



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing and
Community Development

SUBJECT: Emergency Rental Assistance
Program Funding

DATE: February 3, 2021

City Administrator Approval 

Date: February 4, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1. Accepting Emergency Rental Assistance Program (“ERAP”) Funds In The Amount Of Twelve Million Eight Hundred Seventy Four Thousand Seven Hundred Sixty Four Dollars (\$12,874,764) Awarded By The United States Department Of The Treasury (“US Treasury”) To The City Of Oakland (“City”) To Provide Financial Assistance, Including Rental Assistance, And Housing Stability Services To Eligible Households Impacted By COVID-19;**
- 2. Appropriating The Twelve Million Eight Hundred Seventy Four Thousand Seven Hundred Sixty Four Dollars \$12,874,764 In ERAP Funding From The US Treasury To Be Budgeted And Identified As One-Time Stimulus Funding In Fund 2071, Organization 89919, Project Code To Be Determined, Account 54011;**
- 3. Authorizing The City Administrator Or Designee To Take All Steps Necessary For The City To Receive The ERAP Funds Awarded By The US Treasury, Including, But Not Limited To, Signing And Submitting The US Treasury Acceptance Of Award Terms Form, Without Returning To Council;**
- 4. Awarding Grant Agreements For The Provision Of Rental Assistance To Eligible Households To Bay Area Community Services, Inc., Catholic Charities Of The Diocese Of Oakland, Doing Business As Catholic Charities East Bay, Centro Legal De La Raza, Inc. And Collective Legal Services – The Eviction Defense Center, A Non-Profit Law Corporation In A Total Amount Not To Exceed Nine Million Seven Hundred Fifty Thousand Dollars (\$9,750,000);**
- 5. Authorizing The City Administrator Or Designee To Select Additional ERAP Fund Sub-Recipients And To Award Grant Agreements To Said Sub-Recipients For The Provision Of Financial Assistance, Including Rental Assistance, And Housing Stability Services To Eligible Households, Without Returning To Council; And**

City Council
February 16, 2021

6. Authorizing The City Administrator To Amend Grant Agreements Awarded Pursuant To This Resolution To Increase The Amount Of The Grants Or To Reallocate Funding Between Grants If Necessary, To Ensure Timely Expenditure Of ERAP Funds, Without Returning To Council.

EXECUTIVE SUMMARY

The Consolidated Appropriations Act of 2021 was enacted by the United State Congress in December 2020 and includes \$25 billion in emergency rental assistance for states, U.S. territories, local governments with populations over 200,000, and Indian tribes to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The City of Oakland's allocation from the US Treasury is \$12,874,764, which was provided to the City on January 22, 2021.

Adoption of this resolution will ensure the timely spenddown of funds, provide maximum flexibility for the use of funds and ensure Federal requirements can be met. This agenda report provides details on the eligible uses of the funds and a proposed plan for deploying the funds in a manner that will meet the housing needs of Oakland's most vulnerable renters efficiently and equitably.

BACKGROUND / LEGISLATIVE HISTORY

In December 2020, the United State Congress passed the Consolidated Appropriations Act, 2021, which includes \$25 billion available to states, U.S. territories, local governments with populations over 200,000, and Indian tribes to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The program is called the Emergency Rental Assistance Program (ERAP) and the US Treasury has issued ERAP program guidelines and is developing additional guidance materials.

The City of Oakland is an eligible local government and submitted the required payment information and signed the acceptance of award terms form required to receive an allocation of ERAP on the due date of January 12, 2021.

On January 22, 2021 the City received its ERAP funding allocation of \$12,874,764 from the US Treasury, referred to as the City's "Direct Allocation."

The use of the funds is limited to rental assistance for households who are obligated to pay rent on a residential unit and who: 1) have incomes that are at or below 80 percent (80%) of area median income, 2) have a household member who either qualified for unemployment benefits or has experienced a financial hardship due to COVID-19, and 3) can demonstrate a risk of experiencing homelessness or housing instability.

The funds are further restricted in the following manner:

- Ninety percent (90%) must be used for direct financial assistance for rent, utilities, or other housing related expenses directly or indirectly related to COVID-19
- Ten percent (10%) can be used for administrative and/or housing stability services.

ANALYSIS AND POLICY ALTERNATIVES

City of Oakland Rental Assistance Programming: Keep Oakland Housed COVID-19 Renter Relief Program

In September 2020, the Housing and Community Development Department (HCD) launched a successful COVID-19 rental assistance program using CARES Act funding which assisted one thousand thirty one (1,031) renters and seventeen (17) homeowners. Seventy-two percent (72%) of recipients had incomes at or below 30 percent (30%) of Area Median Income (AMI) and over seventy-five percent (75%) of recipients resided in neighborhoods heavily impacted by COVID-19 infection based on data from Alameda County. **Attachment A** depicts the number of households served by race, income, and location.

This program was administered by Keep Oakland Housed (KOH) partners and was called *Keep Oakland Housed COVID-19 Renter and Homeowner Relief Program* (KOH Program). The three partners providing rental assistance were Bay Area Community Services (BACS), Catholic Charities East Bay, and Centro Legal de la Raza. The KOH Program achieved great success despite the challenges of a quick ramp-up timeline (one month) and accelerated spenddown timeline (3.5 months). The following is a summary of program highlights and lessons learned.

Program Highlights:

- Use of a prioritization tool that elevated those most at risk of homelessness and housing instability was very effective. The tool prioritized various attributes associated with being at risk, with the following top priorities:
 - Previous experience of homelessness
 - Thirty percent (30%) of AMI
 - Live in a zip code with the highest rates of COVID-19 infection
- **Attachment A** reflects that use of the tool resulted in the City meeting desired outcomes
- KOH partners reported positive outcomes for recipients in preventing displacement and financial hardship when choosing between paying rent to avoid accumulation of massive rent debt and food or medical expenses. One partner indicated that 53 percent of those assisted had previously experienced homelessness, a predictor of future homelessness.

Lessons Learned:

- Outreach should include a wide range of activities, employing trusted community partners and innovative methods such as ethnically diverse and paid media.
- Renters are in need of more than one-time, short-term rental assistance support.
 - The Coronavirus Aid, Relief, and Economic Security (CARES) Act-funded KOH Program was limited to a maximum of \$4,000 per household and was a one-time form of assistance due to the short-term nature of the program.
- City staff need to carefully size grant awards to match partners' capacity.
- Partner reporting metrics should include outcome measures.
- A single, simple intake format that is accessible in multiple languages must be utilized.
- A more robust, uniform data collection system must be developed and employed

Proposal for Deploying ERAP Funding

The ERAP guidelines are similar to the KOH Program model. Based on the success of KOH, HCD recommends deploying the City's \$12.8 million in ERAP funding through the KOH model, with program design modifications to incorporate ERAP requirements and the lessons learned noted above. The proposed approach entails two phases, with an initial tranche of ERAP funds awarded to the existing three KOH Program partners and one additional partner, the Eviction Defense Center.¹ This Phase One will enable the agencies with: 1) demonstrated capacity to perform, 2) expertise, and 3) a track record of service to prioritized renters to serve these low-income Oakland renters as quickly as possible.

Phase Two will identify community-based organizations with the capacity to provide rental assistance using the KOH program design and which are embedded in communities most heavily impacted by COVID-19. This effort seeks to bring this program closer to vulnerable communities and build the capacity of additional organizations to increase the ecosystem of groups conducting this work.

In addition, the second phase may include modifying Phase One grant agreements to the extent that any of those grantees have the capacity to deploy funding in excess of their Phase One grant amounts, either on their own or by bringing in community-based subgrantees, subject to City approval and execution of a grant amendment.

