

ROCKFORD HOUSING AUTHORITY  
MOVING TO WORK  
LANDLORD INCENTIVE PLAN

Adopted: May 11, 2023

## **Chapter 1**

### **Overview of the Moving to Work Landlord Incentive Plan**

The Rockford Housing Authority (RHA) is a Municipal Corporation authorized under the Illinois Public Housing Authorities Act. 310 ILCS 10/1 et.al. The RHA administers both Public Housing and Housing Choice Voucher (HCV) programs. The RHA receives funding from the United States Department of Housing and Urban Development (HUD) for these programs. HUD has implemented a demonstration program for housing authorities under the Moving to Work Demonstration (MTW) program.

MTW is a demonstration program for housing authorities that provides select public housing agencies a unique opportunity to become industry leaders. MTW statutory objectives are 1) reduce cost and achieve costs effectiveness in federal expenditures; 2) Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and 3) increase housing choices for low-income families.

MTW agencies are able to test innovative, locally designed housing and self-sufficiency strategies rather than administering as HCV program under the current regulations which are a “one size fit all” approach. HUD in 2022 expanded the MWT program under what are referred to as expansion cohorts. The landlord incentives cohort of the MTW will evaluate landlord incentives and their effect on landlord participation in the HCV program.

The RHA as a leader in providing affordable housing was approved for participation in the MTW landlord incentives cohort in April, 2023. The participation in the MTW landlord

incentives will provide the RHA with the flexibility to meet local specific needs and enable the creation of innovative policies that will promote self-sufficiency, reduce program costs and increase options for participants in the HCV program. The goal is to increase the choice to live in areas with more employment opportunities for families in the HCV program, encouraging self-sufficiency, better educational opportunities, reduction in crime and more desirable housing.

The RHA MTW landlord incentive program will address these goals by the following methods: 1) New landlord payment incentives; 2) allowance of damage claims by landlords; and 3) Increase in the payment standards for the HCV program.

## Chapter 2

### Fair Housing and Equal Opportunity

Rockford Housing Authority is required to treat all applicants and participants equally, providing the same opportunity to access services, regardless of family characteristics and background. Federal law prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, age, familial status and disability. In addition, HUD regulations provide for additional protections regarding sexual orientation, gender identity and marital status. The RHA will comply fully with all federal, state and local discrimination laws and with rules and regulations governing fair housing and equal opportunity in housing and employment, including:

- Title VI of the Civil Rights Act of 1964;
- Title VII of the Civil Rights Act of 1968 (as amended by the Community Development Act of 1974 and the Fair Housing Amendments Act of 1988);
- Executive Order 11063;
- Section 504 of the Rehabilitation Act of 1973;
- The Age Discrimination Act of 1975;
- Title II of the American with Disability Act (to the extent that it applies, otherwise Section 504 and the Fair Housing Amendments govern);
- The Equal Access to Housing in HUD programs Regardless of Sexual Orientation or Gender Identity Final Rule, published in the Federal Register February 3, 2012);
- Violence Against Women Reauthorization Act of 2013
- Any applicable state or local ordinances and any legislation protecting individual rights of tenants, applicants or staff that may be subsequently enacted will also apply.

RHA 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 RHA's involvement,
- maintain records reflecting these analyses and actions.

## Chapter 3

### Landlord Incentives

RHA plans to implement the MTW landlord incentives to gain new landlords in opportunity areas to achieve the goals of increasing the choice to live in areas with more employment opportunities for families in the HCV program, encouraging self-sufficiency, increasing educational opportunities, reduction of crime and more desirable housing.

The RHA's Landlord Incentives are not exclusive to rental units in opportunities areas only as HCV participants have the choice of selection of a unit.

