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**Creating Value by Increasing
Housing Stability Using Housing
Support Plans - Mercy Housing**

August 2026

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NYU STERN CENTER FOR SUSTAINABLE BUSINESS

The NYU Stern Center for Sustainable Business (CSB) was founded on the principle that sustainable business is good business. We provide education, conduct research, and influence industry practice by proving the financial value of sustainability for business management and performance. At CSB, we aim to equip future and current corporate leaders with updated business frameworks that embrace proactive and innovative mainstreaming of sustainability, resulting in competitive advantage and resiliency for their companies as well as a positive impact on society. For more information, visit www.stern.nyu.edu/sustainability.

MULTIFAMILY IMPACT COUNCIL

The Multifamily Impact Council (MIC) was created to increase the flow of private capital into the U.S. affordable rental housing market and establish multifamily impact investments as a distinct asset class for institutional investors. To achieve this objective, the MIC established the Multifamily Impact Framework™ - the industry's first common standard of impact investing principles and reporting guidelines for multifamily properties in the United States. The Impact Framework's principles¹ are affordability, resident engagement, housing stability, economic health and mobility, health and wellness, climate and resiliency, and good business.

ACKNOWLEDGEMENTS

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¹ MIC Principles Framework 3.0 (2025)

INTRODUCTION

Consistent rent payments are a fundamental part of any financial model for investments in multifamily rental properties. In the case of affordable housing, if a resident encounters financial setbacks and is unable to pay rent for some time, property managers may opt to follow a process to vacate the property to fill it with another resident. New York University Stern Center for Sustainable Business (CSB) conducted a study that found that in cases where residents are Section 8-eligible, offering extended payment terms through a housing support plan (HSP) can actually generate a net financial benefit while promoting housing stability.

CSB worked with the Multifamily Impact Council (MIC) to quantify how multifamily property owners can create financial value by implementing impact-driven practices that are aligned with the Multifamily Impact Framework™. As a part of this study, CSB worked with Mercy Housing (MH), one of the largest affordable housing organizations in the United States and an MIC member organization. MH has a mission to create stable, vibrant, and healthy communities by developing, financing, and operating affordable, program-enriched housing for families, seniors, and people with special needs who lack the economic resources to access quality housing opportunities.

CSB examined the principle of ‘housing stability’ within MIC’s Impact Framework, by analyzing data provided by MH on their practice of supporting defaulting residents with housing support plans (HSPs) and exploring its financial implication for MH.

BACKGROUND

CSB developed the Return on Sustainability Investment (ROSI™) methodology to help identify, prioritize, and track sustainability-driven returns. The methodology and, for some industries, associated monetization tools, support quantifying the full range of costs and benefits for sustainability initiatives, including indirect, both in terms of current performance and scenario planning. While there are many financial measures that are used in affordable housing and real estate more broadly, the analysis of company data in this study included the net operating income (NOI) impact of adherence to the MIC principle wherever this was feasible. NOI was chosen as it measures the profitability of income-producing properties.

MIC Framework

The MIC framework defines “housing stability” as being achieved when a resident is not behind on rent or financially burdened to make rent payments, has not moved in the past twelve months for financial reasons, and is not forced to rely on housing shelters or doubling up with another household. The minimum impact threshold from MIC is that corporate impact plans and investment strategies must include specific activities that seek to increase housing stability at the property and portfolio level by increasing lengths of stay, reducing turnover rates, bad debt costs, and evictions for non-payment.

Housing Support Plans

Housing support plans are a way to support residents who are behind on rent and who make a good-faith effort to get back on track. The exact design and implementation of an HSP can differ based on the needs of the property and its residents. In the case of MH's HSP offering, residents struggling to pay rent receive a legal lease violation² notice when they miss a rent payment. This notice is accompanied by an offer to participate in a Housing Support Plan. Upon



a resident agreeing to participate in an HSP, the relevant property and case management staff reach out to the resident and complete a housing action plan and a housing contract that is designed based on the resident's unique circumstances.³ A resident will typically be given time to get back on track with rent payments, including paying installments of overdue rent once the resident is back to paying the full monthly rent amount. Each HSP is customized to a resident's financial circumstances and needs, and usually results in them staying housed after completion of the

plan. MH has a goal to ensure all residents have access to the same opportunities, considerations, and services after a lease violation has occurred and therefore offers HSP opportunities to all residents. Please refer to Appendix 1 for additional details.

