



## Legislation Text

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**File #:** 2021-0271, **Version:** 1

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**To:** Board of Supervisors of Sonoma County and Board of Commissioners of the Community Development Commission

**Department or Agency Name(s):** Community Development Commission

**Staff Name and Phone Number:** Tina Rivera, 565-4774

**Vote Requirement:** 4/5th

**Supervisorial District(s):** Countywide

**Title:**

Emergency Rental Assistance Program (ERAP) and Tenant Protection for COVID-19

**Recommended Action:**

- A) Authorize the Interim Executive Director or designee of the Community Development Commission to accept \$17,528,751.06 of State Block Grant funds from the California Department of Housing and Community Development (HCD) to self-administer the Emergency Rental Assistance Program (ERAP) to assist households unable to pay rent or utilities (including Internet services) during the COVID-19 pandemic from April 1, 2020 to March 31, 2021. This funding will be combined with a Federal allocation of \$14,697,467.79 for a total of \$32,226,218.85 to be administered countywide.
- B) Adopt a resolution adjusting the FY 2020-2021 Community Development Commission's Budget to reflect the anticipated receipt and transfers of \$42,926,218 of accepted State Block Grant funds and expenditures of \$21,400,000 for the Emergency Rental Assistance Program and Tenants Right to Counsel program. The remaining expenditure appropriations of \$21,526,218 will be included in the FY 2021-22 budget.
- C) Direct the Community Development Commission to contract with Legal Aid of Sonoma County to provide Counsel Services to tenants for two-year pilot program of either Option A for \$712,000 annually or Option B for \$390,250 annually.
- D) Authorize the Interim Executive Director or designee of the Community Development Commission to modify CDC's current contract with Benevate, Inc. the producer and vendor of Neighborly Software's Housing, Economic and Community Development hosted software for unlimited licenses in the amount of \$276,000 with an implementation fee of \$5,000.
- E) Authorize the Interim Executive Director or designee of the Community Development Commission to enter into contracts with Community-Based Organizations demonstrating capacity through a letter of intent (LOI) issued on March 19, 2021 with responses due on March 25, 2021 to partner with the County in implementing the Emergency Rental Assistance Program.

(4/5<sup>th</sup> Vote Required)

**Executive Summary:**

Approval of this item will authorize the Community Development Commission to execute contracts with qualified providers to administer the County's Emergency Rental Assistance Program (ERAP), with Legal Aid of Sonoma County for tenant counsel services, and to amend the contract with Benevate, Inc. for the Neighborly Software's Housing, Economic and Community Development hosted software. Approval of this Item will

authorize the receipt of State Block Grant funds from the California Department of Housing and Community Development and allow for adjustments to the Community Development Commission’s FY 2020-21 budget.

**Discussion:**

On December 27, 2020 the Federal Consolidated Appropriations Act of 2021 passed by the U.S. Congress established the Emergency Rental Assistance Program (ERAP) making available \$25 billion nationwide. California received \$2.6 billion; \$1.5 billion directly allocated to the State and \$1.1 billion allocated by the U.S. Treasury to counties and cities with populations over 200,000.

To implement the Emergency Rental Assistance Program (ERAP) in California, the Governor signed SB 91 for COVID-19 Rental Assistance on January 29, 2021 extending the State’s eviction moratorium until July 1, 2021, which was previously set to expire on February 1, 2021 provided previously in AB 3088. SB 91 provides new protections for tenants impacted by COVID-19, including debt treatment and civil procedures. It appropriates \$1.5 billion for the State Rental Assistance Program.

The State program utilizes the same tenant eligibility and regulatory rules as AB 3088, including a declaration of financial hardship, 25% payment of monthly rent, and that debt still accrues, but cannot be grounds for eviction. It also provides additional eviction and debt protection measures for COVID-19 impacted tenants.

