



## AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Shola Olatoye  
Director, Housing and  
Community Development

**SUBJECT:** California Housing & Community  
Development Emergency Rental  
Assistance Program Temporary  
Cashflow loan

**DATE:** April 1, 2022

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City Administrator Approval

Date:

Apr 7, 2022

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### **RECOMMENDATION**

Staff Recommends That The City Council Adopt A Resolution Authorizing:

- 1) The City Administrator To Apply For, Accept, and Appropriate Funds Under The California Housing And Community Development State Rental Assistance Cashflow Loan Program In An Amount Not To Exceed Twenty Million Dollars (\$20,000,000) Under The California Housing & Community Development Temporary Emergency Rental Assistance CashFlow Loan Program To Continue To Provide Financial Assistance For Eligible Oakland Tenants;
- 2) Grant Agreements With Program Partners, Including Any Amendments And Reallocation Of Funds Between Program Partners Not To Exceed The Amount Awarded Under The Cashflow Loan Funding, Without Returning To Council, If Necessary, To Provide Timely Expenditure Of Cashflow Funds Financial Assistance For Payment Of Rent And Other Housing Related Expenses To Eligible Households; And
- 3) The Application, Acceptance and Appropriation Of Any Additional Cashflow Loan Funding Made Available By The California Department Of Housing & Community Development And To Amend Grant Agreements Between Existing Program Partners To Increase Funds Awarded Pursuant This Resolution Without Returning To Council On The Condition That Staff Return To Council To Report Program Progress And Additional Funds Received.

### **EXECUTIVE SUMMARY**

Adoption of the proposed resolution will accept Bridge funding from the State of California's Department of Housing and Community Development Rental Assistance Program (Option B) to expand the City's efforts to deliver rental assistance and housing stability services to those impacted by and during the COVID-19 health pandemic. The adoption of this resolution ensures the City's ability to continue providing a *single stop* for residents seeking emergency rental

City Council  
April 19, 2022

assistance and will be better positioned to meet the current demand of financial assistance to Oakland renters most impacted by and during COVID 19.

The City of Oakland has applied for additional Emergency Rental Assistance Program (ERAP) funding to support current demand of rental assistance among Oaklanders at 80% Area Median Income and below. To date, Oakland has not been awarded new ERAP funding under the U.S. Treasury ERAP Reallocation process. However, State HCD is offering an Emergency Rental Assistance Temporary Cash Flow Loan to localities who have applied for, but not yet received, additional Federal ERAP funds under the Reallocation Application Process. These funds are to be used for complete, eligible applications that were received on or before March 31, 2022, including housing stability costs (up to 10%) and associated direct and indirect administrative costs at a percentage cap to be determined.

California Senate Bill 115 (SB 115) provides that to the extent anticipated federal funding to cover the cost of the foregoing is not received as anticipated by June 30, 2023, the Department of Finance shall forgive an amount up to the amount not covered by a federal allocation. SB 115 authorized local jurisdictions and federally recognized tribal governments to request, from the Department, a temporary cashflow loan for Emergency Rental Assistance Program expenditures for complete, eligible applications by households with the following priorities: Household income that is not more than 50 percent of the area median or at risk of eviction due to rent owed; Are disproportionately impacted by COVID-19, as determined by the department; and all others that are not otherwise prioritized to expressly include eligible households with a household income that is not more than 80 percent of the area median income.

Prior to SB 115, Oakland City Council authorized the City to apply for, accept and appropriate the following U.S. Treasury and California Housing & Community Development State Rental Assistance awards listed in Table 1 below:

**Table 1**

Source	Amount	Resolution
Round I U. S. Treasury Emergency Rental Assistance Program (ERAP I)	\$12,874,764.00	88520 C.M.S.
Round II U. S. Treasury ERAP (ERAP II)	\$19,644,850.30	88792 C.M.S.
California Round 2 State Rental Assistance (SRA2)	\$12,077,713.52	88800 C.M.S.
<b>Total Awards</b>	<b>\$44,597,327.82</b>	

ERAP 1 funds are fully obligated (approved and/or paid to landlord on behalf of applicant tenant). Seventy-one percent of ERAP II funds are obligated as of March 31, 2022.

