



Legislation Text

File #: 2021-1370, **Version:** 2

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: Dave Kiff, 707-565-7504

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Emergency Rental Assistance Program

Recommended Action:

Adopt a resolution adjusting the fiscal year 2021-2022 Community Development Commission's budget to reflect the receipt and expenditures of \$18,000,000: \$5,599,087 in State Emergency Rental Assistance Program (Round #2) funding and \$12,400,913 Federal Emergency Rental Assistance Program (Round #2) funding.

Executive Summary:

The Sonoma County Community Development Commission (CDC) has been administering an Emergency Rental Assistance Program since April 5, 2021. Initially, as the program was being developed, the disbursement of assistance was slow. Now that the Community Based Organizations (CBO) are in place, public awareness at an all-time high and the mechanisms to disburse the funds are operating; funds are being disbursed faster than expected. The CDC is spending an average of \$3.0 million per month for Direct Assistance. Approval of this item will increase budget appropriations by \$18 million to allow continuing Emergency Rental Assistance Program (ERAP) payments with State Emergency Rental Assistance Program (Round #2) funding and Roll-Forward Federal Emergency Rental Assistance Program (Round #2) funding.

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 Senate Bill 91 (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. ERAP is intended to help income-eligible households with rent and utilities, both for past due and future payments. SB 91 also provides tenant (renter) protection laws and funding to support this program. From these acts and bills, Sonoma County received \$14.7 million of direct federal funding for the Emergency Rental Assistance Program Round 1.

The American Rescue Plan Act (ARPA) of 2021 provided an additional \$21.55 billion for Federal Emergency Rental Assistance Round 2 program on March 11, 2021. The California Assembly Bill 832 (AB 832) amended SB 91 in June 2021 extended an eviction moratorium through September 30, 2021 and allowed for rental and

utility assistance through that same date. AB 832 included a second round of funding for Emergency Rental Assistance in the amount of \$5.2 billion for counties and Cities within the State. The County received \$17.3 million from ARPA and \$13.8 million from AB 832 for the Emergency Rental Assistance Round 2 program.

Who Qualifies?

Tenants must have:

1. Experienced a reduction in income, large increase in expense, or experienced financial hardship due, directly or indirectly, to COVID-19, and be able to put this in writing; and
2. Demonstrated housing instability, which may include:
 - a. A past due utility or rent notice or eviction notice
 - b. Risk of experiencing homelessness
 - c. Unsafe or unhealthy living conditions
 - d. Any other evidence of risk
3. A household income that is not more than 80% of Area Median Income (AMI) for the household.

Landlords must:

1. Be the property owner or the property management/agency who has legal authority to lease the unit;
2. Have one or more eligible tenants with unpaid rent between April 1, 2020 and September 1, 2021 due to a COVID-19 related event;
3. Have a rent statement or ledger, or a tenant lease, or a written and/or oral agreement with the eligible tenants. If the written lease or oral agreement is expired or will expire during the period that the program will cover, landlord must extend the terms of the prior lease at least through the end of the final month which an assistance payment is made under the program; and
4. Agree to waive 20% of the unpaid rent for the above time period.

The total funding amounts from the various State and Federal sources for the County of Sonoma are:

| | State Round 1 | State Round 2 | Federal Round 1 | Federal Round 2 | Total |
|--|---------------|--------------------|---------------------|--------------------|---------------------|
| Award | \$17,528,751 | \$13,787,577 | \$14,697,468 | \$17,332,239 | \$63,317,284 |
| Funding Received | <u>\$0</u> | <u>\$5,515,031</u> | <u>\$14,697,468</u> | <u>\$6,932,896</u> | <u>\$27,145,395</u> |
| Funding Still To Be Received | N/A | \$8,272,546 | \$0 | \$10,399,343 | \$18,671,889 |
| | | | | | |
| FY 20-21 Disbursed to Community | N/A | \$0 | \$5,168,207 | \$0 | \$5,168,207 |
| | | | | | |
| FY 21-22 Appropriated | \$0 | \$8,188,490 | \$9,529,261 | \$0 | \$17,717,751 |
| Additional Appropriations Requested for Yet to Be Disbursed | \$0 | \$5,599,087 | \$0 | \$12,400,913 | \$18,000,000 |

| | | | | | |
|---|-----|--------------|-------------|--------------|--------------|
| Total New Authority to Disbursed In FY 21-22 | \$0 | \$13,787,577 | \$9,529,261 | \$12,400,913 | \$35,717,751 |
| | | | | | |
| Remaining for 22-23 Rec. Budget | \$0 | \$0 | \$0 | \$4,931,326 | \$4,931,326 |