Eviction Protections	Landlord/Homeowner Protections	Rental Assistance
Extends to June 30, 2021 the eviction moratorium established under AB 3088 (Chapter 37, Statutes of 2020). Utilizes the same tenant eligibility and regulatory rules as AB 3088: • Declaration of financial hardship • 25% payment of monthly rent • Debt still accrues but cannot be grounds for eviction Provides additional eviction and debt protection measures for COVID-19 impacted tenants.	Extends to September 1, 2021 consumer protections for property owners and landlords impacted by COVID-19 whose requests for mortgage forbearance are denied: • Detailed explanation from lender required • 21 days to "cure" any incorrect information in the request These state level protections supplement available federal mortgage forbearance options.	Program Focus: Stabilize low-income households through the payment of rental arrears to landlords • Eligibility is for households at or below 80% AMI, prioritizing those under 50% AMI. • Participating landlords will be compensated 80% of unpaid rent from April 1, 2020 -March 31, 2021. Accepts as payment in full for all rental debt for that period. • If a landlord chooses not to participate, eligible households can still apply for and receive 25% of back rent owed for the covered period. • Assistance includes rent, utilities/home energy costs • Available assistance is for 12 months with 3 additional months depending on funding availability; arrears are prioritized

On February 1, 2021, the State released its ERAP program based on SB 91 and provided cities and counties with populations over 200,000 to select one of three options as a means to administer funds to qualifying residents.

- Option A - Federal and State Allocation Administered through State Rental Assistance Program; Full value reserved for City/County
- Option B - Federal & State Allocations Administered Through City/County Program
- Option C - Federal Allocations Administered Through City/County Program; Burden for Duplication of Benefits Falls to City/County; and State Allocation Administered through State Rental Assistance Program to City/County Applicants

Based on feedback from your Board, on February 12, 2021, the Sonoma County Community Development Commission (CDC) notified the California Department of Housing and Community Development (HCD) of its intention to self-administer the COVID-19 Rental Assistance program, in lieu of a State-administered option (CDC selected option B).

### **Sonoma County Allocation for Emergency Rental Assistance Program**

- Federal allocation - \$14,697,467.79
- State allocation - \$17,528,751.06
- Total - \$32,226,218.85

### **Program Overview**

The Emergency Rental Assistance Program (ERAP) assists low-income households with rental and utility assistance for past due payments that have accumulated due to the COVID-19 crisis. The goal of the program is to prevent low-income households from becoming homeless and providing assistance to promote housing stability.

The ERAP will be crucial to ensuring that tenants stay housed while also helping to stabilize the rental housing industry. Coupled with federal stimulus checks and the extension of the eviction moratorium, the ERAP will facilitate essential housing security for a number of families.

To be eligible for assistance, recipients must be renter households earning less than 80 percent of area median income (AMI) with a preference given to households earning less than 50 percent AMI. Renters must also demonstrate they are either at risk of homelessness or housing instability, and must demonstrate financial hardship by documenting that they qualified for unemployment insurance, experienced a reduction in income, incurred significant costs, or experienced hardship due to the pandemic. At least 90 percent of allotted funds must be used for the payment of rent and utilities and rent and utility arrears, and the remaining ten percent may be used for housing stability services, including case management, administrative costs, and other services to maintain housing stability.

The ERAP provides up to twelve (12) months of assistance, plus an additional three (3) months of funding is available. Rental arrears are prioritized before future rent payments. An application can be submitted by a landlord on behalf of an eligible tenant or household or by the eligible household or tenant. In general, payments are made directly to landlords and utility service providers. If a landlord does not wish to participate, funds may be paid to the eligible tenant or household. There are structured reporting requirements. **Sixty-five percent (65%) of funds must be obligated by September 30, 2021 and funds are currently set to expire on December 31, 2021.** The Rental Assistance is available for rent due from April 1, 2020 through March 31, 2021. If funding is available, an applicant may apply for additional assistance for rent due April 1, 2021 through June 30, 2021.

Given families' urgent, often overwhelming, need for rental and utility assistance, timely and efficient program implementation and administration is paramount. Community Development Commission staff have been holding discussions with various stakeholder groups, service providers and city representatives from across the County to share program plans, receive feedback and input in anticipation of implementing best practices in order to conduct successful outreach, address any program planning gaps, coordinate with tenants and landlords, build administrative capacity, and coordinate collaborative program monitoring.

Additionally, the ERAP will function with a no-wrong door approach, which means **any** household can receive

services by contacting **any** CBO for service regardless of where they may be living in the County.

The CDC issued a letter of intent (LOI) requesting information from Community-Based Organizations within the County with the capacity to provide Emergency Rental Assistance. These service providers would need to have an existing website in order to provide a link to the software platform and the County's Emergency Rental Assistance application portal.