ROSI™ ANALYSIS

Methodology

CSB conducted a financial cost-benefit analysis for six properties of MH to compare the net financial impact to its Net Operating Income (NOI) when residents are supported with HSPs versus if residents were not supported with HSPs.⁴

Based on the findings, a tool called the **ROSI HSP Value Creation Tool** has been developed by CSB to help property owners and managers create an HSP offering that balances resident stability with financial sustainability on their properties. Property

	Without HSP	With HSP
General Inputs		
Year number of months considered in this calculation	12	12
Total number of units in the property	100	100
Average annual number of units occupied after HSP (based on defined criteria)	10	10
% of units eligible for HSP (based on defined criteria)	100%	100%
Average number of units eligible for HSP annually	10	10
Average % of residents who may vacate the property after coming off an HSP	0%	0%
Average number of residents who vacate the property after coming off an HSP	0	0
Average number of residents who stay on after HSP	10	10
Average number of months of delay on rent (based on defined criteria)	0	0
Average number of months of delay occupied after HSP (when resident stays on)	0	0
Average number of months of delay occupied after HSP (when resident leaves)	0	0
Annual direct and indirect costs	\$100,000	\$100,000
Average monthly rent per unit	\$1,000	\$1,000
Average % of monthly rent per unit forgone on HSPs	0%	0%
Average monthly rent received per unit on HSPs	\$1,000	\$1,000

² The process involves issuing the resident a legal notice of lease violation while also offering them the opportunity to agree to an HSP to get back on track

³ Photo: A Mercy Housing property

⁴ Image of the calculations file

owners and managers will be able to use it to evaluate the cost–benefit impact of extending support to residents under different support durations and rental discounts. Please refer to Appendix 2 for more information.

On average, the six MH properties analyzed have approximately 110 units each, are located in the state of California, and had approximately 10% of units on HSPs during one and/or the other of the two years examined. CSB examined the following data for the stated properties for 2023 and 2024:

The following financial information was examined:

- Rental revenue paid by residents
- Housing subsidies received
- Expense items such as eviction-related legal fees, apartment turnover costs, bad debt-related costs, residential vacancy loss, and staff costs (related to the time spent in dealing with eviction-related matters)

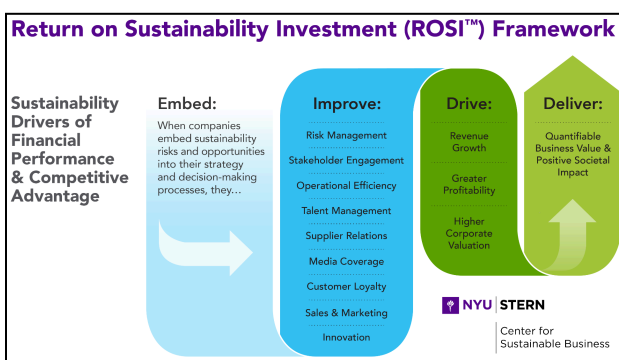
The following operating metrics were analyzed:

- Number of units that were offered HSPs in a year
- Number of units that opted for HSPs in a year
- Total number of annual resident move-outs during the year, and after coming off an HSP
- Number of residents served with legal eviction notices

Combining the above financial and operating data, CSB constructed an abridged revenue and cost statement. Estimated costs were backed out from estimated revenue to calculate the net value creation/reduction. In doing so, CSB also considered costs and revenue that could be incurred/earned in line with its ROSI methodology. The revenue and cost statement was created and compared across two scenarios - first, when residents are not supported with an HSP and the second when they are supported with an HSP.⁵

According to MH, the terms of the HSPs can vary significantly depending on the need of the resident, and CSB made appropriate assumptions for each property that were representative of the prevalent terms to analyze the financial impact. The methodology and assumptions used in the analysis are described below:

- Data analysis was done for six properties for the years 2023 and 2024.
- Rental revenue: CSB considered 100% of rental revenue (without subsidies) under both scenarios i.e., when no HSP is offered vs. when it is offered.
- Subsidies (Section 8): MH will likely earn subsidies for 10 months in a year for the unit



⁵ Photo: schematic showing the ROSI methodology

when an HSP is not given and for the entire 12 months in a year when an HSP is given as residents remain housed.

