



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing and
Community Development

SUBJECT: U.S. Treasury Round II Emergency
Rental Assistance Funds

DATE: June 25, 2021

City Administrator Approval

Date: July 22, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

1. Accepting And Appropriating Round II Emergency Rental Assistance (ERAP II) Funds In The Amount of Nineteen Million Six-Hundred Forty-Four Thousand, Eight-Hundred & Fifty Dollars And Thirty Cents (19,644,850.30) Awarded By The United States Department Of The Treasury (U.S. Treasury) To The City Of Oakland To Provide Financial Assistance, Including Rental Assistance, Housing Stability Services and Housing Related Legal Services To Eligible Households;
2. Awarding ERAP II Grant Agreements In A Total Amount Not To Exceed Eighteen Million, Six-Hundred Sixty-Two Thousand, Six Hundred Seven Dollars And Seventy Eight Cents (\$18,662,607.78) Bay Area Community Services, Building Opportunities for Self Sufficiency, Catholic Charities East Bay, Centro Legal de La Raza, East Bay Asian Local Development Corporation, East Oakland Community Development Corporation, Eviction Defense Center, and Safe Passages For The Provision Of Rental Assistance To Eligible Households;
3. Authorizing the City Administrator To Take All Steps Necessary For the City To Receive The ERAP II Funds Awarded By The U. S. Treasury, Including But Not Limited To, Signing And Submitting The U.S. Treasury Acceptance of Award Terms Form, Without Returning To Council;
4. Authorizing The City Administrator To Select Additional ERAP II Fund Sub-Recipients And To Award Grant Agreements To Said Subrecipients For The Provision Of Financial Assistance, Including Rental Assistance, Housing Stability Services And Housing Related Legal Services Without Returning To Council; And

City Council
July 26, 2021

5. Authorizing the City Administrator To Amend Grant Agreements Awarded Pursuant To This Resolution To Reallocate Funding Between Grantees And Modify The Amount Of The Grant Agreements Accordingly Without Returning To Council, If Necessary, To Ensure Timely Expenditure Of ERAP II Funds.

EXECUTIVE SUMMARY

Adoption of the proposed resolution will authorize acceptance of funds from the U.S. Department of Treasury to continue and expand the City's efforts to deliver rental assistance, housing stability services, and legal services to those impacted by the COVID-19 health pandemic.

In 2020, the City of Oakland received a total of \$36.9 million in State Coronavirus Aid, Relief, and Economic Security (CARES) Act funds (Resolution No. 88274 CMS), with \$5.1 million allocated to the Housing and Community Development Department (HCD).

Consistent with HCD's recently adopted Strategic Action Plan, grounded in equity, the Emergency Rental Assistance Program (ERAP) targets families earning 30 percent and below of area median income (AMI). In January 2021, the City received \$12,874,764 from the US Treasury in ERAP funding pursuant to the Consolidated Appropriations Act of 2021, enacted by the United States Congress in December 2020 ("ERAP I"). In February 2021, the City Council adopted Resolution No. 88520 CMS which accepted the funds and awarded \$9,750,000 in grants to four non-profit agencies to administer an emergency rental assistance program (75 percent of the funds available). As of July 12, 2021, 587 households have been awarded assistance totaling \$5,262,115, to pay past due and some prospective rent and utilities to housing and utility providers. Of the 587 assisted households, approximately 40 percent or 233 are Black, and 28 percent or 163 assisted households are Latinx.

On May 11, 2021, the City applied for additional ERAP funding available from the US Treasury ("ERAP II") in the amount of \$19.6 million. On May 26, 2021, the City received the first forty percent (40%) installment of these funds in the amount of \$7,857,939, which remains in escrow and unspent. ERAP II funds will be used to provide direct rental assistance and the services needed to ensure long-term housing stability for Oakland's most vulnerable residents. This agenda report provides details on the proposed uses for these funds, the groups identified as best qualified to deliver these services and the City team being augmented to direct these important efforts.

Staff recommends that the City Council authorize acceptance, appropriation, and allocation of these funds.

BACKGROUND / LEGISLATIVE HISTORY

In December 2020, the United States 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. The program is called the Emergency Rental

Assistance Program (ERAP) and as an eligible local government, the City of Oakland received an ERAP 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 its ERAP funding in grants to four non-profit agencies to administer the program, a total of seventy-five percent (75%) of the funds available.

In collaboration with the City's Human Services Department, HCD issued a rolling Request for Qualifications (RFQ) which requested organizations present interest, experience and expertise in areas related to emergency rental assistance, housing stability services, and housing-related legal services addressing the impacts of COVID-19.

On July 6th, the City Council adopted Resolution No. 88738 CMS amending agreements with four ERAP community providers to increase the amount of each agreement and award the remaining 25 percent or \$2,931,463 of the ERAP I to the community partners, 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. Resolution No. 88737 CMS amended the primary four group's existing contracts, as well as added four new neighborhood-based partners (Building Opportunities for Self Sufficiency, East Oakland Community Development Corporation, East Bay Asian Local Development Corporation, Safe Passages) funded through Round I Community Development Block Grant Coronavirus Funds (CDBV-CV I) for the provision of housing stabilization and housing related legal services.