The City received the SRA2 Grant agreement in early 2022. Grant agreements with ERAP Partners are executed and it is anticipated that SRA2 funds as well as ERAP I and II funds will be fully obligated by April 30, 2022, based on the number of non-waitlist ERAP applications

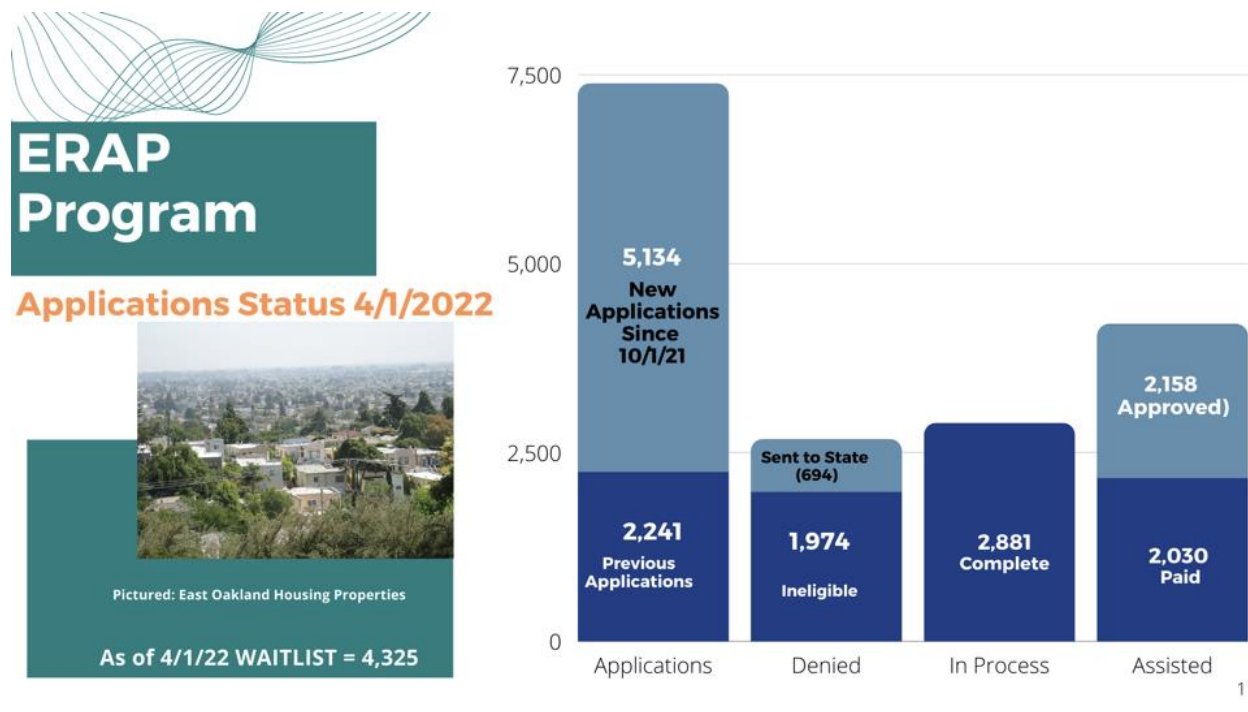
(applications prior to January 7, 2022) in the Oakland Homeless Prevention Platform (HPP) portal of the City's Keep Oakland Housed (KOH) Emergency Rental Assistance Program.

See **Figure 1** for additional ERAP application status data.