Enough State Round 1 Rental Assistance funding was not obligated before the August 31, 2021 deadline so that funding source is no longer available (N/A as defined in the table above). \$17.5m of the State's Round 1 Funding was originally included in the FY21-22 Approved Budget. As a result of this funding not being available, the appropriated expenses in the FY21-22 Approved Budget are now financed with \$9.5m from the Federal Round 1 and \$8 million from the State Round 2. It is projected that an additional \$18 million is needed this fiscal year to continue the program through June 2022 bringing the FY 21-22 total projected amount to \$35.7 million. In total, the County's ERAP is expecting to disburse \$40.9 million for rental and utilities expenses in fiscal years 20-21 and 21-22. \$27.1 million in funding has been received to date. CDC staff will ensure to meet the obligating and reporting requirements of the U.S. Treasury and California Department of Housing and Community Development to secure receipt of the remaining funds. All of the remaining funds are expected to be received in FY 21-22. The County Disaster fund receives the funds from the Federal Government and transfers them to the CDC. The CDC directly receives the State funds. \$4.9 million from the Federal ERAP Round #2 will be included in the FY 22-23 Recommended Budget.

This Board Item is being requested to allow the CDC to increase appropriations ahead of the Q2 Consolidated Budget Adjustment timelines. Although funding and assistance for the County's residents was welcomed news and assistance became available for those in need, the CDC could not anticipate the increase response for assistance and will run out of appropriations shortly and will not be unable to meet the needs of the public. The increase in spending has obtained a level of \$3.0 million per month. This monthly increase can be attributed to several factors, which include, relaxed Round #2 guidelines as now 100% of past due and perspective assistance became acceptable, eligible renters whose landlords choose not to participate became eligible for payment and unpaid rental assistance could date back to April 1, 2020.

Approval of this item will give the CDC the ability to pay existing contracts with Emergency Rental Assistance Program Federal Round #2 and Emergency Rental Assistance Program State Round #2 funds.

For additional information on the overall rental program or how to apply can be found on the CDC's COVID-19 Rental Assistance Website: <https://sonomacounty.ca.gov/CDC/News/COVID-19-Rental-Assistance/>

Strategic Plan:

Pillar: Healthy and Safe Communities

Goal 4: Reduce the County's overall homeless population by 10% each year by enhancing services through improved coordination and collaboration.

Objective 3: Increase investment in programs that treat underlying causes of homelessness, including substance abuse, mental illness, poverty, and lack of affordable housing.

Prior Board Actions:

October 5, 2021 Emergency Rental Assistance Program, Round #2 (ERAP-2) (File #2021-0416)

April 5, 2021 Emergency Rental Assistance Program (ERAP) and Tenant Protection for COVID-19 (File #2021-0271)

FISCAL SUMMARY

| Expenditures | FY 21-22 Adopted | FY 22-23 Projected | FY 23-24 Projected |
|------------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Budgeted Expenses | | | |
| Additional Appropriation Requested | \$18,000,000 | | |
| Total Expenditures | \$18,000,000 | 0 | 0 |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | \$18,000,000 | | |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | \$18,000,000 | 0 | 0 |

Narrative Explanation of Fiscal Impacts:

The Community Development Commission is requesting additional expenditure appropriations in the amount of \$18,000,000 for the Emergency Rental Assistance Program. The CDC will receive State Emergency Rental Assistance Program (Round #2) funding in the amount of \$5,599,087 in addition to Federal Emergency Rental Assistance Program (Round #2) funding in the amount of \$12,400,913. The attached budget resolution also requests appropriations to transfer the \$12.4 million from the County Disaster Fund to the CDC.

| Staffing Impacts: | | | |
|--|--|-------------------------------|-------------------------------|
| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
| | | | |

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1 - Budget Resolution

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

None