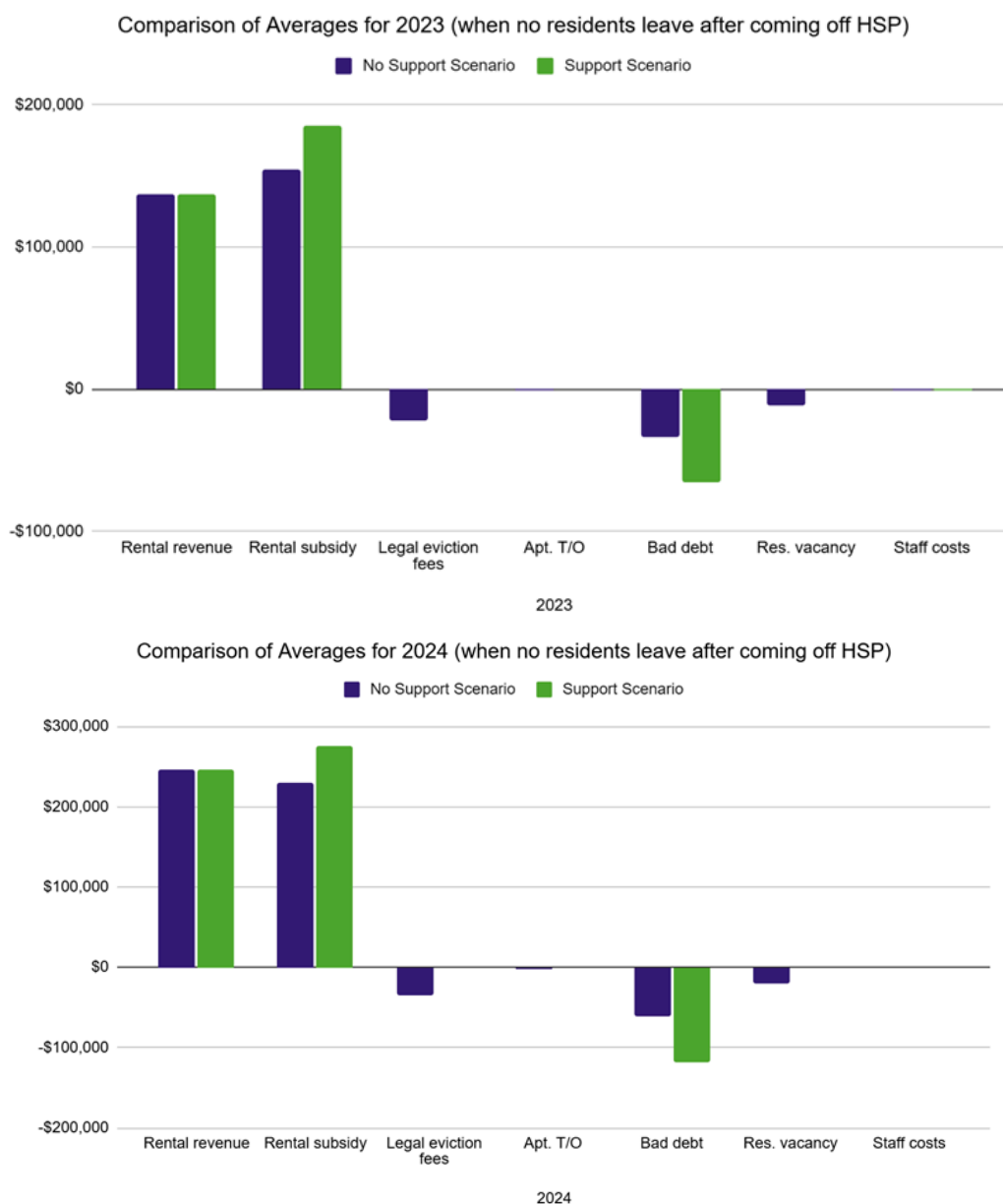
- Eviction-related expenses:
 - MH will likely incur 2 months of legal expenses per unit when an HSP is not given as they may need to involve lawyers to serve eviction notices to residents vs. no eviction legal expenses when HSPs are given as residents remain housed on the property.
 - MH will likely incur costs to turn over an apartment once in a year when no HSPs are given vs. no turnover costs when HSPs are given.
 - MH will also likely incur residential vacancy costs of 1 month when no HSP is given and residents are evicted vs. no costs when HSPs are given.
- Bad debt expense:
 - When no HSPs are provided, MH anticipates a bad debt provision equivalent to three months of full rent, as the typical timeline from initial default to eviction is approximately three months. When HSPs are given, the bad debt provision is equivalent to one month of full rent (initial default) and the difference between full rent and the rent agreed under the HSP for the entire tenure of the HSP. Per MH, residents pay the lower of the two rents and the difference may be recoverable over an extended period of time though there is no guarantee that the resident will be able to pay.
- Vacancy:
 - When no HSPs are provided, a unit can stay vacant for almost 1 month, or more in some regions, before being rented again, and as such, vacancy loss equivalent to one month's rent is considered vs. no vacancy loss when HSPs are provided as the resident remains housed.
- CSB also evaluated staff time allocated to dealing with eviction-related matters and compared it with the staff time spent on dealing with HSP related matters and did not find any difference between the two.
- Other assumptions included:
 - The average duration of an HSP was assumed to be 6 months.
 - Discount on the resident's portion of the rent offered on HSPs assumed to be 80%.
 - Residents stay housed after coming off HSP and for the remainder of the year.
 - Units on HSP get on to the plan in the first half of the year and come off of the plan before the end of the year (*for ease of calculation purposes only*).

