

Housing Barriers and Housing Plans: Competitiveness in Tight Housing Markets

2019 Federal Permanent Housing Conference

Welcome and Introductions

- **Your Facilitators**
- **You! Raise your hands...**
 1. ***How many of you assist people*** who are experiencing homelessness (or have recently transitioned into a homelessness program) to secure permanent housing...
 - ... Through Rapid Re-housing?
 - ... From Permanent Supportive Housing?
 - ... Through Rapid Resolution?
 - ... From Transitional Housing Programs?
 2. ***How many of you are supervisors or managers*** of programs that assist people to secure permanent housing?



Table Talk

- Go around your table and introduce yourself with your name, job title, and a one-word description of how you are feeling right now.
- If you are cleverly cryptic, the table can ask you one question that is at least slightly related to your answer (or not).
- You have ten minutes

Agenda for This Session

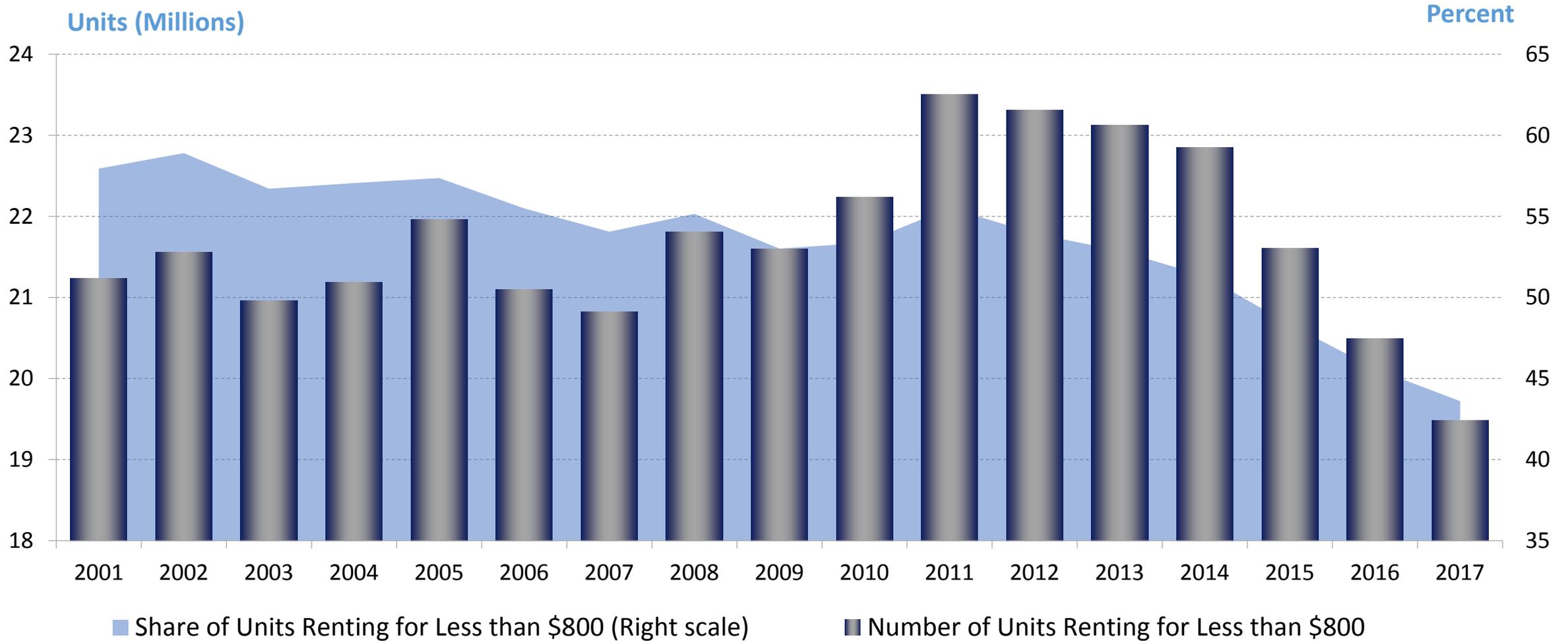
The same principles apply to all programs assisting people to secure permanent housing:

- **Competition for the Shrinking Supply of “Affordable” Housing**
- **Why Our Program Participants Are Less Competitive: Tenant Screening**
- **Making Our People More Competitive = fewer turndowns:**
 - What do Landlords Want?
 - What Landlords Will Know About Applicants: Tenant Screening Reports
 - Can Screening Problems be Mitigated? Before or After Housing Search?
- **WE are the Mitigating Factor: Landlord Incentives, Partnerships, and Landlord/Tenant Supports**
- **One Community That Helps People Compete**



