



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing and
Community Development

SUBJECT: California HCD and U.S. Treasury
Emergency Rental Assistance Funds

DATE: August 26, 2021

City Administrator Approval

Date: August 26, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1. Accepting And Appropriating Round 2 State Rental Assistance (SRA2) Program Funds In An Amount Not To Exceed Twelve Million Seventy-Seven Thousand Seven Hundred Thirteen Dollars And Fifty-Two Cents (\$12,077,713.52) Awarded By The California Department Of Housing And Community Development To The City Of Oakland To Provide Financial Assistance For The Payment Of Rent And Other Housing Related Expenses To Eligible Households;**
- 2. Authorizing The City Administrator To Take All Steps Necessary For The City To Receive The SRA2 Funds Awarded By The California Department Of Housing And Community Development, Including But Not Limited To, Signing And Submitting The Acceptance Of Award Terms Form;**
- 3. Awarding SRA2 Grant Agreements In A Total Amount Not To Exceed Twelve Million Seventy-Seven Thousand Seven Hundred Thirteen Dollars And Fifty-Two Cents (\$12,077,713.52) To Bay Area Community Services, Building Opportunities For Self Sufficiency, Catholic Charities Diocese Of Oakland, East Bay Asian Local Development Corporation, East Oakland Community Development Corporation, Collective Legal Services - Eviction Defense Center, And Safe Passages To Provide Financial Assistance For The Payment Of Rent And Other Housing Related Expenses To Eligible Households;**
- 4. Authorizing The City Administrator To Reallocate Funding Between Grantees And To Amend Grant Agreements Awarded Pursuant To This Resolution Accordingly Without Returning To Council, If Necessary, To Ensure Timely Expenditure Of SRA2 Funds; And**
- 5. Authorizing The City Administrator To Accept And Appropriate Any Additional SRA2 Funding Made Available By The California Department**

City Council
September 1, 2021

Of Housing And Community Development And To Amend The Grant Agreements Awarded Pursuant To This Resolution To Increase The Amount Using The Additional Funding, Without Returning To Council, On The Condition That Staff Return To Council To Provide A Report On The Acceptance And Planned Expenditure Of Any Additional SRA2 Funding Within 60 Days After Acceptance.

EXECUTIVE SUMMARY

Adoption of the proposed Resolution will accept funds from the State of California's Department of Housing and Community Development to expand the City's efforts to deliver rental assistance, housing stability services, and legal services to those impacted by the COVID-19 health pandemic. The adoption of this resolution ensures that the City has a *single stop* for residents seeking emergency rental assistance.

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 State 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).

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 40 percent installment of these funds in the amount of \$7,857,939, which remains in escrow and unspent.

On July 26th, Council adopted Resolution No. 88792 C.M.S. which accepted and appropriated the remaining 25 percent of ERAP I funds and awarded \$3.5 million in Community Development Block Grant COVID 1 (CDBG-CV1) funds for the provision of housing stability services.

In July 2021, the State communicated to municipalities that because of the recent passage of Assembly Bill (AB) 832, and the associated program enhancements; they would have to revise their programs for either the State to manage its entire grant or for the jurisdiction to do it. With the Council's direction, Oakland chose to assume the entirety of its grant, as well as the State's Round 2 State Rental Assistance (SRA2) Program Funds award for Oakland for \$12,077,713.52.

Table 1 below is a summary the funds for the Emergency Rental Assistance funding by source.

Table 1: Emergency Rental Assistance Funding by Source

Source	Amount	Term
ERAP I	\$12,874,764.00	Round 1: 4/1/21-7/31/21 Round 2: 8/1/21-12/31/21
CDBG CV I	\$3,500,000.00	Open program in early Fall 2021, expend all funds by 9/30/22
ERAP II	\$19,644,850.30	Re-open program in early Fall 2021, expend all funds by 9/30/22
SRA2	\$12,077,713.52	City Council accepts and awards funds 9/2/21, expend all funds by Dec-2025
Projected Total	\$48,097,327.82	

BACKGROUND/LEGISLATIVE HISTORY

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. The program is called the Emergency Rental Assistance Program (ERAP) 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 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, Oakland Housing & Community Development 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 awarding the remaining twenty-five percent (25%) or \$2,931,463 of the ERAP I to the four ERAP community partners. Resolution No. 88737 CMS added five *new* neighborhood-based partners funded through Community Block Grant Coronavirus Funds I (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 from the U.S. Department of the Treasury released a payment of \$4,074,879.16 and \$3,783,060.96 which comprises forty percent (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 one hundred percent (100%) for a total of 18 months from when the tenant first applied for assistance as part of Assembly Bill (AB) 832. 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 area median income, or AMI) or applied after all funds were allocated.