Results

CSB calculated the net value creation/reduction (revenue less costs) for each property under each scenario i.e. when HSPs are offered vs. when they are not. **The results showed the range of the impact varied from a net loss of ~2% to a net benefit of ~13% of Net Operating Income (NOI) in 2023 and net benefit of ~2% to ~4% of NOI in 2024 across all the properties.**

The average net benefit (difference between the two scenarios) across the properties was \$33K in 2023 and \$45K in 2024 across four properties⁶ when residents were supported with HSPs. The benefit was mostly based on MH's ability to earn consistent subsidies throughout the year as residents remain housed, avoiding expensive eviction-related legal fees, vacancy, and apartment turnover costs. It was also noted, however, that provisions for bad debts were higher when residents are supported with HSPs as the differential in the rent may be irrecoverable, or only recoverable over an extended time period.

Figure 1: Comparison of revenue and expenses under support vs. no support scenario (when no residents leave after coming off HSP)



⁶ Two properties were excluded from the analysis as there were no active HSPs in either 2023 or 2024

Alternative Scenario - Lower Post-HSP Retention Rate

In the analysis described above, CSB assumed that all residents supported with HSPs adhere to the plan terms and continue to stay on the property after coming off the HSP. Practically, this may not always be the case hence CSB stress tested the assumption with a scenario in which 25% of residents leave after coming off the HSP (increasing this from nil in the first analysis). CSB used the same set of assumptions listed above other than the following differences:

- 75% of residents stay housed at MH for the remainder of the year. 25% leave in the month after HSP.
- **Subsidies**
 - MH will likely earn subsidies for 10 months in a year under the “no support” scenario. In the scenario when residents are supported with HSPs, subsidies are earned for the entire 12 months in a year for 75% residents who continue to stay on the property and 10 months for 25% residents who leave the property after coming off the HSP.
- **Eviction-related expenses**
 - MH will likely incur costs to turn over an apartment once in the year when no HSPs are given and for the 75% of residents who leave after coming off the HSP. No apartment turnover costs were assumed for residents who stay on the property after coming off the HSP.
 - MH will likely incur vacancy costs when no HSPs are given and for the 75% of residents who leave after coming off the HSP. No vacancy costs were assumed for residents who stay on the property after coming off the HSP.