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

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

The City's Rental Assistance portal opened on April 1 and paused acceptance of online applications on May 17th due to the heavy demand. On June 30, the City directed 440 applicant households to the State's program because the City's program did not have access to additional ERAP I allocation or other funds.

With the ERAP II award, the City expects to serve a minimum of 1,000 new households. Throughout the administration of the City's rental assistance program, there have been some key lessons during the continued evaluation and review of the partners, residents' experience and national research which will be incorporated into the ERAP II:

- 1) Expand eligibility to up to 50 percent AMI but continue to target program to extremely low-income families.

- 2) Use same homelessness prevention model as ERAP I.
- 3) Build and deepen community-based partner network of service providers.
- 4) Adapt Outreach Work Plan of City staff and culturally competent partner network to reach deeper into community (e.g., census and health workers outreach model).
- 5) Provide larger advance of grants to community partners to be able to provide households with the maximum of \$15,000/household, consistent with the State's program.

Staff also plans to adopt some key adjustments during this next iteration of rental assistance program:

- Allow households to access rent relief for up to 18 months or any subsequent maximum established by Treasury.
- Increase the City administration fee from 1.5 percent to 5 percent, plus the 10 percent program delivery fee to community partners, for the allowable total of 15 percent administration fee.
- To direct all renters, including those residing in affordable housing buildings, to the shared application portal online, instead of the separate entry point used in ERAP I. This should allow households and affordable housing providers to be served more quickly.

ANALYSIS AND POLICY ALTERNATIVES

Overview of City of Oakland COVID-19 Emergency Rental Assistance Keep Oakland Housed Program to Date

In September 2020, HCD launched a successful COVID-19 rental assistance program using State CARES Act funding which assisted one thousand thirty-one (1,031) renters and seventeen (17) homeowners with short-term rental assistance, as follows:

- Seventy-two percent (72%) of recipients were extremely low-income households (at or below 30 percent (30%) of AML)
- Forty percent (40%) were Latinx/Hispanic households and thirty-six percent (36%) were African American households
- Over seventy-five percent (75%) of recipients resided in neighborhoods heavily impacted by COVID-19 infection based on data from Alameda County.

In April 2021, HCD launched the next phase of rental assistance programming using seventy-five percent (75%) of its ERAP funding from the US Treasury, pursuant to City Council authorization provided in Resolution No. 88520 CMS adopted on February 16, 2021. This program phase is still processing applications, but expects to assist at least 800 households, predominantly extremely low-income. **Attachment A** provides additional data on recipients of these funds as of July 12, 2021.

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.

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 emerging Federal funding 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 in racial equity.¹

The following is a summary of program highlights and challenges.

Program Highlights:

- 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.

Program Challenges:

- Clear and consistent program guidelines, implementation tools, and compliance protocols based on new federal requirements in a short timeframe to ensure funds were delivered to needy residents as soon as possible.
- Lack of funding for housing stabilization or legal services and administrative costs. The ERAP I funding provided only ten percent (10%) for administrative and/or services costs. The City only used one and a half percent (1.5%) for administrative expenditures, leaving eight and a half percent (8.5%) for the administrative costs associated with implementing the program in ERAP I. As such, this left little room for housing and stabilization services for residents. However, Council adopted July 6th Resolution No. 88737 and Resolution No. 88738 allocating an additional \$4.9 million in grants via CDBG CV I and ERAP I to support housing stabilization and \$1.5 million in for legal services in round one.
- Speed and efficiency to serve targeted applicants.

Outreach Activities:

HCD created an outreach team comprised of five City staff members, and the expects to increase this team in support of ERAP II. The team engaged in an extensive outreach campaign that included:

- Email blasts, followed-up with calls and emails, to over one hundred (100) community-based organizations, including churches, faith-based organizations, advocacy and community organizations, and social service agencies; as well as elected officials and all City department heads
- Virtual Zoom presentations to twenty organizations which included staff, members, and constituents
- Coordination with East Bay Rental Housing Association and the California Apartment Owners Association

¹ 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

Responded to hundreds of phone calls and email inquiries, including over three hundred (300) in Spanish, as well as multiple other languages

- Media coverage in *Oaklandside*, *East Bay Express*, *East Bay Times*, *San Francisco Chronicle*, and *Telemundo*
- On-site distribution of paper applications
- Referrals from 211, Alameda County's website, and State of California's rental assistance program portal.

Extending and Expanding COVID-19 Housing Services Using ERAP II Funding

On May 11, 2021, the U.S. Treasury confirmed that the City of Oakland applied for a second tranche of Emergency Rental Assistance Funds. This important milestone will allow the City to meet the continued demand from Oakland renters.

As of June 30th, HCD has directed are 440 households to the State's program because the City's existing resources have been exhausted. Once HCD receives City Council authorization to receive, appropriate and award ERAP II funds, staff anticipate reopening the City's portal for Oakland's residents in early fall.