In the Spring 2021 the City Administrator selected **Option C**, taking responsibility for the City's direct allocation (\$12.9 million) 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 State strongly encouraged jurisdictions to elect Option A or 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.

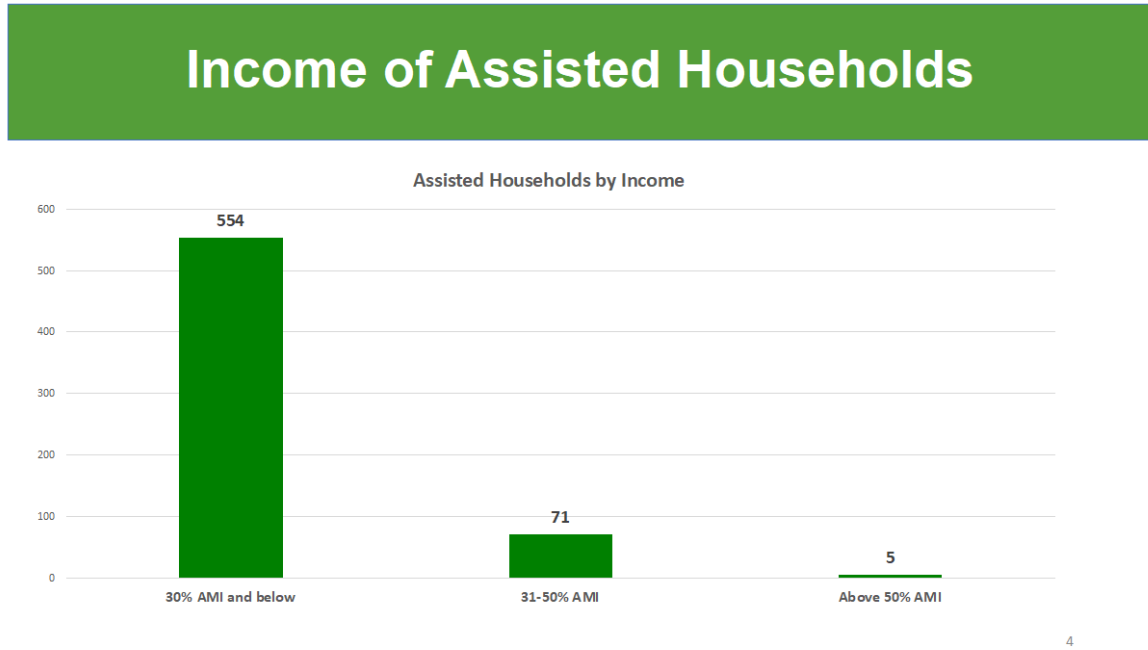
Performance Metrics

As of August 23rd, ERAP has approved assistance for 631 households with another 240 families pending or in process. The City's Rental Assistance portal opened on April 1st and paused accepting online applications on May 17th due to the heavy demand.

With its ERAP I allocation, the City chose to target the most vulnerable populations, at risk of homelessness, and that was residents at or below 30 percent AMI. **Figures 1 and 2** below illustrate the income level, race and ethnicity of households assisted by the City's ERAP I program. Additional and updated demographic data is also included in **Attachment A**.

