

Rental Assistance Programs

The REALTOR® community recognizes the importance of helping people enter and remain in the housing market as both a way of battling homelessness and as the first step towards homeownership. The housing crisis is particularly critical for very-low and low-income renters. According to HCD, nearly half of all renters paid more than 30 percent of their income on housing¹. With rents and housing prices rising, the crisis is creating a permanent class of renters, families that are not going to attain the dream of homeownership. It is essential that REALTORS® help renters to find the right sources of assistance so that they can remain in their homes and eventually become homeowners. There are several types of rental assistance programs that REALTORS® can get involved with: security deposit, counseling, eviction prevention, and moving. Both non-profits and the federal and state government have already developed working models of such programs.

Non-governmental Rental Assistance Programs

Non-profit organizations help households become renters through several programs. In general the programs have the objective of providing financial assistance (security deposit, moving and eviction prevention/emergency rent payment) or education (counseling) to renters. The ultimate objective is to transition them into a successful responsible tenancy.

Security Deposit Guarantee Program Rental property owners require some type of security deposit from new renters. Often, the amount of the security deposit is equal to two month's rent. For many low- or moderate-income people who live from paycheck to paycheck, the required security deposit is a large up-front cost that they cannot afford, even if they can afford to pay monthly rent. A security deposit guarantee program provides these would-be renters with the means to move into rental housing. Its main characteristics are:

- ✓ Security deposit is payable in installments
- ✓ Landlord is guaranteed to receive the full amount of the security deposit
- ✓ Prospective tenants are screened to determine their financial standing
- ✓ A written agreement guarantees the payment of the deposit to the landlord
- ✓ A standby Letter of Credit is issued to the landlord in the amount of the security deposit in the event that the tenant “defaults” its security deposit agreement.

¹ [*The State of California's Housing Markets 1990 – 1997.*](#)

Localities offering security deposit assistance programs:

- ✓ **Alameda County** *Eden Council for Hope and Opportunity, Inc. (ECHO):* http://www.alamedaco.info/resource/agencydetail.cfm?pid=ECFHAOI_2_0&page=2
- ✓ **City of Monterey** *Housing Advocacy Council of Monterey County Renter's Assistance* <http://www.monterey.org/housing/rentassist1.html> The Council can counsel other organizations on how to establish a security deposit assistance program and offers local eviction prevention and rental counseling programs. Contact Marilyn Dorman at (831) 424-9186.
- ✓ **City of Santa Cruz** <http://www.hacosantacruz.org/programs.html>
- ✓ **Marin County** http://www.hud.gov/offices/pih/programs/hcv/wtw/ppp/learning/marin_ca.cfm
- ✓ **San Diego County:** List of rent Deposit Guarantee Program http://sandiego.networkofcare.org/aging/resource/tax_list.cfm?sw=BR-300.725-&ageGrp=all&cat=14
- ✓ **Stanislaus County** *Community Services Agency Security Deposit Guarantee Loan Program:* Contact Carol Wright, Phone: 209 558.2863, Fax: 209 558.2558, Email: wrightc@mail.co.stanislaus.ca.us

Security Bond is used instead of a security deposit. The renter pays a one-time non-refundable premium, that could be carried anywhere in the US within participating companies. The premium represents a fraction of the security deposit that the leaser would normally charge in order to get into the rental unit. This program has the advantage of being a one-time voluntary option for the resident and according to the company, and applies to both ends of the rental market, luxury and low-income. The benefits to the property owner are: increased pool of renters, damage or lease violations protection and administrative cost reimbursement for dispensing the program. So far, [SureDeposit](#) is the only known company to be offering its services in California.

Security Deposit Insurance is a nation-wide insurance program that provides coverage for owners and property managers in the event of loss for resident damage to the property. It also protects against loss of income in case a resident vacates without paying last month's rent. The renter pays low monthly insurance premium that takes the place of the security deposit and which can be lowered if the tenants holds a good performance record. The benefits for the property owner are: increased pool of renters, and damage and lease protection. [Deposit Saver](#) is the only known company in the market offering these insurance services.

Emergency Rent Payment or Eviction Prevention Program is designed to assist families in distress by providing them with direct rental assistance to prevent their eviction. Strict guidelines apply in order to guarantee that the recipients are facing and unforeseen emergency. This program is critical in preventing homelessness and can be combined with a counseling program, aimed at helping the household in budgeting or rental issues.

Educational/Counseling Program or tenant counseling is offered to help renters know their rights and obligations when leasing a property. Counseling can also encompass arbitration when disputes or disagreements arise in the tenant-landlord relationship. This program can be used in conjunction with homelessness abatement or with homebuyer educational programs, thus providing REALTORS® with an excellent opportunity to provide people with knowledge on how to become future homeowners. [Local rental organizations](#) are the best source to find established educational/counseling programs. A word of caution: Some of the rental organizations sponsor [rent control](#), thus not making it a good match for working with REALTORS® because of opposing policy objectives.

