

# Tenant Assistance Fund Policy

## January 2017

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### I. Introduction

**Tenant Assistance Funds (TAFs) are project-based rent assistance programs, designed to be of limited duration, which allow existing tenants to remain at a housing complex when redevelopment or renovation involving Committed Affordable rental units (CAFs) results in increased rents.**

Arlington County helps preserve and create affordable rental housing through development loans, special exceptions processes, and other tools. The rents charged for these newly-renovated or newly-constructed units -- while always affordable to households earning 80% or less of area median income, and in most cases affordable to those earning 60% or less of area median income -- are sometimes higher than what had been charged before the redevelopment or renovation. Rent assistance from a TAF helps low-income tenants afford these higher rents for a limited time, during which they have an opportunity to change their financial situations, search for other housing, or apply for permanent rent assistance.

It is also sometimes necessary for tenants to temporarily move off-site during renovation or construction of a CAF project. Tenant Assistance Funds help tenants pay higher rents off-site while they wait for the renovations or new construction to be completed.

Tenant Assistance Funds had been established in the County on an ad-hoc basis for CAF projects from the late 1990s through 2012. In 2013, Housing Division staff created a TAF Policy in order to standardize the operation of these programs and the circumstances in which they would be established. This TAF Policy was approved by the County Board in December 2013. The Policy required a review of program performance and rules after three years; this updated TAF Policy of January 2017 fulfills that requirement.

## II. Parameters and administration

Tenant Assistance Funds will be established in order to limit involuntary displacement whenever redevelopment, renovation, or acquisition, as part of a CAF project, results in increased rents for vested tenants who have incomes not exceeding 60% of Area Median Income.

### A. Parameters

#### 1. Income-eligibility: 60% Area Median Income (AMI) or less:

Households with incomes which do not exceed 60% AMI, as defined for Arlington County by the Department of Housing and Urban Development and updated from time to time, may participate in the TAF. Household income will be defined and verified according to the standards of the Low-Income Housing Tax Credit program in Virginia.

#### 2. Eligibility -- vested tenants:

Participation in a TAF will be limited to those tenants who are leasing units at the time the County Board approves an AHIF loan, a Site Plan, a Use Permit, or whatever other means is used to establish or preserve CAFs.

In general, a vested household will participate in a TAF as one assisted household, but there may be cases in which households must split up, due to overcrowding. In these cases, more than one household from one unit may participate in the TAF. It may also be the case that a household which was overcrowded in an existing unit may need a larger unit while in the TAF; the maximum rents allowed by the TAF shall take into account this need for a larger unit.

Households that already participate in a rent assistance program (such as Housing Grants or Section 8 Housing Choice Vouchers) will not be eligible for TAF assistance.

#### 3. Tenant contribution toward rent:

TAF participants will contribute either 35% of gross monthly income toward rent and utilities, or else the amount which they were paying before redevelopment, renovation, or acquisition, as part of a CAF project, resulted in increased rents, whichever is more. The remainder of the lease rent will be paid by TAF rent assistance.

For situations in which existing households separate into two or more assisted households, per section A. 2. above, the actual share of total rent which each tenant or group of tenants paid before the start of the TAF will be used as their previous rent amount.

The TAF rent assistance will also cover lease-break fees if a tenant living temporarily off-site needs to terminate a lease early in order to return to the newly-renovated or newly-constructed CAF property.

A minimum rent assistance amount of \$30 per month per household will be necessary for participation in a TAF.

#### 4. Payment Standards:

When renovation or new construction requires that vested tenants move off-site temporarily, a TAF will likely need to accommodate rents higher than the 60% AMI level in order to provide a reasonable opportunity to find rental housing. This maximum rent amount allowed in the TAF program, known as the Payment Standard, has often been set at 130% of the area Fair Market Rents as defined by the Department of Housing and Urban Development and updated from time to time. However, the Payment Standards must be formulated to fit the rents of available units of the needed size and similar style and amenities.

Households which include persons with disabilities may require a reasonable accommodation, in terms of a higher Payment Standard, in order to allow them to find an accessible unit.

Rent assistance through the TAF will be available to tenants who temporarily live off-site in the County and who plan on returning to the property once renovations or construction are complete. Rent assistance will end immediately if a former tenant is offered a new or renovated unit and declines it.

Households participating in the TAF must have a lease for a "dwelling unit;" this means a room or rooms connected together, with independent kitchen and sleeping facilities, in a dwelling house or apartment or other type of residential building, designed for occupancy by one family for living purposes. This definition, taken from the Arlington County Code, is used to prevent the use of substandard housing as rental units in the TAF programs.

The owner of the unit occupied by the TAF participant (including a principal or other interested party) may not be the parent, child, grandparent, grandchild, sister or brother of any member of the participant household, unless the Housing Division has determined (and has notified the owner and the household of such determination) that approving leasing of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities.

#### 5. Duration of rent assistance:

Tenant Assistance Funds will operate for the duration of renovation/construction work plus 12 months. (This final 12-month period will begin for each participant when the household moves in to the newly renovated or constructed unit.)