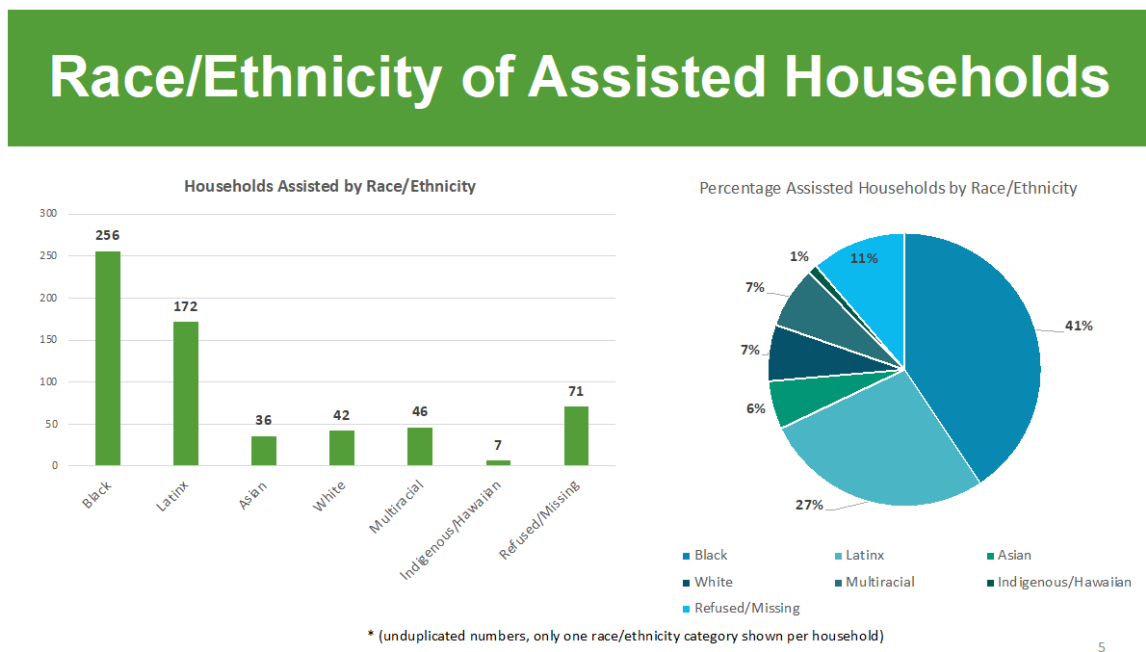
In June, the City directed to the State 250 households that earned over 30 percent AMI. On July 7th, the City directed another 454 households to the State's program because the City's program due to lack of funding as the City did not yet have access to its ERAP II allocation.

Figure 1



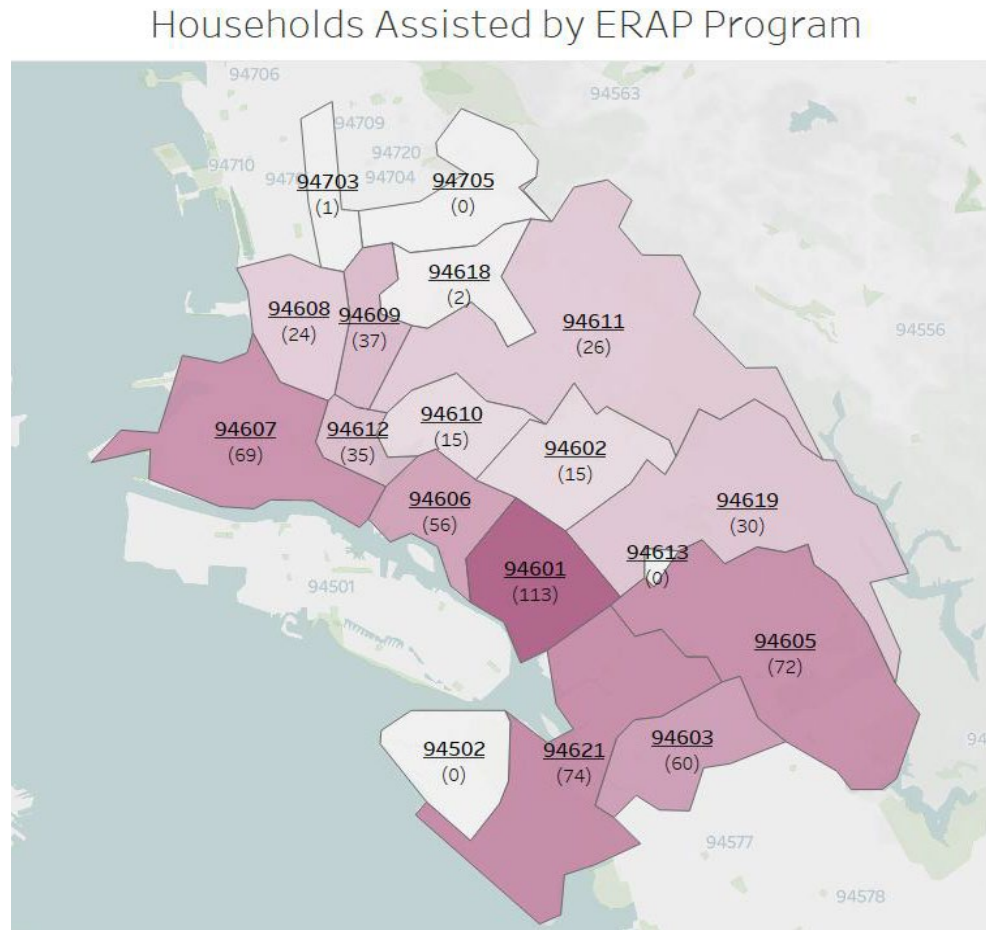
The City has made significant efforts to ensure that communities disproportionately affected by the pandemic, namely its Black and Latinx communities, have been served.

