



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jim Ortbal

**SUBJECT: TREE MAINTENANCE AND  
SIDEWALK REPAIR FINANCIAL  
HARDSHIP ASSISTANCE  
PROGRAM MODIFICATION**

**DATE:** May 31, 2018

Approved

Date

6-1-18

## RECOMMENDATION

Accept this report on the proposed administrative modification to the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program, increasing the qualifying income limit from twice the National Poverty Rate to three times the National Poverty Rate beginning July 1, 2018.

## BACKGROUND

On April 18, 2018, the Rules and Open Government Committee directed staff to evaluate the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program and consider adjusting the income level requirement to allow a reasonable number of additional Low Income and Very Low Income households to be eligible. This memorandum provides the analysis and recommends that the Department of Transportation (DOT) make an administrative modification to increase the qualifying income limit from twice the National Poverty Rate to three times the National Poverty Rate. If approved, this change would go into effect on July 1, 2018.

Current State law and the City's Municipal Code place the responsibility of performing and paying for street tree maintenance and sidewalk-related repairs with the adjacent property owner. The City offers financial assistance for these repairs to residents of owner-occupied, single family residences whose annual income is below twice the National Poverty Rate for families based on the number of dependents. The determination of a property owner's qualification for financial assistance is based solely on his/her annual income as documented on at least one official government form, with the Federal Income Tax Return being the most common document used for qualification. This financial assistance policy was amended on January 21,

2014, to include consideration of qualified medical and dental expenses as reported in filed tax returns, in order to make the program accessible to a greater number of property owners.

**ANALYSIS**

**Current Criteria and Methodology for Determining Qualification for Financial Assistance**

Each year, thousands of tree maintenance activities and sidewalk-related repairs are performed by property owners or by the City on their behalf. The tree maintenance activities include, but are not limited to, tree limb clearance, tree pruning, tree removal and planting, and emergency response such as downed limbs or trees obstructing the public right-of-way. The sidewalk-related repairs typically include sidewalk grinding, sidewalk replacement, curb/gutter replacement, and driveway approach replacement.

To assist property owners who are experiencing financial hardship, the City allocates funding each year to cover the cost of required tree maintenance activities and/or sidewalk repairs for qualified hardship applicants. To qualify for financial assistance, the following conditions must be met:

1. A property owner must occupy the residence where the maintenance activities or repairs are being performed. Rental properties and businesses are not eligible for hardship assistance.
2. The residence must be a single-family home.
3. The property owner must demonstrate an annual income below twice the National Poverty Rate for families based on the number of dependents.

The table below reflects the current income guidelines to qualify for financial assistance (2x Annual Poverty Rate), and shows the maximum eligible income if that qualifying income level were to increase to three times the National Poverty Rate.

Number of Dependents	Annual National Poverty Rate	Current Qualifying Annual Income (2x Annual Poverty Rate)	Proposed Qualifying Annual Income (3x Annual Poverty Rate)
1	\$12,140	\$24,280	\$36,420
2	\$16,460	\$32,920	\$49,380
3	\$20,780	\$41,560	\$62,340
4	\$25,100	\$50,200	\$75,300
5	\$29,420	\$58,840	\$88,260
6	\$33,740	\$67,480	\$101,220
7	\$38,060	\$76,120	\$114,180
8	\$42,380	\$84,760	\$127,140

In 2016-17, approximately 1,400 tree maintenance activities and approximately 3,600 sidewalk-related repairs were completed. The individual cost of these activities and repairs can range from as low as \$50 to several thousand dollars, depending on the scope of the work, with an average cost of approximately \$450 for tree maintenance activities and \$650 for sidewalk repairs. These types of expenditures can be a significant burden on residents, especially for those who are experiencing financial hardship.

### **Proposed Criteria and Methodology for Determining Qualification for Financial Assistance**

DOT staff is proposing to modify the Tree Maintenance and Sidewalk Repair Financial Hardship Assistance Program by increasing the qualifying annual income limit. Property owners applying for financial hardship will be asked to verify that their income is below three times the annual National Poverty Rate for families based on the number of dependents.

Property owners requesting financial assistance are required to submit official documentation that provides evidence of the number of dependents and income level. Accepted documents include a Federal Income Tax Return form 1040 or 1040A and/or other supporting documents, such as Verification of Non-filing (formerly Letter 1722), Verification of Social Security Income, Welfare or General Assistance Notice of Action/Income Verification, and/or Documentation of Unemployment. Staff reviews the documentation provided and determines if the property owner meets the annual income criteria to qualify for financial assistance. When a tax return is provided as evidence of income, the number of dependents claimed and the Adjusted Gross Income stated on the form are used to determine qualification. Any taxable amount of Social Security income is deducted from the Adjusted Gross Income (AGI). The total income of Social Security benefits is added to the AGI. In situations where a property owner has not filed a tax return, the number of dependents and annual income must be derived from other supporting documentation. The City will require documentation, in the form of an IRS transcript, from the property owner to verify a tax return.

### **Availability of Financial Assistance Funding**

For each of the last four fiscal years, approximately \$413,000 has been budgeted annually for the combined Tree and Sidewalk Repair Program financial hardship assistance, with distribution of funds occurring based on the "twice the National Poverty Rate" qualifying income criteria. For the past three years (2014-2015, 2015-2016, and 2016-2017), all available hardship funding was distributed. The current fiscal year has been a bit of an anomaly. To date, DOT has received 199 applications for hardship assistance, which is significantly lower than in previous years. Of those 199 requests, 75 have been approved under the current qualifying income criteria for a total of \$277,000 in assistance provided, with \$136,000 remaining unexpended as of the date of this memorandum. DOT will recommend rebudgeting any unexpended hardship funds into 2018-2019 to provide additional capacity should program demand increase due to the recommended modifications.

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While the proposed modifications to the Financial Hardship Assistance Program will allow more property owners to qualify for the program based on the revised income level criteria, financial assistance is limited to available funding. Increasing the income eligibility guideline will assure that more property owners will be eligible for financial assistance, but it does not guarantee that financial hardship assistance will be available to a greater number of property owners. At this time, DOT is uncertain as to how many additional property owners will be approved under the new income guidelines; however, increasing the income limit without increasing the funding for the hardship program may result in depleting the funds earlier in the budget year.

For reference, of the 124 applications submitted in 2017-2018 that did not meet the current qualifying income criteria, 21 (17%) would have qualified under the revised criteria for a repair cost of \$37,774. It is important to note that these figures are not necessarily representative of participation under the increased threshold, since many people likely do not apply because they know they do qualify; however, the figures are indicative of the increased demand that would be placed on the program.

### **EVALUATION AND FOLLOW-UP**

The current outreach practice of informing residents about the existence of a hardship assistance program through a printed brochure that is mailed to them with the notification of needed repairs will continue. DOT will also include information on its website about the financial assistance program. DOT will monitor and track the application trends and distribution of hardship funds throughout the first half of 2018-2019 to determine the impacts of increasing the qualifying income level to three times the National Poverty Rate, in order to determine the rate at which the budgeted amount of hardship funding is expended. If funds are distributed at an accelerated rate, the Administration may recommend increases to program resources as funding allows.

### **COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

/s/

JIM ORTBAL  
Director of Transportation

For questions, please contact Eric Hon, DOT Division Manager at (408) 794-1987.