

Attachment 3

FINANCIAL ASSISTANCE PROGRAMS

One of the original ideas staff brought to Council was to establish a financial assistance program to help tenants facing evictions, providing temporary relief or rental assistance.

Creating a financial assistance program to aid tenants facing evictions involves establishing a process whereby staff determines if the root cause of the eviction qualifies the tenant for assistance, determines if assistance is necessary, how much is needed, and the best approach to providing it. The program could function by providing eligible tenants with direct financial support to help cover unpaid rent, additional relocation, or related expenses during evictions. If Council decides to pursue this program, there several key decisions that need to be made to shape the program.

Program Objectives

- Establish a financial assistance program for tenants facing eviction.

Program Structure - Eligibility Criteria:

Council would need to decide first who they want to serve with this type of program. By clearly defining eligibility criteria based on income levels, family size, and other relevant factors including types of evictions.

Income:

When it comes to determining eligibility based on income, staff recommends sticking to the commonly used Income Limits established by Department of Housing and Urban Development (HUD). Council can decide which specific income levels to serve, such as Low Income, Very Low Income, and Extremely Low Income households. The chart below illustrates these income levels for clarity:

Persons in Family	Extremely Low Income Limits (\$)	Very Low (50%) Income Limits (\$)	Low (80%) Income Limits (\$)
1	29,150	48,550	77,700
2	33,300	55,450	88,800
3	37,450	62,400	99,900
4	41,600	69,350	110,950
5	44,950	74,900	119,850
6	48,300	80,450	128,750
7	51,600	86,000	137,600
8	54,950	91,550	146,500

Source: HUD Income Limits

Council can choose to pick one income category or all to assist.

Family Size/Demographic

In addition to income levels, Council can establish family size or age as an eligibility criteria. For example, Council can choose to provide assistance to only low-income families or low-income seniors who are being evicted. This can be a determining factor to how large or small the program budget needs to be. For example a program serving only low income seniors would require a smaller budget than a program that serves low income individuals or families in general, the rationale being that the more specific the requirements, the less number of people will qualify.

Types of Evictions

Another area of consideration would be the types of evictions eligible for assistance. Council can choose to provide assistance for any eviction occurring in Glendale or specifically target No-Fault Evictions.

Providing assistance to all types of evictions would mean that individuals evicted for non-payment of rent, causing a nuisance, or breaching a lease would all be eligible for assistance. Targeting only No-Fault evictions would focus on those being evicted for reasons such as family move-ins, major rehabilitations, or other reasons not caused by the tenant's actions.

Staff recommends a hybrid approach. This approach would include:

No-Fault Evictions - Tenants Not Receiving Financial Assistance: Apply the policy to tenants who are not receiving relocation assistance, such as those living in single-family homes, duplexes, or 3 to 4 units facing rehab evictions.

Evictions Due to Financial Hardship: Extend the policy to individuals evicted for non-payment of rent if the non-payment was due to financial hardship.

This hybrid approach ensures that tenants who would not otherwise be receiving relocation assistance receive some sort of assistance and that those facing eviction due to financial hardship are given relief.

Program Structure – Assistance Options

City Council can adopt several approaches to determine the type and extent of assistance provided to tenants facing eviction. These approaches include Fixed Amount, Reimbursement, and Need-Based Assistance. Below are the detailed options for each approach:

Fixed Amount Assistance

Providing a fixed amount of assistance is the most straightforward approach. This option would allocate a predetermined sum based on the tenant's income level and family size. The fixed amount ensures that each eligible tenant receives a consistent level of support, simplifying the program's administration. Key considerations include:

- **Income Level and Family Size:** The fixed amount would vary depending on the tenant's income and the number of dependents. For example, lower-income households with more dependents might receive higher assistance.
- **Predictability:** Tenants can reliably know the assistance they will receive, aiding in their financial planning during the eviction process.

This approach would be best suited for tenants receiving No-Fault evictions who do not qualify for relocation assistance. If they were to qualify, the formula would be *3 x the greater of the amount of the current rent or Fair Market Rent (FMR) for a rental unit of similar size + \$2,000*. And double for qualified tenants. The assistance based on this formula could be anywhere from \$7,000 for a Studio to \$20,000 for a 2 bedroom, per household. Council could choose to use this formula or provide a different fixed amount.

First Month's Rent

This approach involves the program paying the first month's rent for tenants who have been evicted. This can set tenants on the right foot in their new housing situation and provide them time to find new sources of income while they transition to new housing. Specific details include:

- **Eligibility Criteria:** Tenants must demonstrate that they have been evicted and are securing new housing to qualify for this assistance.

Determining a budget for this approach can be challenging due to varying rent levels. The cost of paying the first month's rent will differ significantly. Fluctuations in rent prices and the varying needs of tenants will also impact costs.