Competition for Housing: The Market

The Low-Rent Stock Has Shrunk by Four Million Units Since 2011

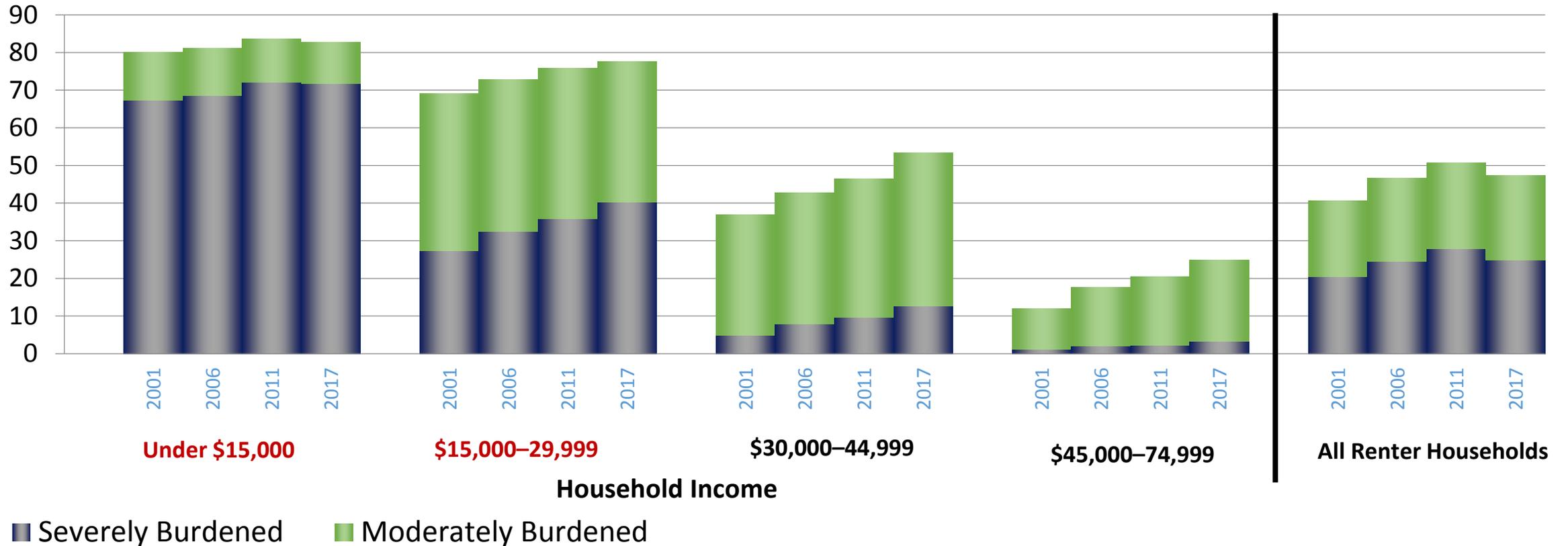


Note: Contract rents are inflated using CPI-U for All Items Less Shelter.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Although Improving Nationally, Renter Cost-Burden Rates Are Still Rising Across Most Income Groups

Share of Renter Households with Cost Burdens (Percent)