In April 2022, it is clear that the ERAP program is still in need of funds to fully meet the applicant need. Through SB 115, The California State Housing and Community Development Department is offering a Temporary Cash Flow Loan to localities who have applied but not yet received new Federal ERAP funds. These funds are to be used for complete, eligible applications that were received on or before March 31, 2022 (including associated administrative costs). SB 115 provides that to the extent anticipated federal funding to cover the cost of the foregoing is not received as anticipated by June 30, 2023, the Department of Finance shall forgive an amount up to the amount not covered by a federal allocation.

Adoption of the proposed resolution would provide bridge funding to serve a minimum 1,616 ERAP applicants currently in the queue, most vulnerable to eviction and/or housing instability if not for this assistance. It is expected that the City's current sources of rental assistance funds (ERAP I, II, SRA2) will be fully obligated by April 30, 2022. A successful Cashflow Loan Application would enable the City to continue processing rental assistance applications received up to March 31, 2022, under the City's Keep Oakland Housed (KOH) Emergency Rental Assistance Program, potentially including a portion of applicants who are on the KOH/ERAP application waitlist.

**Figure 1 ERAP Application Status \* As of April 1, 2022**



## **BACKGROUND/LEGISLATIVE HISTORY**

California Senate Bill 115 (Chapter 2, Statutes of 2022) ("SB 115") authorized local jurisdictions and federally recognized tribal governments to request, from the Department, a temporary cashflow loan for Emergency Rental Assistance Program expenditures for complete, eligible applications by households described in paragraphs (1) through (3), inclusive, of subdivision (b) of Section 50897.1 that were received on or before March 31, 2022 (including associated administrative costs) that are consistent with the provisions of Chapter 17 (commencing with Section 50897) of Division 31 of Part 2 of the Health and Safety Code. SB 115 provides that to the extent anticipated federal funding to cover the cost of the foregoing is not received as anticipated by June 30, 2023, the Department of Finance shall forgive an amount up to the amount not covered by a federal allocation.

Prior to SB 115, in December 2020, the United State Congress passed the Consolidated Appropriations Act, 2021, which included \$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 under the ERAP program. and as an eligible local government, the City received an ERAP I funding allocation of \$12,874,764 from the US Treasury in January 2021.

On February 16, 2021, the City Council adopted Resolution No. 88520 CMS which awarded \$9,750,000 of the \$12,874,764 ERAP funding in grants to four non-profit agencies to administer the program from a total of seventy-five percent (75%) of the funds initially made available.

On May 11, 2021, the City applied for \$19.6 million in additional ERAP funding from the U.S. Treasury pursuant to the American Rescue Plan Act (ARPA). On May 26, 2021, the City of Oakland received notification from the U.S. Department of the Treasury released a payment of \$4,074,879.16 and \$3,783,060.96 which comprises 40% of the City's allocation.

On June 25, 2021, Governor Gavin Newsom and state legislators extended the statewide eviction moratorium through September 30th, and increased reimbursement percentages for rent relief to 100% for a total of 18 months from when the tenant first applied for assistance as part of Assembly Bill 832. This State action had no negative impact on Oakland as its local Eviction Moratorium running contiguous with the local emergency, which can only be rescinded by the City Council. The statewide agreement did provide more resources, (now on par with the City's program of 100%), to those eligible residents that the City's program was unable to serve either because they were over income (above 30% AMI) or applied after all funds were allocated.

In the Spring 2021 the City Administrator selected **Option B**, taking responsibility for the City's direct allocation (\$12.9M) and leaving the State to administer its own Oakland block grant. With the advent of ERAP II, the State sent letters to jurisdictions on July 13th requiring them to choose which administrative option they would continue for the next iteration of the program. As a reminder, the choices were:

*Option A.* Jurisdictions delegate the entirety of their block grant to the State for administration.

*Option B.* Jurisdictions administer the entire State block grant and their direct allocation in accordance with all state and federal guidelines.

*Option C.* Jurisdictions administer their direct allocation *only* and the State administers the localities block grant in accordance with all state and federal guidelines.