Selection of Grantees for ERAP II

Staff recommends continuing the work of the existing KOH collaborative agencies which have done a thorough job in providing emergency rental assistance to those most in need. Staff further recommends that ERAP II funds be allocated to the new organizations identified from the aforementioned RFQ process (approved in the July 6th Council Resolution No. 88737) who were brought into the program with CDBG-CV-1 funding to deliver renter stabilization services.

Table 1 below provides a summary of the proposed funding distribution for the ERAP II funds by community partner grantee.

Table 1 ERAP II Proposed Funding by Community Partner

Proposed ERAP II Grants by Community Partner	Direct Rental Assistance Award	Admin (10% Program Delivery Fee)	Total Grant
Bay Area Community Services (BACS)	\$5,400,000.00	\$600,000.00	\$6,000,000.00
Catholic Charities East Bay	\$3,600,000.00	\$400,000.00	\$4,000,000.00
Centro Legal de La Raza	\$2,250,000.00	\$250,000.00	\$2,500,000.00
Eviction Defense Center	\$2,250,000.00	\$250,000.00	\$2,500,000.00
Safe Passages	\$999,000.00	\$111,000.00	\$1,110,000.00
East Bay Asian Local Development Corporation (EBALDC)	\$999,000.00	\$111,000.00	\$1,110,000.00

Building Opportunities for Self Sufficiency (BOSS)	\$999,000.00	\$111,000.00	\$1,110,000.00
East Oakland Community Development Corporation (EOCDC)	\$299,347.00	\$33,260.78	\$332,607.78
Total Community Partner Grants	\$16,796,347.00	\$1,866,260.78	\$18,662,607.78
City of Oakland Administration 5%		\$982,242.52	\$982,242.52
Total ERAP II Program Budget	\$16,796,347.00	\$2,848,503.30	\$19,644,850.30

The basis for these recommendations is:

- Builds off the success of prior efforts to deploy rental assistance program funds effectively and efficiently and minimizes the lapse in service.
- The allocation of funding is based on past track record in deploying funds.
- Ensures Oakland tenants and property owners can gain access to these critical funds in a timely manner, with all the program implementation components now fully built-out.
- Supports the four new rental assistance organizations approved by Council on July 6th (BOSS, EBALDC, EOCDC, and Safe Passages) to deliver direct rental assistance now that ERAP II funding is available.

Table 2 below provides timeline for the first and second phase of the City's Emergency Rental Assistance Program.

Table 2 ERAP Timeline

Programmatic Milestone	Time Frame
ERAP I - Phase One (75% of allocation)	<ul style="list-style-type: none"> • Launched April 1, 2021 • Complete disbursement of funding by July 31, 2021
ERAP I - Phase Two: (25% of allocation)	<ul style="list-style-type: none"> • Continue processing applications starting no later than August 1, 2021 • Expend all funds no later than December 31, 2021 • Program funds expire on September 30, 2022.
ERAP II	<ul style="list-style-type: none"> • City Council accept funds and awards of program late July 2021 • Re-open program in early Fall 2021 • Expend all funds by March 31, 2022 • Program funds expire on September 30, 2025.

FISCAL IMPACT

Pursuant to Resolution No. 88520 CMS, the City Council accepted and appropriated \$12,874,746 in ERAP funding from the US Treasury which has been budgeted and identified as one-time stimulus funding in Fund 2071, Organization 89919, Project Code 1005781, Account 54011 or 54912. Staff will program ERAP II funds to the same fund and org, and to a new project number to be determined.

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 as detailed in the Selection of Grantees section above. In addition, HCD staff have engaged with stakeholders from the legal services and community services communities to discuss program design and objectives. Department staff have also met with each Councilmember and staff to share information about ERAP.

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 will be used to protect Oakland's low-income renters remain in their housing and avoid displacement thereby creating economic stability in Oakland's neighborhoods.

Environmental: There are no direct environmental impacts associated with the City Council action requested in this agenda report. However, by preventing displacement through rent relief, ERAP may enable residents to remain closer to their communities and employment centers and potentially avoid further commutes and therefore greenhouse gas emissions.

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, 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:

1. Accepting And Appropriating Round II Emergency Rental Assistance (ERAP II) Funds In The Amount of Nineteen Million Six-Hundred Forty-Four Thousand, Eight-Hundred & Fifty Dollars And Thirty Cents (19,644,850.30) Awarded By The United States Department Of The Treasury (U.S. Treasury) To The City Of Oakland To Provide Financial Assistance, Including Rental Assistance, Housing Stability Services and Housing Related Legal Services To Eligible Households;
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5. Authorizing the City Administrator To Amend Grant Agreements Awarded Pursuant To This Resolution To Reallocate Funding Between Grantees And Modify The Amount Of The Grant Agreements Accordingly Without Returning To Council, If Necessary, To Ensure Timely Expenditure Of ERAP II Funds.

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

Respectfully submitted,

Shola Olatoye

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Attachment (1):

A – Keep Oakland Housed ERAP Demographic Data