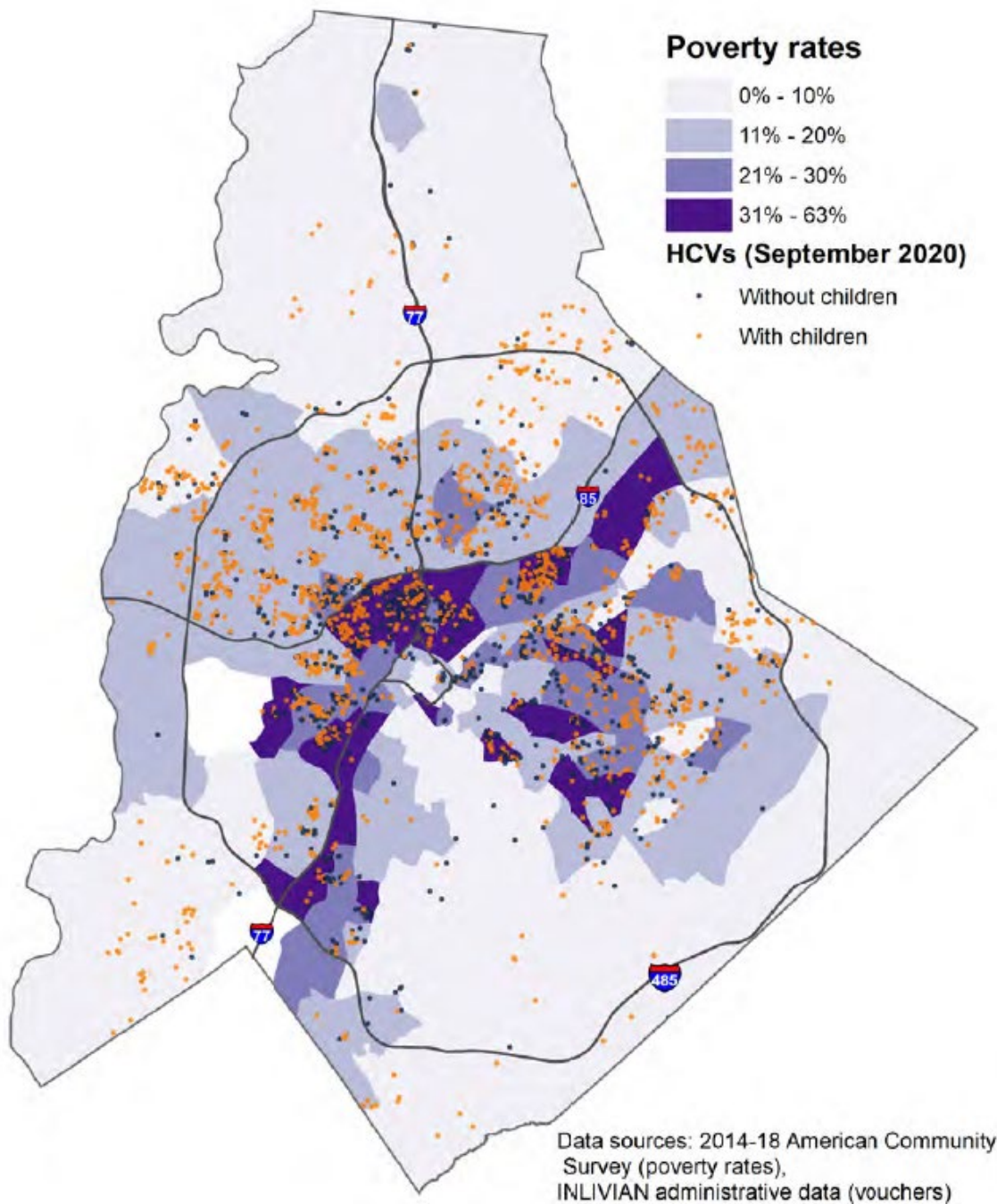
The below graph shows the need for affordable housing units at Area Median Income levels (AMI) as of 2019, which is the most recent Census data available. The housing gap is calculated as the difference in the number of households and the number of affordable and available rental units at each level of AMI. The gap in affordable rental housing is partly a function of rental mismatch – that is, households that are renting down in AMI level, either by necessity or by choice. In 2019, rental mismatch contributed to a gap at all levels of AMI, even at <80% AMI where there were more units (supply) than households (demand).