AB 832 established a window of opportunity for grantees to change the administrative option under which they administer rent relief programs. According to the State, the changes made within AB 832 address many of the programmatic elements that contributed to initial Option C selections. The City of Oakland elected Option B going forward to minimize confusion among residents, streamline application processing, and enable timely payments using all available funds and assist in the coordination with the courts.

#### *Program Outputs and Continued Needs*

The City's Rental Assistance portal opened on April 1, 2021, and paused accepting online applications on May 17, 2021, due to the heavy demand. The portal was reopened September 30, 2021, and has received 7,227 applications since then. Due to overwhelming demand, the HPP portal was closed to new applications on January 7, 2022, for a total of 8,979 applicants. Residents who applied after that date were waitlisted. As of March 31, 2022, the HPP portal is closed and no longer accepting applications. From October 1, 2021 through March 31, 2022, the ERAP program has provided rental assistance for 2,030 households; approved assistance for 2,158 households with an additional 2,881 in process. 4,325 applicants are on the waitlist.

The service data shows that approximately 30% of all applicants will not be served, due to either no longer needing assistance or a lack of follow-through in providing eligibility documents.

With its ERAP allocations, the City continues to target the most vulnerable populations, those at risk of homelessness and residents at or below 30% of area median income. Figures 2 through 4 below illustrate the income level, race and ethnicity and geography of households assisted by the City's ERAP program.

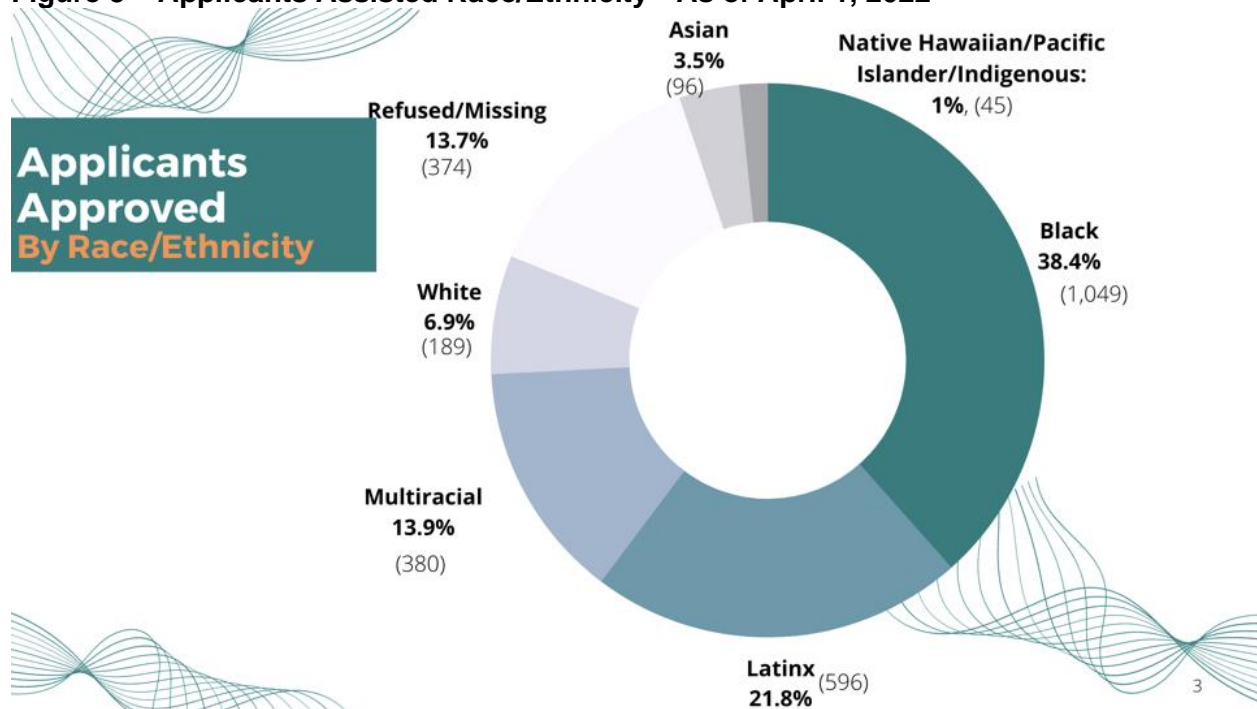
With its ERAP allocations, the City continues to choose to target the most vulnerable populations, those at risk of homelessness and residents at or below 30% of area median income. Figures 2 through 4 below illustrate the income level, race and ethnicity and geography of households assisted by the City's ERAP program.