The phases are described further below:

Phase 1: Grants in a total amount of \$9,750,000 (75.73 percent of City ERAP award) will be awarded to four nonprofit agencies to administer the KOH Program, pursuant to the ERAP requirements and subject to program design features stipulated by the City. These four agencies and their respective grant amounts are as follows:

- Bay Area Community Services (BACS) in an amount not to exceed \$3,500,000
- Catholic Charities East Bay in an amount not to exceed \$2,500,000
- Centro Legal de la Raza in an amount not to exceed \$2,000,000
- Eviction Defense Center (EDC) in an amount not to exceed \$1,750,000

The amount of \$193,121 (one and a half percent City ERAP award) will be used to cover the City's administrative costs. This amount falls within ERAP's ten percent (10%) cap on administrative/services costs. The remaining eight and a half percent (8.5%) will be provided to the grantees for their administration of the program.

Phase 2: Deploy the remaining \$2,931,643 (22.77 percent of City ERAP award) in the following manner:

¹ The Eviction Defense Center (EDC) is a 25-year-old Oakland-based nonprofit that has been providing eviction defense services to low-income tenants in Oakland as well as other cities in Alameda County. EDC has also been providing direct rental assistance to renters in the City of Berkeley. Reference checking with the City of Berkeley indicates a high level of satisfaction with their work deploying rental assistance including exceeding targets and strength in the areas of case management with clients, communications, and responsiveness. In addition, EDC is a partner in both the Oakland Housing Secure and Alameda County Housing Secure programs.

- Staff will engage in a vetting process to identify two to three community-based organizations with deep ties to the community and with capacity to operate a rental assistance program in full compliance with ERAP requirements.
- Upon identification of viable organizations, staff will enter into grant agreements under the same terms as the Phase One grantees.
- A portion of the 22.77 percent in Phase Two funds may also be used to supplement Phase One grant agreements for those groups with capacity to deploy additional funding.

The anticipated timeline for the KOH Program is as follows:

- Launch Phase One of Program – March 15, 2021
- Launch Phase Two of Program – no later than June 1, 2021
- Expend 65 percent of Funds – September 30, 2021
- Expend 100 percent of Funds – November 30, 2021

State of California SB 91 Rental Assistance Program

On January 28, 2021 the State of California adopted Senate Bill (SB) 91, the Tenant Relief Act, which extends the State’s eviction moratorium pursuant to SB 3088 and includes a Rental Assistance Program (RAP). The State RAP is funded by the same US Treasury Emergency Rental Assistance Program identified above. The State’s allocation is a total of \$1.2 billion, and the City of Oakland has been allocated \$13,856,365 of that amount, referred to as the City’s “State Allocation.” The State has engaged the Local Initiatives Support Corporation (LISC), a national Community Development Financial Institution (CDFI), as the program implementer for this statewide program.

The SB 91 Rental Assistance Program design is different from Keep Oakland Housed, for example:

- Program focuses on COVID-19 rental debt relief, rather than housing stability;
- Primary target is property owners, not renters;
- Shorter expenditure timeline than US Treasury (State: 65 percent by or have a plan to expend all of their state funds by August 1, 2021 // US Treasury: 65 percent by Sept. 1, 2021)

SB 91 provides three options for State allocatees to choose from:

1. City participates in State-run program wherein *both* City’s State Allocation and Direct Allocation (\$26.6 million) are administered by LISC.
2. City receives *both* its State Allocation (referred to as a “block grant”) and Direct Allocation and runs its local program according to State rules and regulations.
3. City operates its program with the Direct Allocation *only*, pursuant to its Keep Oakland Housed model, and leaves the City’s State Allocation/block grant with the State to administer via LISC. LISC would then administer the City’s State Allocation for Oakland renters and property owners. Ensuring against duplication of benefits then becomes responsibility of City.

Table 1 below presents the pros and cons of each option.

