

Mayor and Council Communication

DATE: 04/26/22

M&C FILE NUMBER: M&C 22-0309

LOG NAME: 19TARRANT COUNTY EMERGENCY RENTAL ASSISTANCE REALLOCATION

SUBJECT

(ALL) Accept the Award of Grant Funds from the United States Department of the Treasury Provided through Section 501 of the Consolidated Appropriations Act of 2021 in the Amount of \$10,000,000.00 for Emergency Rental Assistance Received through Reallocation from Tarrant County and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Accept the increased Emergency Rental Assistance Award from the United States Department of the Treasury through reallocation from Tarrant County in the amount of \$10,000,000.00 for a total award of \$37,484,117.00; and
 2. 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 \$10,000,000.00, for the purpose of funding allowable expenses related to assisting eligible households with rental assistance and housing stability services.
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DISCUSSION:

In December 2020, the Consolidated Appropriations 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 501 of the Act included authorization of \$25 billion for a first Emergency Rental Assistance (ERA#1) program to be administered by state and local governments, including \$27,484,117.00 for the City of Fort Worth (City). City Council approved acceptance of this first ERA award through Mayor and Council Communication (M&C) 21-0111 on February 16, 2021. In March of 2021, Congress and the President approved the American Rescue Plan Act (ARPA), which extended the deadline for expenditure of ERA#1 funds until September 30, 2022, and included further funds for Emergency Rental Assistance (known as ERA#2). The purpose of the funds continues to be for financial assistance and housing stability services for households with incomes under 80% of the Area Median that have incurred financial hardship and housing instability due to or during the coronavirus pandemic.

Up to 10% of ERA#1 funds may be used for program administration, and 10% may be used for Housing Stabilization programs which assist beneficiary households to maintain their housing, allowing approximately \$22 million for direct client assistance. For ERA#2, up to 15% may be used for grant administration, 10% for Housing Stabilization, and 25% may be reserved for affordable housing development if the City meets ERA#2 obligation and expenditure goals. The City must obligate 50% of all ERA#2 funds to tenants by March 31, 2022, and must expend all ERA#2 funds by September 30, 2025. The City of Fort Worth's allocation under ERA#2 was \$29,071,786.00, with \$16,352,880.00 dedicated for direct rental assistance after the administration, housing stabilization, and affordable housing development funds are reserved. For ERA#1, assistance may be provided for up to 12 months; for ERA#2, assistance may be provided for up to 18 months (from a combination of ERA#1 and ERA#2 funds). Income recertification is required every three months for both programs.

The Neighborhood Services Department has been administering the ERA programs through a common software platform for client applications (Neighborly Software) and through partnerships with local nonprofit organizations, including Fort Worth Housing Solutions, Samaritan House, Cornerstone Assistance Network, the Salvation Army, Center for Transforming Lives, and Housing Channel. Additional staff has been hired within the Neighborhood Services Department to directly assist clients in completing applications and to ensure accuracy of client data aggregated for U.S. Treasury Department reports. The Department proposes to continue partnerships with Fort Worth Housing Solutions, Samaritan House, and Cornerstone Assistance Network for ERA#2, while amending contracts with the other agencies to ensure consistent customer service and data cleanup during the closeout phase of their ERA#1 contracts.

The City of Fort Worth met the statutory initial performance goal for ERA#1 which required that 65% of funds be obligated to tenants by September 30, 2021. In Texas, local jurisdictions were in effect competing with the Texas Department of Housing and Community Affairs' Texas Rent Relief Program, which offered a very aggressive and successful online application program. Local jurisdictions which did not meet initial performance goals for ERA#1 have been authorized by the U.S. Treasury Department to make voluntary reallocations to other jurisdictions within their state. Tarrant County has agreed to support reallocation of \$10,000,000.00 in ERA#1 funds to the City of Fort Worth, as most residents of Fort Worth are also residents of Tarrant County. Analysis of current client application data indicates that the City's program can meet the Treasury Department's performance goals even with this additional allocation.

As of March 2022, the City has over 4,500 applications which have been completed and are pending review, not including those clients who have already been assisted or who may require additional assistance pending recertification. Approximately \$31 million of the ERA#1 funds has been disbursed on behalf of clients, leaving zero remaining funds in the City's original ERA#1 allocation once administrative and housing stabilization allocations are considered. Based on the average assistance amount of \$6,400.00 per household, and estimating a small percentage of application withdrawals or denials, this means that approximately \$37 million is still needed to assist current pending clients. A portion of the \$37 million can be made up of the \$18 million in ERA#2 funds available, and \$10 million in reallocated ERA#1 funds from Tarrant County. The Fort

Worth Emergency Rental Assistance Program portal will be closed on March 31, 2022.

Given that estimated demand for the program is presently more than available funds, Neighborhood Services staff are preparing plans to close the City's Rental Assistance application portal. This process will include full communications with the public regarding timing, and other assistance options for households that continue to be at risk of eviction or homelessness due to financial hardship.

In order to continue to process applications, NSD will be disbursing funds to partnering agencies awaiting on the approval of this M&C. The total amount of \$10,000,000.00 has already been deposited into the city's account and is currently available for use.

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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Expedited