Source: U.S. Census, American Community Survey, Public Use Microdata Sample, 1-Year Estimates, 2019. Accessed from <https://www.census.gov/programs-surveys/acs/data/pums.html>

### Housing Choice Voucher Households and Opportunity Neighborhoods

The majority of current HCV households live in census tracts that lack features that encourage economic mobility. The below map shows the location of INLIVIAN HCV households against poverty rates throughout the county. The most highly concentrated area of voucher holders reside in census tracts with poverty rates that range from 21% to 63%.



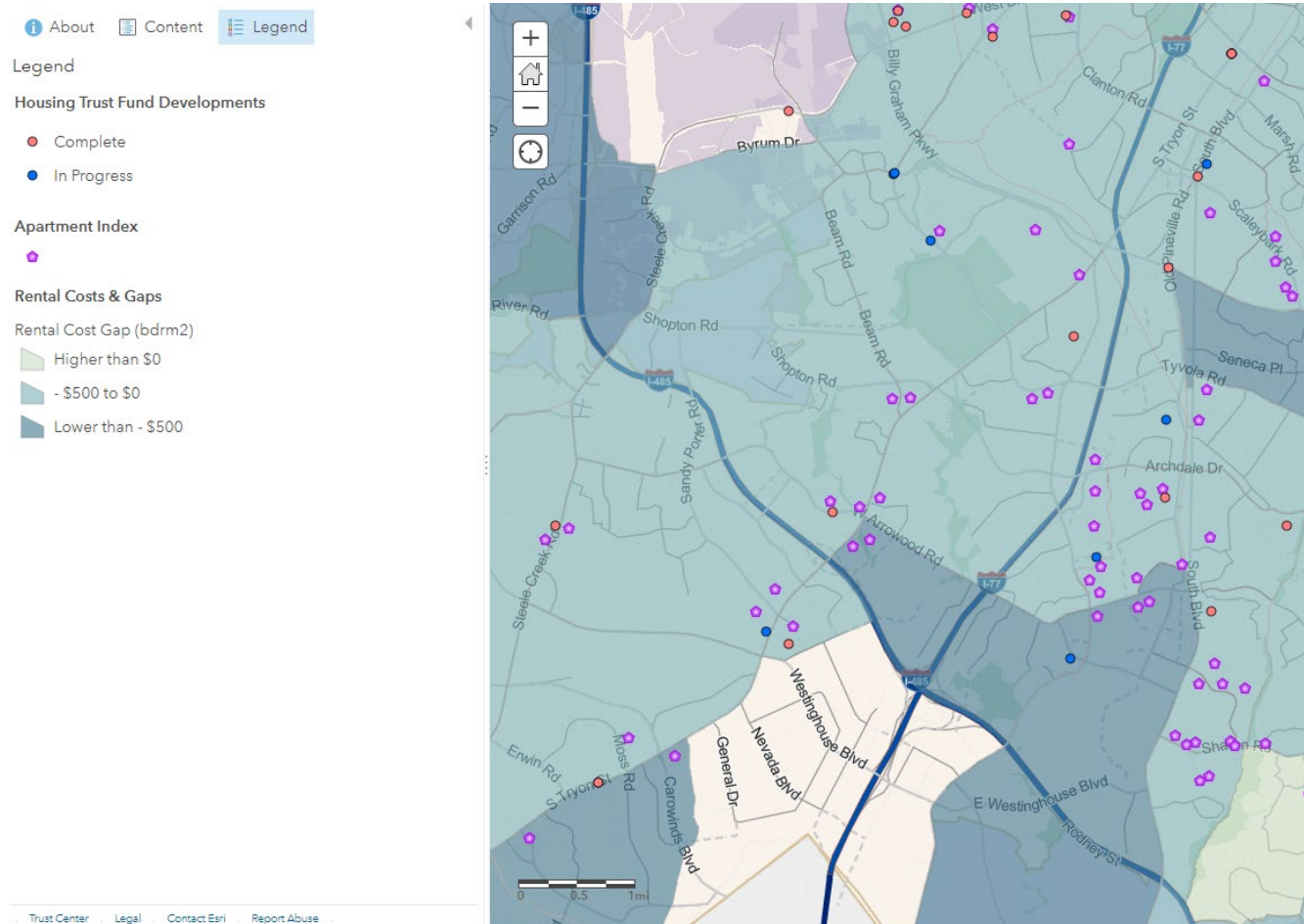
## Data Mapping

The Source of Income Ad Hoc Advisory Committee collaborated with City staff to develop mapping resources to better understand the relationships between current rental pricing and the fair market rents allowable by rental subsidy programs.

