



TO: HACLA Board of Commissioners

FROM: Margarita Lares, Chief Programs Officer *Margarita Lares*
Carlos Van Natter, Director of Section 8 *Carlos Van Natter*

THROUGH Douglas Guthrie, President and CEO *Douglas Guthrie*

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SUBJECT: Impact of HACLA CARES Landlord Incentives and Source of Income Ordinance on Section 8 Housing Choice Voucher Leasing

At the December 2020 HACLA Board of Commissioners meeting, a request was made to outline the impact of HACLA CARES landlord incentives and the Source of Income Ordinance on Section 8 Housing Choice Vouchers (HCV) leasing.

There are many drivers that impact HCV leasing including, but not limited to, landlord participation in the HCV program. The rental market conditions for Los Angeles remain tight in the segment of the market where HACLA operates¹ and this was further impacted by the recent economic contraction due to COVID-19. This condition translated to fewer request for tenancy approvals received by the Housing Authority in 2020. Clients are taking much longer to locate units as well.

HACLA CARES

Multiple studies have been issued regarding landlord participation in the HCV program,² as well as outreach efforts to address landlords' concerns.³ The Office of the Inspector General recently released a study "Use of Landlord Incentives in the Housing Choice Voucher Program"⁴ which looked at all Moving To Work (MTW) PHAs, however they were not able to reach a conclusion that can be generalized to all PHAs, including non MTW agencies such as HACLA. Per that report, as "each PHA operates in a unique rental housing market, there was no consensus on the best or most effective type of incentives."

In recognition of the added difficulties of making units available for HCV families to rent while stay-at-home orders or social distancing practices are in effect, the Section 8 Department implemented landlord

¹ *Housing Market Conditions*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Region 9: Pacific. 3Q CY2020

² *A Pilot Study of Landlord Acceptance of Housing Choice Vouchers*, August 2018. Urban Institute

³ https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/landlord

⁴ *Use of Landlord Incentives in the Housing Choice Voucher Program*, Office of the Inspector General, U.S. Department of Housing and Urban Development, Memorandum No. 2021-LA-0803, January 25, 2021

incentives using CARES Administrative Fee Funding effective July 1, 2020. This new program, called HACLA CARES, is available to all landlords leasing units to tenant-based voucher holders and comes in the form of a landlord incentive payment to landlords to rent to Section 8 families and security deposit assistance if needed by families to move into new units.

As of February 2021, the Housing Authority has paid \$4.3 million out of \$10 million authorized for this initiative (BOC Item VI.A2, September 24, 2020) to 1,042 landlords as follows:

- Signing Bonus \$3,477,500
- Security Deposit \$ 823,006

The Housing Authority saw a net increase in the number of landlords participating in the program in 2020. The current profile of landlords participating in the Section 8 Program by number of units assisted is as follows:

Size of Portfolio	Landlords
Small mom and pop (1-5 units)	11,724
Medium (6-30 units)	1,368
Large (31-100 units)	173
Very Large (100+ units)	15

The disbursement of Section 8 landlord incentives by portfolio size is as follows:

- 53.5% to small mom and pop landlords
- 28.3% to medium size landlords

While it is still a bit early to determine overall HACLA CARES success in the challenging current rental market impacted by COVID-19, some promising results are emerging. As of January 31, 2021, there have been more contracts executed with new and returning landlords, and voucher holders have moved into more and higher opportunity areas in the community:

- 401 landlords that were not participating in the program as of June 2020 are now receiving housing assistance payments on behalf of Section 8 participant families.⁵
- 22 ZIP Codes recorded an absolute increase based on count for executed leases. Of those, 19 ZIP Codes are considered very high and high opportunity areas.
- 27 ZIP Codes were added to the portfolio of areas served by the Housing Authority. Of those, 20 ZIP Codes are considered very high and high opportunity areas.

⁵ [CARES AF Landlord Incentive, Signing Bonus, Security Deposit, Adjustments 2021-02-11.xlsx](#)

SOURCE OF INCOME

Beginning on January 1, 2020, housing providers, such as landlords, cannot refuse to rent to someone, or otherwise discriminate against them, because they have a housing subsidy, such as a Section 8 Housing Choice Voucher, that helps them to afford their rent.⁶ While the Housing Authority has actively disseminated this information to applicant and participant families as part of voucher issuance orientations and newsletter mailings (May 2020) as well as informed landlords (newsletter mailing and landlord orientations), the Section 8 Department is not able to isolate the impact of this ordinance since complaints for non-compliance are directed to the Housing + Community Investment Department (HCIDLA) and their contractor, the Housing Rights Center.

⁶ https://www.dfeh.ca.gov/wp-content/uploads/sites/32/2020/02/SourceofIncomeFAQ_ENG.pdf