

MEMORANDUM

To: Fred Rivera & Andrew Prazuch

From: Edmund Witter

Date: October 8, 2018

Re: Plan to Provide Financial Assistance to Tenants Facing Eviction

Summary

The memorandum outlines how a courthouse-based financial assistance program could be implemented at the Seattle and Kent Housing Justice Project (HJP) locations. The memorandum contains only initial thoughts on how such a program would run, the number of tenants that would be eligible, and the format of the program.

Overall, we estimate based on current numbers that a minimum of \$2.8 million may be necessary to respond to avoid evictions for tenants in King County. There are a number of factors that are hard to predict and may affect the overall cost and impact. These factors include: 1) the extent more tenants will come to HJP if financial assistance is offered; and 2) whether HJP attorneys can avoid costs and legal fees by intervening early in the process with financial assistance or using underused statutes that would allow tenants to remain housed without having to immediately tender legal fees and court costs. In addition, it is likely that additional staffing may be necessary to administer the program and that further staffing may be necessary if there is an increase in traffic at HJP clinics.

Scope of the Problem

Last year, there were 4,522 evictions filed in King County. This is likely an underestimate of the actual number of evictions commenced because eviction actions do not have to be filed with the Superior Court. We do not have definitive numbers on the actual number of unfiled evictions, but one estimate is that HJP was involved in 299 of 1,218 Seattle evictions in 2017, but had seen 830 tenants from Seattle in the same year who had a housing or eviction crisis. This could mean that there could be closer to 8,000 eviction crises in King County each year.

Nonetheless, the number of tenants who came to HJP in King County in 2017 was 1,899, which is a fraction of the overall number of evictions filed and unfiled in King County. Of these, we estimate that approximately three-quarters of HJP clients have some need for financial assistance that could be served by the proposed program.

The proposed plan to provide tenants with financial assistance from within the courthouse would fill a much needed gap in services. Currently, tenants have to navigate a system of financial assistance that includes approximately two dozen different agencies with different eligibility criteria, knowledge of eviction process, and ability to respond to each tenant's unique circumstances. Providing tenants with assistance in partnership with HJP would significantly reduce the eviction rate among tenants.

Outline of Plan

It would not take large changes to the existing HJP program to be able to connect tenants with financial assistance. The following represents an outline of how a system could function:

1. A tenant arrives at the HJP clinic and is screened for a legal problem and whether financial assistance could alleviate housing crisis
2. Either a legal assistant or attorney screens the tenant for eligibility for the program
 - a. Criteria for eligibility could include:
 - i. The ability of the tenant to pay ongoing rent either currently or in the near-future;
 - ii. Whether the tenant will remain housed or be able to transition to new housing;
 - iii. Whether the tenant is low-income as defined by a percentage of the Federal Poverty Line, such as 400% of FPL;
 - iv. Whether the amount needed is within a threshold available.
 - b. Exceptions to criteria:
 - i. In some cases, it would be advisable to permit some exceptions to policies for extenuating circumstances.
3. The attorney, working with the client, can come up with a plan or proposal to use the funds to avoid eviction.
 - a. In most cases the funds would be used to pay back rent or charges incurred by the tenant; however, it may be possible that some tenants may need financial assistance for other needs such as move-in fees to a new apartment that could potentially be included.
4. The attorney will then seek out an agreement with the opposing party to tender a check and obtain any requisite documents, such as a W-9, and stipulation of settlement.
5. In the event that a tenant could be served by court order, the attorney can work with the tenant to obtain a court order to avoid eviction upon payment of the amount.
6. If the tenant can remain housed or assisted, a check will be issued by a designee.

- a. If the money has to be deposited into the court registry to save the tenancy, KCBA can work with the Court Clerk to ensure payment would be accepted by business check.
7. Records would then be kept for audits and reports.

Likely, an additional two full time employees may be necessary to fulfill demand at each of the courthouse locations, ensure proper accounting, and ensure the program runs accordingly.

Cost

The best figure to estimate cost would be the number of households served by HJP in prior years. The maximum cost would be the number of evictions, which could be as high as 8,000. Nonetheless, since in more than half of all cases tenants do not appear, it may be best to use HJP's figures and estimate an increased number of households due to outreach and ability to assist.

Last year, 1,899 households were served by HJP. We estimate that about three-quarters could have benefited from some form of financial assistance. It is difficult to say exactly the average amount of financial assistance household needed to resolve their housing crisis. Using the Seattle report's 2017 estimates, three-quarters of all cases were for rent arrears under \$2,500.00. Among these households, the average rent owed was \$1,236.64, which is likely more representative of the usual case seen by HJP attorneys. If we assume that three-quarters of 1,899 households served by HJP, then that would mean 1,425 households could be served. Using the Seattle report figures, if we use the median rent owed for the lower three-quarters of cases, median attorney's fees owed (\$416.19), and median court costs (\$358.98), then the total would be \$2,866,829.25 for 1,425 households served. It is also possible that attorney's fees and court costs may be avoided altogether for tenants by exercising underused statutes that would allow the tenant to remain housed without having to tender the legal fees and costs.

Since we could presumably resolve cases earlier in the process, we could potentially reduce court costs and attorney's fees in many cases, but if we assume that outreach will bring in more clients, the numbers may equal out although it is hard to predict how much larger the demand would be for assistance in the long term.

Impact

It is difficult to estimate exactly how many households could be served, but we can estimate that upwards of 1,500 households could be enrolled in the program and homelessness avoided in the vast majority of these cases. Currently, HJP avoids eviction in 23% of all eviction

cases, but with financial assistance we estimate that we could avoid eviction in 60-70% of eviction cases. This could equal to roughly 1,200 or more households for whom eviction and homelessness would be prevented.

It is feasible that even where the amount that could be paid in the program would not cover the full arrears and costs, that it would likely induce the landlord to work out a payment plan for the tenant to come up with the balance.