

February 9, 2021

NB-17

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive a report on the State Emergency Rental Assistance Program (ERAP) and adopt staff recommendation, Option B, relating to the implementation of the ERAP. (Citywide)

DISCUSSION

On December 27, 2020, the Federal Consolidated Appropriations Act of 2021 was passed by Congress, which established the Emergency Rental Assistance Program (ERAP) and appropriated \$25 billion in federal rental assistance, including \$2.6 billion to the State of California (State). Of the \$2.6 billion, \$1.1 billion is allocated directly to counties and cities with populations over 200,000, including Long Beach (Federal Allocation). The remaining \$1.5 billion is allocated to the State to either be distributed directly to eligible landlords and tenants or allocated to jurisdictions with populations over 200,000 as a State Block Grant. California Senate Bill 91 (SB 91), passed on January 29, 2021, created the State ERAP to administer the \$1.5 billion State allocation.

The City of Long Beach (City) has been awarded a Federal Allocation of \$13.8 million. In addition, the State has reserved \$14.8 million in Block Grant funds for the City.

The State is providing the following three options for jurisdictions to implement the State ERAP:

- A. The City will participate in the State ERAP and will also direct its Federal Allocation through the State Program to serve its population, with the State administering all funds rather than the local jurisdiction.
- B. The City requests its reserved Block Grant from the State and will conform to the State ERAP Rules when self-administering a local program combining the State and Federal Allocation resources. This would result in a locally-administered program.
- C. The City will not conform to the State ERAP Rules, will self-administer the Federal Allocation, acknowledges that the State will also serve the City's population via the State ERAP, and accepts responsibility for duplication of benefits checks between the two programs.

Staff have analyzed the three options and is recommending Option B. This option creates standardization across both the Federal and State Block Grant allocations and it could be fully implemented by locally-hired contractors if the City elects to do so. Under Option B, the City program must align prioritization of resources and level of assistance with State requirements

HONORABLE MAYOR AND CITY COUNCIL

February 9, 2021

Page 2 of 3

that focus on unpaid arrearage and limited assistance for future rent payments. This option will allow the City a limited ability to design its program to address local needs such as level of assistance and prioritization of future rents over arrearage. Additionally, because the City's population is between 200,000 and 499,000, the City must attest to its ability to implement the resources within the parameters established by Federal and State law. Under Option B, the City must complete both the program conformation and attestation of ability through the State Department of Housing and Community Development (HCD) before funds can be administered.

To implement the ERAP, the City will likely require a contractor with the demonstrated ability to quickly administer approximately \$29 million in funds, as well as a contract with a nonprofit community organization to conduct outreach and education around the program. While the Federal and State Block grant allocations provide an administrative allowance of 10 percent, the full costs to administer the program within the short timeframe of the next six to nine months have not been fully determined. Staff are working on developing those implementation costs. Until those costs can be fully determined, there is a slight risk that City resources may be required. Additionally, meeting the Federal and State timelines and the engagement of community organizations brings some risk. Local implementation will also result in significant diversion of staff from other priorities to launch and run such a large program.

In addition to Option B, staff seriously considered Option A, which would place all funds under the State's authority to administer. The State has already assembled a group of partners including Local Initiatives Support Corporation (LISC) and others experienced with the administration of such programs. While Option A has the fastest speed of delivery to tenants in need and lowest costs and risks to the City, it was not selected due to the City Council's stated desire to develop a local customized program. Option B will likely take longer to create and administer than Option A, but provides more direct control of the program offered to our residents. Option C, in which the City and State run separate but simultaneous programs, was not considered viable due to the costs, risks, and complications associated with avoiding duplicate or improper payments.

Both State and Federal programs require that funds be obligated by a certain date. Uncommitted Block Grant funds revert to the State on August 1, 2021, and uncommitted Federal funds will be recaptured by the U.S. Treasury after September 31, 2021. All program funds will expire December 31, 2021. Given the short timeframe and the significant amount of resources to commit, it is possible under Option B that not all funds will be committed by that the required timeframe but staff will do everything possible to utilize all funds available.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and Budget Manager Grace H. Yoon on February 4, 2021.

TIMING CONSIDERATIONS

City Council action is requested on February 9, 2020.

STATEMENT OF URGENCY

City Council direction on February 9, 2020 is needed as the State is requiring jurisdictions to submit an Expression of Intent Form by February 12, 2021, to be eligible for the Block Grant funding. This form will commit the City to its chosen implementation option. Further program details will be brought to the City Council at a later date as the program is developed and contracts are needed for the implementation.

EQUITY LENS

The City has incorporated the Equity Toolkit into this recommendation as requested by the City Council on April 21, 2020. This recommendation will provide rental payment assistance to Long Beach residents most impacted by COVID-19 and provides funds for emergency shelter development and operation, and for homeless prevention. Option B allows the City to work directly with our local landlords and residents to offer direct tenant assistance and can be more responsive to local needs.

FISCAL IMPACT

While staff anticipate that program costs can be covered by the administrative allowance, the full fiscal impact of the recommended Option B has not yet been thoroughly identified. Staff will return with the estimated costs of the program and a request for appropriations of the grant funds once direction has been given. This recommendation will result in significant diversion of staffing from other priorities, but is consistent with existing City Council priorities to support residents affected by the COVID-19 pandemic as a top priority.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER