

Underwriting Memo – Catholic Charities, Diocese of Joliet

Tenant Based Rental Assistance Program

1. Overview

The Tenant-Based Rental Assistance (TBRA) 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 provide low-income households with rental assistance to retain affordable rental housing throughout the DuPage County HOME Consortium.

Catholic Charities is requesting \$204,000.00 in PY25 HOME funds to provide ongoing rental assistance to approximately 15 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 15 households. Catholic Charities is requesting existing allocated funds from Program Year 2025 to support the TBRA program over the next 12 months. The PY25 funding will serve eligible clients during program years 2025 and 2026.

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 year, which will overlap Program Years 2025 and 2026.. Historically, Catholic Charities has been an important partner in the County's efforts to assist eligible low-income homeless clients retain affordable housing. The TBRA 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 15 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 in 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 (i.e., 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 53 potentially eligible clients currently on a list to be assessed for TBRA as a housing intervention (<i>Coordinated Entry System clients scoring 6 – 8 via VISPDAT</i>). According to the National Low Income Housing Coalition, The State of Illinois has a shortage of 293,767 affordable rental homes and 75% 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 the TBRA Program for nearly nine 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 53 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 (i.e., Housing Choice Voucher, subsidized senior housing, etc.).

4. Development Entity and Capacity

Catholic Charities has administered the TBRA Program since 2016 to low-income families and individuals seeking rental assistance throughout the DuPage County HOME Consortium. Catholic Charities employs a full-time Rapid Re-Housing Case Manager and Housing Navigator, as well as a full-time Emergency Services Supervisor and Community Services Director, which oversee the program administration. Funding to support the full-time case manager includes HOME TBRA funds, which may only be used for time spent determining income eligibility for

the TBRA Program, PY2025 CDBG public service funds, and United Way and DuPage Foundation funding. The full-time Housing Navigator position is also supported with PY2025 CDBG public service funding. The other 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 15 households annually which will ensure the total costs do not exceed \$204,000.00 in a 12-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 \$204,000.00 from PY25 HOME funds.