**Figure 2 Applicants Assisted By Area Median Income \* As of April 1, 2022**



The City has made significant efforts to ensure that communities disproportionately affected by the pandemic, namely its Black and Latinx communities, have been served. The city, through its own efforts and partners was both citywide and hyper local outreach. It was launched and executed in the fall 2021 by community partners, including East Oakland Community Development Corporation (EOCDC). See Attachment A.

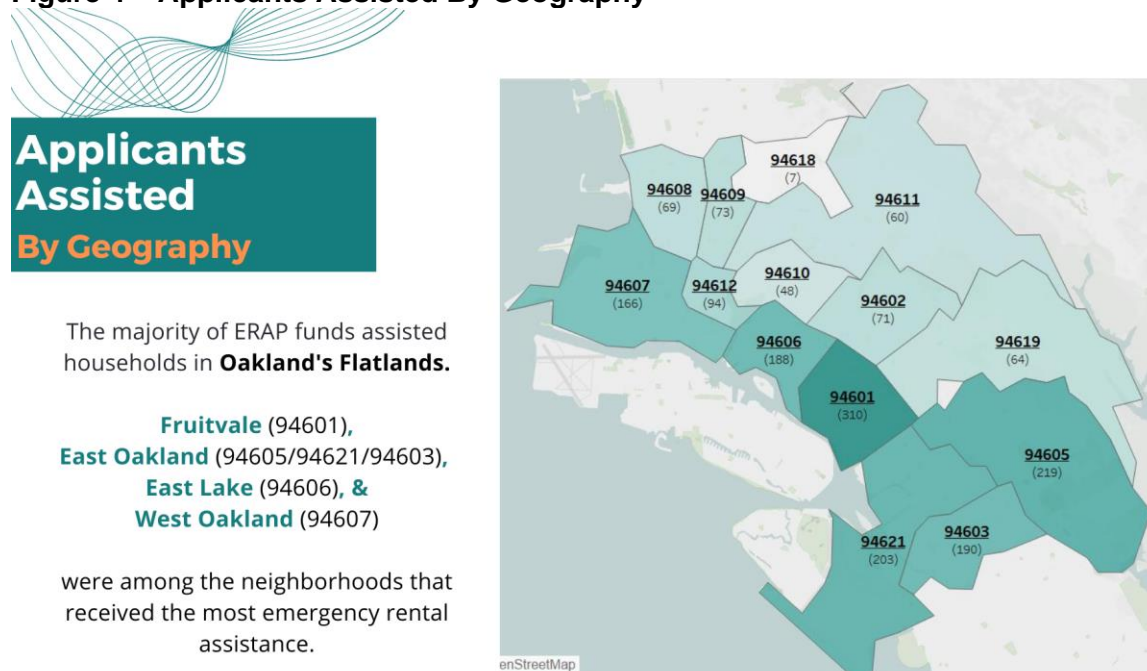
**Figure 3 – Applicants Assisted Race/Ethnicity \* As of April 1, 2022**



Furthermore, the ERAP households assisted are heavily concentrated in zip codes that are both experiencing significant displacement *and* are heavily impacted by the Coronavirus. See Figure 4 below.



