Kentucky Housing Corporation

Emergency Rental Assistance

# Using a Fact Specific Proxy & Eviction Diversion Efforts

August 6, 2021 Wendy Smith Deputy Executive Director, Housing Programs







**About our Program:** 

HEALTHY AT HOME EVICTION RELIEF (ERA)



## 2020 CRF Eviction Relief

- September 2020 January 2021.
- Help with 90% of past due rent + 1-2 months of future rent.
- Covered 119 of 120 Kentucky counties outside of (Louisville-Jefferson County had its own program).
- \$14.6M in assistance went to 4,140 renter households (average of \$3,500 per household).
- We brought on 20+ temps to work on this program; many are still with KHC.



## 2021 Kentucky ERA Grants & Grantees

Grantee	ERA1	ERA2
Jefferson Co.	\$22,880,488	\$18,143,072
Fayette Co.	\$9,643,049	\$7,646,451
Balance of State/KHC	\$264,373,907 KHC: \$220M Louisville: \$27M Lexington: \$11.7M	\$209,131,529 est. KHC: \$178M est. Louisville: \$22M est. Lexington: \$9M
KY Total	\$296,897,444	\$234,921,052



## **ERA Geography**

All Kentucky counties
outside of Fayette & Jefferson County
(118 of 120 counties)
teamkyERA.ky.gov

To apply in Fayette Co: covid19renterhelp.org

To apply in Jefferson Co: stopmyeviction.org



## **ERA Assistance**

Form of Assistance	Lump sum direct deposit payments to landlords. Lump sum direct payments to utilities.
Term	Assistance calculated back to April 2020.
Max RENT Assistance	100% of back rent owed for up to 12 months + 3 months future rent. (Total of 15 months)
Max UTILITY Assistance	100% of utility arrears for up to 12 months + 3 months future utilities. (Total of 15 months)



# We began taking applications February 15th

**Updated Date: 8/6/2021** 

- Assistance payments total \$39.5M since March 2021.
  - \$35M in rent assistance
  - \$4.8M in utility assistance.
- Received 11,717 landlord & 16,696 tenant applications (13,609 complete enough to review).
- A total of 10,769 individual payments have been processed, assisting 7,479 households.
- Average assistance per household is \$5,200.

## **KY Grant Stats**

#### **Grant Balance & Admin Costs**

- \$38.7M transferred to Louisville & Lexington as subgrants.
- \$39.5M paid out in assistance (rent, utilities & internet).
- \$3.4M utilized for administrative costs.
- \$81.6M in total has been sub-granted, paid out or taken for admin = 31% of the overall grant obligated.



# Reducing Documentation Requirements: USING A FACT SPECIFIC PROXY TO DETERMINE INCOME ELIGIBILITY



# Treasury FAQ #4. ... How is household income defined for purposes of the ERA? How will income be documented and verified?

Fact-specific proxy: A grantee may rely on a written attestation from the applicant as to household income if the grantee also uses any reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes in the household's geographic area.



# KHC's ERA (ERA) Policy Income Determination via Fact Specific Proxy

- For all KY zip codes with available data, we compare median renter household income to 80% AMI income for the county associated with the zip code\*.
- If the median renter household income in the specified ZIP Code is below the county 80% AMI limit, we view tenant households in that ZIP code as income eligible (along with tenant attestation).

\*In instances where a ZIP code spans two or more counties, the ZIP code was associated with the county in which a majority of the ZIP code's population lives.

Data Sources: US Census 2019 5-Year Estimates Tables S1901 and S2503; HUD Income Limits; and National Low Income Housing Coalition.

# Healthy At Home Eviction Relief (funded by Treasury's Emergency Rental Assistance 1.0) Kentucky Zip Codes Deemed Income Eligible by Fact-Based Proxy

	Income Eligible by
Zip Code	Fact-Based Proxy?
42715	No
42728	Yes

## Step 1: Draft Methodology

42022	No
42024	Yes
42056	No
42060	No
42087	Yes
42123	No
42127	Yes
42130	No
42141	Yes
42156	No
42160	Yes

2019 Cd		median household	Lower than 80%		
County 80% AM		income (dollars)	County AMI?		
Adair	\$37,760				
Adair	\$37,760	\$21,090	Lower		
Adair	\$37,760	\$19,214	Lower		
Adair	\$37,760				
Allen	\$44,000	\$29,152	Lower		
Allen	\$44,000				
Allen	\$44,000	\$28,169	Lower		
Anderson	\$55,040	\$31,417	Lower		
Ballard	\$48,240				
Ballard	\$48,240	\$16,860	Lower		
Ballard	\$48,240				
Ballard	\$48,240				
Ballard	\$48,240	\$39,265	Lower		
Barren	\$40,640				
Barren	\$40,640	\$22,083	Lower		
Barren	\$40,640				
Barren	\$40,640	\$28,632	Lower		
Barren	\$40,640				
Barren	\$40,640	\$27,500	Lower		

Renter-occupied

housing units

Renter Median

Income Higher or

# Step 2: Determination by KHC Staff Attorney that Methodology is Reasonable

#### MEMORANDUM (SUPERSEDES ALL PREVIOUS VERSIONS OF THIS MEMO)

TO: WENDY SMITH

FROM: SAMUEL THORNER

SUBJECT: HH-ERF PROGRAM - FACT-SPECIFIC PROXY INCOME VERIFICATION

METHOD

DATE: 5/25/2021

The Consolidated Appropriations Act, 2021 ("CAA"), Pub.L. 116-260, signed into law on December 27, 2020, appropriated funding for Emergency Rental Assistance ("ERA1") under the U.S. Treasury Department ("Treasury"). Additional funding was appropriated under the American Rescue Plan Act of 2021 ("ARPA"), Pub.L. No. 117-2, signed into law on March 11, 2021 ("ERA2"). The ERA1 and ERA2 programs are collectively known as "ERA."

Kentucky Housing Corporation ("KHC") is the entity charged with administering the ERA programs on behalf of the Commonwealth of Kentucky Balance of State (118 counties). KHC's program, the Healthy at Home Eviction Relief Fund ("HH-ERF"), provides eligible renters with rent or utility payment assistance. As part of the process of determining eligibility under the HH-ERF Program, KHC must verify and document an applicant's income.

In order to provide answers to frequently asked questions to the ERA programs, Treasury released and has periodically updated an FAQ document, which was most recently updated on May 7, 2021. Question 4 of the FAQ addresses documentation and income verification for the purposes of household eligibility under KHC's HH-ERF program. In its May 7 update to the FAQ, Treasury included the following new method of income verification:

Fact-specific proxy: A grantee may rely on a written attestation from the applicant as to household income if the grantee also uses any reasonable fact-specific proxy for household income, such as reliance on data regarding average incomes in the household's geographic area.

On May 12, 2021, KHC Deputy Executive Director of Housing Programs, Wendy K. Smith, held a conference call with Noel Poyo, Vanessa Megaw, and Laura Barriere from Treasury ("Treasury staff") regarding the use of a fact-based proxy in Kentucky's ERA Program. Treasury staff encouraged KHC to make use of the fact-specific proxy method of income verification included



AMI and FMR Info

Yearly Income

\$ 29760

### eServices

No. of Household Members: 1

51%-80%AMI HHERF Rate Limit

AMI Info

Department of Insurance Online Services

	Main Menu	Sign Out	View Cart
Email: wsmith@kyhousing.org		Access : All Counties	(Eviction Relief Fund - Eviction Relief Fund)

APPLICANT INFORMATION		Claim ID: 83108	Applicant Type: Tenant
Status Applications Ready for		r Review	
First Name			Last Name
Prefix Name			Birth Date 6/1/1976
Physical Address			Income Eligible by Fact-Based Proxy. No Income Documentation Required
Mailing Address			
SSN			Cell Phone
Email			neck Email To User

**County: MADISON** 

\$ 675

Monthly Rent

Step 4: Train staff & implement

# Early June 2021: Implemented FSP as a BACKUP option for income eligibility.

When an application had insufficient income documentation, KHC would use the FSP.



Month or Week	Rent Payments	Utility Payments	Housing Stability (internet)	Returns	Monthly or Weekly Total Payments	% Change
March	\$2,157,701	\$181,948	<i>\$0</i>	(\$7,200)	\$2,332,449	
April	\$6,519,537	\$1,195,548	\$2,850	(\$118,964)	\$7,598,971	
May	\$5,786,766	\$755,014	\$1,950	(\$65,545)	\$6,478,185	
June 4	\$1,702,632	\$132,447	\$900	-\$24,379	\$1,811,600	
June 11	\$1,909,703	\$181,762	\$1,500	-\$4,502	\$2,088,463	15%
June 17	\$900,631	\$135,554	\$1,800	-\$4,900	\$1,033,085	-51%
June 25	\$1,923,347	\$295,063	\$5,100	-\$14,650	\$2,208,860	114%
July 2	\$1,321,931	\$275,783	\$5,400	-\$3,920	\$1,599,194	-28%
Total	\$22,222,248	\$3,153,119	\$19,500	(\$244,060)	\$25,150,807	

FSP in place as Backup for Income Eligibility

Step 5: Make it apply more broadly!

# Early July 2021: FSP is PRIMARY way to determine income eligibility.

No matter the documentation provided, if a tenant can be deemed eligible via FSP, file processors use this first.



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April	\$6,519,537	\$1,195,548	\$2,850	(\$118,964)	\$7,598,971		place as Backup for
May	\$5,786,766	\$755,014	\$1,950	(\$65,545)	\$6,478,185		Income
June 4	\$1,702,632	\$132,447	\$900	-\$24,379	\$1,811,600	0	Eligibility
June 11	\$1,909,703	\$181,762	\$1,500	-\$4,502	\$2,088,463	15%	
June 17	\$900,631	\$135,554	\$1,800	-\$4,900	\$1,033,085	-51%	
June 25	\$1,923,347	\$295,063	\$5,100	-\$14,650	\$2,208,860	114%	
July 2	\$1,321,931	\$275,783	\$5,400	-\$3,920	\$1,599,194	-28%	
July 9	\$2,101,104	\$262,517	\$4,350	-\$21	\$2,367,950	48%	
July 16	\$2,482,958	\$338,663	\$9,900	-\$10,650	\$2,820,871	19%	
July 23	\$1,930,818	\$385,065	\$9,450	-\$18,861	\$2,306,472	-1 %	
July 30	\$3,351,601	\$323,286	\$9,900	-\$12,110	\$3,672,677	59%	FSP +
Aug 6	\$2,874,067	\$311,362	\$8,700	-26,450	\$3,167,679	-14%	Attestation
Total	\$34,962,796	\$4,774,012	\$61,800	-\$312,1	\$39,486,457		Primary Approach
			Doggo	المحيناه ميناما ا			to Income

Eligibility

Began Hounding LLs for Payment Docs!

# Using Fact-Specific Proxies to Simplify Documentation Requirements

#### **EXAMPLE**

#### The City of Philadelphia, PA

In the City of Philadelphia, PA, the Department of Planning and Development marshalled efforts to quickly build a website, custom application, and back-end database in English and Spanish. The system can cross-reference data with public housing authorities and local utility companies (which helps reduce some of the applicant's documentation requirements for debts owed), validates income eligibility requirements, and guards against duplication of benefits.

#### The States of Indiana and Massachusetts

The States of Indiana and Massachusetts also have found significant efficiencies by reducing documentation requirements for applicants who can have eligibility verified through other state-based health and human services programs.

#### The State of Kentucky

The State of Kentucky has started to implement a zip-code based fact-specific proxy to reduce income documentation requirements in high need areas. The state-based grantee has worked with Louisville and Lexington to aligned program design and policies. These shared practices have also helped reduce the administrative burden of the urban county governments.

# Preparing for the moratorium's end: **EVICTION DIVERSION EFFORTS**



## KHC's Approach to Eviction Diversion

- 1. Courts apply 14-day abeyance to nonpayment evictions.
- 2. Court Clerks will provide ERA flyer to landlords at filing.
- 3. Data sharing with the Kentucky's Administrative Office of the Courts to receive evicting filings (via API).
- 4. Use court data to:
  - a. Identify existing ERA applications with a court filing.
  - b. Automate creation of "pre-applications" for tenants/landlords who have not applied for ERA.
  - c. Reach out to landlords and tenants by phone to determine if a settlement can be reached.
  - d. Send daily USPS mailing to tenants and landlords.



### KHC's Approach to Eviction Diversion

### (continued)

- ERA application with a court case number are prioritized for processing.
- 6. Court filing = reduced documentation requirements.
- 7. Provide ERA to cover arrears and future rent—directly to landlord, or directly to tenant if landlord refuses.
- 8. Pilot having staff present in 2-4 district courts during eviction dockets to offer immediate ERA application assistance.
- 9. Refer tenants to other services as needed (legal, housing case management, etc.)



# KHC'S APPROACH TO EVICTION DIVERSION: A COURT FILING REDUCES REQUIRED DOCUMENTATION



# Required docs from TENANTS with an eviction court filing:

#### Proof of Identify ID that matches the court filing.

- State or federal ID
- Piece of mail matching address and court case #
- Tenant Attestation

#### **Proof of renter status & proof tenant is in arrears:**

Forcible Detainer/Eviction Court Case Number from Kentucky courts.

#### **Documentation of income** (ONE of the following):

- Zip Code Eligible via Fact Specific Proxy
- Tenant Attestation

#### Final Documents Before Payment (if approved):

- ERA Settlement Agreement signed by tenant & landlord.
   OR
- o If assistance is paid directly to the tenant:
  - · Tenant Attestation.
  - Direct deposit form for direct tenant payments.
  - · W-9 Form from tenant.

# Required docs from LANDLORDS with an eviction court filing:

#### **Verification landlord is owner in court case** (ONE of the following):

- Owner's state/federal ID
- Proof of business status (tax forms, Articles of Incorporation)
- Proof of ownership.
- KHC staff can look up property records to verify landlord's ownership of tenant's unit.

#### **Proof of renter status & proof tenant is in arrears:**

Forcible Detainer/Eviction Court Case Number from Kentucky courts.

#### Final Documents Before Payment (if approved):

- ERA Settlement Agreement signed by tenant & landlord.
- Direct Deposit Banking Form.
- W-9 from company or individual receiving payment.
- Agency Authorization Form.

### THANK YOU.

### Wendy K. Smith

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