#### I.

#### New Landlord Incentive (HCV – Tenant Based Assistance)

##### **RHA Policy**

To incentivize a new landlord to participate in the RHA HCV program, the RHA is authorized under its MTW status, to provide a sign on incentive payment to new landlord participants in the HCV program. Eligibility for the sign on incentive payment is as follows:

1. ~~A payment of One Thousand Dollars (\$1,000.00) to a new landlord who has never participated in the HCV program.~~

*A one-time payment of One Thousand Dollars (\$1,000.00) or one month's rent, whichever amount is lesser will be paid to a new landlord who has never participated in the HCV program. A new landlord is defined as an individual or entity that has never participated in the HCV program.*

2. A payment of Two Hundred and Fifty Dollars (\$250.00) for any new unit the new landlord agrees to make available to a participant in the HCV program. ~~This new unit incentive payment shall be limited to a maximum of five (5) new units.~~ *This new unit incentive payment shall be limited to a maximum of five (5) new units per calendar year.*
3. A new landlord that purchases a property that currently has a participant in the RHA HCV program, will qualify for the incentive payment set forth above upon renewal of the lease with the RHA HCV participant at the time of annual renewal of the Housing Assistance Payment (HAP) contract.
4. Current landlord participants in the RHA HCV program are eligible for an incentive payment of Five Hundred Dollars (\$500.00) for each new unit added to the RHA HCV program. New unit shall be defined as any unit that is not receiving assistance under a HAP contract currently in effect with the RHA and landlord. ~~This new unit incentive payment shall be limited to a maximum of five (5) units.~~ *This new unit incentive payment shall be limited to a maximum of five (5) new units per calendar year.* This incentive applies to all HCV and Project Based Vouchers.
5. Payments of the above incentive payments shall occur upon execution of the HAP contract.

## II.

### Damage Claims (HCV -Tenant Based Assistance)

#### RHA Policy

To incentivize a landlord's continued participation in the HCV program, the RHA is authorized under its MTW status to make damage claim payments to participating landlords. Damage claim payments will only be made after an HCV family vacates the unit with the following conditions:

1). Damage claim payments will only be made for damages caused to the unit by the tenant or their guests beyond ordinary wear and tear and not for unpaid rent.

2). Damage claims must first be deducted from the HCV tenant's security deposit if applicable and only after the security deposit is exhausted may the landlord make a claim to the RHA. The landlord will need to comply with the Illinois Security Deposit Return Act. 765 ILCS 710/1 et.al.

3). The maximum damage claims the RHA will pay is one (1) month's rent upon verification of completed repairs:

**Example: 1. Damage claim = \$1250 One month's rent = \$1325 Claim would be paid in full at \$1250**

**2. Damage claim = \$1250 One month's rent = \$1025 Claim would be paid at \$1025.**

4). The landlord must provide a written request for damage claims, accompanied by documentation showing the damages claimed were beyond ordinary wear and tear, documentation of the accounting for the security deposit to the tenant, and proof of actual repairs and associated costs, not just estimates. (A copy of the claim form is attached hereto).

5). The landlord must comply with requests for documentation from the RHA in order to be eligible for damage claim payments. The RHA will not reimburse landlords for their own labor, only for the cost of materials or contracted services.

6). The request for damage claim payments shall be made in writing to the RHA using the RHA Landlord Incentive claim form including the appropriate documentation. The request for a damage claim payment shall be made within 30 days of the tenant moving out. If the landlord has not at that time have completed repairs, they can request a 30-day extension to provide the documentation. The RHA shall provide the damage claim request to the HCV participant who resided in the unit.

7). Upon receipt of a damage claim payment request, the RHA HCV program manager shall schedule the unit for an inspection to verify the repairs are completed.

8). The unit inspection by the RHA pursuant to the damage claim payment request shall further qualify as an initial HCV inspection under the relevant HUD regulations and RHA Administrative plan in the event the landlord agrees to rent the unit to another HCV participant. The damage claim inspection qualification as an initial inspection under the relevant HUD regulations and RHA Administrative Plan shall be for a period of sixty (60) days from the date of the damage claim inspection.

9). Upon payment of the damage claim payment by the RHA, the HCV participant who resided in the unit will be required to repay the RHA 25% of the damage claim as a condition of remaining in the HCV program.

