

Underwriting Memo – Catholic Charities

Tenant Based Rental Assistance Program

1. Overview

The Tenant Based Rental Assistance Program provides ongoing rental assistance and case – management including supportive services to eligible low-income formerly homeless clients in DuPage County. Since 2016, DuPage County has been collaborating with non-profit agencies to assist 48 low-income families with rental assistance to retain affordable rental housing throughout the entire County.

Catholic Charities is requesting \$300,000.00 in PY21 HOME funds to provide ongoing rental assistance to approximately 18 households annually. Each tenant receives rental assistance based on a formula resulting in the tenant paying no more than 30% of their monthly adjusted gross income. Each program participant’s rent varies based on their income. In addition, a tenant may be recertified if they experience a significant increase and/or decrease in income. Catholic Charities’ request is based on historic annual spending with a monthly caseload averaging 18 households. Catholic Charities is requesting existing allocated funds from Program Year 2021 to support the TBRA program over the next 24 months. The PY21 funding will serve eligible clients during program years 2023, 2024, and 2025.

2. Executive Summary

2.A Challenges / Opportunities Presented

CDC staff reviewed Catholic Charities’ funding request which corresponds with the number of tenants they intend to assist over the next two years, which will overlap Program Years 2023, 2024, and 2025. Historically, Catholic Charities has been an important partner in the County’s efforts to assist eligible low-income homeless clients retain affordable housing. The Tenant Based Rental Assistance Program remains an important tool for low-income residents who could not otherwise afford housing within DuPage County. It is anticipated that this project will benefit 18 households over one program year, most being single with barriers to accessing housing without ongoing assistance and case management. The current rental market presents challenges for the low-income clients that the TBRA Program assists. One challenge is the increase in rental prices and simultaneous decrease of accessibility to affordable, fair market units within DuPage County. It is not only difficult to find an affordable unit but to find a property manager or private landlord willing to work with clients who have barriers (poor credit, criminal history, fixed income, limited employment history, inconsistent rental history, etc.). Often, without ongoing rental assistance, these households would otherwise remain homeless, “doubled up”, or rent burdened. TBRA ensures these most vulnerable clients have access to affordable housing, case management, and ongoing support as they either seek permanent affordable housing or gainful full-time employment.

2.B. Risks

Pertinent risk factors for this project are:

Market	Low There are 57 potentially eligible clients currently on a list to be assessed for TBRA as a housing intervention (<i>Coordinated Entry System clients scoring 6 – 8 on the VISPDAT self-assessment</i>) According to the National Low Income Housing Coalition, The State of Illinois has a shortage of 293,354 affordable rental homes and 73% of low-income tenants are cost burdened. There is a great need for assistance to help low-income clients retain affordable housing.
Subrecipient	Low Catholic Charities has been a longstanding partner in administering a variety of client-based programs. They have been operating TBRA for nearly seven years.
Financing	Low Catholic Charities operates this program with HOME funds and will not exceed a client caseload that can be supported by year-over-year funds as they become available. Catholic Charities has several funding sources (federal, state, and private) which fund their staff who operate the program.
Underwriting Assumptions	Low Clients are assessed for eligibility and abide by a Self-Sufficiency plan which, in most cases, helps transition a client off assistance within 24 months.
Other	The proposed project presents a low, favorable risk profile and is recommended for approval.

3. Project Market

TBRA serves low-income formerly homeless DuPage County residents. This population includes low-income individuals and families who are currently residing in emergency shelter in DuPage County who have been prioritized for a housing intervention on the Homeless Management Information System (HMIS) Coordinated Entry System (CES). There are currently 122 clients (CES clients scoring 6 – 8 on VISPDAT) awaiting assessment for a housing intervention, which includes TBRA. Clients are contacted to complete an assessment and, if determined to meet the minimum requirements, are scheduled for an in-person appointment to complete the application process. Clients develop a Self-Sufficiency Plan (SSP) and encouraged to participate in monthly case management to meet goals outlined in the SSP. Case managers consistently engage clients with services throughout the County – money management, employment coaching, childcare assistance, etc. Clients exit the program successfully either when they obtain gainful full-time employment or permanent affordable housing (Housing Choice Voucher, subsidized senior housing, etc.).

4. Development Entity and Capacity

Catholic Charities has administered the Tenant Based Rental Assistance Program since 2016 to low-income families and individuals seeking rental assistance throughout DuPage County. Catholic Charities employs a full-time TBRA case manager, and there are two full-time staff – Supervisor and Director – which oversee the program administration. In addition to HOME funds available for the full-time case manager, PY2023 CDBG public service funds have been

awarded in addition to United Way and DuPage Foundation funding. The two-full-time staff are funded with other sources within the agency.

5. Proposed Financial Structure

Each tenant receives rental assistance based on a formula resulting in the tenant paying no more than 30% of their monthly adjusted gross income. Each program participant's rent varies based on their income. In addition, a tenant may be recertified if they experience a significant increase and/or decrease in income which can result in a fluctuation of program costs. HOME funds the reimbursement of the agency's subsidized rental assistance portion. Catholic Charities estimates serving 18 households annually which will ensure the total costs do not exceed \$300,000.00 in a 24-month period.

6. Conclusion

The proposed project meets all Notice of Funding Available (NOFA), application requirements and has a favorable risk profile. The CDC staff recommendation is that the project be approved for a total of \$300,000.00 from PY21 HOME funds.