



Staff Reports Details (With Text)

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Title: Agreement for Section 8 Landlord Mitigation and Incentive Program Operator

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Attachments: 1. ATCH 1 - Resolution, 2. Ex A - Abode Service Agreement

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| 8/4/2020 | 1 | HOUSING AUTHORITY | approved | Pass |

To: Honorable Chair and Commissioners

From: Vincent Smith, Community Development Director

Prepared By: Lark Ferrell, Housing Manager

TITLE:
Agreement for Section 8 Landlord Mitigation and Incentive Program Operator

RECOMMENDED ACTION:
Adopt a resolution authorizing the Executive Director to execute a Services Agreement with Abode Services in an amount not to exceed \$205,186, for the Section 8 Landlord Mitigation and Incentive Program.

DISCUSSION:
Background

The Housing Authority operates the Section 8 Housing Choice Voucher rental assistance program (the “Section 8 Program”) throughout Napa County. Households who are issued Section 8 vouchers must secure units on the open rental market. This often requires them to compete against other renters who have higher incomes, better credit histories, and the ability to pay higher rents than allowed under the Section 8 program regulations. This makes it very challenging for voucher holders to secure units. In response to seeing fewer voucher holders successfully find units, in late 2017, the Housing Authority established the Section 8 Landlord Mitigation and Incentive Program (the “Program”) and, in early 2018, selected Abode Services as the program operator and launched the Program.

Under the Program, Section 8 Program participants who are either homeless or at-risk of becoming homeless (with vouchers expiring within 60 days) are referred to Abode Services by the Housing Authority. Abode provides housing location assistance to these voucher holders. Landlords

accepting tenants through the Program have access to a 24-hour hotline to call in case of after-hour emergencies. Additionally, Abode makes regular check-ins with the tenants and landlords to try to mitigate any issues that might occur in order to help the tenants remain successfully housed. Landlords new to the Section 8 Program are eligible to receive a “new owner bonus payment” of \$1,000 while existing landlords are eligible to receive a smaller bonus of \$500 for each unit added to the Section 8 Program. The Program also provides landlords with a continuity payment if they agree, prior to or when a unit occupied by a Program participant becomes vacant, to rent the unit to another Program participant. Additionally, the Program provides up to \$5,000 for “barrier removal,” which includes things such as paying for security deposits, credit checks, or making minor modifications to a unit, so it meets Section 8 Housing Quality Standards.

The Program also provides for loss mitigation payments. These payments are available to a landlord for a total of three years after a Program participant moves into a unit. If the tenant damages the unit, the Program would pay for costs in excess of the tenant’s security deposit up to a maximum of \$3,500. If the tenant leaves without paying his/her portion of the rent, the landlord would also be eligible for reimbursement under the loss mitigation component of the Program. The Housing Authority holds funds for the loss mitigation component until such time as a damage claim occurs.

Program Activity to Date

Since 2018, the Housing Authority referred a total of 132 voucher holders who were homeless or at-risk of homelessness to Abode for assistance through the Program. Of the households referred, eight withdrew from the Program after being referred for various reasons, including their current landlords decided to allow them to remain in their existing units. Therefore, follow-up by Abode was not needed. In addition, 11 participants decided to move out of Napa County (which similarly meant follow up from Abode was not needed). Additionally, eight voucher holders are still actively being assisted by Abode with their housing searches, so their outcomes are not yet known. If the voucher holders who did not utilize Abode’s services and those that are still actively searching are excluded from the calculations, this leaves 105 participants. The table below provides a summary of the Program’s results for these 105 participants.

| Status of Household | Housed | Not Housed | Total | Success Rate |
|---------------------|--------|------------|-------|--------------|
| Homeless | 30 | 15 | 45 | 67% |
| At-Risk | 40 | 20 | 60 | 67% |
| Total | 70 | 35 | 105 | 67% |

Based on this data, since the Program’s launch approximately two and a half years ago, homeless and at-risk of homeless voucher holders have been equally successful locating housing through the Program. To help secure housing for these voucher holders, 21 of their landlords were enrolled in the Landlord Mitigation component of the Program. To date, no damage claims have been filed. Additionally, the Program provided bonus payments to 22 of their landlords. Additionally, “barrier removal” payments were paid for 11 participants.

Proposed Agreement

Because the current contract with Abode Services is set to expire, the Housing Authority issued an RFP through the Public Purchase system for Program operators on July 10, 2020. Ten firms opened the RFP through the system. However, only Abode Services, the current operator, submitted a proposal. It is Staff's opinion that the City only received one proposal because this type of services is fairly specialized, requiring experience in working with homeless and landlords, and also, because of the COVID-19 pandemic, many firms may not be interested in providing this service in a new market.

Despite only receiving a sole response, staff recommends proceeding with the agreement with Abode. Abode has done a great job operating the Program since it was launched over two years ago. Abode is familiar with the housing providers in the community and has systems and staff in place to operate the Program. The proposed contract amount of \$205,186 reflects no cost increase from Abode Services' 2018 proposal. Based on these factors, staff received approval from HUD to proceed with the agreement despite it being considered a sole source contract.

Per the attached proposed Services Agreement (see Exhibit "A"), the Housing Authority would contract with Abode to operate the Program for a total cost not to exceed \$205,186. The Agreement includes (1) \$116,436 for Abode to operate the Program including staffing of one full-time housing locator as well as additional staffing for on-going housing support services for participating tenants and landlords; and (2) \$48,750 for landlord incentive payments and (3) \$40,000 for "barrier removal," which, as described above, provides funding for items such as tenant security deposits and application fees. The Housing Authority continues to hold \$36,000 aside to pay for any loss mitigation claims received through the Program.

The cost of operating the Program was included in the Housing Authority's current year budget. Of the Program costs, \$55,500 would be funded from funds that have been transferred to the Housing Authority from the City as housing successor to the Napa Community Redevelopment Agency but have not yet been expended. By law, the funds that were transferred from the Redevelopment Agency to the City as housing successor can only be used for very specific uses which include providing rapid rehousing, housing location, case management, etc. for persons who are either homeless or at-risk of homelessness. The remainder would be funded by the Housing Authority from (1) \$99,000 in unspent Low Mod Housing Funds; and (2) \$51,086 from the Section 8 Administration Fund. Staff estimates Abode will be able to assist approximately 40 participants or more during the one-year term of the agreement.

FINANCIAL IMPACTS:

There is no General Fund impact from this action. It would commit \$205,186 in Housing Authority funds including \$51,086 from the Section 8 Administration fund (84301), \$99,000 from the Housing Authority Low Mod Housing Fund (84401), and \$55,500 from the Local Housing Fund (84601), which is comprised of funds previously transferred as well as current year funds scheduled to be transferred to the Housing Authority from the City as the housing successor to the Redevelopment Agency.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - Abode Service Agreement

NOTIFICATION:

Notification was provided to Abode Services.