#### RHA Policy

Any amount owed to the PHA by an HCV family must be repaid by the family. If the family is unable to repay the debt within 30 days, the PHA will offer to enter into a repayment agreement in accordance with the policies below.

If the family refuses to repay the debt, does not enter into a repayment agreement, or breaches a repayment agreement, the PHA will terminate assistance in accordance with the policies in Chapter 12 of the RHA Administrative Plan and pursue other modes of collection.



## **Repayment Agreement [24 CFR 792.103]**

The term *repayment agreement* refers to a formal written document signed by a tenant or owner and provided to the PHA in which a tenant or owner acknowledges a debt in a specific amount and agrees to repay the amount due at specific time periods.

### **General Repayment Agreement Guidelines for Families**

#### **Down Payment Requirement**

##### RHA Policy

Before executing a repayment agreement with a family, the PHA will generally require a down payment of 10 percent of the total amount owed. If the family can provide evidence satisfactory to the PHA that a down payment of 10 percent would impose an undue hardship, the PHA may, in its sole discretion, require a lesser percentage or waive the requirement.

#### **Payment Thresholds**

Notice PIH 2017-12 recommends that the total amount that a family must pay each month—the family’s monthly share of rent plus the monthly debt repayment amount—should not exceed 40 percent of the family’s monthly adjusted income. However, a family may already be paying 40 percent or more of its monthly adjusted income in rent. Moreover, Notice PIH 2010-19 acknowledges that PHAs have the discretion to establish “thresholds and policies” for repayment agreements with families [24 CFR 982.552(c)(1)(vii)].

##### RHA Policy

When repayment of debt is approved by discretion of RHA, the payment plans will be as follows:

Any repayment of a damage claim payment must be made within twelve (12) months.

If a family can provide evidence satisfactory to the RHA that the threshold applicable to the family’s debt would impose an undue hardship, the RHA may, in its sole discretion, determine that a lower monthly payment amount is reasonable. In making its determination, the RHA will consider all relevant information, including the following:

The amount owed by the family to the RHA;

The reason for the debt, including whether the debt was the result of family action/inaction or circumstances beyond the family’s control;

The family’s current and potential income and expenses;

The family’s current family share, as calculated under 24 CFR 982.515;

The family’s history of meeting its financial responsibilities.

If the family can demonstrate a hardship i.e. if a family would be paying more than 40 percent of its monthly adjusted income (MAI) in rent plus repayment, then the

minimum monthly repayment amount will be the greater of the following two amounts:

The difference between 40 percent of the family's MAI and the total family share at the time the agreement is executed or \$25.

If a family can provide evidence satisfactory to the PHA that a monthly payment amount of \$25 would impose an undue hardship, the PHA may, in its sole discretion, require a lower monthly payment amount.

If the family's income increases or decreases during the term of a repayment agreement, either the PHA or the family may request that the monthly payment amount be adjusted accordingly.

### **Execution of the Agreement**

#### RHA Policy

Any repayment agreement between the RHA and a family must be signed and dated by the RHA and by the head of household and spouse/cohead (if applicable).

### **Due Dates**

#### RHA Policy

All payments are due by the close of business on the 15<sup>th</sup> day of the month. If the 15<sup>th</sup> does not fall on a business day, the due date is the close of business on the first business day after the 15<sup>th</sup>.

### **Late or Missed Payments**

#### RHA Policy

If a payment is not received by the end of the business day on the date due, and prior approval for the missed payment has not been given by the RHA, the RHA will send the family a delinquency notice giving the family 10 business days to make the late payment. If the payment is not received by the due date of the delinquency notice, it will be considered a breach of the agreement and the RHA will terminate assistance in accordance with the policies in Chapter 12 in the RHA Administrative Plan.

If a family receives two delinquency notices for unexcused late payments in a 12-month period, the repayment agreement will be considered in default, and the RHA will terminate assistance in accordance with the policies in Chapter 12 in the RHA Administrative Plan.

### **No Offer of Repayment Agreement**

#### RHA Policy

The RHA generally will not enter into a repayment agreement with a family if there is already a repayment agreement in place with the family or if the amount owed by the family exceeds the federal or state threshold for criminal prosecution.

