



Agenda Report

20-542

Agenda Date: 6/9/2020

REPORT TO COUNCIL

SUBJECT

Action on an Agreement for Services with Bill Wilson Center for Administration of the City's Emergency Rental Assistance Program and Approval of Related Budget Amendment [Council Pillar: Promote and Enhance Economic, Housing, and Transportation Development]

BACKGROUND

As an "entitlement jurisdiction," the City of Santa Clara receives annual funding from the United States Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds. CDBG funds are used to provide public services to Santa Clara's low-income residents and funding for capital improvement projects. HOME funds are generally used for the development of affordable housing programs.

In addition to its normal annual entitlements for HOME and CDBG, the City anticipates receiving two one-time CDBG entitlements for 2020-2021 totaling approximately \$1,500,000. These entitlements are part of the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) stimulus package to help address the COVID-19 Crisis. In response, staff is developing an Emergency Rental Assistance Program (ERAP) to assist low-income Santa Clara residents affected by COVID-19. The program is meant to provide one-time emergency financial assistance to low-income families and individuals who incurred rental arrears beginning on April 1, 2020. Program applicants will be asked to verify that arrears were incurred due to substantial impacts to income caused by COVID-19. The City's Eviction Moratorium allows tenants who are financially affected by COVID-19 to avoid eviction if they are not able to pay their rent; however, once the moratorium ends, many residents will have significant arrears and become at risk of homelessness.

DISCUSSION

The City of Santa Clara's Emergency Rental Assistance (ERAP) program will assist low-income households that are at <60% of Area Median Income (AMI), with rental assistance to pay for arrears that have accumulated due to COVID-19. The goal of the program is to prevent low-income households from becoming homeless and the City anticipates assisting approximately 200 households with CARES funds. Staff is recommending Bill Wilson Center as the proposed administrator of funds and is expected to publish program details and applications during the latter half of June.

On April 2, 2019, City staff issued a Request for Proposals (RFP) for administration of the Rental Assistance Program and submissions were due on April 30, 2019. Two respondents, Abode Services and Bill Wilson Center, submitted proposals. On June 25, 2019, City Council approved Grant Agreements with both Abode Services and Bill Wilson Center to administer the City's Rental Assistance Program. The proposals from both agencies were very similar and both have an

established track record of providing services to the Santa Clara community.

When Staff learned about the additional CDBG entitlements related to the Coronavirus Aid, Relief, and Economic Security (CARES) stimulus and the potential to develop an Emergency Rental Assistance Program (ERAP), staff contacted both Abode Services and Bill Wilson Center about the possibility of administering ERAP. Abode Services declined due to capacity issues, whilst Bill Wilson agreed to take on the new program.

The goal of the program is to prevent low-income households from becoming homeless and the following eligibility requirements must be met:

- A. City of Santa Clara resident. Households must be able to prove that they reside in a legal housing unit within the City of Santa Clara. Two (2) forms of proof of residency must be submitted (e.g., driver's license, utility bill, credit card statement, etc.)
- B. Low-Income household. The City of Santa Clara uses 24 CFR Part 5 as its definition of income. Households' must submit income data for all household members over 18 years of age. Gross income may not exceed 60% AMI. Households must provide supporting income and asset documentation to prove an income level of 60% AMI.

Acceptable proof of asset and income documentation must include:

- 1. All pay stubs from February, March, April, and May of 2020.
- 3. All statements from unemployment benefits if applicable.
- 4. Two (2) most recent bank statements, and/or other accounts such as trading accounts to show the level of assets.

An application window of approximately two weeks will be opened on or after June 15, 2020. Once the window is closed, the City will randomize the applications and provide funding to eligible applicants, subject to available funding.

Responsibilities of the Program Administer include, but are not limited to:

- 1. Receive and review program applications and supporting documentation; (i.e., review income status, review residency status, review "Notice of Inability to Pay Rent" form, etc.);
- 2. Review/research legality of the unit, and confirm landlord's ownership of property;
- 3. Provide any applicable referrals to other safety net services;
- 4. Collect required information from the landlord in order to issue subsidy assistance directly to the landlord; and
- 5. Reporting, outcomes, tracking, performance, and program monitoring.

Bill Wilson Center (BWC) provides services to more than 4,100 children, youth, young adults and families in Santa Clara County through its various programs with a focus on housing, education, counseling, and advocacy. The origins of Bill Wilson Center go back to 1973 when a prominent Santa Clara citizen, Bill Wilson, Jr., worked with troubled youth in addition to owning Wilson's Jewel Bakery and serving as a Santa Clara City Councilman (1963-1971), with a term as mayor in 1965. Bill collaborated with faculty at Santa Clara University on a proposal for a counseling center which would combine counseling of students in the local secondary schools with a family therapy program. Wilson's credibility with both the counseling professionals and Santa Clara political and business leaders was an important factor in creating this community-based organization.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

The term of this agreement begins on June 9, 2020 and terminates on June 30, 2021. The total cost of the Agreement for Services with Bill Wilson Center for administration of the City’s Emergency Rental Assistance Program shall not exceed \$1,300,000 over a one-year period, subject to the appropriation of funds. This agreement provides for Bill Wilson Center administrative costs of approximately \$25,000 in FY19/20, and up to \$105,000 in FY20/21 with the balance of \$1,170,000 going directly towards rental assistance.

The agreement is funded with \$1,300,000 of the CDBG Coronavirus (CDBG-CV) funds, which will be allocated in two phases. The Phase 1 amount is \$611,724 and has been awarded to the City. The Phase 2 amount is pending and expected to be approximately \$688,276. Upon execution of the Agreement, the City shall advance a portion of the Grant Funds to provide start-up capital for the allowable costs and expenses to provide the Program in the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000) in order to expedite the delivery of emergency rental assistance. On a monthly basis, the Organization will submit an Advance Payment Report to the City that demonstrates how actual expenditures compare with the scheduled budget.

While the CDBG-CV funds of \$1,300,000 were included in the City’s Housing and Urban Development Fund as part of the FY 2020/21 Annual Action Plan, the City is not likely to receive the second tranche of funds until August or September. The U.S Department of Housing and Urban Development has provided local governments with the flexibility to use local funds initially, then reimburse the local funds with the awarded CDBG-CV funds in order to address community needs in a timely manner. As such, \$1,300,000 will be made available in FY 2019/20 from the ending fund balance in the City’s Affordable Housing Fund. When CDBG-CV funds become available in FY 2020/21, a budget action will be brought forward to recognize those funds in the City’s Housing and Urban Development Fund and to reimburse the City’s Affordable Housing Fund. The budget action below reflects the recommended use of available fund balance to initially fund this program in FY 2019/20. The related budget amendments for FY 2020/21 associated with this initial funding plan will be incorporated into the revised budget amendments to the FY 2020/21 Operating Budget that will be brought forward with the adoption of the budget.

**Budget Amendment
FY 2019/20**

	Current	Increase/ (Decrease)	Revised
City Affordable Housing Fund			
<u>Expenditures</u>			
Emergency Rental Assistance Program	\$0	\$1,300,000	\$1,300,000

Reserves

Ending Fund Balance	\$1,477,572	(\$1,300,000)	\$177,572
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COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the Agreement for Services with Bill Wilson Center for Administration of the City's Emergency Rental Assistance Program in an amount not to exceed \$1,300,000, subject to appropriation of funds, and all related documents for the provision of administrative services for the Emergency Rental Assistance Program effective June 9, 2020; and
2. Approve the FY 2019/20 Budget Amendment in the City Affordable Housing Fund to establish the Emergency Rental Assistance Program appropriation in the amount of \$1,300,000 and decrease the ending fund balance by \$1,300,000.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement with Bill Wilson Center