

Landlord Mitigation Reserve  
Policy and Procedures  
November 2022



**Division of Mental  
Health and Addiction**

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## Section 1: Background

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This document is the Landlord Mitigation Reserve Policy and Procedures (“Policy”) which governs the Landlord Mitigation Reserve Program (“the Program”). The Program was established in 2019 as a collaborative effort between the Indiana Family and Social Services Administration Division of Mental Health and Addiction (“DMHA”) and the Indiana Housing and Community Development Authority (“IHCDA”).

The purpose of the Program is to increase access to stable long-term housing for individuals in recovery from an opioid addiction who have a criminal record associated with their addiction.

## Section 2: Strategy

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Individuals in recovery, especially those with criminal records, face barriers in accessing rental housing. Landlords, including those operating both market rate and affordable housing, commonly use criminal background screening as part of their tenant selection process. Individuals with a history of addiction and criminal records may find themselves screened out of housing for which they are otherwise qualified and can afford to rent. Theoretically, the rationale behind the landlord’s screening process is that these individuals pose an increased risk of nonpayment of rent, breaking the lease, and/or damaging the property.

The goal of the Program is to provide a protection for landlords who are willing to take this “risk” by housing eligible individuals (as defined in Section 3 of this Policy). DMHA and IHCDA have established a Landlord Mitigation Reserve Fund (“the Fund”) that will mitigate this risk by reimbursing landlords for eligible expenses (as defined in Section 6 of this Policy) if the tenant violates their lease and/or causes damage.

Similar funds have been successful elsewhere, but this strategy has not previously been undertaken by the State of Indiana. The initial launch of the program will focus on Hendricks, Johnson, and Marion Counties as target areas to recruit landlords and house eligible individuals. However, an eligible individual can choose to find housing anywhere in the State of Indiana and will be covered by the Program if the landlord agrees to participate. If the initial demonstration is successful, outreach may be expanded to other areas of the state at the sole discretion of DMHA and IHCDA.

## Section 3: Eligible Individuals

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Determination of eligibility will be made by DMHA. Any individual deemed eligible will receive a certification of eligibility showing they are approved for coverage under the Program. DMHA will maintain a list of all approved eligible individuals and will share this list with IHCDA.

An individual will be eligible to be covered by the Program if they are seeking rental housing and meet all of the following criteria:

- Applicant has documented a minimum of one year (12 months) of time in treatment. Applicant must include a Release of Information to allow for state-designated staff to contact all treatment providers and sponsors.

- Documentation may include: a letter from a sponsor or treatment facility, discharge plan from treatment provider, treatment plan that includes dates of treatment, or similar evidence of treatment details provided to DMHA.
- Applicant has demonstrated a minimum of 12 months of continuous, paid employment, with no gaps of more than 30 days within that time frame. The continuous paid employment is not required to be with the same employer.
  - Documentation can include W-2s, I-9s, paycheck stubs, or similar evidence of employment.
  - This requirement will be waived for individuals unable to work due to a disability. Documentation may be requested if the disability is not readily apparent. Documentation may include an SSDI/SSI award letter or documentation from a knowledgeable professional stating the individual is unable to work due to a disability.
  - This requirement will be waived for individuals 60 years or older.
  - Applicants can request a waiver to be eligible with a minimum of 6 months of continuous, paid employment, with no gaps of more than 30 days. The waiver request will be approved on a case-by-case basis.
- Applicant has at least one felony conviction related to past addiction. The felony conviction cannot be directly related to property damage (e.g., arson).
  - Documentation should include relevant court documents, and applicant's reflection or explanation of how conviction relates to addiction.
- Applicant has completed at least one year of sentence or release conditions (e.g., probation, parole, etc.). Documentation should include correspondence from probation officer, parole officer, etc.
- Applicants with a professional license that has been reinstated as a result of their own path to recovery need only submit that documentation.

\*\*\* DMHA reserves the right to request additional documentation. \*\*\*

An eligible individual already participating in the Program may move to new rental housing and continue to be covered by the Program so long as (1) the new landlord is eligible and agrees to participate and (2) no claims were paid from the Reserve to the previous landlord. If an otherwise eligible individual violated their lease and caused payment from the Reserve, they are no longer eligible to be covered by the program.

## Section 4: Eligible Landlords

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A landlord will be eligible to participate in the Program if they meet the following criteria:

- The property to be rented must be located within the State of Indiana; and
- Landlord must not be suspended or debarred by IHCDA.

IHCDA will maintain a list of landlords who have agreed to participate in the program. DMHA caseworkers will use this list to assist eligible individuals locate housing, but eligible individuals may find other housing options.

Landlords interested in participating in the program can notify IHCDA by completing the Landlord Registration of Interest Form included as [Exhibit B](#) to this policy.