Moving Assistance can be part of transition from homelessness program or security deposit program. Moving costs are also a barrier for people to get into rental units, as they naturally add up to the deposit costs. Unlike the security deposit guarantee, funds have to be continually replenished. This is a very simple program to structure since it can rely on the screening and other administrative tasks performed by other organizations. It also provides with a very needed service for renters that very few organizations provide.

Government's Rental Assistance Programs

The government has in place several public housing assistance programs designed to provide housing opportunities for low-income households, elderly and persons with disabilities. Section 8 is perhaps the most well-known rental assistance program, but there are others such as public housing, privately owned subsidized housing and rural rental assistance. These programs usually have long waiting lists and each housing authority has its own system for accepting applications for the rental programs they administer. To apply or get information on any of the programs mentioned below, please [contact your local housing authority](#) or the [local housing authorities web sites](#). Another option is to contact the [local housing counseling agency](#) for information about the local resources available to help very-low and low-income households and how to use them.

Public housing is low-income housing, operated by your local housing authority. It was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments for elderly families. There are approximately 1.3 million households living in public housing units, managed by some 3,300 Housing Agencies. The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance for planning, developing and managing these developments.

Section 8 Housing choice vouchers allow very low-income families to choose and lease or purchase safe, decent, and affordable privately owned rental housing. Below is a list of various types of vouchers.

- ✓ [Conversion Vouchers](#)
- ✓ [Fair Market Rents](#)

- ✓ [Family Unification Vouchers](#)
- ✓ [Family Unification/Foster Child Care](#)
- ✓ [Homeownership Vouchers](#)
- ✓ [HOPE for Elderly Independence \(HOPE IV\)](#)
- ✓ [Housing Choice Voucher Program](#)
- ✓ [Income Limits](#)
- ✓ [Moving to Opportunity](#)
- ✓ [Project Based Vouchers](#)
- ✓ [Public Housing Relocation/Replacement](#)
- ✓ [Rental Assistance for Non-Elderly Disabled Families in Support of Designated Housing Allocation Plans](#)
- ✓ [Tenant Based Vouchers](#)
- ✓ [Vouchers for People with Disabilities](#)
- ✓ [Welfare-to-Work Vouchers](#)

Privately owned subsidized housing: The government provides subsidies directly to the owner who then applies those subsidies to the rents he/she charges low-income tenants. There are privately owned subsidized housing units for senior citizens and people with disabilities, as well as for families and individuals. In California, there are more than 1,650 participating properties. To apply: [visit the management office](#) for the site(s) that interest you.

[Rural Rental Assistance Programs:](#) In rural communities, the Department of Agriculture provides rental assistance programs, home improvement and repair loans and grants, and self-help housing loans to low-income individuals and families. [Apply online](#) or contact the local Rural Development office (check the Federal Government section of your telephone book).

[Help with your utility bills:](#) There are several local programs designed to help renters that meet certain income criteria with the cost of their utility bills. The programs are run by the local utilities agencies. In addition, the Low Income Home Energy Assistance Program (LIHEAP) Block Grant, funded by the federal Department of Health and Human Services (DHHS), provides two basic types of services. Eligible low-income persons, via local governmental and nonprofit organizations, can receive financial assistance to offset the costs of heating and/or cooling dwellings, and/or have their dwellings weatherized to make them more energy efficient. This is accomplished through these three program components: The **Weatherization Program** provides free weatherization services to improve the energy efficiency of homes, including attic insulation, weather-stripping, minor housing repairs, and related energy conservation measures. The **Home Energy Assistance Program (HEAP)** provides financial assistance to eligible households to offset the costs of heating and/or cooling dwellings. For more information, call 1-866-675-6623. The **Energy Crisis Intervention Program (ECIP)** provides payments for weather-related or energy-related emergencies. For information on local programs, consult the [Energy Assistance Providers Directory](#).

[**The Renter Assistance Program Franchise Tax Board**](#) allows a once-a-year payment from the State of California to qualified individuals based on part of the property taxes that they paid indirectly when they paid their rent. The maximum assistance payment allowed is \$347.50. You may be eligible to file a 2003 claim for Renter Assistance if you are a United States citizen, designated alien or qualified alien when you file your claim and you met the following criteria on December 31, 2002:

- You were 62 years of age or older, blind, or disabled,
- You lived in a qualified rented residence in California,
- You paid \$50.00 or more per month in rent on that residence, and
- You had a total household income of \$37,676, or less.