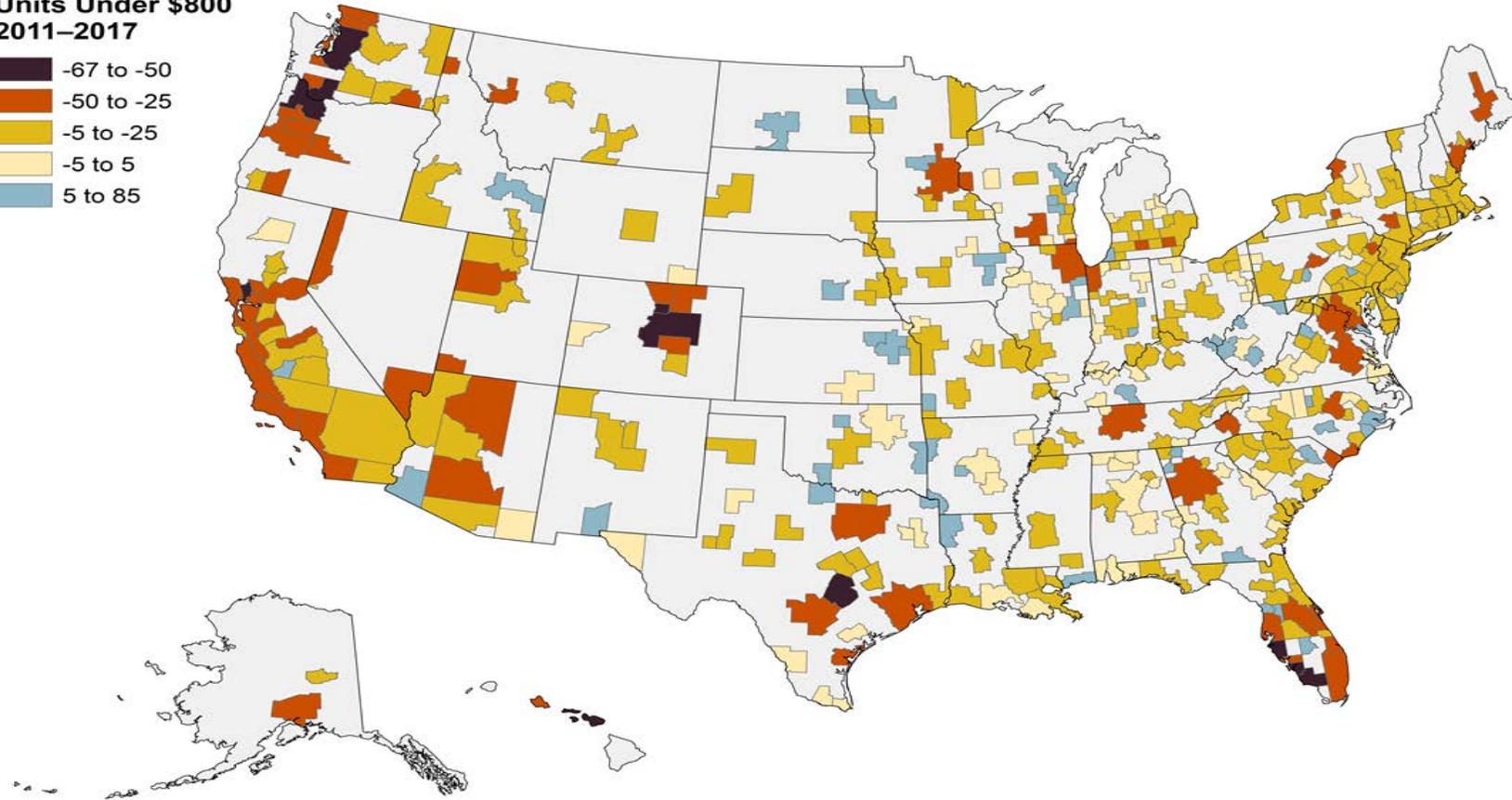


Notes: Household incomes are adjusted to 2017 dollars using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The Low-Rent Stock in Most Metros Has Declined Substantially Since 2011

Percent Change in
Units Under \$800
2011–2017



Notes: Rents are adjusted to 2017 dollars using CPI-U for All Items Less Shelter.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates and Missouri Census Data Center.

Extremely Low-Income Households Face a Severe (and Growing) Shortage of Affordable Units

- **71% of ALL Extremely Low-Income (ELI) renter households are severely rent-burdened** (spend more than half of their income on rent and utilities).
- The U.S. has a shortage of 7.4 million “affordable and available” rental units for ELI renter households. There are **35 units for every 100 ELI renter households**.
- The **shortages range** from just 15 affordable and available homes for every 100 ELI renter households in Nevada to 61 in Alabama.
- **Affordability restrictions could expire on about 1.2 million rental units by 2029**. This includes 611,000 units added through the LIHTC program, 352,000 units of Section 8 project-based housing, and 221,000 units under other programs

People With Disabilities and Low Incomes Face Even More Severe Rental Challenges

- The **average monthly income** of a single person receiving Supplemental Security Income (SSI) payments in 2016 was **\$763**.
- Nationally, the **average rent** for a modest one-bedroom rental unit was **\$861** -- *113% of the average monthly income for a single person on SSI.*
- ***This finding confirms that in 2016 it was virtually impossible for a single adult receiving SSI to obtain decent and safe housing in their community without some type of rental assistance.***

Source: PRICED OUT: THE HOUSING CRISIS FOR PEOPLE WITH DISABILITIES (TAC, December 2017)