A TAF may be extended for an additional twelve months depending on the needs of any remaining participants and availability of funds, if approved by the County Board.

Rent assistance will begin as soon as rents increase. This generally happens after the renovation or new construction is complete, but may occur earlier.

If a property were to be acquired and converted into CAFs with higher rents but with no renovation work or new construction, the TAF would last 12 months.

#### 6. Changes to rent assistance amounts during the duration of the TAF:

Amounts of rent assistance will be recalculated at each annual anniversary of the beginning of the TAF. Assistance amounts would rise if household income has decreased, and would drop (and might end altogether) if household income has increased.

The rent assistance amount would also be recalculated in the event of a change in household composition, i.e. if a tenant moves into the household or moves out.

Household income will also be re-verified when tenants move back into the renovated or newly-constructed property.

#### 7. Federally-funded redevelopment, renovation, or acquisition:

Redevelopment, renovation, or acquisition funded by federal programs, such as the HOME program, may require a specific rent assistance program by law under the Uniform Relocation Act. This rent assistance is similar to a TAF, and in the event that it is established a TAF will not be instituted.

### **B. Administration of Funds and Program**

#### 1. Owner/management to administer TAFs:

The funds for TAFs will be held by the County. The TAF budget will not be part of the project development loan, and will not be repaid to the County. Owner/management will invoice the Housing Division each month as rent assistance is used. The Development team will monitor tenant files to ensure that household incomes and shares of rent are calculated correctly.

#### 2. Reimbursement Agreement:

Before the Housing Division reimburses owner/management for rent assistance paid, a Reimbursement Agreement drafted by the County will be executed between the two parties. More details about the reimbursement process and other administrative details are in the TAF Administration Manual maintained by the Housing Division.

### 3. Administrative Fee:

The developer administering a TAF which involves relocation of tenants off-site will be eligible for a fee as compensation for staff time spent communicating with the tenants and third parties, processing documents required by the Housing Division,

and handling rent payments to owners and landlords. This fee will be 60 dollars per month per TAF participant. This administrative fee will be paid while tenants are receiving rent assistance off site.

### 4. Working Group to be established to monitor relocation issues including the TAF:

For each CAF project which will include a TAF, a Working Group will be established to monitor relocation issues (including the TAF).

The Working Group will include:

- A member from the Housing Commission
- A member from the Tenant/Landlord Commission
- A representative, or representatives, from the developer
- A representative from an area community group
- A representative from a tenant advocacy organization
- One or more tenants
- A staff member of the Housing Division

Invitations may be extended to other community organizations, such as civic associations.

The Working Group will begin meeting when the County Board approves County involvement in CAF project (e.g. Site Plan approval, AHIF loan approval, etc.) The members of the Working Group will decide how often the Group will meet. The Group will continue to meet until the end of re-leasing at the completed project.

The Working Group will report to Housing Division's Planning and Community Development Manager; some development issues may require the involvement of the Housing Director.

### 5. Owner/management requirement to publicize TAF:

Owner/management will inform existing residents of the existence of a TAF as soon as possible upon acquisition of a property so that there is no rush to move out by tenants who fear a large imminent rent increase.

Owner/management will inform the existing residents of the TAF during the Relocation Plan orientation meeting. This meeting must happen at least two weeks before the developer attends the Tenant/Landlord Commission meeting to present the Plan for later approval. (This Tenant/Landlord Commission meeting itself happens before the County Board votes to approve any Site Plan, AHIF loan, or other means of establishing CAFs.)

Part of the information provided to residents will be a description of the TAF, prepared by County staff and printed on County letterhead. This TAF information document will be shared at the orientation meeting, and at the same time will be distributed to all units at the complex door-to-door.

At the Relocation Plan orientation meeting, tenants will also receive information about the County's Housing Grants program. This will include up-to-date eligibility information and applications. County staff will be able to answer questions about the applications process, and a contact name and phone number of a staff member in the Housing Grants office will be provided to tenants.

III. Appendix – Rent assistance calculation form

TAF Calculation [Example]				
Resident name				
Previous address				
1	HH Income	\$40,000	(Households over 60% AMI are ineligible)	
2	GMI (Gross Monthly Income)	\$3,333	Line 1 / 12	
3	35% of GMI	\$1,167	Line 2 x 0.35	
4	Original rent + utilities	\$1,350		
5	Higher of 35% GMI or original rent+utils payment	\$1,350		
6	New Lease Rent	\$1,695		
7	New utility allowance	\$90		
8	New gross rent	\$1,785	If gross rent is less than 35% of GMI (line 3), ineligible for TAF	
9	Payment Standard	\$1,910		
10	Total tenant payment toward rent and utils	\$1,350	Higher of line 3 or 4	
11	Line 10 minus new UA (Line 7)	\$1,260	Tenant payment toward new rent	
12	Monthly rent assistance	\$435	TAF payment to landlord	
Lines 11 plus 12 are total rent to landlord, which equals lease rent, line 6.				
Payment standards:				
	1BR:	\$1,611		
	2BR:	\$1,910		
	3BR:	\$2,556		