Figure 2



Furthermore, the ERAP I households assisted are heavily concentrated in zip codes that are both experiencing significant displacement *and* are heavily impacted by the Coronavirus. See **Figure 3** below.

Figure 3



With the ERAP II federal dollars approved on July 26, 2021, the City expects to directly serve a minimum of 1,000 households.¹

There will be some key programmatic changes with the assumption of the State's block grant of \$12,077,713.52 which will apply to the entire program and its sources. They are as follows:

- There will be a *single* stop rental assistance program for Oakland residents;
- Open to all Oakland residents at or below 80 percent AMI;
- Target residents at or below 30 percent AMI;
- Target those in heavily impacted zip codes;

¹ With the authorization of SRA2 dollars and assuming maximum of \$15,000 per household, staff estimate HCD may serve an additional 700 families. Please note that this not a final number as the City has eliminated the \$15K cap in this iteration of the program.

- *Eliminate the \$15,000 cap to provide maximum grants per request to households consistent with the State's requirements.*
- Increase City administration fee from 1.5 percent to 5 percent, plus the program delivery fee to group, for the allowable total of 10 percent;
- Direct all renters, including those residing in affordable housing buildings, to the e-portal.

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:

- 1) Continue to target program to extremely low-income households
- 2) Use same homelessness prevention model as ERAP I
- 3) Build and strengthen community-based partner network of service providers
- 4) Adapt Outreach Work Plan of City staff and culturally competent partner network to go deeper into community (e.g., census and health workers outreach model)

A key element of AB 832 allows the State to nimbly redirect assistance to those municipalities who demonstrate ability to disburse funds efficiently and quickly. Staff anticipates performing in the same manner. As HCD monitors weekly performance data, staff may make "game time" decisions about grant assistance amounts so as to best support residents. As of the submission of this report and based on performance and proposed scopes of work for its new partners, the City recommends allocating the SRA2 funds *up to the total award amount as follows* in **Table 2** below:

Table 2: Recommended SRA2 Allocations

COMMUNITY PARTNER (GRANTEE)	GRANT AMOUNT
Bay Area Community Services (BACS)	\$5,000,000.00
Catholic Charities of the Diocese of Oakland	\$2,600,000.00
Collective Legal Services - Eviction Defense Center	\$2,600,000.00
Safe Passages	\$454,993.55
East Bay Asian Local Development Corporation (EBALDC)	\$400,000.00
Building Opportunities for Self Sufficiency (BOSS)	\$400,000.00
East Oakland Community Development Corporation (EOCDC)	\$200,000.00
Total	\$11,654,993.55²

² The City of Oakland will retain 3.5 percent (\$422,719.97) of the total SRA2 funding award to cover administrative costs attributable to providing financial assistance to eligible households as allowed by the American Rescue Plan Act.

ANALYSIS AND POLICY ALTERNATIVES

Since the fall of 2020, 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.

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.³

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; and
- 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 for the provider agencies associated with implementing the program in ERAP I. As such, this left little room for housing and stabilization services for residents. Thankfully, Council approved Resolution No. 88738 CMS on July 6th for an additional \$4.9M in grants via CDBG-CV I and ERAP 1 to support housing stabilization or legal services.
- Capacity to finalize contracts, hire staff and targeted applicants.
- Coordination with State and City programs, messaging, etc.

