



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 9, 2021

FROM: OFFICE OF HOMELESS SOLUTIONS WARDS: ALL

SUBJECT: WAIVER OF THE SUNSHINE ORDINANCE PURSUANT TO RIVERSIDE MUNICIPAL CODE SECTION 4.05.050(D)(1)(b); DETERMINATION OF ADMINISTRATIVE ENTITY FOR THE CITY'S BLOCK GRANT ALLOCATION OF \$10,603,040.40 FROM THE STATE OF CALIFORNIA'S EMERGENCY RENTAL ASSISTANCE PROGRAM; SUBMITTAL OF THE EXPRESSION OF INTENT TO THE STATE BY FEBRUARY 12, 2021; SUPPLEMENTAL APPROPRIATION OF \$9,851,908.30 IN FEDERAL EMERGENCY RENTAL ASSISTANCE FUNDING

ISSUES:

Waive the Sunshine Ordinance Pursuant to Riverside Municipal Code Section 4.05.050(D)(1)(b); determine the administrative entity for the City's block grant allocation of \$10,603,040.40 from the State of California's Emergency Rental Assistance Program; authorize the submittal of the Expression of Intent to the State by February 12, 2021; and authorize a supplemental appropriation in Federal Emergency Rental Assistance funding from the U.S. Department of the Treasury in the amount of \$9,851,908.30.

RECOMMENDATIONS:

That the City Council:

1. Waive the Sunshine Ordinance pursuant to Riverside Municipal Code Section 4.05.050(D)(1)(b);
2. Select State Rental Assistance Program Option C for the State of California to serve as the administrative entity for the City's State rental assistance block grant allocation of \$10,603,040.40;
3. Authorize staff to submit the required Expression of Intent to the State by February 12, 2021 based on City Council's selection of the administrative entity for the City's block grant allocation from the State's Emergency Rental Assistance Program;
4. Authorize with five affirmative votes an increase in Federal Emergency Rental Assistance revenue from the U.S. Department of the Treasury in the amount of \$9,851,908.30 and appropriate expenditures in the same amount to the Development Grants Fund Emergency Rental Assistance Program Account No. 9273600-440110; and

5. Authorize the City Manager, or his designee, to execute State Rental Assistance Program documentation required for the State to act as the administrative entity for the City's rental assistance block grant.

BACKGROUND:

Federal Rental Assistance Program

On January 7, 2021, the Office of Homeless Solutions received an email notification from the National Association of Housing and Redevelopment Officials regarding \$25 billion in Emergency Rental Assistance (ERA) grant funds that the U.S. Department of the Treasury was issuing under the COVID Relief package to assist low income households that are unable to pay rent and utilities due to the COVID-19 pandemic. Grant funds were available to cities and counties that had more than 200,000 residents. In order to receive these grant funds, eligible government agencies had to submit the required agreement to the U.S. Department of the Treasury by January 12, 2021.

The Federal Emergency Rental Assistance Program would only be available to renters who have household incomes at or below 80% of the area median income and have been impacted financially by COVID-19. Eligible households that include an individual who has been unemployed for the 90 days prior to application for assistance and households with income at or below 50 percent of the area median income (AMI) are to be prioritized for assistance. The grant allows landlords to be reimbursed 100% of outstanding rent for eligible households from April 2020 to March 2021 and forward rent for April 2021 to June 2021; this funding can also be used to cover outstanding utility user charges. Additional program requirements are listed in Attachment 1.

On January 11, 2021, the City submitted the required agreement (Attachment 2) to the U.S. Department of the Treasury for the City's grant allocation of \$9,851,908.30. On January 25, 2021, the City received notification from the U.S. Department of Treasury that the City's request for ERA grant funds was approved and the grant funds were wired to the City on the same day.

Staff is currently in the process of standing up the rental assistance program that will be administered in partnership with the Riverside County Fair Housing Council (Fair Housing), who will also assist in conducting outreach efforts throughout the City. The City's Information Technology staff is in the process of creating an online application portal for the Emergency Rental Assistance Program that is anticipated to be completed by mid-February 2021. The Fair Housing ERA Service Agreement will be drafted after City Council determines the administrative entity for the City's block grant allocation under the State Rental Assistance Program. The City Manager will execute the services agreement with Fair Housing as authorized by City Council on April 7, 2020.

DISCUSSION:

State Rental Assistance Program

The State of California Business, Consumer Services, and Housing Agency (BCSH) sent out letters to local cities and counties on January 11, 2021 asking government agencies who received a direct allocation of funding from the U.S. Department of the Treasury to delay the implementation of their rental assistance program until the State has completed establishing their programmatic framework for the State's rental assistance program.