Most subsidy programs limit the maximum total rent that can be charged by landlords that participate in the subsidy program. HUD publishes Fair Market Rents (FMR) that represents the cost to rent a moderately-priced dwelling unit in the local housing market. Public housing authorities, like INLIVIAN, use the FMR to determine their voucher program's payment standard. For more information on HUD's established FMR for the Charlotte market, visit

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/landlord/fmr](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/landlord/fmr).

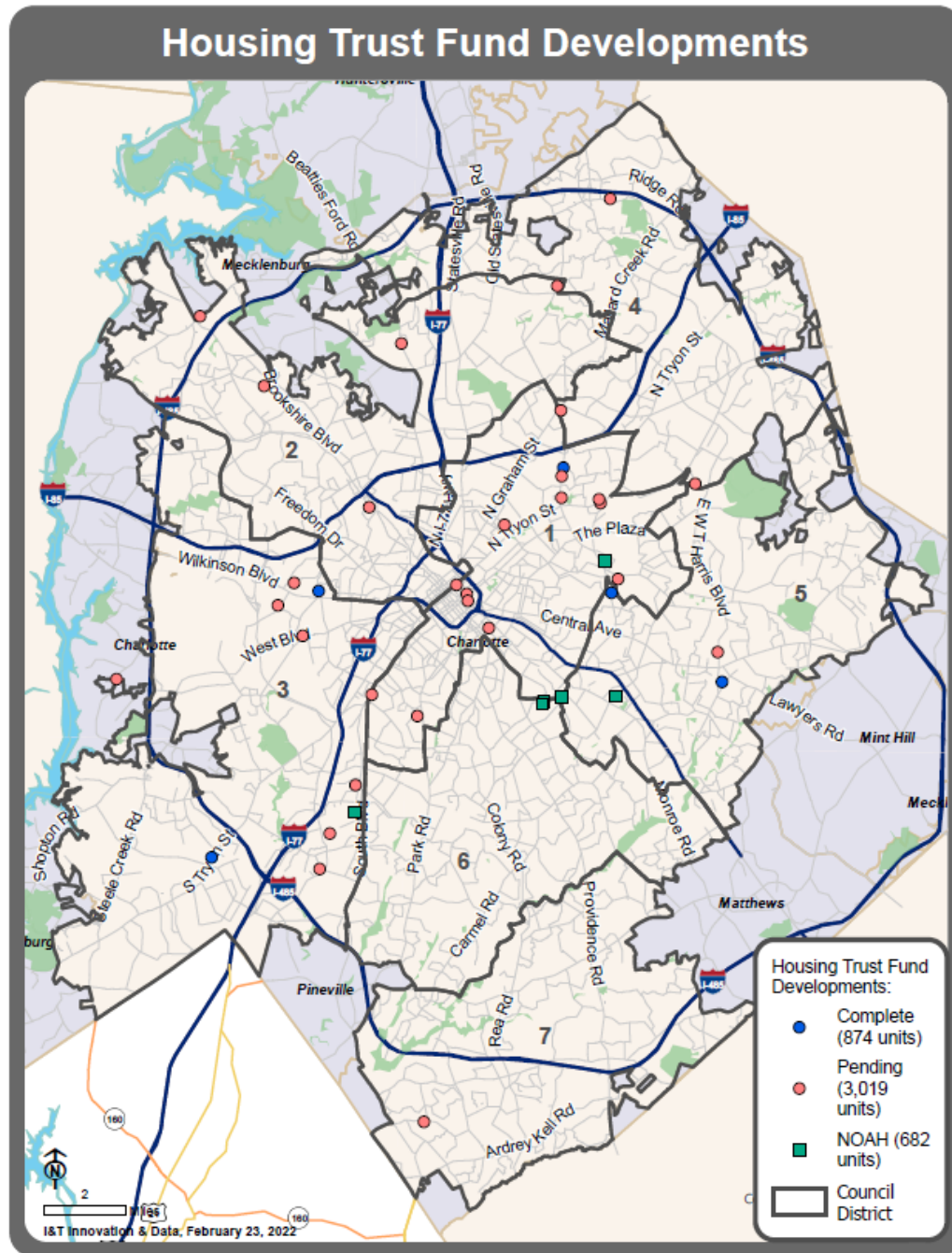
The mapping resources focused on identifying prospective areas that could be further researched where current market rents were at or below the fair market rents allowed by rental subsidy programs. By identifying and developing relationships with larger rental communities in these locations, new opportunities for voucher utilization may be realized.





