



Staff Reports

File #: 1607-2018, **Version:** 1

To: Honorable Chair and Commissioners

From: Rick Tooker, Community Development Director

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TITLE:
Section 8 Landlord Mitigation and Incentive Program

RECOMMENDED ACTION:

Adopt a resolution accepting funds from the City, as successor housing agency for the Napa Community Redevelopment Agency, authorizing associated budget adjustments, approving amendments to the Section 8 Landlord Mitigation and Incentive Program Guidelines, and authorizing the Executive Director to execute a Services Agreement with Abode Services 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. Additionally, given the highly competitive housing market, many landlords are not necessarily interested in participating in the Section 8 Program since vacancy rates are so low and market demand for top rents is so high. This makes it very challenging for voucher holders to secure units.

In response to seeing fewer voucher holders successfully find units, the Housing Authority established the Section 8 Landlord Mitigation and Incentive Program (the “Program”) in October 2017. Under the current Program, Section 8 Program participants who are either homeless or at-risk of becoming homeless (with vouchers expiring within 45 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.

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

Over the past year, the Housing Authority referred 49 voucher holders who were homeless or at-risk of homelessness to Abode for assistance through the Program. Of the households referred, five withdrew from the Program primarily because their current landlords decided to allow them to remain in their existing units and therefore follow-up by Abode was not needed, and 12 are currently being assisted in housing searches. The table below provides a summary of the Program's results. Success rates calculations exclude the 12 participants who are currently being assisted in the housing search process.

Status of Household	Housed	Not Housed	Total	Success Rate
Homeless	10	1	11	91%
At-Risk	10	11	21	48%
Total	20	12	32	63%

As indicated in the table above, during the past year, Abode successfully housed 91% of homeless voucher holders who participated in the Program. The at-risk households' success rate of 48% was significantly lower. This is because it has often been very difficult for Abode to help at-risk households secure housing in the 45 days before the vouchers expire.

To date, five landlords signed up for the Landlord Mitigation component of the Program for seven units. To date, no damage claims have been filed. Additionally, the Program has provided seven bonus payments to landlords. As of mid-October, Abode has not received any calls from the 24-hour landlord hotline

In evaluating the Program, to date the cost is under \$3,000 per household housed. The Housing Authority staff believes the majority of people who found housing through the Program would not have been successful in their search without Abode's assistance.

Proposed Program Amendments

In evaluating the Program's effectiveness, staff recommends two modifications be made to the Program guidelines. The first is to extend the time period under which a voucher holder is considered at-risk of homelessness and eligible for referral to Abode for assistance. As described above, an at-risk household is a household that has been unable to secure housing on their own and their voucher will expire within 45 days. Abode has found this time period is often too short to successfully find housing for the referred household in the current rental market. Therefore, staff recommends expanding the definition of at-risk of homelessness to include households whose

vouchers will expire within 60 days.

The second recommended modification is to add a new eligible Program cost for “barrier removal.” Abode has reported that often Program participants run into barriers in becoming housed. These include lacking the funds required to pay for costs such as application fees, security deposits, and unpaid utility bills from previous residences which make it difficult to get utilities turned on at the new units. Staff recommends amending the Program guidelines to provide a participant with assistance for up to \$5,000 in costs to remove these types of barriers to housing. In order to access these funds for a participant, Abode would need to verify there are no other available sources of funding. The proposed redlined changes to the Program Guidelines are shown in Attachment 2.

Proposed Agreement

The Housing Authority currently has an extensive list of people waiting to be referred to Abode through the Program. However, because the previous contract only provides for a half time housing locator, Abode can currently only assist 12 to 15 voucher holders at a time. Due to the success in housing homeless voucher holders along with the strong demand from eligible voucher holders interested in receiving housing location assistance through the Program, Housing Authority staff decided to expand the Program’s scale to assist 24 to 30 voucher holders at a time.

On July 31, 2018, the Housing Authority issued a Request for Proposals for Program operators. The Housing Authority received two proposals, including Abode Services. In evaluating the proposals, Abode Services had more experience working with homeless clients and Abode’s proposal was for a lower cost. Therefore, Housing Authority staff notified both respondents of its decision to proceed with a contract with Abode.

Per the attached proposed Services Agreement (see Exhibit “B”), 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 landlord; 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. In addition to funding for Abode’s contract, this Agenda Item would set aside up to \$36,000 in loss mitigation funding. These funds would be held by the Housing Authority in case there are future damage claims filed by participating landlords under the Loss Mitigation component of the Program.

The proposed budget for the Program is \$241,186 (which includes \$205,186 for the proposed Abode contract and \$36,000 for loss mitigation funding held by the Housing Authority). Of this, \$18,498 would be funded from funds transferred to the Housing Authority from the City as housing successor to the Napa Community Redevelopment Agency. 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 City Council’s November 13, 2018 agenda includes a corresponding item to authorize the transfer of these funds to the Housing Authority. The remainder of this cost would be funded by the Housing Authority from (1) \$142,673 in unspent Low Mod Housing Funds available from the previous Abode contract because in many cases landlords did not require incentives to accept Program participants; and (2) \$81,015 from the Section 8

Administration Fund. Staff estimates Abode will be able to assist approximately 40 to 50 participants or more during the one-year term of the agreement.

FINANCIAL IMPACTS:

Through this action, the Housing Authority would accept \$18,498 from the City, as housing successor, for the Program. It would also commit \$241,186 for the Program. Of this, \$142,673 would come from the Low Mod Fund (84401). This was budgeted and committed to the Program last year but was not spent. It would include \$106,673 for Abode's contract and \$36,000 which would be held in the Low Mod Fund (84401) as a reserve for future damage claims filed by participating landlords.

Additionally, the Housing Authority would require the following budget adjustment for this agenda item:

Sources:

Section 8 Administration Fund Balance	\$81,015
84601-61237	\$18,498

Uses:

84301-53201	\$81,015
84601-53201	\$18,498

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 - Amended Program Guidelines
EX B - Services Agreement
ATCH 2 - Redlined Program Guidelines

NOTIFICATION:

Notification was provided to Abode Services.