



**City of Long Beach**  
Working Together to Serve

**Memorandum**

Date: June 30, 2017

To: Patrick H. West, City Manager *T.H.W.*

From: Kelly Colopy, Director of Health and Human Services *KC*

For: Mayor and Members of the City Council

**Subject: Housing Choice Voucher Landlord Incentive Program**

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On April 4, 2017, the City Council requested the City Manager, the Health and Human Services (Health) Department, and the Development Services Department (Development Services) to develop an incentive package to encourage landlord acceptance of subsidized tenants through the Housing Choice Voucher (HCV) Program. It was requested that the incentive package incorporate options to: align and streamline the current City-mandated inspections with the HUD-mandated HCV inspections; waive various permits and inspection costs for apartment owners who accept HCVs; create a damage mitigation fund that provides financial assistance to landlords to mitigate damage caused by tenants during their occupancy under the HCV Program; and, provide landlords vacancy permits to hold units while the landlord is going through the HCV Program approval process.

The Health and Development Services Departments have reviewed the available options for the requested incentive program, and provide the following opportunities:

**1. Streamlining current City-mandated inspections with HUD-mandated HCV inspections.**

The Housing Authority conducts HUD-mandated HCV inspections each time a new tenant moves into a subsidized apartment unit, and every one to two years after that to ensure the safety of the unit. The City-mandated Proactive Rental Housing Inspection Program (PRHIP) inspects entire buildings on an approximate schedule of once every five years. The two inspections focus on different issues and are not duplicative. For example, the HCV program will inspect a specific unit's living conditions, while the PRHIP inspection looks at the entire building's living conditions and code issues not covered by HUD inspections. However, the City recognizes that although these two inspections are different, that for building owners undergoing both inspections within a short period of time, there is a desire to have both inspections in a coordinated manner. Therefore, to streamline and coordinate inspections, Development Services will provide a list of all buildings scheduled for inspection in the upcoming 30 days to the Housing Authority. When the Housing Authority is scheduled to conduct an inspection in one of the PRHIP scheduled buildings, the Housing Authority will notify Development Services, and the visits will be coordinated to reduce burden on the landlord and the tenant.

**2. Waive various permits and inspection costs for apartment owners who accept HCVs.**

The HCV program currently provides housing to 6,641 families with approximately 75 percent, or 4,980 families, living in multi-family buildings.

Over 80 percent of the multi-family buildings in the City contain between four and ten units and the vast majority of buildings in this category contain four units. The PRHIP annual fee for a building with four to ten units is currently \$230, or \$57.50 per unit for a four-unit building. With the assumption that most of the families within the HCV program are currently living in buildings within this range, a per unit fee waiver for the 4,980 HCV units at a base unit fee of \$57.50 would result in a significant impact to PRHIP fees in the amount of \$286,350, which equates to three full-time positions (FTEs). The loss of three FTEs would have a dramatic impact on PRHIP and significantly extend the current inspection cycle of approximately five years. Currently, annual fee revenue supports approximately 12 FTEs. As such, the loss of revenue could reduce the number of units inspected up to 25 percent annually. Should the HCV program increase to its ultimate allocation (7,398 allocations) the impact to PRHIP would be greater.

Given the relatively small benefit to the property owner when compared to the overall impact on the efficacy of the PHRIP program, staff do not recommend a fee waiver at this time.

**3. Create an incentive package for owners to include: a Holding Fee to entice owners to lease housing units to subsidized families by offering one month's free rent to hold available units while applicants are referred; a Damage Mitigation Fund that provides a financial safety net to landlords for unit costs beyond the security deposit; Move-In Assistance that provides financial assistance such as a security deposit, utility assistance, and/or furniture essentials.**

Los Angeles County's recently passed Measure H will provide funding to support holding fees, damage mitigation funds and move-in assistance for persons experiencing homelessness to increase the likelihood of their being housed. The Long Beach Housing Authority will utilize these Measure H funds for:

- Holding Fee – provide a holding fee to apartment owners to hold a unit vacant while the HUD required inspections and approval process take place and families are referred for occupancy.
- Damage Mitigation Fund – provide damage mitigation funding of up to \$2,000 over the security deposit for damages caused by tenants during the first year of occupancy.

- **Move-In Assistance** - provide assistance with security and utility deposits or appliances for tenants as these can frequently delay a tenant taking possession of the unit.

These opportunities are only available to serve people experiencing homelessness and who are linked from the City's Multi-Service Center/Coordinated Entry System. The Housing Authority has requested Measure H funding to support 275 homeless families.

Additionally, the Housing Authority will provide a program matching the incentives outlined above for the first 75 new rental units provided to existing voucher holders who are not considered homeless by federal definition but are unattached to a unit and have exceeded 150 days of seeking housing with their voucher. The estimated cost of this program in FY 2018 will be \$265,000 and will be funded by the Housing Authority.

Staff believe this new program will help and be a significant improvement to those searching for a unit, as well as incentivize landlords to participate in the HCV program.

Staff will provide a staff report on the items covered in this memorandum to the City Council on July 11, 2017.

Should you have any questions, please contact Kelly Colopy, Director of Health and Human Services, at (562) 570-4016.

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