³ 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

Outreach Activities:

As reported in its June and July reports, HCD created an outreach team comprised of five City staff members. As part of this report, the City expects to add to this City staff team. The addition of community partners will support and expand the City's outreach capabilities to be neighborhood-focused and more culturally competent. While the next iteration of the program is developed, which these actions will support, the City and its partners has largely been focused on serving those residents who applied, finalizing contracts and scopes, and fine-tuning back-end infrastructure to support fall rental assistance activities.

The following represents the outreach campaign that the City team and its partners have engaged in this past year:

- 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
- 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

The next iteration of outreach activities will deploy and deepen the resources of the added community partners to serve as housing navigators for residents, local ambassadors for impacted groups, including African American, Latinx, zip codes heavily impacted by Covid-19 and language-diverse populations.

Resolution No. 88792 CMS authorized the City of Oakland to accept, award and allocate the second tranche of Emergency Rental Assistance Funds (ERAP II), which will allow the City to meet the continued demand from Oakland renters. As described above, in July 2021 the State communicated to municipalities that because of the recent passage of AB 832, and the associated program enhancements; municipalities would have to revise their programs for either the State to manage the entire grant or for the jurisdiction to do it. Oakland chose to assume the entirety of the State block grant.

The City's decision was informed by resident feedback, including that resident found navigating two programs confusing. In addition, families are still experiencing economic shocks from the loss of income due to the pandemic, and the widely-reported "eviction cliff" suggests that even more families need rental assistance to avoid displacement.

The choice was clear – the City would assume *all* of its allotted resources and deploy these resources through its proven assistance model.

Staff anticipate that upon City Council's authorization to receive, appropriate and award SRA2 grant funds, HCD will reopen the City's portal for Oakland residents in late September.

Selection of Grantees for SRA2 Grant 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. Resolution No. 88737 CMS added additional community partners to deliver additional and need housing stabilization, outreach, and legal services.

The basis for staff's recommendations is:

- 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
- Supports the five new organizations approved by Council on July 6th to deliver direct rental assistance now that ERAP II and SRA2 funding is available.

The timeline for the City's Emergency Rental Assistance Program is as follows in **Table 3** below.

Table 3: Oakland Emergency Rental Assistance Program Timeline

Programmatic Milestone	Time Frame
<ul style="list-style-type: none"> • ERAP I - Phase One (75% of allocation) 	<ul style="list-style-type: none"> • Launched April 1, 2021 • Complete obligation of funding by July 31, 2021*
<ul style="list-style-type: none"> • Round I ERAP - Phase Two: (25% of allocation) 	<ul style="list-style-type: none"> • Continue accepting and processing applications starting no later than August 1, 2021 • Expend all funds no later than December 31, 2021
<ul style="list-style-type: none"> • Round II ERAP: 	<ul style="list-style-type: none"> • City Council accept funds and awards of program late July 27, 2021 • Re-open program in early Fall 2021 • Expend all funds by March 31, 2022
<ul style="list-style-type: none"> • SRA2 	<ul style="list-style-type: none"> • City Council accepts and awards funds September 2, 2021 • Expend all funds by December 2025

FISCAL IMPACT

Pursuant to Resolution No. 88792 CMS the City Council accepted and appropriated \$19,644,850.30 from the US Treasury, which has been budgeted and identified as one-time stimulus funding in Account 54011 or 54912.

Staff will program SRA2 grant 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. 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 ERAP 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 address racial equity impacts. 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 A Resolution:

1. Accepting And Appropriating Round 2 State Rental Assistance (SRA2) Program Funds In An Amount Not To Exceed Twelve Million Seventy-Seven Thousand Seven Hundred Thirteen Dollars And Fifty-Two Cents (\$12,077,713.52) Awarded By The California Department Of Housing And Community Development To The City Of Oakland To Provide Financial Assistance For The Payment Of Rent And Other Housing Related Expenses To Eligible Households;
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5. Authorizing The City Administrator To Accept And Appropriate Any Additional SRA2 Funding Made Available By The California Department Of Housing And Community Development And To Amend The Grant Agreements Awarded Pursuant To This Resolution To Increase The Amount Using The Additional Funding, Without Returning To Council, On The Condition That Staff Return To Council To Provide A Report On The Acceptance And Planned Expenditure Of Any Additional SRA2 Funding Within 60 Days After Acceptance.

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

Respectfully submitted,



SHOLA OLATOYE

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Department

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Attachment (1):

A – Keep Oakland Housed ERAP Demographic Data