Unpaid Rent Coverage

Covering unpaid rent for tenants facing eviction due to non-payment offers another form of support. This option can help tenants avoid eviction by settling overdue rent payments. This program could be designed to assist tenants in emergency situations similar to a temporary rental assistance program. Detailed aspects include:

- **Eviction Prevention:** Assists tenants in clearing overdue rent, potentially preventing eviction proceedings.

- Eligibility Requirements: Tenants must provide evidence of financial hardship and unpaid rent to qualify for this assistance.

This approach, similar to the one above, would also make it difficult to pin down a budget due to fluctuations in each unique situation.

Benefits for Property Owners

An additional feature that can be added to the program would be landlord incentives. To incentivize property owners to rent to recently evicted tenants or landlords who extend eviction dates, an additional bonus can be provided. This encourages landlords to offer housing to tenants who have faced eviction, creating opportunity for tenants. Key points include:

- Owner Incentives: A \$1,000 bonus can be rewarded to property owners who rent to recently evicted tenants, providing financial motivation.
- Conditions for Bonus: Property owners must sign a lease with an evicted tenant and maintain the tenancy for a specified period to qualify for the bonus.

Budgetary Considerations

Staff would need to determine the annual budget required for the program, considering factors such as the number of eligible tenants, average assistance amounts, and program reach.

Funds would need to be allocated for administrative costs, including staffing, application processing, and outreach efforts. Additional staffing would be needed to for processing, handling applications, eligibility verification, and aid distribution.

Staff has attempted to create cost estimates based on the type of assistance Council has to consider.

Fixed Amount Assistance Budget

For this example, we will see how much the budget would be if we were to take into consideration the relocation formula. First you will see the cost of serving a single household based on unit size, then we will take that number and use it to determine what the budget would be if we had 150 participants in the program. The participants are broken down based on bedroom size.

- Formula: $3 \times \max(\text{current rent, Fair Market Rent (FMR) for a similar-sized unit}) + \$2,000$
- Double the assistance for qualified tenants

Current Fair Market Rents (FMRs):

- Studio: \$1,777
- 1 Bedroom: \$2,006
- 2 Bedroom: \$2,544

- 3 Bedroom: \$3,263

Assistance Estimates by Unit Size:

Unit Size	Fair Market Rent (FMR)	Fixed Amount Calculation	Fixed Assistance
Studio	\$1,777	$3 \times \$1,777 + \$2,000$	\$7,331
1 Bedroom	\$2,006	$3 \times \$2,006 + \$2,000$	\$8,018
2 Bedroom	\$2,544	$3 \times \$2,544 + \$2,000$	\$9,632
3 Bedroom	\$3,263	$3 \times \$3,263 + \$2,000$	\$11,789

Range of Assistance: From \$7,331 for a studio to \$11,789 for a 3-bedroom unit.

Maximum Estimated Assistance: Up to \$23,578 for qualified tenants in 3-bedroom unit (double the assistance).

Assuming the average number of households per unit size per year:

- Studio: 25 households
- 1 Bedroom: 50 households
- 2 Bedroom: 50 households
- 3 Bedroom: 25 households

Total Assistance Budget Calculation:

Unit Size	Average Households	Fixed Amount per Household	Total Budget
Studio	25	\$7,331	\$183,275
1 Bedroom	50	\$8,018	\$400,900
2 Bedroom	50	\$9,632	\$481,600
3 Bedroom	25	\$11,789	\$294,725
Total Estimated Assistance Budget for Non-Qualified Households: \$1,360,500 Total Estimated Assistance Budget for <u>Qualified Households</u> : \$2,720,000			

Total Budget for Fixed Assistance Based on Relocation Formula – 150 Participants

The total potential budget using relocation formula and 150 participants as basis would be roughly – \$1,554,500 - \$2,914,000 including staffing:

Total annual assistance budget: \$1,360,500 - \$2,720,000

Staffing, administrative, and other costs: \$194,000

-Staff – 1 Housing Associate - \$109,000

-Outreach - \$50,000

-Admin/Supplies - \$35,000

Total Budget – \$1,554,500 - \$2,914,000

Fixed assistance using predetermined amounts:

In this example the assistance will be based on a fixed dollar amount, taking into consideration household size. And again, this is based on 150 participants evenly distributed.