Table 1. SB 91 Options for Local Jurisdictions: Pro’s and Con’s

	Pros	Cons
Option #1	<ul style="list-style-type: none"> Removes administrative burden from the City With property owner participation, cancels past COVID rental debt at 80 cents on the dollar Less confusion in the community about multiple rental assistance programs Less risk of duplication of benefits 	<ul style="list-style-type: none"> Potential for glitches based on a new statewide program that could negatively impact Oakland tenants/property owners Focus appears to be on debt relief, not housing stability for most vulnerable No local control on how program handled No local control over/access to or collection of data Eliminates a key City funding source for Keep Oakland Housed
Option #2	<ul style="list-style-type: none"> Places all \$26m under local control; ability to select administrators, hold them accountable Local access to data 	<ul style="list-style-type: none"> Requires local program to conform to State requirements, different than KOH model Existing rental assistance local infrastructure inadequate to move \$26m within the State’s timeframe. Not enough time to vet/select a new administrator. City program may invite additional scrutiny of the State.
Option #3	<ul style="list-style-type: none"> Puts renewed funding into the hands of City’s tested KOH partners to continue program Facilitates KOH focus on serving the most vulnerable and advancing long-term housing stability Opportunity to target KOH programming in a manner that is complimentary with State program 	<ul style="list-style-type: none"> Communication challenges in ensuring no confusion between the two programs Need to develop a well-designed process for preventing duplication of benefits

On February 2, 2021, staff recommended and the City Administrator approved Option #3. This option will facilitate the City moving forward with the continuation and expansion of the successful Keep Oakland Housed model with the City’s direct allocation of \$12,874,634, while ensuring that the State allocation of \$13,856,365 is dedicated to City renters and property owners using the State model and administered by LISC.

FISCAL IMPACT

The City has received \$12,874,746 in ERAP funding from the US Treasury for emergency rental assistance for low-income Oakland households that are unable to pay rent and utilities due to the COVID-19 pandemic. A portion of the funds may be used to cover the City's administrative costs associated with operating the rental assistance program. Said funds will be budgeted and identified as one-time stimulus funding in Fund 2071, Organization 89919, Project Code to be determined, Account 54011.

PUBLIC OUTREACH / INTEREST

Due to the pressing time constraints of these funds and the emergency nature of their use, outreach to stakeholders has begun, but has not been completed. Stakeholder outreach will include tenant organizations, legal service providers, and property owner groups such as the East Bay Rental Housing Association and will inform program guidelines and outreach efforts.

To ensure eligible households are aware of and have access to this program, grant agreements will include specific outreach goals and methodologies that target individuals, households and neighborhood most impacted by COVID-19 as well as those renters who are most at risk of homelessness and housing instability. Outreach will include, but not be limited to:

- Email blasts and listserves; mailing lists from Councilmembers, the Mayor's Office, partner agencies and Community Development Block Grant grantees, Department of Human Services' social service agency grantees, EveryOne Home, and housing providers;
- Distribution of informational materials at City facilities such as recreation centers, COVID-19 testing sites, and other venues where social distancing and safety measures can be maintained;
- Direct outreach to community, faith-based, and professional organizations;
- Social media, public service announcements, and KTOP studio's programming; and
- Signage or other means to ensure public access to information about the program

COORDINATION

This report and resolution have been reviewed by the Office of the City Attorney and by the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The ERAP funding will be used to sustain Oakland's low-income renters in their housing, creating economic stability.

Environmental: There are no direct environmental impacts associated with the City Council action requested in this agenda report.

Race and Equity: Demographic data evidences that the COVID-19 health pandemic disproportionately impacts Oakland's lower-income residents and in particular the African

American and Latinx communities. The associated dual crises of homelessness and housing instability also disproportionately impact these same communities. Through targeting and prioritizing how funds are deployed, HCD can address racial equity impacts. HCD will also collect and analyze disaggregated data on a regular basis to evaluate the program and make corrections to the program in the case that racial equity goals and objectives are not being met.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution

Adopt A Resolution:

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For questions regarding this report, please contact Maryann Leshin, Deputy Director, HCD, at 510-238-6225.

Respectfully submitted,



SHOLA OLATOYE
Director, Housing and Community Development
Department

Prepared by:
Maryann Leshin
Deputy Director, Housing and Community
Development Department

Attachments (1):

A – Keep Oakland Housed COVID-19 Demographic Data