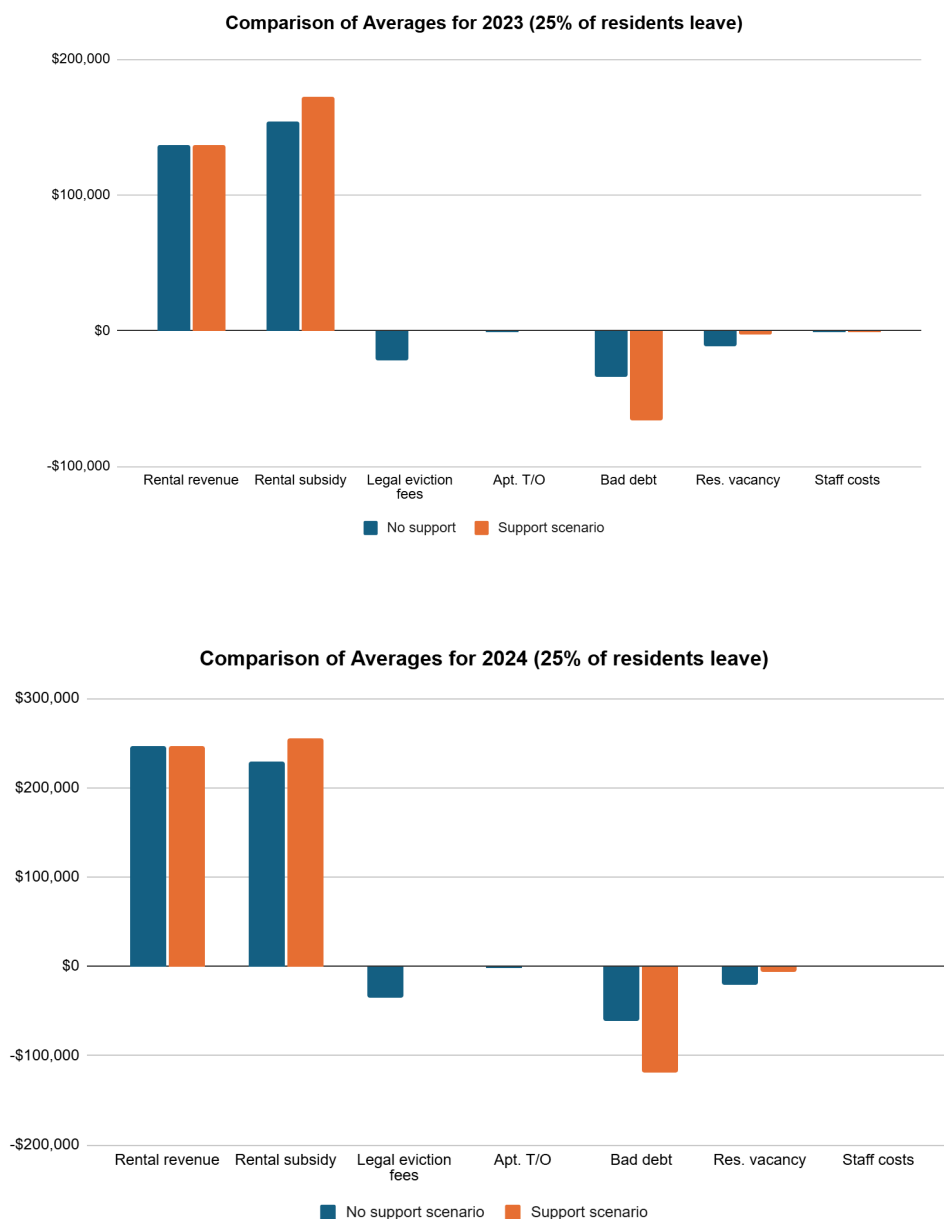
Results

CSB calculated the net value creation/reduction (revenue less costs) for each property under each scenario i.e. when HSPs are extended but 25% of the residents leave after coming off HSP vs. when HSPs are not given. The results showed the net impact varied from a net loss ~ 4% to a net benefit of ~10% of NOI in 2023 and from a net loss ~ 2% to a net benefit of ~2% of NOI in 2024 across all the properties.

Average net benefit noted was \$18K in 2023 and \$23K in 2024 across four properties when residents were supported with HSPs with the exception of some properties indicating a net loss in either 2023 or 2024. Ability to earn subsidies more consistently, albeit at lower levels than the previous case, avoiding eviction-related legal fees largely contributed to the benefit. There is, however, a cost of turning over an apartment and one month of vacancy on account of leaving residents.

It was noted by MH that the likelihood of a resident leaving after being given support is low in the construct of the MH properties, but CSB felt that it was important to include this analysis for the benefit of properties that may have different circumstances.

Figure 2: Comparison of revenue and expenses under support vs. no support scenario (when 25% of the residents leave after coming off HSP)



The ROSI™ HSP Value Creation Calculator

Based on the findings, CSB has developed a financial tool designed to quantify the operational impact of Housing Support Plans. By inputting property-specific financial and operational data, owners and managers can generate directional insights into the performance of existing programs or project the potential ROI of implementing a new HSP.

The tool can help create the optimal plan, tailored to a property, that balances resident stability with financial sustainability. Organizations will be able to use it to evaluate the cost–benefit impact of extending financial support to residents under different durations and rental discounts. Please refer to Appendix 2 for details on the tool.

