



City of Stockton

Legislation Text

File #: 21-0055, **Version:** 1

ADOPT A RESOLUTION TO ACCEPT AND APPROPRIATE GRANT FUNDING FROM THE UNITED STATES DEPARTMENT OF TREASURY EMERGENCY RENTAL ASSISTANCE PROGRAM (ERA) AND FROM THE STATE OF CALIFORNIA EMERGENCY RENTAL ASSISTANCE PROGRAM; AND TO APPROVE THE ALLOCATION OF FUNDS

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

1. The City represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the U.S. Treasury and State Emergency Rental Assistance programs as defined by SB91 in the combined amount of \$19,302,876.31, and any such additional amount as allocated to the City under the programs.
2. Approve and authorize the City Manager, or designee, to execute the Emergency Rental Assistance Standard Agreements and all required documents, with both the U.S. Treasury and the State of California to accept grant funding.
3. Authorize the City Manager to reallocate funds among approved activities and partners as needed to maximize impact and benefit to the Stockton community.
4. Authorize the City Manager, or designee, to appropriate grant funds and associated expenditures, execute contracts above the current \$75,000 spending cap for funds accepted under this Resolution, and take necessary and appropriate actions to carry out the purpose and intent of this Resolution.

Summary

The United States Treasury is implementing the Emergency Rental Assistance (ERA) program, established by section 501 of Division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (Dec. 27, 2020) (the "Act"), making available \$25 billion to assist households unable to pay rent and utilities due to the COVID-19 pandemic.

The City of Stockton was identified as a recipient of ERA funds from the U.S. Treasury, as it meets the population requirements of 200,000 or more. ERA payments will be made directly to local governments with more than 200,000 residents. On January 8, 2021, the City supplied all the necessary information to the U.S. Treasury for the ERA program. On January 20, 2021, the U.S. Treasury advised the City that it will be receiving \$9,297,024.90 in housing assistance funding for the Emergency Rental Assistance Program, to assist Stockton residents with housing stability resources. The City has since received the grant funds.

The State of California also received ERA funds from the U.S. Treasury and has allocated up to \$10,005,851.41 of their allocation in rental assistance funding to the City.

Staff recommends that the Council adopt a resolution authorizing the acceptance, appropriation, and allocation of U.S. Treasury ERA grant funding in the amount of \$9,297,024.90 and State of California ERA grant funding in the amount of \$10,005,851.41. These two grant allocations combined total \$19,302,876.31.

DISCUSSION

Background

The ERA grant program makes available \$25 billion to assist households unable to pay rent and utilities due to the COVID-19 pandemic. These funds will be provided directly to States, U.S. Territories, local governments, and Indian tribes. Grantees can use the funds to aid eligible households through existing or newly created rental assistance programs.

Not less than 90% of awarded funds must be used for direct financial assistance, including rent, rental arrears, prospective rent payments, utilities and home energy costs and arrears, and other expenses related to housing. The remaining 10% may be used for housing stability services, including case management and other services intended to keep households stably housed, as well as administrative costs.

The State Legislature passed the COVID-19 Tenant Relief Act (SB 91) on January 28, 2021, extending tenant eviction protections through June 30, 2021, and allocating \$2.6 billion in U.S. Treasury ERA funds.

The U.S. Treasury funds currently need to be dispensed by December 31, 2021. The State of California funds are required to be spent by August 1, 2021, or they are subject to recapture and redistribution.

Present Situation

The City supplied all the necessary information to receive funds from the U.S. Treasury ERA Program on January 8, 2021, as well as the required documentation to receive funds from the State ERA Program by the February 12, 2021 deadline. Funds are intended to support Stockton residents experiencing financial hardships due to the COVID-19 pandemic.

The goal is to disburse funds as strategically and expeditiously as possible. This program will emulate the success of the rental and mortgage assistance program that was implemented in August 2020, which disbursed nearly \$5 million in four months. Program guidelines and eligibility will be updated to comply with U.S Treasury and State of California criteria.

Upon Council approval, the City will dispense funds to support the following eligible activities:

- Rent and Rental Arrears

- Prospective/Future Rent
- Utility and Home Energy Costs including Arrears
- Housing Stability and Case Management
- Administrative Costs

An “eligible household” is defined as a rental household in which at least one or more individuals meets the following criteria:

1. Qualifies for unemployment (unemployed for 90 days or more) or has experienced a reduction in household income, incurred significant costs, or experienced a financial hardship due to COVID-19.
2. Demonstrates a risk of experiencing homelessness or housing instability.
3. Household incomes at or below 80% of the area median income (AMI).
4. Household incomes at or below 50% of the AMI are to be given priority assistance.
5. Households must not currently be receiving rental assistance.

In addition to the federal criteria above, the State has established the following supplemental requirements:

1. Landlords may receive 80% of their tenants’ rental arrears accumulated between April 1, 2020 through March 31, 2021, if Landlord agrees to forgive the remaining 20% of unpaid rent.
2. Eligible tenants whose landlords choose not to participate, may apply for 25% of their rental arrears, which in most cases will be paid directly to the landlord.
3. Funding prioritization must be given to eligible tenants with incomes below 50% AMI or individuals unemployed for 90 days, as well as rental arrears.

Eligible households may receive up to 12 months of assistance, plus an additional 3 months if the grantee determines the extra months are needed to ensure housing stability and grant funds are available.

Staff recommends that the City Council adopt the resolution as presented to accept and enter into any necessary agreements for both the U.S. Treasury ERA Program and the State of California ERA Program, as well as to appropriate and disburse funds as outlined above and consistent with the Emergency Rental Assistance Program intent.

Given that multiple partners will be necessary in order to execute the Emergency Rental Assistance Program successfully and expeditiously, it is also requested that the City Manager be given the authority to execute contracts over the \$75,000 threshold and to reallocate funds among approved activities and partners as needed.

FINANCIAL SUMMARY

There is no financial impact to the City's General Fund or any other unrestricted fund as a result of this action. These grants do not require any matching funds from the City.

Additionally, the funding allows for up to a 10% administrative fee of the total allocation amount for implementation and grant management activities. The U.S. Treasury ERA grant funds totaling

\$9,297,024.90 and the State of California ERA grant funds in the amount of up to \$10,005,851.41 (for a total of up to \$19,302,876.31) will be appropriated as revenue in General Government Grant fund account 6020-156-430101-280-282-10-60-000-000. Corresponding expenditures will also be appropriated to this grant account.