## Section 5: Lease Requirements

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When an eligible individual has found a unit to rent from an eligible landlord, both parties must enter into a lease agreement. The landlord is expected to use their regular form of lease without adding or any additional documents or changing any requirements, except for the addition of the mandated Program Lease Addendum. The Program Lease Addendum covers information about the Program, ensures tenants protections, and must be signed by both parties. At such time the landlord needs to submit a reimbursement claim (if applicable), they must submit a copy of the executed Program Lease Addendum as part of the claim submission to IHCDA (see Section 7 below).

The mandatory Program Lease Addendum is included as [Exhibit A](#) to this policy. The exact Program Lease Addendum must be used and cannot be altered by either the tenant or landlord.

## Section 6: Eligible and Ineligible Reimbursements

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### 6.1 Eligible Reimbursements

The Fund will reimburse eligible landlords in the following situations, pending receipt of a valid claim (see Section 7 below):

- If the eligible individual abandons the unit and owes unpaid rent, the Fund will reimburse the landlord for up to two months of unpaid rent. The actual amount paid cannot exceed the lesser of actual amount of rent owed per the lease or the [HUD published Fair Market Rent](#) for the county based on unit size.
  - Example 1: An eligible individual abandons a one-bedroom unit and owes three months of unpaid rent. The monthly rent per the lease is \$600, meaning the landlord is owed \$1800 in unpaid rent. The HUD Fair Market Rent in that county for a one-bedroom unit is \$700. The Fund will reimburse the full lease rent of \$600 for up to two months for a total payment of \$1200.
  - Example 2: An eligible individual abandons a one-bedroom unit and owes three months of unpaid rent. The monthly rent per the lease is \$750, meaning the landlord is owed \$2250 in unpaid rent. The HUD Fair Market Rent in that county for a one-bedroom unit is \$700. The fund will reimburse the HUD FMR rent of \$700 for up to two months for a total payment of \$1400.
- If the eligible individual breaks the lease prior to lease termination date without paying the applicable fee, as defined in the lease, the Fund will reimburse the landlord for the lease break fee. The amount paid will be the lesser of the lease break fee defined in the lease or two months of rent (not to exceed the HUD published Fair Market Rent as described above).
- If the eligible individual moves out of the unit and the unit has incurred damages beyond normal wear and tear, the Fund will reimburse the landlord for the damages. The amount paid will be the lesser of the actual cost of damages incurred (as verified by an itemized list of damages and costs of repair) or \$2500.

## 6.2 Ineligible Reimbursements

The Fund will not reimburse eligible landlords for the following items:

- Costs of repair for damages that already existed in the unit at the time the eligible tenant signed the lease.
- Costs of repair for damages that are considered ordinary wear and tear, i.e. costs that would normally be incurred for turning a unit for occupancy by the next tenant. This includes, but is not limited to, regular cleaning, painting, carpet cleaning, etc.
- Costs incurred for an eviction
- Lost rent post eviction (however, eligible damages after an eviction can be covered as described in Section 6.1 above).

## Section 7: Claims Process

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All claims for reimbursement must be submitted to IHCDA for review, utilizing IHCDA’s “Landlord Mitigation Reserve Claim Form.” The landlord must contact IHCDA at [landlordmitigation@ihcda.in.gov](mailto:landlordmitigation@ihcda.in.gov) to request a claim form and to notify IHCDA of a pending claim. A scanned copy of the completed and signed claim form must then be returned to IHCDA at [landlordmitigation@ihcda.in.gov](mailto:landlordmitigation@ihcda.in.gov).

Required documentation: In addition to the signed claim form, a request for reimbursement must include the following documentation:

- All claims must include a copy of the lease and Program Lease Addendum.
- Claims for damage reimbursement must include an itemized list of damages, photos of such damages, and receipts or invoices demonstrating the cost of repairs.
- Claims for unpaid rent or lease break fees must include a certification and narrative from the landlord identifying the date the tenant vacated the unit, efforts made to obtain the fees/rent due from the tenant, and the unpaid balance due.

## Section 8: Roles and Responsibilities

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### 8.1 Role of DMHA

DMHA is responsible for the following:

- Determining eligibility of individuals
- Maintaining a list of approved eligible individuals and sharing such list with IHCDA
- Collaborating with IHCDA on necessary programmatic changes and policy decisions

### 8.2 Role of IHCDA

IHCDA is responsible for the following:

- Outreach to assist in recruiting eligible landlords
- Holding and operating the Fund
- Receiving and processing claims from landlords

- Submitting payments for eligible reimbursements to landlords
- Reporting changes in the amount of the Fund to DMHA
- Maintaining this Policy
- Collaborating with DMHA on necessary programmatic changes and policy decisions

### 8.3 Role of Eligible Individual

The eligible individual is responsible for the following:

- Finding housing
- Entering into a lease agreement with an eligible landlord, including the Program Lease Addendum
- Following the rules of the lease

### 8.4 Role of Eligible Landlord

The eligible landlord is responsible for the following:

- Entering into a lease agreement with an eligible household, including the Program Lease Addendum
- Complying with Indiana Code requirements for landlord responsibilities
- Complying with Federal and State Fair Housing and nondiscrimination requirements
- If applicable, submitting necessary claims to IHCDA in accordance with Section 7 of this Policy