10). Any dispute by an HCV participant regarding a damage claim payment shall be governed by the RHA grievance procedures.

11). The HCV participant will further be required to attend and complete a renter's knowledge and empowerment course through the RHA's Human Services Department. Failure to attend and complete the course is a condition of remaining in the program. The RHA shall only pay one (1) damage claim for an HCV participant. Any additional damage claim requests for the HCV participant may result in a termination notice issued to the HCV participant.

12). The damage claim incentive applies to all new and current HCV landlords, including tenant-based vouchers and all properties with Project-based vouchers.

13). Damage claim payments are subject to funding availability.

### III.

#### **Payment Standards - Fair Market Rents (HCV)**

##### **RHA Policy**

To incentivize landlords to participate and continue participation in the RHA HCV program the RHA will be increasing its Payment Standard. The Payment Standard is the maximum monthly amount of assistance a family can receive in the Housing Choice Voucher program and is based on the region's fair market rent and funding from HUD. By increasing RHA's current payment standards from 110% of Fair Market Rent to 120% this gives the agency some latitude to adjust for local market conditions. In order to move forward in our mission to deconcentrate our HCV participants from low opportunity, high poverty areas into lower poverty, higher opportunity areas the RHA will raise the payment standard to 120% of the Fair Market

<u>Bedroom Size</u>	<u>Current FMR</u>	<u>Current Payment Standard</u>	<u>120% FMR Payment Standard</u>
<b>0</b>	<b>\$555</b>	<b>\$611</b>	<b>\$666</b>
<b>1</b>	<b>\$635</b>	<b>\$699</b>	<b>\$762</b>
<b>2</b>	<b>\$836</b>	<b>\$920</b>	<b>\$1,003</b>
<b>3</b>	<b>\$1,140</b>	<b>\$1,254</b>	<b>\$1,368</b>
<b>4</b>	<b>\$1,214</b>	<b>\$1,335</b>	<b>\$1,457</b>
<b>5</b>	<b>\$1,396</b>	<b>\$1,536</b>	<b>\$1,675</b>
<b>6</b>	<b>\$1,578</b>	<b>\$1,736</b>	<b>\$1,894</b>

Rents (FMR). Housing choices are dwindling due to growing local market rents, and this limits

where RHA households can live. The current RHA payment standard is 110% of the FMR. A

payment standard of 120% of FMR will increase the payment standard by an average of \$105 for

all bedroom sizes.

## **Chapter 4**

### **General Operating Information**

RHA in addition to the landlord incentives will employ a Landlord Liaison. The Landlord Liaison will be responsible for continuously holding landlord information meetings, both in person and online. Local realtors and leasing agents will be contacted to educate them on the benefits of the Housing Choice Voucher program. An additional goal is to have many rentals to choose from in the higher opportunity areas. The Landlord Liaison will work diligently in landlord outreach in all areas including opportunity areas. Housing Quality Standards Specialists will adhere to a streamlined process from landlord inquiries to the Request for Tenancy Approvals (RFTAs), to move in inspections, and contract executions. Individualized consistent contact with the families from HCV staff and the Landlord Liaison will help ensure any issues are addressed to help them succeed. The RHA Human Services staff will continue to assist all families in areas where their needs require credit counseling or managing finances. As new landlords and families renting in the City of Rockford area are tracked, additional support will be given and encouraged frequently.

## **Chapter 5**

### **Updating and Revising the MTW Admin Plan**

There are many MTW activities, subject to limitations as outlined in the MTW Operations Notice, that an MTW agency may implement. The PHA must annually submit requests to change the plan to HUD and identify which MTW activities they are proposing to implement and which of those MTW activities they are already implementing. MTW agencies will subsequently be asked to provide information about the MTW activities they are proposing to implement, request waivers associated MTW activities and provide specific information about each MTW activity they are proposing to implement. 2023 is the initial year of RHA participating in the MTW program and looks forward to future opportunities to strengthen and develop successful program participation.