

Mayor and Council Communication

DATE: 10/19/21

M&C FILE NUMBER: M&C 21-0816

LOG NAME: 19TREASURY DEPARTMENT EMERGENCY RENTAL ASSISTANCE AWARD #2

SUBJECT

(ALL) Ratify Execution of Grant Agreement and Accept the Award of Grant Funds from the United States Department of the Treasury Provided through Section 3201 of the American Rescue Plan Act of 2021 in the Amount of \$29,071,786.00 for Emergency Rental Assistance, and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Ratify the execution of the attached Treasury Department Grant agreement;
2. Accept the Emergency Rental Assistance Award from the United States Department of the Treasury in the amount of \$29,071,786.00; and
3. Adopt the attached ordinance increasing the estimated receipts and appropriations in the Grants Operating Federal Fund, subject to receipt of the grant, in the amount of \$29,071,786.00, for the purpose of funding allowable expenses related to assisting eligible households with rental assistance and housing stability services.

DISCUSSION:

In March 2021, the American Rescue Plan Act of 2021 was approved by Congress and signed by the President. This statute was part of the federal government's continued effort to help communities respond to economic and other impacts of the coronavirus pandemic. Section 3201, Subtitle B of the Act included authorization of \$21.55 billion of additional funds for the Emergency Rental Assistance (ERA) program which had been previously authorized by the Consolidated Appropriations Act of 2021 in December of 2020. City Council approved acceptance of the first ERA award through Mayor and Council Communication (M&C) 21-0111 on February 16, 2021. This second installment of Emergency Rental Assistance funds, known as ERA2, provided direct awards to state and local governments based on population, in a manner consistent with the methodology used for allocating funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the earlier ERA program. The purpose of the funds continues to be for financial assistance and housing stability services for low-income households.

Funds will be available through September 30, 2025. Grantees must obligate (place under contract) 50% of all funds by March 30, 2022, or funds not obligated may be subject to recapture. If 75% of the funds are obligated by September 30, 2022, up to 25% of the funds may be used for affordable rental housing and eviction prevention purposes (as defined by the Secretary of the Department of the Treasury) serving households with incomes under 50% of the Area Median Income (AMI) adjusted for family size. Up to 10% of the funds may be used for Housing Stabilization programs which assist beneficiary households to maintain their housing over the long term, including case management. Up to 15% of the ERA2 funds may be used for grant administration.

Under ERA and ERA2, eligible renter households must meet the following criteria:

- Documentation of household income under 80% of area median;
- One or more persons in the household has qualified for unemployment benefits, or has experienced a reduction in income or other financial hardship due to the pandemic; and
- Household can provide evidence of housing instability or risk of homelessness such as a past due utility or rent notice, or other evidence of such risk.

Grantees must prioritize assistance to households that meet either of the following:

- household income at or below 50% of the area median, or
- one or more household members is unemployed at the time of application and has been unemployed for 90 days or longer.

Landlords can apply for assistance on behalf of their tenants if they obtain written authorization from the tenant and provide the tenant with a copy of all application materials. Assistance may be provided for up to 18 months, with income recertification required every three months.

The Neighborhood Services Department proposes to administer the ERA2 program in a more efficient manner than the original ERA program, by providing a common software platform for client applications and contracting with a single payment vendor to be selected through a competitive application process and/or maintaining partnerships with current ERA rental assistance partners. Staff recommends that a Request for Qualifications (RFQ) be issued to identify a viable organization that will be able to administer the ERA2 program, providing streamlined services to quickly determine client eligibility and issue rental assistance payments to eligible clients. Additional staff has been hired within the Neighborhood Services Department to directly assist clients in completing the application and to ensure effective grant administration.

Staff will provide ongoing updates to City Council via informal reports regarding the RFQ process and the selected vendor. A report on the status of emergency rental assistance programs provided in the most recently submitted informal report dated May 11, 2021 is attached to this M&C.

The Neighborhood Services Department shall be responsible for identifying funding sources to cover expenses incurred in the event the grant funds are not received.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: United States Department of Treasury

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. The Neighborhood Services Department (and Financial Management Services) will be responsible for the collection and deposit of funds due to the City. Prior to an expenditure being incurred, the Neighborhood Services Department has the responsibility to validate the availability of funds. This is an advance grant.

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