

Risk Mitigation Tools for Landlords, Owners, and Management Agents

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The risk mitigation tools outlined below are available to all landlords/owners/agents who rent housing to Transitions to Community Living Initiative (TCLI) individuals or Targeting Program individuals regardless of rental assistance type. Most TCLI individuals use Transitions to Community Living Voucher (TCLV) assistance and most Targeting Program individuals use Key Rental Assistance to afford safe and decent housing.

Targeting Program

The Targeting Program is managed by NC Department of Health and Human Services (DHHS). All risk mitigation claims are subject to review and approval by DHHS.

TCLV

TCLV is managed by one of four Local Management Entities/Managed Care Organizations (LME/MCOs). All risk mitigation claims are subject to review and approval by the LME/MCO.

Security Deposits

Security deposits paid on behalf of Targeting Program and TCLI/TCLV tenants will be deposited in an account specified by the landlord/owner/agent who is responsible for transferring the security deposits into the appropriate trust account to comply with North Carolina Real Estate Trust Account law. If there are funds remaining after the security deposit disposition, the funds will revert to the tenant upon move out.

Targeting Program

Key Rental Assistance pays security deposits for all tenants with a Targeting Program referral letter from DHHS. The amount of the deposit equals the Key Payment Standard for the bedroom size. If tenants are not using Key Rental Assistance, the deposit is still paid with Key Rental Assistance funds and the security deposit amount will be an amount mutually agreed upon by DHHS and the landlord/owner/agent. The deposit amount should not exceed the amount charged to other tenants.

TCLV

TCLV funds pay security deposits for all TCLV individuals and for TCLI individuals without access to another source of security deposit assistance. The amount of the deposit will be an amount mutually agreed upon by the LME/MCO and the landlord/owner/agent, but **cannot exceed two months of rent**.

Rental Assistance

Targeting Program

Most Targeting Program individuals qualify for Key Rental Assistance. Key Rental Assistance pays a substantial portion of a tenant's rent, with landlords receiving the subsidy payment through electronic payment from NCHFA. If a tenant's income decreases during tenancy, the subsidy amount increases.

TCLV

TCLV pays a substantial portion of a tenant's rent, with landlords receiving the subsidy payment through electronic payment from the LME/MCO. If a tenant's income decreases during tenancy, the subsidy amount increases.

Risk Mitigation Claim Types

When a tenant permanently vacates the unit, the landlord/owner/agent may file a risk mitigation claim to be reimbursed for the following:

- Damages caused by tenant
- Unpaid tenant rent
- Rent loss due to unit abandonment
- Successful eviction costs

Both the Targeting Program and TCLV have a risk mitigation claim packet. The landlord/owner/agent must submit any of the four claim types on a single program-specific risk mitigation claim packet after tenant move out. Claims must be submitted and approved no later than 12 months from the tenant's move-out date to be eligible for reimbursement.

Reimbursement of Damages Caused by Tenant

When a tenant permanently vacates the unit and there are damages, reimbursement caps and rates of reimbursement are subject to whether the landlord files an insurance claim. See below. The landlord/owner/agent must have a policy of conducting unit inspections at least annually to be eligible for reimbursement of unpaid damages.

Damages

When the tenant permanently vacates the unit, the landlord/owner/agent may file a risk mitigation claim for reimbursement at a rate of 100% of the documented damages caused by the individual (minus normal wear & tear, security deposit funds and tenant repayment plan payments*), not to exceed \$3500.

Targeting Program

The landlord/owner/agent must notify DHHS staff of any damages caused by Targeting Program tenants upon discovery. Documentation of notification is required (e.g. copy of email to DHHS program staff).

TCLV

The landlord/owner/agent must notify LME/MCO staff of any damages caused by TCLV/TCLV tenants upon discovery. Documentation of notification is required (e.g. copy of email to LME/MCO program staff).

*Program guidelines encourage the landlord/owner/agent to establish a reasonable tenant repayment plan agreed upon by both parties for damage discovered during tenancy. If the tenant moves out prior to completing the repayment plan, the landlord/owner/agent may file a risk mitigation claim for reimbursement for the remaining unpaid damages and must provide tenant repayment plan and payments documentation.

Reimbursement of Unpaid Tenant Portion of Rent and Late Fees

When a tenant permanently vacates the unit, the landlord may file a risk mitigation claim for any uncollected tenant portion of rent and late fees during the period of occupancy minus the paid security deposit, not to exceed three months of the tenant portion of rent plus late fees.

Targeting Program

The landlord/owner/agent must timely notify DHHS staff of late tenant rent payment. Documentation of notification is required (e.g. copy of email to DHHS program staff).

TCLV

The landlord/owner/agent must timely notify LME/MCO staff of late tenant rent payment. Documentation of notification is required (e.g. copy of email to LME/MCO program staff).

Reimbursement for Vacancy Due to Tenant Abandonment of Unit

When a tenant abandons a unit, the landlord/owner/agent may file a risk mitigation claim to be reimbursed for the full unit rent obligation during the remaining lease period after tenant abandonment of the unit, or until the unit is re-rented, whichever is sooner, not to exceed 2 months' rent. If the tenant has a roommate and the roommate abandons the unit, the tenant will have their subsidy recalculated as a single person household. Tenant death or eviction does not constitute abandonment.

Targeting Program

The landlord/owner/agent must timely notify DHHS staff of abandonment. Documentation of notification is required (e.g. copy of email to DHHS program staff).

TCLV

The landlord/owner/agent must timely notify LME/MCO staff of abandonment. Documentation of notification is required (e.g. copy of email to LME/MCO program staff).

Reimbursement for Eviction Costs

When a tenant has repeated property rules infractions and/or lease violations, the landlord must provide three opportunities for correction, prior to eviction proceedings to be eligible for reimbursement of eviction costs. The risk mitigation claim cannot exceed \$1000, and will only be paid if the landlord prevails in the eviction action.

Targeting Program

The landlord/owner/agent must timely notify DHHS staff of **all** infractions and/or violations. Documentation of notification is required (e.g. copy of email to DHHS program staff).

TCLV

The landlord/owner/agent must timely notify LME/MCO staff of **all** infractions and/or violations. Documentation of notification is required (e.g. copy of email to LME/MCO program staff).