**Figure 4 – Applicants Assisted By Geography**



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## **ANALYSIS AND POLICY ALTERNATIVES**

The City has run and expanded its emergency rental assistance programs in the wake of the Covid-19 pandemic. These programs have been successfully administered by the City via Keep Oakland Housed (KOH), a collaboration of four non-profit partners: Bay Area Community Services (BACS), Catholic Charities East Bay, Centro Legal de la Raza, and the Eviction Defense Center (added for ERAP program). Grants have been awarded and contracts entered with each agency individually and the scope of work references their participation in the KOH collaborative. With ERAP 2 and State funds, new partners have been added, while some will end their participation.

The KOH collaborative of agencies has performed extremely well, under tremendous time and public pressure to quickly implement a large program subject to new and evolving Federal requirements. The City, along with the State and the entire country, has never seen the scale of this type of program, no less during a global health pandemic. Oakland's program has been pointed to as an example around the country for its targeting of extremely low-income residents and centering its work in racial equity.<sup>1</sup>

The following is a summary of program highlights and challenges.

### ***Program Highlights:***

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<sup>1</sup> Oakland's program is noted on page 5 of New York University's Report, "Advancing Racial Equity in Emergency Rental Assistance Programs" found at:

[https://furmancenter.org/files/Advancing\\_Racial\\_Equity\\_in\\_Emergency\\_Rental\\_Assistance\\_Programs\\_-\\_Final.pdf](https://furmancenter.org/files/Advancing_Racial_Equity_in_Emergency_Rental_Assistance_Programs_-_Final.pdf)



- Development 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
- Creation of an online application and database that can generate data in real time, disaggregating by multiple data fields, including race, ethnicity, income, and zip code.
- Expedited disbursement of funds through a well-established and community-rooted network of nonprofit partners.

***Program Challenges:***

- As of March 31<sup>st</sup>, there is an overall demand of an estimated \$58,600,000 in back rent and utilities assistance and a balance of less than \$16,000,000 left of available funds
- City capacity to process contracts and payments to ERAP partners in a timely manner
- Length of time to execute grant agreements between Oakland and ERAP Partners
- Increased occurrences of attempted applicant fraud requiring and resulting in increased time, attention and focus of Program Partners to get assistance to the targeted beneficiaries
- Extreme and heavy demand within the Oakland renter population
- Landlord/Renter expectations and communication challenges
- Omicron variant had a huge impact on program staff. In December 2021, partners reported high if not, total, office absences.
- High volume of communication with many landlords with mismatched expectations around the City's landlord portal which was used as an outreach tool to tenants to inform their tenants and encourage their participation the ERAP program
- City capacity to finalize contract and hire staff
- Consistency capacity across ERAP partners in processing, staff experience and data fluency
- Coordination with State and City programs, messaging, etc.

***Selection of Grantees for Cashflow Loan Funds***

Staff recommends continued work of the existing KOH collaborative agencies which have done a thorough job in providing emergency rental assistance to those most in need. See Table 2 for details.

The basis for staff recommendations is:

- Continued urgent need for rental assistance
- Builds off the success of prior efforts to deploy rental assistance program funds effectively and efficiently and minimizes the lapse in service
- Based on the City's past track record in deploying funds
- Ensures Oakland tenants and property owners can gain access to these critical funds in a timely manner

**Table 2: Recommended Cashflow Loan Allocations**

<b>COMMUNITY PARTNER (GRANTEE)</b>	<b>GRANT AMOUNT</b>	<b>Direct Rent Assistance</b>	<b>Estimated Administration (10%)</b>
Bay Area Community Services (BACS)	<b>\$11,488,095</b>	10,297,619	1,190,476
Collective Legal Services - Eviction Defense Center	<b>\$5,973,810</b>	5,354,761	619,048
East Bay Asian Local Development Corporation (EBALDC)	<b>\$919,048</b>	823,810	95,238
Building Opportunities for Self Sufficiency (BOSS)	<b>\$919,047</b>	823,810	95,238
Estimated City Administration (3.5%)	<b>\$700,000</b>		<b>700,000</b>
<b>Total</b>	<b>\$20,000,000</b>	<b>\$17,300,000</b>	<b>2,700,000</b>

Allocation totals above are based on estimated capacity of each ERAP Partner assisted, number of rental assistance applications assigned to each Partner; and funding levels awarded under the State Rental Assistance Round 2 (SRA2) program authorized by City Council in September 2021.