### Affordable Housing Pipeline

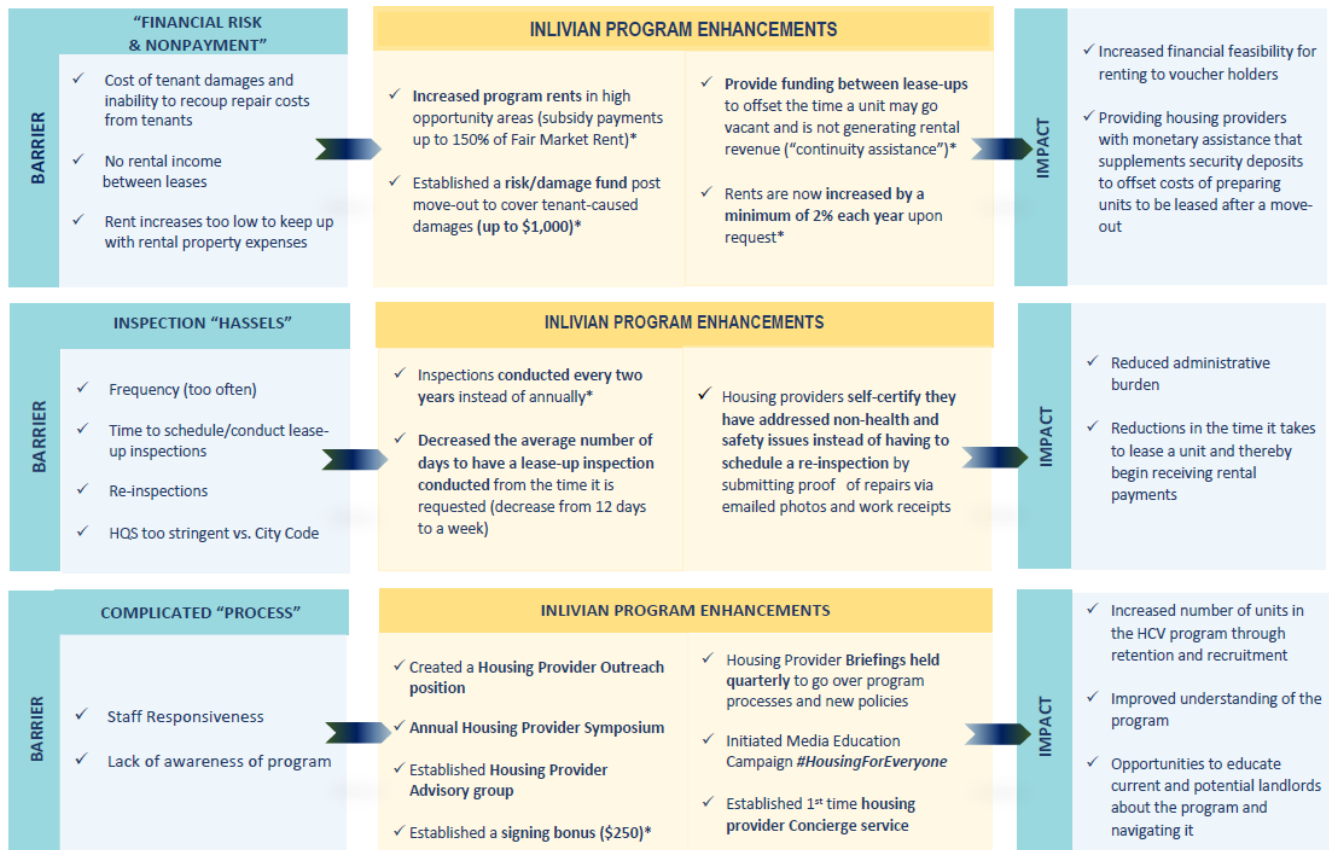
Since the increase of the City of Charlotte affordable housing bonds to \$50 million in 2018 and 2020, the City and its partners have accelerated the preservation and development of affordable housing. Currently there are more than 3,000 affordable housing units in the pipeline that are expected to come online in the next 12 – 24 months.





### INLIVIAN HCV Program Enhancements

Beginning in 2019, INLIVIAN developed and implemented program enhancements to increase landlord participation in the HCV program. Below is a summary of initial enhancements.