[**Education for local tenant rights, laws and protections:**](#) Helps renters learn and exercise their tenant rights. It usually offers free counseling, free legal assistance for tenant issues and in some cases, dispute settlement mechanisms.

[**Promising Program Practices: Welfare to Work Vouchers:**](#) HUD's section "Lease up and Rental Assistance" lists a number of ideas on how public housing authorities can run a Welfare to Work program effectively using the vouchers to create rental opportunities for its holders. Two programs with innovative ideas about rental security deposits are [**The Ready to Rent© Program and Rent Guarantee Fund in Portland, OR**](#) and the [**Security Deposit Assistance in Marin County, CA**](#).

Accessing Funds for Rental Assistance Programs

To access funds for rental assistance programs, *Housing Authorities* respond to [**Notices of Funding Availability \(NOFAs\)**](#) published in the Federal Register. Each NOFA identifies allocation areas, amounts of funds available per area, and the selection criteria for rating and ranking applications. Public Housing Authorities are given at least 30 days to submit applications. Interested households apply for assistance through their PHA. A federal program of interest is HUD's [**HOME program**](#). It provides grants to state and local governments, which may use them to offer rental assistance. The program's flexibility allows States and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits. Visit the [**HOME Investment Partnership Program**](#) page for further information.

[**Proposition 46**](#) The State of California approved a \$2.1 billion dollar bond measure that provides funds for the construction, rehabilitation and preservation of affordable rental housing, emergency shelters and homeless facilities. Proposition 46 has five rental programs. See Table 1.

Table 1: Housing Rental Programs

<u>Multifamily Housing Program (MHP) - Services Space</u>	MHP funds reserved for development of space for health and social services connected to MHP projects. Available with MHP General funds (under the same NOFA).	(916) 327-2886 agilroy@hcd.ca.gov
<u>Multifamily Housing Program (MHP) - Student Housing</u>	MHP funds reserved for development of units for low-income university students.	(916) 327-2886 agilroy@hcd.ca.gov
<u>Local Housing Trust Fund Program</u>	Matching grants to local agencies who operate local housing trust funds.	(916) 327-2867 rschmunk@hcd.ca.gov
<u>Preservation Interim Repositioning Program</u>	Short-term loan to one organization for preservation of "at-risk" subsidized developments.	(916) 327-2867 rschmunk@hcd.ca.gov
<u>Exterior Accessibility Grants for Renters</u>	Grants by HCD to local agencies to fund accessibility improvements for disabled renters.	(916) 445-3086 psolomon@hcd.ca.gov

Rental Programs that lead to Homeownership

There are two programs that directly help tenants become homeowners. REALTORS® should be aware of these because they constitute valuable tools that renters can use to achieve the dream of homeownership.

Section 8 Public housing vouchers for homeownership: Homeownership vouchers can be used to assist first-time homeowners with their monthly homeownership expenses. Families must meet certain income and employment requirements of eligibility. These vouchers are a solid step to help public housing voucher recipients to become homeowners.

Pay Rent Build Credit: This is a new national credit bureau that tracks rent payments and helps renters build a credit score, thereby overcoming one of the most common obstacles that many renters face: the lack of credit.

How REALTORS® Can Get Involved

REALTORS® can participate in any rental assistance program in different capacities:

- ✓ *Direct Provider* – Develops, administers and manages the program. Activities such as fundraising, publicity, recruiting both tenants and landlords, and screening are part of the daily job. In other words, it requires the creation of a

formal rental assistance non-profit organization. This is a time-consuming process that requires a long-term financial and organizational commitment.

- ✓ *Partnership with an existing organization* – Raising public awareness, fundraising, interviewing, education, financial sponsorship and publicity are some of the forms in which REALTORS® can help an existing organization in its efforts to either set-up a new program in the community or support its on-going labor. This has the advantage that limited resources can be used towards a worthy cause.
- ✓ *Government Programs Advocate* – Championing the use of existing resources towards rental assistance programs and specially those that lead to homeownership. Local officials and housing advocates should be aware of existing financial resources to help renters and use them.

Finally, once the level of participation is decided, REALTORS® need to contact any of the following for information, advice or for establishing a partnership:

- ✓ *Local shelter organizations.* Local groups such as the apartment association, church charities or other housing and homeless support groups.
- ✓ *[Local housing authority.](#)* The city or county housing authority. A very good source for finding the local housing non-profit organizations. They are also the primary source for finding government funds.
- ✓ *Local business community.* They might be interested in echoing the efforts of a rental assistance program.
- ✓ *[Local rental organization.](#)* A word of caution, some of the rental organizations sponsor *rent control*, thus not making it a good match for working with REALTORS® because of opposing policy objectives. Many of these organizations have educational programs.