One Month, One City: Minneapolis

Number of NOAH Rental Vacancies²



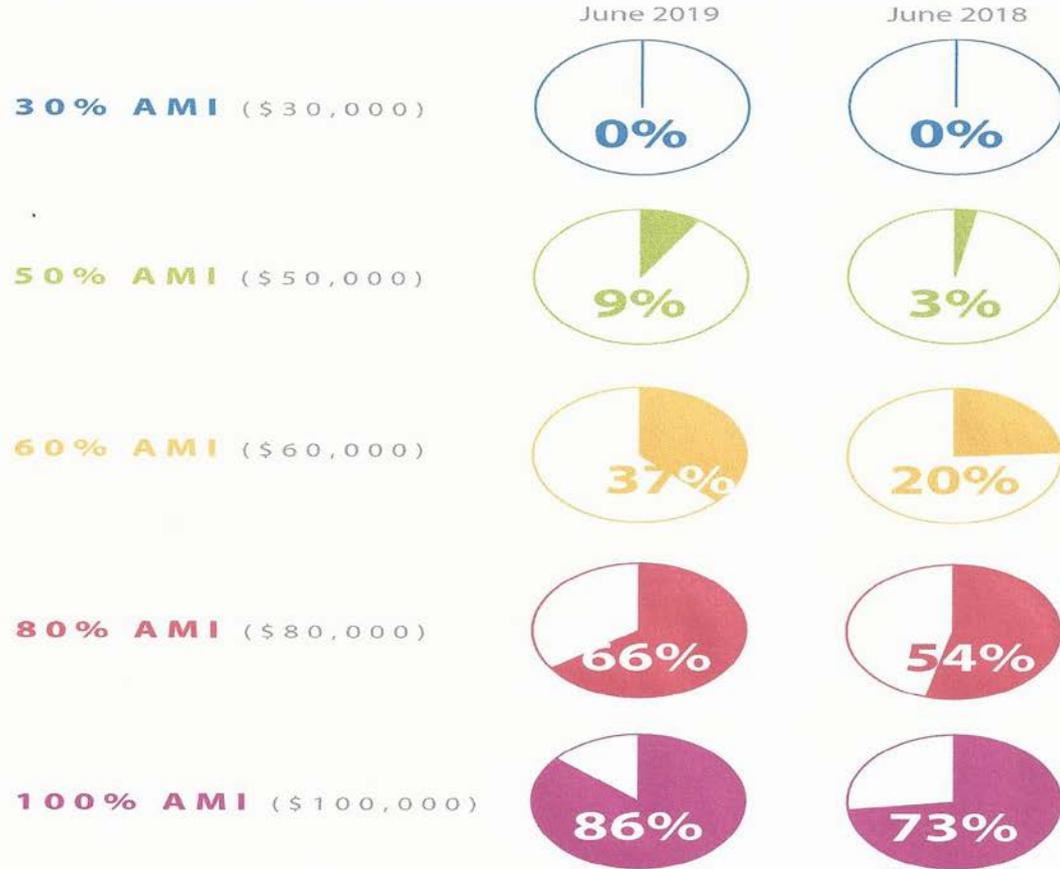
¹ Source: HousingLink's Twin Cities Rental Revue, based on an average of 678 rental vacancy rental listings a month for a variety of building types including multifamily apartments, single-family homes, duplexes, condominiums, and townhomes.

² Ibid. "NOAH" refers to "Naturally Occurring Affordable Housing" rental vacancies, defined in this report as those between \$550 and \$1,200 per month, a standard established by the locally-based NOAH Impact Fund: <https://noahimpactfund.com/impact-investing-affordable-housing-Minnesota/what-is-noah/>



Rental Housing Affordability

% of Minneapolis Rental Vacancies Affordable by Income Level



Source: HousingLink's Twin Cities Rental Revue, based on an average of 678 rental vacancy rental listings a month for a variety of building types including multifamily apartments, single-family homes, duplexes, condominiums, and townhomes. Household Income for a family of four based on HUD's Income Limits data, published annually at <https://www.huduser.gov>. Affordability analysis based on a family paying no more than 30% of income on gross housing costs, accounting for household size, utility costs, and building type.



Competition for Housing: How It Affects Our People

What Do Landlords Want? What Proof Do They Look For?