Fixed Assistance Amounts:

- Single Person: \$3,500
- 2-3 Persons: \$4,500
- 4 or More Persons: \$5,500

Assumed Distribution of 150 Households:

- Single Person: 50 households
- 2-3 Persons: 50 households
- 4 or More Persons: 50 households

Total Assistance Budget Calculation:

Family Size	Average Households	Fixed Amount per Household	Total Budget
Single Person	50	\$3,500	\$175,000
2-3 Persons	50	\$4,500	\$225,000
4 or More Persons	50	\$5,500	\$275,000
Total Estimated Assistance Budget: \$675,000			

Total Budget for Fixed Assistance Based Predetermined amounts– 150 Participants

The total potential budget using relocation formula and 150 participants as basis would be roughly – \$869,000 including staffing:

Total annual assistance budget: \$675,000

Staffing, administrative, and other costs: \$194,000

-Staff – 1 Housing Associate - \$109,000

-Outreach - \$50,000

-Admin/Supplies - \$35,000

Total Budget – \$869,000

First Month's Rent Assistance Budget

This section will show the budget breakdown for providing assistance of first month rent, again assuming 150 participants with rents ranging from \$1,500 to \$3,500.

Rent Level	Number of Households	Cost per Household	Total Budget
Low Rent	50	\$1,500	\$75,000
Moderate Rent	50	\$2,000	\$100,000
High Rent	50	\$3,500	\$175,000
Total Estimated Assistance Budget: \$350,000			

Total Budget for Fixed Assistance Based First Month Rent– 150 Participants

The total potential budget using relocation formula and 150 participants as basis would be roughly – \$350,000 including staffing:

Total annual assistance budget: \$350,00

Staffing, administrative, and other costs: \$194,000

-Staff – 1 Housing Associate - \$109,000

-Outreach - \$50,000

-Admin/Supplies - \$35,000

Total Budget – \$544,000

Due to the fluctuation in tenants' needs, such as varying amounts of rent, the budget for providing assistance could fluctuate significantly. To manage this variability and ensure the program remains within budgetary constraints, the Council could implement a cap on the maximum amount of assistance a tenant can receive and/or a cap on number of participants.

Unpaid Rent Assistance Budget

This section will show the budget breakdown for providing assistance to tenants who have not paid rent, again assuming 150 participants with rental debut ranging from \$2,000 to \$8,500.

Rent Level	Number of Households	Amount per Household	Total Budget
Low Rent	37	\$2,000	\$74,000
Moderate Rent	37	\$3,500	\$129,500
High Rent	38	\$5,000	\$190,000
Very High Rent	38	\$8,000	\$304,000
Total Estimated Budget: \$697,500			

Total Budget for Fixed Assistance Based Unpaid Rent– 150 Participants

The total potential budget using relocation formula and 150 participants as basis would be roughly – \$697,500 including staffing:

Total annual assistance budget: \$697,500

Staffing, administrative, and other costs: \$194,000

-Staff – 1 Housing Associate - \$109,000

-Outreach - \$50,000

-Admin/Supplies - \$35,000

Total Budget – \$891,500

Due to the fluctuation in tenants' needs, such as varying amounts of overdue rent or debt, the budget for providing assistance to prevent eviction could fluctuate significantly. To manage this variability and ensure the program remains within budgetary constraints, the Council could implement a cap on the maximum amount of assistance a tenant can receive. For instance, setting a limit of \$10,000 per tenant would provide a clear threshold for financial support.

Owner Incentive

In addition to the assistance budget, if Council wishes to implement additional incentives for landlords who rent to evicted tenants, or extend eviction deadlines, an additional budget would be required. The following shows the additional amount needed based on 150 participants.

Incentive Level	Incentive Amount per Landlord	Number of Landlords	Total Additional Budget
Low Incentive	\$1,000	150	\$150,000
Moderate Incentive	\$2,000	150	\$300,000
High Incentive	\$3,000	150	\$450,000

The budget outlined here provides a rough estimation based on hypothetical numbers. The actual figures would depend on various factors include the number of tenants in need or number of tenants Council chooses to assist, and the extent of financial support and need for additional staffing and marketing.

In addition to the options above, Council could also give a set budget of, for example, \$500,000 and instruct staff to expand that based on need.

Conclusion

The proposed Financial Assistance Programs are designed to provide crucial support to tenants at risk of eviction by offering direct financial aid. The decisions before Council, such as setting income and family size thresholds, choosing between fixed and need-based assistance, and deciding on additional incentives for landlords, are crucial for tailoring the program effectively to the community's needs.

The Council has several distinct financial assistance programs to consider, each designed to address specific aspects of tenant evictions with unique budgetary requirements:

Fixed Amount Assistance Program

Provides a specific, predetermined amount of financial support based on the tenant's income level and family size. This model simplifies administration and offers predictable aid to eligible tenants.

First Month's Rent Assistance Program

Assists evicted tenants by covering the cost of the first month's rent in their new housing, helping to smooth the transition and stabilize their living situation.

Unpaid Rent Assistance Program

Offers financial support to cover unpaid rent, preventing evictions due to temporary financial hardships. This program targets tenants at immediate risk of eviction, providing rapid relief to preserve housing stability.

Ultimately, this program not only aids tenants in maintaining housing stability but also potentially reduces the long-term social and economic costs associated with evictions.