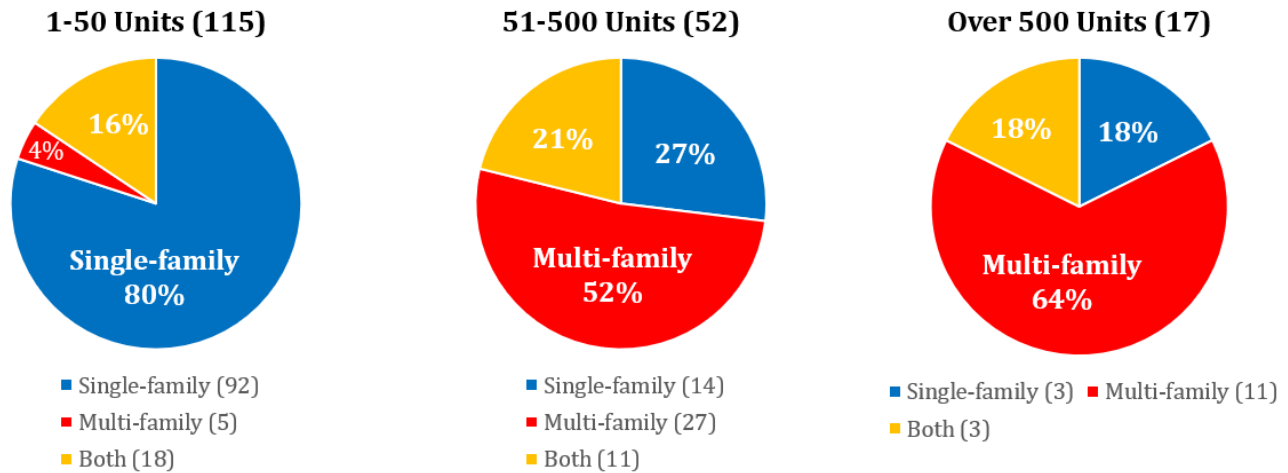


In addition to the policy and programmatic enhancements INLIVIAN has initiated to incentivizing the retention and recruitment of qualifying housing providers, INLIVIAN has also extended the amount of time a voucher holder has to search for a unit—from 90 days to a maximum of 180 days. INLIVIAN also has an HCV Resource Room that is available to assist voucher holders with unit searches.

## 2020 Landlord Survey - Landlord Recommendations for Housing Choice Voucher Program Enhancements

In 2020, the City of Charlotte surveyed housing providers about modifications to subsidy/voucher processes that would encourage them to accept new or additional voucher households. 184 survey responses were received.

Landlords that responded to the survey primarily had 50 or less rental units.



Landlords shared the below recommendations for improvements to the Housing Choice Voucher program to increase landlord participation in the program. Some of these recommendations have been implemented by INLIVIAN to increase landlord participation.

### INSPECTIONS

- Simplify inspections
- Be realistic in unit criteria
- Reduce time of inspections
- Create allowances for inspections instead of pass/fail
- Allow small repairs that can be made onsite easily, instead of requiring a reinspection that could take a week or more to schedule

### ACCOUNTABILITY

- Subsidy provider must hold tenants responsible for damages
- Reimburse owner for damages or otherwise help with repairs, instead of requiring owner to pay for repairs caused by tenant
- Make it easier to remove tenant if they are damaging unit
- If tenant does not pay for damages, they should lose eligibility

### TENANTS

- Implement a more rigorous tenant screening process
- Provide path to self-sufficiency and renter success by requiring tenants to participate in training programs, including how to clean and care for housing / property, and financial issues associated with renting
- Guarantee case management for voucher-holders (e.g., a financial coach, etc.)
- For first year voucher holders, home visits quarterly that ensure the children are in school and doing well, and no other occupants reside in the home

### FINANCIAL (RENT INCREASES)

- Simplify process for rent increase

- Increase the maximum rent increase allowed
- Eliminate increase-cap each year, but rather re-evaluate based on current comps nearby and raise rent to be comparable to non-Section 8 rentals
- Make rent increase automatic (annually or at time of recertification), instead of requiring landlord to request increase

#### FINANCIAL (OTHER)

- Remit initial payments to landlords faster
- Increase subsidy amount so that rents are comparable to market-rate in area
- Increased reimbursement rates for 1 and 2-bedroom units
- Lock in voucher amount for entire lease term no matter how the voucher holder's situation changes
- Provide larger deposits
- Added financial protections (e.g., if tenant pays their portion of rent late, subsidy holder will pay the late fees)
- Cover all eviction costs

#### PROGRAM PROCESS AND ADMINISTRATION

- Improve quality of the service (program administration, including inspections)
- More transparent processes, the use of more automation (online forms with digital signature) and expedited tenant placement (10-days or less)
- Finite timelines from lease application to inspection, and inspection to move-in, that are transparent and can compete with market-based timelines for non-subsidized tenants
- Provide a certified list of available maintenance handymen to assist in housing acceptance and expedite approval
- INLIVIAN should pay 100% of rent to landlord, then collect tenant's portion from the voucher-holder
- Allow SROs to participate