On February 1, 2021, staff participated in a Senate Bill 91 and State Rental Assistance Program webinar hosted by BCSH. The webinar provided the following programmatic framework for the State's rental assistance program.

- U.S. Treasury allocation to State totaled approximately \$1.498 billion:
 - \$150 million was reserved for counties with populations under 200,000 (and the cities within)
 - \$1.32 billion was allocated to cities and counties with populations over 200,000:
 - The City's State block grant allocation totals \$10,603,040.40, which is in addition to the direct Federal allocation received from the U.S. Treasury in the amount of \$9,851,908.30 (\$20,454,948.70 combined allocation).
- U.S. Treasury direct allocation to cities and counties with populations over 200,000 totaled approximately \$1.113 billion.
- Program focus: stabilize low-income households through the payment of rental arrears to landlords
 - Eligibility is for households at or below 80% of AMI, prioritizing those under 50% of AMI:

Number of Persons in Household								
# of Persons	1	2	3	4	5	6	7	8
80% of AMI	\$42,200	\$48,200	\$54,250	\$60,250	\$65,100	\$69,900	\$74,750	\$79,550
50% of AMI	\$26,400	\$30,150	\$33,900	\$37,650	\$40,700	\$43,700	\$46,700	\$49,700

- Participating landlords will be compensated 80% of unpaid rent from April 1, 2020 to March 31, 2021. Landlords will need to accept this as payment in full for all rental debt for that period, which means forgiving 20% of the rent outstanding.
- If a landlord chooses not to participate, eligible households can still apply for and receive 25% of back rent owed for the covered period.

Rental Assistance Program Options

Jurisdictions were notified by the State that they have three programmatic options for implementing their block grant rental assistance program. The following programmatic options would determine the administrator entity.

- A. Elect to have the State administer BOTH the jurisdiction's Federal direct allocation and the jurisdiction's State allocation through the State Rental Assistance Program;
- B. Request to receive State funding via block grant and attest that local implementation of direct Federal allocation will conform to State requirements AND complete the attestation form that the City has an existing rental assistance program and will be able to meet all program requirements; or
- C. Choose not to conform the City's direct Federal allocation to the State Rental Assistance Program requirements and acknowledge that the State allocation will serve the City's

population through the State Rental Assistance Program. The City will assume responsibility for any duplication of benefits.

Options A and B listed above would require that the City's federally funded Emergency Rental Assistance Program adhere to the State Rental Assistance Program regulations. Landlords would only receive 80% of outstanding rent from eligible households from April 2020 to March 2021 and only 25% of the household's monthly rent for April 2021 to June 2021. These options would still require very low- and low-income tenants to come up with the remaining rent for April 2021 to June 2021 at a later time.

Option C would allow the City to implement the Federal funding for the emergency rental assistance program at the local level and reimburse landlords 100% for outstanding rent for eligible households and pay 100% of the tenants forward rent for April 2021 to June 2021. The City would only have one set of program regulations to follow and provide performance outcomes to one government agency. The City's block grant allocation would be administered by Local Initiatives Support Coalition (LISC), the State Rental Assistance Program administrator. LISC would work closely with community groups, nonprofits and jurisdiction staff on outreach efforts. For these reasons, staff recommends Option C.

Jurisdictions are required to submit their selected programmatic option in the Initial Expression of Intent Form (Attachment 3) to the State by February 12, 2021.

Due to the quick deadlines established by the State, staff is requesting City Council to waive the Sunshine Ordinance Pursuant to Riverside Municipal Code Section 4.05.050(D)(1)(b).

FISCAL IMPACT:

The following fiscal impacts correspond to the programmatic options:

- Option A: The City would need to transfer the \$9,851,908.30 received in Federal Emergency Rental Assistance funding from the Emergency Rental Assistance Program Account No. 9273600-440110 to the State of California for its administration of the program.
- Option B: The City would need to appropriate \$10,603,040.40 in State block grant revenue to an expenditure account to be set up by the Finance Department for the State rental assistance program to be administered by the City. This amount is in addition to the \$9,851,908.30 the City received through the direct allocation from the U.S. Treasury, totaling \$20,454,948.70 in combined program revenue.
- Option C: The City will administer the Federal rental assistance program with \$9,851,908.30 in available funding for the Emergency Rental Assistance Program Account No. 9273600-440110. Staff would work closely with LISC (the State Rental Assistance Program administrator) in its administration of the City's block grant allocation from the State.

Prepared by: Michelle Davis, Housing Authority Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager

Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

1. Federal Emergency Rental Assistance Program Requirements
2. Federal Emergency Rental Assistance Agreement
3. Initial Expression of Intent Form
4. Presentation