- *Someone who will pay the rent on time.* **Have they paid their bills on time?**
- *Someone who will take care of the property.* **Have they caused property damage in the past?**
- *Someone who will get along with other tenants and the landlord.* **Have they had problems in the past?**
- *Someone who won't get the landlord in trouble with the police.* **Do they have a history of criminal activity?**

“Supply and Demand” Creates Highly Competitive Housing Markets

When the supply of renters exceeds the supply of housing...

- Landlords can – and often do -- set **higher thresholds** for people they will accept for rental housing; they “cream”
- Rental screening agencies can – and do – **assign ratings to prospective tenants** to help landlords cream the “best” applicants

Some Screening Agencies Request Each Landlord's Criteria and Rate Those Applications Accordingly

Example: Higher Screening Requirements

- FICO Credit Score of 700
- No bankruptcies
- No judgements
- No drug or sex offenses
- Good landlord references
- Monthly income is 300% of rent

Example: Lower Screening Requirements

- FICO at least 450
- No judgements to landlords for rent arrears or damages

Screening Reports Often Contain Errors!

Screening Reports may or may not have the name, DOB, physical descriptors, and address *for each record found in national database searches*. The record may or may not actually be your client!

- Does your client have a common name?
- Do physical descriptors in the records cited match your client or are there discrepancies in eye color, height, etc.?
- Do records indicate your client was in two places at the same time?
- Does the person dispute any of the information in the screening report?

There are specific procedures for disputing errors in Tenant Screening Reports and/or criminal history databases, etc. These vary by screening company, state, and database.

YOU are the Landlord (Activity)

Each table will receive a packet containing:

- A description of a **landlord**; you are this landlord! You have only **1 one-bedroom apartment (rent \$1050)** which will be vacant at the end of the month.
- **5 tenant screening reports** from the rental screening agency you use. These are the people who have filled out an application for your vacant apartment.
- You have ten minutes to **decide who gets the apartment**. If you finish in less than 10 minutes, raise your hand. You can work alone or as a table.

Which Applicant Did You Select?

- **Amarantha Amos** Why?
- **Steven Kelly** Why?
- **Ali Muhammed Aswad** Why?
- **Paul Jordan** Why?
- **Elizabeth Sullivan** Why?

Why Do Landlords Use Screening Reports?

- *Call out reasons landlords like to use screening reports when selecting tenants:*

Why Should You Run Screening Reports?

- Many landlords will run these reports, so you need to know, too
- If your landlord partner states they will not accept a sex offender, you have to know the person's status before you refer – or risk losing a partner
- Tenant screening reports can help you identify how competitive the person will be in your housing market
 - Will extra landlord incentives be needed?
 - Will the person need more direct assistance to secure housing?
- Your landlord partners may accept your copy of the screening report and not charge an application fee

Paul Jordan is Your Program Participant

Discussion:

- ***What are Paul Jordan's screening problems*** that would have caused most of you hypothetical landlords to deny Paul's application.
- ***Could you, as a case manager, help mitigate any of these problems before the application is denied? Which one(s)? How?***

Strategy #1 for Competing in the Housing Market: A Network of Landlord Partners

Here's How it Works in Successful Programs:

Make landlords an offer they can't refuse:

- *Immediate payment* of deposit and first month's rent
- *Case management* (time-limited)
- A *resource for landlords* to call for tenancy problems
- *Quick response to landlord* concerns
- Help for the person to *move without eviction*
- Referrals to quickly *fill vacancies*
- Some programs have *damage mitigation funds*

Each Eviction Can Cost Landlords \$3500 to \$8000

- Court filing fees
- No rent during eviction process (can be months in some places)
- Cleaning and repairs (angry tenants can leave a major mess!)
- Advertising, screening, interviews of replacement tenant
- No rent until the apartment is repaired, clean and occupied

Reducing Those Landlord Costs:

You minimize evictions—

- Through resolving tenancy problems,
- A case management focus on housing stability,
- Relocation for clients who would otherwise be evicted.

For landlords, a partnership with your program is a good business decision.

Creating Access to Housing Through Landlord Partnerships

- Proactively recruit landlords with properties that are attractive and priced within your households' limits; track those vacancies and offer them to your people
- When/If your households identify a property they would like to rent, visit the landlord to explain what your program offers to partner landlords
- ALWAYS keep your promises to a landlord! Offer appreciation for "good deeds"

Plan to Recruit and Retain Landlord Partners

- What incentives can you offer landlords?
- Where and how will you find potential partners?
- How will you check the landlord's reputation (NO slumlords)?
- How do you track vacancies in partner landlords' housing?
- How do you respect non-negotiable screening criteria?

