



# City of Stockton

## Legislation Text

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

RECOMMENDATION

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

1. The City is hereby authorized and directed to accept a Round 2 Block Grant Award in the total amount of \$8,854,279.36 and a Direct ERA2 Allocation in the total amount of \$11,051,190.10, and any such additional amount as allocated to the City under the programs.
2. The City is hereby authorized and directed to enter into, execute, and deliver the Round 2 Block Grant Award Documents, which shall include a Standard Agreement in the total amount of \$8,854,279.36, and the Direct ERA2 Allocation Documents with Treasury in the total amount of \$11,051,190.10, and any such additional amount as allocated to the City under the programs.
3. The City is hereby authorized and directed to assume responsibility for administering the Round 2 Block Grant Award in accordance with all Round 2 Block Grant Award Requirements and the Direct ERA2 Allocation in accordance with all Federal ERA2 Program requirements.
4. Approve and authorize the City Manager, or designee, to execute the Emergency Rental Assistance Standard Agreements and all required documents, with both the U.S. Treasury and the State of California to accept ERA2 grant funding.
5. Authorize the City Manager to allocate funds among approved activities and partners as needed to maximize impact and benefit to the Stockton community and add staff support to the Economic Development Department, as needed, to administer the program.
6. Authorize the City Manager, or designee, to appropriate grant funds and associated expenditures, execute contracts above the current \$75,000 spending cap for funds accepted under this Resolution, and take necessary and appropriate actions to carry out the purpose and intent of this Resolution.

Summary

The United States Treasury is implementing the second allocation for the Emergency Rental Assistance (ERA2) program, established by section 3201 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021) (the "Act"), making available up to \$21.55 billion to assist households unable to pay rent and utilities due to the COVID-19 pandemic.

In May 2021, the U.S. Treasury advised the City that it will be receiving \$11,051,190.10 in housing assistance funding from the second round of the Emergency Rental Assistance Program, to assist Stockton residents with housing stability resources. The City has since received a portion of the grant funds.

The State of California also received ERA2 funds from the U.S. Treasury and has allocated \$8,854,279.36 of their allocation in rental assistance funding to the City.

Staff recommends that the Council adopt a resolution authorizing the acceptance, appropriation, and allocation of U.S. Treasury ERA grant funding in the amount of \$11,051,190.10 and State of California ERA2 grant funding in the amount of \$8,854,279.36. These two grant allocations combined total \$19,905,469.46.

## DISCUSSION

### Background

In February 2021, Council authorized the acceptance of funds for the first Emergency Rental Assistance (ERA1) program. The City has since launched the Emergency Rental Assistance Program (ERAP), providing grant awards on behalf of eligible households for rental arrears, utility arrears, and prospective utility and rental payments. A majority of the first round of funds have already been distributed to residents.

ERA2 requires that not less than 85% of awarded funds must be used for direct financial assistance, including rent, rental arrears, utilities and home energy costs, utilities and home energy costs arrears, and other expenses related to housing. The remaining 15% may be used for housing stability services, including case management and other services intended to keep households stably housed, as well as administrative costs. The housing stability services component cannot exceed 10% of funds received.

The Governor signed Assembly Bill 832 (AB 832) on June 28, 2021, extending tenant eviction protections through September 30, 2021, enabling the allocation of U.S. Treasury ERA2 funds, and increasing the amount of awards to eligible households to 100% of rental arrears and prospective rent. AB 832 also allows ERA1 funds to provide for 100% payments to eligible households that have already received an award.

The U.S. Treasury funds currently need to be disbursed by September 30, 2025. The State of California requires recipients to contractually obligate 50% of its total share of state funds by January 31, 2022, or they are subject to recapture and redistribution.

### Present Situation

The City supplied all the necessary information to receive funds from the U.S. Treasury ERA2 Program in May 2021 and will work with the State of California on the required documentation to receive State ERA2 Program funds. Funds are intended to support Stockton residents experiencing financial hardships due to the COVID-19 pandemic and will complement the funds already received through the ERA1 Program.

The goal is to disburse funds as expeditiously as possible. ERA2 funds will be added to the City's existing Emergency Rental Assistance Program (ERAP) launched on March 15, 2021 and will be administered in a manner that best addresses the housing-related needs of the community. Program guidelines and eligibility will be updated to comply with U.S Treasury and State of California criteria, including AB 832.

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

- Rent and Rental Arrears
- Prospective/Future Rent
- Utility and Home Energy Costs, including Arrears
- Other housing expenses e.g., security deposits, application and relocation fees
- Housing Stability and Case Management Activities
- Administrative Costs

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

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

Eligible households may receive up to 18 months of assistance, starting from the period beginning April 2020. The 18 months of assistance is inclusive of both ERA1 and ERA2.

### FINANCIAL SUMMARY

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

Additionally, the funding allows for up to a 15% administrative fee of the total allocation amount for implementation and grant management activities, including up to 10% for housing stability services. The allocations of the U.S. Treasury ERA2 grant funds in the amount of \$11,051,190.10 and the State of California ERA2 grant funds in the amount of up to \$8,854,279.36 (for a total of up to \$19,905,469.46) will be appropriated in the Special Grant Fund, Housing Division, COVID-19 program.