



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: June 15, 2010

TO: Finance Committee

FROM: Community Development Department

SUBJECT: Grant To City Housing Authority For Rental Assistance Program For The Homeless

RECOMMENDATION:

That the Finance Committee consider and recommend that the City Council approve a \$200,000 grant to the Housing Authority of the City of Santa Barbara in federal HOME Investment Partnerships Program funds to establish a rental assistance program targeted to homeless persons.

BACKGROUND:

Santa Barbara has one of the most expensive housing markets in the country. The median rent for studios is \$1,095 per month and \$1,250 per month for one-bedroom apartments. These high rents exacerbate efforts to move people out of homelessness and into housing. It is estimated that every year more than 6,300 people experience homelessness in Santa Barbara County, with over 4,000 people homeless on any given night.

Several existing programs provide temporary shelter assistance. The proposed rental assistance program would provide immediate rental housing assistance for chronically homeless persons until arrangements for more permanent housing can be made. The program would be implemented as a strategy to meet goals established in the Ten-Year Plan to End Chronic Homelessness Throughout Santa Barbara County, Bringing Our Community Home (Ten-Year Plan).

DISCUSSION:

Overview of Proposed Program

The proposed rental assistance program would be administered by the City's Housing Authority and paid for with federal Home Investment Partnerships (HOME) program funds awarded to the City. The proposed program would conform to guidelines established by the U.S. Department of Housing and Urban Development (HUD) for running tenant based rental assistance programs (TBRA). The guidelines are very similar to those for the Section 8 Program, a rental assistance program also funded by HUD and administered locally by the City's Housing Authority.

The proposed TBRA program is designed to provide rental assistance to chronically homeless persons while they are on the Section 8 waiting list. The program would be nearly identical to the Section 8 Program in that participants would receive a rental subsidy that could be used to rent apartments they choose so long as the apartments meet specified requirements. The Housing Authority would help participants find suitable apartments, inspect the apartments to ensure that they are decent and appropriately sized, and determine a reasonable amount for the rent in conjunction with the landlord. Participants would contribute 30 percent of their income to their rent. Federal HOME funds would be used to make up the difference, with payments going directly to the landlord.

Several California housing authorities operate HOME-funded TBRA programs, and some also target them exclusively to the homeless, such as Sonoma County, and Santa Clara County in conjunction with the City of San Jose.

Section 8 Program

The City's Housing Authority operates the Section 8 Program – a successful program that brings to the City an infusion of \$22 million of federal funds that are used to provide rental assistance to 1,980 low income households annually. The program is available to the general public, and demand far outstrips available funding. The current waiting list has approximately 4,800 households, which results in a waiting time of two to five years depending on whether applicants meet qualifications for preferences (such as those for veterans, the homeless, disabled persons, etc.). The waiting time is far too long for someone who is homeless. The proposed TBRA Program would enable homeless persons to receive temporary rental assistance and live in housing while they wait for their Section 8 assistance.

Targeting, Eligibility Requirements and Time Limits

As an implementation strategy for the Ten-Year Plan, the City, working in conjunction with the Housing Authority and the Ten-Year Plan organization, will target the TBRA program to serve the chronically homeless within the City, as identified by a possible City-sponsored outreach program. The TBRA program will be implemented on behalf of the City by the Housing Authority working together with the Ten-Year Plan organization.

Participants must be very low income persons, with incomes at no more than 50 percent of Area Median Income – an amount determined annually by HUD. For 2010, the income limit would be \$25,900. Tenants must also participate in a supportive services plan that is designed at intake to address individual needs. Tenants must also maintain an active application for Section 8.

The Housing Authority would help participants find eligible units, negotiate rents, and ensure units meet housing and occupancy standards. Units would have to be located within the City of Santa Barbara. Tenants would pay 30 percent of their adjusted monthly gross income or \$50, whichever is higher. In cases of hardship, an exemption would be available for up to 3 months. The Housing Authority estimates it would be able to assist 18 chronically homeless individuals per year. However, this number would depend on tenant income and rent levels.

The proposed TBRA program is designed to be of limited duration. The Housing Authority expects to move participants from the TBRA program to Section 8, or one of the Housing Authority's other programs, or in the best scenario, off housing assistance completely should circumstances like employment and increased income result from self-sufficiency efforts.

Capacity of the Housing Authority

The Housing Authority already operates the Section 8 Program. Existing staff would be used to operate the nearly identical TBRA program, and the Housing Authority has offered to operate the program without charging for administrative expenses.

Two existing programs in the City provide rental assistance targeted to homeless subpopulations that are slightly different than the subpopulation targeted here. Given the overwhelming demand for homeless assistance, the proposed TBRA program is a much needed addition. The Housing Authority is uniquely positioned to coordinate the TBRA program with the existing programs in order to ensure that benefits are not duplicated and that homeless individuals are referred to the program best suited to their needs.

Based on direct experience with their El Carrillo homeless housing project, the Housing Authority understands the importance of providing social services along with the housing assistance. The Housing Authority has had long-term working relationships with nearly every social service provider in the City. This will help ensure that participants will be accurately assessed and that supportive service plans will be tailored to individual needs.