Upon approval of this resolution, the City administrator is authorized to reallocate funding between grantees and to amend grant agreements awarded pursuant to the resolution to modify the grant amount in accordance with any reallocation, without returning to Council, if necessary to ensure timely expenditure of the Cashflow Loan funds.

Upon determination of the percentage allowable for direct and/or indirect administration to be established in the State Cashflow Loan Administration Agreement with the City, the City will retain an estimated 3.5% (\$700,000) of the Cashflow Loan fund to cover administrative costs attributable to providing financial assistance to eligible households as authorized by ARPA.

The timeline for the City's Emergency Rental Assistance Program is as follows:

<b>Programmatic Milestone</b>	<b>Time Frame</b>
<ul style="list-style-type: none"> <li>ERAP I - Phase One (75% of allocation)</li> </ul>	<ul style="list-style-type: none"> <li>Launched April 1, 2021</li> <li>Complete obligation of funding by July 31, 2021*</li> </ul>
<ul style="list-style-type: none"> <li>Round I ERAP - Phase Two: (25% of allocation)</li> </ul>	<ul style="list-style-type: none"> <li>Continue accepting and processing applications starting no later than August 1, 2021</li> <li>Expend all funds no later than December 31, 2021</li> </ul>
<ul style="list-style-type: none"> <li>Closed Oakland HPP Portal</li> </ul>	<ul style="list-style-type: none"> <li>May 2021</li> </ul>

	<ul style="list-style-type: none"> <li>• Program Oversubscribed</li> <li>• 700+ applications routed to state</li> </ul>
<ul style="list-style-type: none"> <li>• Round II ERAP:</li> </ul>	<ul style="list-style-type: none"> <li>• City Council accept funds and awards of program late July 27, 2021</li> <li>• Expend 65% of funds by March 31, 2022. Achieved.</li> </ul>
<ul style="list-style-type: none"> <li>• SRA2</li> </ul>	<ul style="list-style-type: none"> <li>• City Council accepts and awards funds September 2, 2021</li> <li>• Expend all funds by September 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Oakland HPP Portal Opens – Accepting Applications</li> </ul>	<ul style="list-style-type: none"> <li>• October 1, 2021</li> </ul>
<ul style="list-style-type: none"> <li>• Oakland Landlord Portal</li> </ul>	<ul style="list-style-type: none"> <li>• October 2021</li> <li>• City staff outreach to tenants from Landlord portal to inform tenants of ERAP and to offer assistance in completing online applications through the HPP portal.</li> </ul>
<ul style="list-style-type: none"> <li>• Execution of ERAP II Agreements with ERAP Partners</li> </ul>	<ul style="list-style-type: none"> <li>• July – October 2021</li> </ul>
<ul style="list-style-type: none"> <li>• Oakland HPP Portal Oversubscribed</li> </ul>	<ul style="list-style-type: none"> <li>• <b>January 7, 2022</b></li> <li>• Program Oversubscribed</li> <li>• Applicants applying for assistance after January 6, 2022, were put on Waitlist</li> <li>• Continued processing of applications submitted prior to January 7, 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Council Approval of Modification to Resolution 88800 to Adhere to Rules and Regulations of SRA2 grant</li> </ul>	<ul style="list-style-type: none"> <li>• March 1, 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Waitlist Opened</li> </ul>	<ul style="list-style-type: none"> <li>• January 7 – March 31, 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Execution of SRA2 Agreements with ERAP Partners</li> </ul>	<ul style="list-style-type: none"> <li>• January – March 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Oakland HPP Portal Closed – No Longer Accepting Applications consistent with State HCD's Portal</li> </ul>	<ul style="list-style-type: none"> <li>• March 31, 2022</li> </ul>
<ul style="list-style-type: none"> <li>• Application for Cashflow Loan</li> </ul>	<ul style="list-style-type: none"> <li>• City Council proposal April 2022</li> <li>• Obligate 100% of Cashflow Loan funds by September 30, 2022</li> <li>• Expend all funds by September 2023</li> </ul>

