

Feasibility Analysis – HOME Tenant Based Rental Assistance Program (TBRA)

Introduction

The HOME Program allows participating jurisdictions to create flexible programs that provide financial assistance to individual households in order to enable them to rent market-rate units. These rental subsidies are known as "tenant-based rental assistance" or TBRA. This subsidy can help individual households afford housing costs such as rent, utility costs, security deposits, and/or utility deposits. Like most of the programs Community Development administers, TBRA is limited to tenants with incomes at or below 80% of the area median income.

History with Rental Assistance

Lake County has had experience with a variety of Tenant Based Rental Assistance programs, including HOME TBRA. In addition to that are the Shelter Plus Care (S+C) program through the Lake County Health Department and the Homeless Prevention & Rapid Re-Housing Program (HPRP) through PADS and Catholic Charities. Each program has slightly different requirements for administration, eligibility, and other factors, but have many similarities in general.

Maristella – HOME TBRA

Maristella is a small non-profit organization that provides assistance to women with children that are experiencing homelessness, among other services. They have historically provided emergency shelter assistance in the form of motel vouchers. In 2005, Maristella initiated its TBRA program.

During the 2005-2009 Consolidated Plan, TBRA was included as an eligible activity for which applications were sought. Throughout that period, Maristella applied for and received funding in four years totaling \$346,945.

2005	2006	2007	2008
\$47,790	\$155,000	\$50,000	\$94,155

Maristella used these funds to provide security deposit assistance to eligible households. 453 households received assistance over the course of the program. This includes clients funded with any matching funds, which, per HOME regulations, are 25% of the grant.

Maristella experienced significant capacity issues administering the TBRA program. Extensive technical assistance was required in order to ensure HOME funds were used in compliance with regulations. Numerous concerns arose throughout, including: inadequate recordkeeping which led to unintentional attempts to grant funds to the same household more than once; lack of a mechanism to recapture the security deposit upon the client's moving; and a lack of supportive service options to ensure appropriate counseling prior to lease.

These issues, coupled with a perceived demand for more homeownership opportunities at the time of the development of the Consolidated Plan, led to TBRA being excluded from the 2010-2014 Consolidated Plan.

Lake County Health Department – S+C TRA

The Lake County Health Department receives funding through the Continuum of Care under the Shelter Plus Care (S+C) program. This program provides a rent subsidy to homeless persons with disabilities. HUD provides an amount equal to the Fair Market Rent for each unit (in this case, 34 total). Last year, this totaled \$387,264.

Clients must pay 30% of their income to the rent. HUD also requires that there be a dollar-for-dollar match in supportive services; i.e., for every S+C dollar spent, one dollar must be spent on supportive services. This is currently being met through the services offered by Behavioral Health Services and other community partners.

This grant has been successfully administered by the Health Department. The Health Department has effective systems in place in order to ensure all regulations are met and payments are made appropriately. The additional burden was insignificant due to the economies of scale at a large governmental organization.

Clients have been extraordinarily successful in the program, especially given the many and complex problems they experience. The program has significantly reduced the number of chronically homeless persons in Lake County, and persons have remained in housing for a long time. However, since these particular clients have significant behavioral health issues, they rarely, if ever, successfully end their dependence on the program. The subsidy is permanent in nature.

In addition, HUD has designed the S+C program to not spend all the money it is awarded. Awards equal the number of units multiplied by the Fair Market Rent. Clients also pay 30% of their income to the rent. As a result, there is always money leftover that cannot be spent on other things. Replicating this as a HOME TBRA program could lead to the same sort of problem, with leftover money accumulating.

PADS & Catholic Charities – HPRP TBRA

The American Recovery & Reinvestment Act (ARRA) contained \$1.5 billion for a Homeless Prevention and Rapid Re-Housing Program (HPRP). HPRP allowed for medium-term rent subsidies to be provided to eligible clients. Over a three-year period, PADS & Catholic Charities are a joint grantee for \$671,562.

HPRP is intended to get homeless clients back into housing quickly, and then provide a weaning rent subsidy. After no more than 18 months, clients will assume the full costs of housing. No match is required.

The program has been successfully administered because of a solid partnership between PADS & Catholic Charities. PADS acts as the fiscal agent and point of entry, while Catholic Charities provides the case management and supportive services. Both have been high performing grantees for many years with many programs.

The program is still early, and ultimate outcomes are yet to be measured. However, one of the biggest factors in the early success of this program thus far has been the provision of supportive services. These

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services ensure clients remain in housing and overcome the barriers that led to their homelessness. HPRP funds, unlike HOME funds, may be used for supportive services. In fact, the funding breakdown is as follows:

Rental Assistance	\$412,906
Supportive Services	\$235,946
Data Collection & Evaluation	\$6,489
Administration	\$16,221

In addition, staff costs can be funded out of “project delivery costs” under either rental assistance or supportive services with HPRP. Only direct rental assistance would be permitted under HOME TBRA.