BUDGET/FINANCIAL INFORMATION AND PROGRAM TIMING:

The City receives a grant of approximately \$800-900,000 in federal HOME funds every year. Congress determines the amount appropriated to the HOME program nationally, and HUD distributes the funds according to formulas established in the legislation. The City is allowed to use up to ten percent of the HOME funds for administrative expenses; the balance can only be used for creating affordable housing. The proposed TBRA program is an allowable use of HOME funds, and the design of the program meets specific HOME regulations established for administering rental assistance programs.

The \$200,000 amount requested here would cover two years of TBRA operation in order to accommodate one-year agreements with participant tenants plus one-year renewal periods. Staff envisions that future requests for additional HOME funds would come annually in order to continue the program, depending on its success.

HOME funds for Fiscal Year 2010 and all previous fiscal years have already been committed to affordable housing projects. HUD announced in a letter dated April 9, 2010 that the City would receive \$864,061 for Fiscal Year 2011. HOME regulations allow the City to make commitments for the use of new HOME funds based on the announcement letter, however, new HOME funds cannot be spent until the City executes the funding agreement that HUD typically sends out in August. Once the City signs the funding agreement, the City's Community Development Director and the City's Housing Authority would then execute a subrecipient agreement approved by the City Attorney, and the proposed TBRA program would commence.

ATTACHMENT: Letter from City Housing Authority
PREPARED BY: Brian Bosse, Housing and Redevelopment Manager/SK
SUBMITTED BY: Paul Casey, Community Development Director
APPROVED BY: City Administrator's Office



HOUSING

AUTHORITY OF THE
CITY OF SANTA BARBARA808 Laguna Street / Santa Barbara
California / 93101Tel (805) 965-1071
Fax (805) 564-7041

April 7, 2010

HAND DELIVERED
RECEIVED
 APR 08 2010
 CITY OF SANTA BARBARA
 PLANNING DIVISION

Mr. Brian Bosse, Housing & Redevelopment Manager
 Community Development Department
 City of Santa Barbara
 630 Garden St.
 Santa Barbara, CA 93101

RE: REQUEST FOR CITY HOME GRANT FOR THE OPERATION OF A TENANT
 BASED RENTAL ASSISTANCE PROGRAM

Dear Brian:

The Housing Authority continues to experience extremely high demand for its Housing Choice Voucher program (aka Section 8) from low income renters in Santa Barbara. As you know, the cost of housing relative to wages earned or income received by low income seniors, disabled and working families in Santa Barbara is very high. Adding to this demand factor for rental assistance is the community's effort to end homelessness—and ending homelessness requires housing at affordable rents.

Section 8 is the federal government's deep subsidy program for housing the poorest of the poor. We are proud of our success in administering a Section 8 program of 1,980 vouchers for the community. It alone brings over \$22 million in needed federal housing subsidies to the city each year. Unfortunately, demand for the program outstrips the available dollars...and with the community's desire for us to help end homelessness, we have been looking at other program models that get homeless persons and families off the street and into housing.

Our current waiting list for Section 8 has in excess of 2,800 households. It includes many senior and disabled households that are struggling to pay their rent (many pay rents in excess of 50% of their income) and are waiting patiently for a Section 8 Voucher. To the extent possible, we have been establishing and implementing certain preferences for eligible homeless persons and families to receive Section 8 assistance; but we must be careful not to do so to the exclusion of other needy households. This reality, coupled with being 100% leased-up in our current universe of 1,980 Section 8 Vouchers and a low turnover rate of only 10 Vouchers per month, has led us to the following conclusion/request:

We would like to establish and manage a HOME funded Tenant Based Rental Assistance (TBRA) program targeted to eligible homeless individuals and families participating in or agreeing to a supportive services plan.

To this end, this letter requests a City grant of federal HOME dollars in the amount of \$200,000 for a two year period to run a TBRA program. This program, while targeting

Mr. Brian Bosse
April 7, 2010
Page 2

the chronic homeless, will, for all practical purposes, mirror the Housing Authority's Section 8 Voucher program. Under the program, we will qualify applicants, determine tenant share of rent, issue the HOME funded Vouchers to eligible applicants, inspect the units to be rented for housing quality, make monthly payments of the TBRA subsidy to participating landlords, and review income and continued eligibility of the participants on an annual basis. In doing so, we agree to absorb 100% of the administrative cost.

This program has the potential of housing approximately 18 chronically homeless persons per year—and if successful—can be easily expanded. We also hope to move certain participants from the HOME funded TBRA program to Section 8 or one of our other housing programs, or off of housing assistance all together should circumstances like employment, increased income result through self-sufficiency efforts. This will allow us to increase the number of folks who access the program.

Attached to this letter is a summary page of the proposed TBRA program that we have developed in conjunction with your staff. It provides an excellent outline of the program's parameters. It is a proven approach for using federal HOME dollars to address homelessness. It is been highly successful in other California communities, Sonoma County being one.

We hope that City staff and the Council agree that the proposed program is a worthy use of HOME dollars for it does help address what is perhaps the community's most perplexing and difficult social issue—homelessness. We look forward to your support of this request as well as the City Council's favorable consideration. Please let me know if you require any additional information from us to move this funding request forward.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



ROBERT G. PEARSON
Executive Director/CEO

cc: S. Szymanski, Deputy Executive Director
R. Fredericks, Deputy Executive Director
R. Lawrence, Finance Director
V. Loza, Housing Management Director