## **FISCAL IMPACT**

State Cashflow Loan funds will be identified and budgeted in California Housing and Community Development Fund (2144); Admin: Housing and Community Development Organization

(89919); Project (To Be Determined) in an amount not to exceed \$20,000,000 to the same fund and org, and to a new project number to be determined.

Said Cashflow Loan funds will support the City's KOH/ERAP to provide emergency rental assistance to approximately 1,761 households that otherwise would not be assisted without these funds.

State Cashflow Loan Funds serve as bridge funds to U.S. Treasury ERAP funds that the City is applying for the same \$20,000,000. California Senate Bill 115 (SB 115) provides that to the extent anticipated federal funding to cover the cost of the foregoing is not received as anticipated by June 30, 2023, the State Department of Finance shall forgive an amount up to the amount not covered by a federal allocation.

### **PUBLIC OUTREACH / INTEREST**

Public outreach related to the City's Emergency Rental Assistance programs has involved broad engagement with community and faith-based organizations throughout the City. Staff participated in an Ethnic media briefing with two dozen media outlets, as well as town hall meetings in Districts 6 and 7. In addition, HCD staff have engaged with stakeholders from the legal services and community services communities to discuss program design and objectives. During the lead up to opening of the portal this past spring, HCD staff met with each Councilmember and staff to share information about ERAP's implementation. Staff will do the same at the conclusion of summer recess.

### **COORDINATION**

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

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The Cash Flow Loan funds will be used to protect Oakland's low-income renters in their housing and avoid displacement therefore 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 indicates 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, the City can and will continue to address racial equity impacts. Currently the percentages of households served by race, zip code, and income are proportionate to those households that are reported as disproportionately served. HCD will also collect and analyze disaggregated data on a regular basis to evaluate the program and make adjustments to the program in the case that racial equity goals and objectives are not being met.

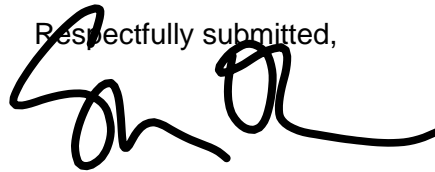
**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation Related To the City's Emergency Rental Assistance Program:

- 1) The City Administrator To Apply For, Accept, and Appropriate Funds Under The California Housing And Community Development State Rental Assistance Cashflow Loan Program In An Amount Not To Exceed Twenty Million Dollars (\$20,000,000) Under The California Housing & Community Development Temporary Emergency Rental Assistance CashFlow Loan Program To Continue To Provide Financial Assistance For Eligible Oakland Tenants;
- 2) Grant Agreements With Program Partners, Including Any Amendments And Reallocation Of Funds Between Program Partners Not To Exceed The Amount Awarded Under The Cashflow Loan Funding, Without Returning To Council If Necessary, To Provide Timely Expenditure Of Cashflow Funds Financial Assistance For Payment Of Rent And Other Housing Related Expenses To Eligible Households; And
- 3) The Application, Acceptance and Appropriation Of Any Additional Cashflow Loan Funding Made Available By The California Department Of Housing & Community Development And To Amend Grant Agreements Between Existing Program Partners To Increase Funds Awarded Pursuant This Resolution Without Returning To Council On The Condition That Staff Return To Council To Report Program Progress And Additional Funds Received.

For questions regarding this report, please contact Shola Olatoye, Director, HCD, at 510-238-3714.

Respectfully submitted,



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