TO: Mayor and City Council

SUBJECT: Landlord Incentive Program

INITIATED BY: Housing and Community Services Department

AGENDA: New Business

Recommendation: It is recommended that the City Council approve the Landlord Incentive Program and allocate $250,000 in American Rescue Plan Act Funding for the Landlord Incentive Program and authorize the necessary signatures.

Background: The City of Wichita was allocated $72.4 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds. Of that funding, the City of Wichita allocated $20 million for Negative Economic Initiatives during the 2022 Proposed Budget Process in summer 2021.

The Wichita Housing Authority Landlord Incentive Program (WHALIP) seeks to provide financial assistance to incentivize landlords to lease and maintain safe, affordable rental housing capacity for individuals and families in WHA’s Housing Choice Voucher Program (HCVP) and the Housing First Program (HFP).

It is often presumed that these tenants are more likely to cause damage or not fulfill lease obligations (i.e. be evicted, abandon units). To address these concerns and incentivize landlords to lease to assisted tenants, WHALIP covers or mitigates the excessive damages or vacancy costs that may occur from leasing to these individuals and families.

In recent months, the community has seen dramatic increases in market rents and decreased availability of units for assisted renters. Sales of apartment complexes to new owners who do not wish to participate in the programs and existing owners seeking higher rents have added to the problem. Assisted renters are having difficulty finding suitable housing.

The proposed incentives will allow the programs to be more competitive in the current marketplace and look to provide a path toward housing stability.

Analysis: The Landlord Incentive Program will initially be funded with $250,000 from the City’s ARPA State and Local Fiscal Recovery Funds allocation. It is possible that funding could be augmented with Emergency Rental Assistance Program funds should the Department of Treasury award additional reallocated funds. For the purpose of the incentive program, landlord is defined as the legal entity and corresponding tax identification number that holds ownership to a residential property or a property manager of residential property as identified on a property management agreement. Prior to issuing payments to new owners or property managers, staff reviews property ownership information on the Sedgwick County Assessor’s website to ensure legitimate ownership and landlords submit vendor registration forms. The City’s Finance Department checks the owner’s name and tax identification with the IRS to ensure the information matches. If the property recently sold and Sedgwick County has not yet updated the Assessor’s website, the owner must provide the closing documents. In order to make payments directly to a property management company or manager on behalf of the owner, the program must receive a copy of the executed property management agreement.
The proposed incentives are:

$1,000 New Landlord Bonus - A one-time bonus for a landlord that is new to the program, to be paid after successful lease up of the first new tenant;

$500 Returning Landlord Bonus - A one-time bonus for a landlord that has previously been on the program but stopped accepting new HCVP or HFP tenants, for a period of at least six months, to be paid after successful lease up of the first new tenant;

$250 New Tenant Lease Up Bonus - A $250 bonus for each tenant that a Landlord leases up above their baseline count that will be taken on 11/30/22;

Damages - Within the first 12 months of tenancy, cover up to $2,000 in damages or deductibles for a zero or one bedroom, and $3,500 for two plus bedroom applicable after applying security deposit; and

Hold over - Provide up to two times the monthly rent to cover a lost rent due to eviction, abandonment, or other premature termination of the lease during the initial term, if the landlord commits to leasing to another HCVP or HFP tenant.

Financial Considerations: There is no impact to the General Fund as a result of this specific action. The cost for the Landlord Incentive Program is estimated at $250,000. The Landlord Incentive Program is an eligible use of ARPA funds in category 2.2: Rent Aid.

Legal Considerations: Funding is allowable under the guidance of the available Federal grants.

Recommendation/Action: It is recommended that the City Council approve the Landlord Incentive Program and allocate $250,000 in American Rescue Plan Act Funding for the Landlord Incentive Program and authorize the necessary signatures.

Attachment: WHALIP II - Policies