Selected Community-Based Organizations (CBOs) will provide services on behalf of the County and provide funds directly to qualifying landlords and utility companies on a quarterly basis. Due to procurement reasons we cannot disclose the specific CBOs in negotiation at this time. The CDC will provide a memo to the Board listing the CBOs selected and the list will be posted on the County's website.

The CDC has committed to having ongoing meetings with city representatives as well as regular check-ins with Service Providers ensuring we are maintaining a culturally sensitive and equitable Emergency Rental Assistance Program. Monthly reports will be provided to the Board of Supervisors, County Administrator, and City Representatives via email memos.

### **Administrative Support for CBOs Providing Services**

To ensure a smooth process for tenant, landlords and service providers, the CDC is recommending purchasing Rental Assistance software from Benevate, Inc., the producer of Neighborly's Housing, Economic and Community Development hosted software. Neighborly has designed a unique, web-based module specific to the Emergency Rental Assistance Program guidelines. Neighborly will provide an unlimited licensing package at a cost of \$276,000 with a one-time \$5,000 implementation fee. Using Neighborly, the CDC will make it simple for CBOs to do intake and handle administrative tasks, while maintaining uniform documentation across all vendors. This software will ensure quick and efficient service to applicants for the dissemination of over \$32 million in Rental and Utility assistance by the expenditure deadline of December 31, 2021. It can accommodate tenant and/or landlord's language of choice, is user friendly and will provide a variety of reports for monitoring number served, demographic information, as well as area served. This software platform will reduce administrative burden and ensure program compliance. Benevate, Inc. is the producer and sole source vendor of Neighborly Software, which we currently use for CDC's Affordable Housing Program, and therefore we are requesting the Board to approve an addendum to increase the current contract by \$281,000.

### **Stakeholder Engagement**

As we developed the ERAP for a County-wide response, the Community Development Commission met with various stakeholder groups including tenant and landlord associations, cities and towns, and potential community-based providers. The CDC provided information on ERAP and solicited feedback from these groups.

Tenants groups engaged: North Bay Organizing Project, UnDocufund, Sonoma County Tenants Union and Legal Aid.

Landlord groups engaged: North Bay Association of Realtors, California Apartment Association (North Bay rep), and the Sonoma Chapter of the National Association of Residential Property Managers.

### **Public Communications**

The most common problem localities face when starting emergency rental assistance programs is reaching the residents of the greatest need. To help increase program awareness, we will work with stakeholder groups, cities, and service providers to outreach into the community. Cities will include program flyers as inserts in

utility bills and Landlord and Tenant organizations will use their communication channels to increase program awareness.

Community Development Commission Staff and the County CAO Communications team have issued relevant information in anticipation of the Board's action to implement ERAP. Communications in development include, information on SoCoemergency.org, press releases, flyers and media engagement.

### **Legal Aid Tenant Protection Pilot Program**

Your Board also expressed interest in supplementing the \$150,000 funding to Legal Aid of Sonoma County to provide legal assistance for tenants for one year that was approved on January 26, 2021.

As such, Legal Aid is proposing a two-year pilot program for consideration in order to expand services to make them available at no cost for tenants who may require counsel to assist them in unlawful detainer actions or other related legal services. A two-year pilot is being recommended upfront to account for infrastructure costs related to programming, staffing and space rental.

Legal Aid estimates that full implementation of a Tenant Protection Program in Sonoma County would cost between \$5.1 and \$5.6 million annually. This range is based on the number of renter households (74,803) and average annual eviction filings (1,195) in our county. Legal Aid calculated this by extrapolating from the cost of full implementation for Tenant Protection in San Francisco (\$15,500,000), and comparing the number of renter households and annual eviction filings in both counties to determine the estimated cost per unit and cost per eviction filing in Sonoma County. The \$5.1 million estimate is based on number of renter households. The \$5.6 million estimate is based on number of annual eviction filings.

Advancing a two-year pilot program would allow Legal Aid to add to its team of housing lawyers, significantly expanding its capacity to serve tenants at risk of eviction and homelessness.

For every dollar Sonoma invests in eviction prevention, the County stands to realize significant cost savings - tangible financial benefit that will lower current budget spending related to emergency shelter, housing programs (transitional housing, permanent supportive housing, and rapid re-housing programs), health care, foster care, and loss school funding due to disruptive displacement.