Other jurisdiction’s experiences

The Champagne-Urbana Consortium is the only other Participating Jurisdiction in Illinois which currently has a TBRA program. The program is run primarily by one of the Consortium members and coupled with other supportive housing funds to target low-income families seeking to further their education. The program can provide assistance for up to two-years through monthly installments addressed to the landlord.

There are a total of five staff members who work to administer the program for the Consortium. The duties of these staff members include certifying income, completing inspections, and other long-term compliance activities associated with any HOME rental program or project. Staff members described the administrative process as intense and time consuming. One staff member described the program as being administered in a manner similar to the Housing Choice Voucher Program at the local housing authority; however the TBRA program was targeting a more specific population.

Administrative Burden

In order to administer a TBRA Program, there are certain things that must be carried out by either Lake County or any subrecipient organization or both. They include:

- Development of written tenant selection policies and criteria in accordance with all state and federal laws;
- Determine reasonableness of rent (every unit must have adequate comparables to determine reasonableness; use of fair market rent is not allowable);
- Inspect each unit (currently done by the Affordable Housing Corporation – this would add an additional cost that would need to be covered by HOME administration funds);
- Ensure all leases meet the requirements of 92.253; i.e. checking for prohibited lease terms;
- Ensure property standards and occupancy requirements continue to be met throughout the designated period;
- Document households currently on the Section 8 waiting list;
- Lake County must review and approve rent increases by landlords. This could prove a deterrent to landlords from participating in the program.

Program Design Considerations

Beyond the administrative requirements which stem from TBRA, the HOME regulations require the consideration of program design factors which can significantly change the need for funding and the impact on the community.

- Permitted form of Assistance:
 - *Rent Assistance*- Rent and utility costs for housing.
 - *Security Deposit Assistance*- TBRA programs can be used to help tenants with security deposits that equal up to two months' rent. Discussions with the Lake County Property Investors Association indicate that many landlords prefer rental assistance rather than security deposit assistance due to concerns about long-term tenant stability.
 - *Utility Deposit Assistance*- Utility deposit assistance can only be provided in conjunction with a TBRA security deposit or rental assistance program.
 - *Homebuyer Assistance*- TBRA may assist a tenant who is a potential homebuyer through a lease-purchase program.
- General vs. Preference: TBRA may focus on the broad provision of rental assistance with a preference for assistance to a special purpose, group or need.
 - *Residency*- The County can establish a preference that assistance goes to Lake County residents (defined as a person currently residing or working within the County).
 - *Disabilities*- The County can establish a preference for all persons with disabilities.
- General vs. Targeted: Beyond the establishment of preferences, the County can choose to target the program to meet the housing needs of special needs groups as a broad category, including homeless persons and persons with disabilities. The program can be further targeted to individual special needs groups if the need for assistance to that group is indentified as an unmet need in the Consolidated Plan.
- Non-Mandatory Services: While a TBRA program can be combined with services which would benefit recipients, the participation in these services must be non-mandatory.
- Location and Unit Selection: While Lake County can establish a preference that a recipient be a resident at the time of application, the recipient is free to choose their own unit provided it meets the eligibility requirements. To further geographically define the program, Lake County can require that an eligible unit be within Lake County. No preferences may be established for particularly properties, neighborhoods or municipalities.

Consortium Partners- Waukegan and North Chicago

Staff discussed the possible design and implementation of TBRA with both of Lake County's Consortium partners.

- Waukegan- Understanding that the HOME regulations do not permit municipality or neighborhood specific geographic targeting, the City expressed concern over the use of Waukegan's HOME allocation for TBRA. Discussions with the City indicate some interest in a County-wide program which would allow for the TBRA funds to incentives landlords to improve unit quality in the City.
- North Chicago- Due to a focus on increasing homeownership and the provision of supportive services, the City expressed greater interest in TBRA programs which would link into a lease-purchase program to increase homeownership or which are part of a supportive service program to ensure that recipients could eventually move off of the subsidy.

Recommendation

Staff recommends that if the Community Development Commission considers adding Tenant Based Rental Assistance to the Consolidated Plan as a “Medium Priority” goal per the procedures in the Citizen Participation Plan, that further analysis be completed prior to any program implementation.

If TBRA is added to the Consolidated Plan, staff will complete comprehensive policies and procedures for a TBRA Program and the CDC may choose to solicit applications in future application cycles.