CONCLUSION

Supporting residents who are struggling to pay rent helps Mercy Housing stay aligned with its mission. CSB’s analysis shows that this mission-aligned offering of HSPs to Section 8-eligible residents promotes housing stability and also generates a net financial benefit. By prioritizing resident retention over immediate eviction, MH can earn consistent subsidies and avoid costs associated with legal fees, unit turnovers, and vacancies, though bad debt expenses may be higher. Overall, offering HSPs makes economic sense for MH and serves as a model for other property owners.⁷

CSB recommends that owners and managers use the ROSI HSP Value Creator tool to quantify the operational and financial impact of Housing Support Plans.

Finally, CSB would like to suggest that companies implementing HSPs or considering it in the future should track relevant operating and financial metrics to understand the outcomes of these programs and how to improve them. Suggestions include:

- **Program Metrics:** Monitor key performance indicators tied to HSPs (e.g., number of plans initiated, completion rates, outcomes achieved).
- **Resident Stability:** Track average length of residency for tenants with a history of HSPs to evaluate whether these tenants remain housed longer compared to other residents.
- **Satisfaction and Retention:** Measure resident satisfaction and lease renewal decisions among tenants with prior HSPs, or start collecting this for those who are offered HSPs in the future.



⁷ Photo credit: Mercy Housing

Appendix 1 - Considerations for Implementing Housing Support Plans

Housing Support Plans (HSPs) are designed to support increased housing stability and are typically tailored to the specific circumstances and needs of individual residents. While a variety of plan structures and processes exist, the following considerations were identified:

- Residents are typically offered a housing support plan along with the service of legal lease violation documentation. Resident Services Providers (RSPs), or property management, if RSPs are not available, will work with the resident to identify financial support to cover outstanding amounts, where available, and determine an individualized HSP that gets the resident back on track. Residents then agree to and sign that plan which may include parameters such as:
 - Amount of time and monthly amounts to pay back any outstanding rent amounts and start date for those payments
 - Agreements to pay monthly rent going forward and a start date for that (critical to have resident involvement)
 - Other behavioral steps that may be discussed
- Documentation and tracking of plans is important, and can be complex as property management systems may track rent due, but may not have functionality to clearly track other steps for HSP payment agreements and service provision by the RSC. Weekly meetings between property management and resident services providers that include discussions of open HSPs are encouraged to bridge the gap.
- While the plans discussed in this study are primarily financial, there are also HSPs that are focused on behavioral issues, requiring that residents agree to abide by social and safety building requirements. Properties may opt to mix financial and behavioral requirements for the HSPs that they design as appropriate.
- Properties should consider long-term success metrics when considering setting up HSPs, including indicators like rent payment history and adherence to property guidelines.
- In some cases, the HSP may need to become a stipulated agreement that is filed with the court to communicate the importance of the contract that is formed between the resident and the property.

Appendix 2: The ROSI Housing Support Plan Value Creation Calculator

The ROSI HSP Value Creation Calculator can be found on the NYU Stern CSB website. An overview of the tool and how to use it is provided below:

Objective: This ROSI™ HSP Value Creation Tool calculates the monetary value of supporting residents who are behind on rent with Housing Support Plans in affordable housing properties using the NYU Stern Center for Sustainable Business (CSB's) ROSI framework.

Results: CSB's analysis was performed on six different affordable housing properties of Mercy Housing in California over two years (2023 and 2024) described in the report.

How to use the template: Users should obtain the data listed below in the source of information (point # 5) and populate the 'monetization property#' tab. Data will autopopulate into the 'summary' from the 'monetization property#' tabs. If a user has data for more than 2 properties, please duplicate the 'monetization property#' tab and adjust the formula to add the extra sheets in the summary tab by unhiding rows 4-47. The rest of the sheet will update accordingly.

What if a user does not have the data?: If the required data is not available, users are suggested to refer to the results (point # 2) listed above to estimate a range of possible benefits upon implementation of HSPs on their property.

Source of Information: Data needed includes operational information on property (for example, number of units with HSPs, number of units turned over etc.) and financial information (for example total rental revenue, total subsidies, various costs etc.).

Glossary of Terms: Housing Support Plan: A customized strategy to support residents in maintaining housing stability during tough financial times.

Limitations: CSB's analyses were performed on six different affordable housing properties of Mercy Housing in California for two years (2023 and 2024). This template is created on the basis of our findings and is thus may be limited in applicability across geographies and types of properties. It is intended to provide a directional assessment of the value from supporting residents with HSPs.

CSB understands that in some cases post-HSP recoveries of past rent are possible and can improve financial outcomes, but are not currently factored into the financial tool.