Stout, a financial analysis company that has produced extensive tenant protection program reports in a number of cities, has consistently found that tenant protections save millions more than it costs up front. For instance, in Philadelphia, they found that a \$3.5 million investment in Tenant Protections would yield \$45 million in savings. Here is the link to Stout's Philadelphia report referenced above:

[https://cdn2.hubspot.net/hubfs/4408380/PDF/Cost-Benefit-Impact-Studies/Philadelphia%20Evictions%20Report\\_11-13-18.pdf](https://cdn2.hubspot.net/hubfs/4408380/PDF/Cost-Benefit-Impact-Studies/Philadelphia%20Evictions%20Report_11-13-18.pdf).

This pilot program is designed to provide renter assistance and would have two primary components:

- Prevention services - public education/outreach and limited representation, e.g., legal advice for the tenant at the notice stage, negotiation with the landlord before a formal eviction case has been filed.
- Full scope representation in court, which means the attorney represents the client through all stages of the case, including trial and appeal.

### **Eligibility & Scope of Services**

Eligibility

- Tenants served with a notice to terminate their tenancy.
- Tenants served with an unlawful detainer (UD) summons and complaint.
- Tenants at imminent risk of receiving a notice or being served with UD.
- Tenants in need of post-judgment motions.
- Tenants with habitability/housing quality issues.
- Tenants with utility shut off or other constructive eviction issues.
- Tenants in need of assistance or representation with hearings where tenancies are at risk (e.g., Section 8 eligibility, Housing Authority grievance).
- Tenants in need of assistance or representation with rent increases, reasonable accommodation requests, and other similar assistance.

Scope of services

- Public education/outreach.
- Preparation of legal documents.
- Negotiation with landlords.
- Full scope representation in court or administrative hearings.

The proposed two-year pilot is presented with two funding options:

Option A (see Attachment 3), at a cost of \$712,000, would include three additional attorneys, two bilingual caseworkers, a program/data manager to oversee the project, funds to contract with third party attorneys/project partners to handle conflicts cases, IT, and overhead. This investment would allow Legal Aid to serve an additional 750 tenants.

Specifically, this option includes project management including lead role in creating and populating new county-wide tenant database. This data will help inform tenant outreach efforts by both Legal Aid and other non-legal providers, with special focus on communities of color.

Conflicts panel: Referrals of up to 30 cases to non-legal aid attorneys where Legal Aid has a conflict of interest and therefore cannot serve the tenant.

Tenant eligibility: Up to 400% of federal poverty guideline: (\$51,040 for one person \$106,000 for a family of 4).

Option B (see Attachment 4), at a cost of \$390,250, would include two additional attorneys, one bilingual caseworker, IT, and overhead. This investment would allow Legal Aid to serve an additional 500 tenants annually.

Tenant eligibility: Up to 300% of federal poverty guideline: (\$38,280 for one person; \$79,500 for a family of 4).

The Tenant Protection Program Pilot will be paid using ERAP funds for either option.

**Prior Board Actions:**

01/26/2021 - COVID-19 Legislative Update and Consideration of Local Aid Programs

01/05/2021 - COVID Fiscal Update, Community Needs, Eviction, and Sick Leave Policies

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 20-21 Adopted</b>	<b>FY 21-22 Projected</b>	<b>FY 22-23 Projected</b>
Budgeted Expenses			

Additional Appropriation Requested	21,400,000	21,526,218	
<b>Total Expenditures</b>	<b>21,400,000</b>	<b>21,526,218</b>	<b>0</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	42,926,218		
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>21,400,000</b>	<b>21,526,218</b>	<b>0</b>

**Narrative Explanation of Fiscal Impacts:**

Appropriations adjustments are requested for the receipt of revenue and process transfers in the amount of \$42,926,218, and expenditures in the amount of \$21,400,000 for the FY 2020/21 budget with the attached budget resolution. The remaining expenditure appropriations of \$21,526,218 for the FY 2021-22 budget will be requested during the Q1 Consolidated Budget Adjustments. Both Appropriations will pay for the CBO contracts, the software, Tenant Protection Pilot Program, and administrative costs, such as CDC staff time and Communications.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

- Attachment 1 - Authorizing Resolution
- Attachment 2 - Budget Resolution
- Attachment 3 - 2021 Offsite HOME Budget Option A
- Attachment 4 - 2021 Offsite HOME Budget Option B

**Related Items "On File" with the Clerk of the Board:**

None