

# How the Program Works

The City of Chico's Lease Guarantee Program assists Chico households that face barriers in qualifying for housing. These households typically have adequate income and a strong recent rental history, but are required by landlords to secure additional co-signers and/or deposits due to a past eviction or credit issues. The program provides a letter of credit to landlords that can be drawn upon if necessary for apartment repairs or non-payment of rent.

## *Program participants follow these steps:*

1. A supportive services agency (the Sponsoring Agency) sponsors an applicant and submits an application package to the Housing Authority.
2. Housing Authority and City Staff review and approve the application based on income eligibility (must earn less than 80% of Area Median Income), adequate income to pay rent, and demonstrated capacity for self-sufficiency.
3. Housing Authority gives the applicant an approval letter or a denial letter.
4. If approved, the applicant finds a potential rental unit and submits a Request for Unit Approval to the Housing Authority that includes a review of the lease agreement and a unit inspection.
5. If the Request for Unit Approval is approved, the Housing Authority, landlord and applicant execute a Letter of Credit in the amount of twice the monthly rent, valid for a one-year term. The applicant signs the lease agreement and moves in. The Letter of Credit is drawn upon when the landlord submits a claim in excess of the security deposit for verified lease agreement violations.

# Landlord Benefits

## *Security*

The Letter of Credit is available for up to twice the monthly rent to cover landlord liabilities beyond the tenant's security deposit. It is secured by funds granted by the Federal Home Loan Bank and held in account by the City.

## *Tenants Are Pre-screened*

Sponsoring Agencies, the Housing Authority and the City pre-screen program participants to determine capability to fulfill the terms of the lease agreement. Participants must demonstrate positive recent housing history and progress in overcoming obstacles to greater self-sufficiency through their work with the Sponsoring Agency's case manager.

## *Access to Community Resources*

The participant's case manager can address landlord questions or concerns about the tenant's housing situation. The case manager draws upon a wide array of community resources for support.



## Make a Difference

Let us answer any questions you have about participation in the Lease Guarantee Program.

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# Lease Guarantee Program

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