Plan to Recruit and Retain Landlord Partners

- How do you “match” your program participants to vacancies?
- Who follows up with the household and the landlord?
- How will you express appreciation to partners?
- How will you help relocate the household so they can avoid eviction?

When You Have Landlord Partners, You Have Created Access to Housing

Discussion:

Now, how do you help your program participant obtain housing—and keep it?

**Strategy #2: Housing Search
Plans for People to Obtain Housing**

Getting Started on Housing Search

- ***What does a tenant screening report reveal?*** Landlords who screen will see this information! So be prepared!
- ***What does the person say about the screening report?*** What's the story behind those three evictions? Why did they think they have very bad landlord references?
- ***Are there patterns that might suggest a good housing match? Or housing to avoid?***

More “Getting Started...”

- ***Does the person have other barriers to competing and securing housing?***
 - No transportation
 - Little or no income
 - Not familiar with the area or market rents
 - High stress
 - Poor interviewing skills
- ***A person with numerous and/or high barriers will have a long, hard search for housing and may end up in slumlord housing.....***

Based on tenant screening and/or other barriers....

How much direct assistance will the person/household need to secure housing? Generally, if the person has.....

- *No barriers* – may need only financial assistance for deposit/1st month
- *Some barriers but none are serious* – may need *coaching* about housing search, transportation, the interview; financial assistance
- *Several barriers, semi-serious* – may need *more than coaching*; referral (and possibly staff presence) in applying to partner landlord; financial assistance for deposit, 1st month
- *Severe barriers* – strongly recommend referral to *partner landlord* and staff present for interview (if landlord or person prefers); maybe extra landlord incentives; financial assistance

Paul Lives in an Especially Tight Housing Market

- Paul's screening report has four evictions and two arrests for drug offenses.
- The case manager tells Paul many landlords would screen out his rental application, and asks Paul what was happening during this time period.
- He tells her that his friends used to party almost every night at his apartment and they brought a lot of drugs with them, which everyone used. One of the other tenants kept calling the police who showed up, confiscated the drugs and arrested everyone.

Paul Also Has Income and Credit Problems

- His credit rating is 430, which is high-risk, with several medical bills that have been referred to Collections; his car has been repossessed
- He has worked part-time in construction in the past, earning \$35/hour. He is currently unemployed; he attributes this to having lost his car to the bank.

What Kind of Plan Would Help Paul Obtain Housing?

- *Your table has ten minutes to create a Housing Plan that would help Paul secure housing. Assume you are working on this Plan with Paul.*

What kind of housing will he look for?

What kind of housing will he avoid?

What is Paul's role in finding housing?

What is the case manager's role in assisting Paul to find housing?

- *Then we will share ideas.*

Strategy #3: After Move-In --
Plans to Help People Keep Their Housing

Once Housing is Secured...It's Not Over Yet!

- *Some people will require very little assistance once they have moved in and settled into their regular lives*
- *Others will have ups and downs that may require “a little help:”*
 - The landlord calls to tell you there's a problem with your client...
 - Your client calls to tell you there's a problem with his landlord...
 - You check in with the landlord or your client and hear there's a problem...
- *You may be just the “little help” that will save the housing situation*

This is Your Job, Too

- You've promised your landlord partners that you'll help them resolve problems with the tenants you refer. You keep your promises.
- You've assisted your people to get **Housing – First**, but that work is in vain if they can't:
 - Pay the rent,**
 - Follow the lease,**
 - Get along with others in the building, and**
 - Avoid getting the landlord in trouble with the police.**

What Kind of Plan Will Help Paul Keep His Housing?

- *Review Paul's tenant screening report. As a group, are there some strategies that could help him keep his housing?*

What kind of problems are most likely to cost Paul his housing?

What is Paul's role in preventing or resolving those problems?

What is the case manager's role in assisting Paul to prevent or resolve those problems?

Recap:

- ***Develop a network of landlord partners***, with defined landlord incentives (referrals, communication, mediation, relocation)
- ***Purchase a rental screening report*** to assess each program participant's competitiveness in your housing market
- Create, with each of your program participants, ***a Plan to secure housing***; consider the level of direct assistance you will provide
- Create, with each of your program participants, ***a Plan to keep housing***; consider the level of direct assistance you will provide

A Community Shares Their Use of Housing
Barriers, Housing Plans and Landlord
Partners to Assure Housing Access