



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: John Ristow

SUBJECT: AMENDMENT TO THE TREE AND
SIDEWALK HARDSHIP PROGRAM

DATE: June 2, 2020

Approved

Date: 6/2/2020

RECOMMENDATION

Align the financial hardship income criteria with California State Income Limits for housing assistance, which account for the higher cost of living in Santa Clara County.

BACKGROUND

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 has offered financial assistance to residents of owner-occupied, single family residences for many years. 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 program was amended by the City Council 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.

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. The current level of financial assistance, that took effect on July 1, 2018, is for residents whose annual income is at or below three-times the National Poverty Rate for families based on the number of dependents.

On December 10, 2019, the City Council further directed staff to modify the program to account for higher cost of living in the San José metropolitan area. Staff determined that local income

limits established by the Department of Housing and Urban Development (HUD) and based on local Area Median Income (AMI) are appropriate indicators for the region. The City Council also directed staff to explore a stepped reduction approach based on income categories.

ANALYSIS

In Fiscal Year 2018-19, approximately 2,200 tree maintenance activities and approximately 4,228 sidewalk-related repairs were completed. The individual cost of these activities and repairs ranged from as low as \$50 to several thousand dollars, depending on the scope of the work. The average cost was approximately \$450 for tree maintenance activities and \$650 for sidewalk repairs.

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. 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. 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 currently allocates funding each year to cover the full cost (100%) 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.
2. The residence must be a single-family home.
3. The property owner must demonstrate an annual income below three-times the National Poverty Rate for families based on the number of dependents.
4. Rental properties and businesses are not eligible for hardship assistance.

The income guidelines to qualify for financial assistance based upon the current maximum eligible income at three times the National Poverty Rate are shown in Table 1.

Proposed Criteria and Methodology for Determining Qualification for Financial Assistance

The Department of Transportation (DOT) recommends aligning the tree and sidewalk hardship program with income guidelines set forth by the U.S. Department of Housing and Urban Development (HUD) in accordance with Area Median Income (AMI). To increase program accessibility for residents at the lower income levels, a tiered income qualification is proposed.

Specifically, property owners that fall within either “extremely low” or “very low” income categories would be eligible for 100% funding for their sidewalk repairs. The “low income” range would receive 50% funding assistance on their sidewalk repairs. Staff does not recommend providing hardship assistance to households considered to be of “moderate income” which is defined as up to 120% of AMI for the region because it could significantly increase demand for a limited pool of funding for hardship assistance. For reference, the AMI is based on a median family income for the region of \$141,603, which means that a moderate income could be defined as close to \$170,000. If approved by the City Council, this change would go into effect on July 1, 2020.

Table – Current and Proposed Hardship Program Benefits

	Current Program	Proposed Program (HUD based)		
Household	3X National Poverty Rate	Extremely Low	Very Low (50% AMI)	Low (80% AMI)
1	\$37,470	\$33,150	\$55,300	\$78,550
2	\$50,730	\$37,900	\$63,200	\$89,750
3	\$63,990	\$42,650	\$71,100	\$100,950
4	\$77,250	\$47,350	\$78,950	\$112,150
5	\$90,510	\$51,150	\$85,300	\$121,150
6	\$103,770	\$54,950	\$91,600	\$130,100
7	\$117,030	\$58,750	\$97,900	\$139,100
8	\$130,290	\$62,550	\$104,250	\$148,050
Hardship Support	100 %	100 %		50 %

Availability of Financial Assistance Funding

The Tree and Sidewalk Repair Financial Assistance Hardship program is subject to the availability of funds. Approximately \$413,000 has been budgeted annually for the program, with distribution of funds occurring based on National Poverty Rate qualifying income criteria. Prior to 2018-2019, the income requirement was “at or below, two-times the National Poverty Rate. An administrative change was implemented to increase this threshold to three-times the National Poverty Rate, effective July 1, 2018. Budgeted funding in 2018-2019 was sufficient to fund all eligible applicants, but no leftover funding remained at year end.

In 2019-2020, DOT anticipated that the program would again be fully subscribed with all funds expended by the end of the year. The COVID-19 pandemic has changed these projections, as DOT focused on delivering its essential services to comply with the Santa Clara County shelter-

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in-place (SIP) order. Sidewalk and tree inspections were not deemed an essential service, so only the most urgent inspections and repairs have been performed since March 17, 2020. As of May 22, 2020, DOT has received 284 applications for hardship. Of these requests, 126 have been approved under the current qualifying income criteria for a total of approximately \$247,000 in assistance provided. At this time, \$166,000 of the allocated 2019-2020 combined budget remains. Per Council direction at the December 10, 2019 Council meeting, all unused funds will be rebudgeted in to the 2020-2021 budget for this program, which will allow for the one-time availability of higher levels of funding in 2020-2021 to assess the impact of income eligibility changes.

While the proposed modifications to the Financial Hardship Assistance Program will allow more property owners to qualify based on the revised income level criteria, financial assistance is limited to available funding. At this time, DOT is uncertain as to how many additional property owners would 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. As substantially more residents become eligible for some hardship assistance, those with the most need who happen to apply later in the fiscal year where funding is restricted, may receive no benefit at all. DOT will closely monitor the budget and may bring forward any recommended funding adjustments and/or modifications to income eligibility requirements if necessary in the future and in consideration of the City's overall budgetary position.

It is important to note that once the City is notified of a sidewalk hazard and inspects the area, repairs must happen in a timely manner to protect both the property owner and City from liability in case of an injury. Once any allocated funding is expended, residents who may have been eligible for hardship will still be required to complete the repairs at their own expense.

COORDINATION

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

/s/

JOHN RISTOW
Director of Transportation

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