



*Housing*

# City's COVID-19 Response: Emergency Rental Assistance Program

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Item 3.5

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# 2020 Rental Relief & Direct Assistance



- **\$31 million countywide**
  - Rental relief & direct financial assistance.
  - Local, state, federal, & philanthropic funds.
- **14,000 families assisted countywide**
  - 77% Extremely Low-Income (30% of AMI or less)
  - 94% BIPOC households.
  - Income declined by 2/3.
  - Average income \$1,000/month. Average rent \$1,700/month.
  - Back rent owed averaged \$5,000.
- **25% unable to access an online payment platform**
- For **40%** of Phase 3 households, program was **unable to connect with a landlord** to accept a rental assistance payment

# Community + Economic Recovery Objectives



**Invest in Our Most  
Vulnerable Residents,  
Small Businesses, and  
Non-Profits**



**Empower Our  
Community with  
Resources that Build  
Resiliency**



**Partner to Stabilize and  
Improve Outcomes for  
All**

# Differing Realities

*Most in need of significant intervention due to impacts of the pandemic.*

*Significant reduction in income but adapting with assistance.*

*Successfully transitioned to shelter-in-place/work-from-home with limited or minimal impact to income and service needs.*



# 2021 Policy & Program Priorities



## Who to Prioritize

- Extremely low-income households (30% of AMI or less)
  - Households at risk of displacement when eviction protections end

## Program Design

- Partner with trusted community partners for outreach, intake, and case management to help reach the most vulnerable and hardest to reach
- Outreach to zip codes with the highest rates of COVID-19 cases and/or job loss
- Simple, easy to use application forms
- Simplified payment systems
- Meet federal requirements and prevent duplication

# Treasury Department Emergency Rental Assistance

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\$25 billion, distributed to states & jurisdictions with 200,000+ residents.

- San José: \$30.38M\*
- Santa Clara County: \$26.9M\*
- State of California: \$1.5 B

*\*direct allocation from Treasury*



# Treasury Department Emergency Rental Assistance

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## What can funds be used for?

- Back and forward rent, utility payments, other housing expenses.
- Assistance for 12 months, with the option for the City to extend another 3 months.
  - Required to assist with back rent first before paying forward rent.
  - Forward rent can only be provided for 3 months, but households can reapply after the 3 months.
  - Preference is for paying the landlord or utility directly.



# Treasury Department Emergency Rental Assistance

## Who qualifies?

1. Households with one or more individuals that qualify for unemployment benefits or can attest in writing a reduction in income or financial hardship due to pandemic,
  2. Demonstrate risk of homelessness, and
  3. Has household income below 80% AMI with priority for households below 50% AMI or those who have been unemployed for 90 days.
- Cannot duplicate other Federal housing assistance.



# State Emergency Rental Assistance and SB 91

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## Program Design

- \$1.5 billion statewide, allocated by population
  - **\$32M reserved for San José**
  - **\$28M reserved for County**
- One statewide partner (LISC)
- Online application portal + multilingual call center
- Focus on landlords and back rent
- Launch by March 15



# State Emergency Rental Assistance and SB 91

## Landlords

- Pays 80% of back rent for each eligible household in their rental properties
- Covers April 1, 2020 through March 30, 2021 (no forward rent)
- Landlord agrees to forgive any remaining arrears for the given household for that period.
- *If landlord moves to evict, the Court must consider whether landlord has refused rental assistance funds.*

## Tenants

- If the landlord refuses to participate, then the household can receive 25% of their arrears for that same period, which must then be paid to the landlord.
- Landlords cannot discriminate on this income source.
- Priority for tenants at/below 50% of AMI
- Priority for those who have 90+ days of unemployment

# State Emergency Rental Assistance and SB 91

## OPTION A

### State Program

- City distributes its \$30M direct allocation of funds via the State's partner LISC.
- City funds combined with \$32M in State funds banked for San José households.

### RISKS

- Lack of local connection.
- Program would follow State model (80% to landlords/25% to tenants) and priorities.

# State Emergency Rental Assistance and SB 91

## OPTION B

### City Self-Administered Program

- City applies for State block grant by Feb. 12.
- State provides funds by Feb. 19.
- Block grant equal to \$32M in funds banked for San José households.
- City administers State dollars + direct allocation dollars = \$62M.

### RISKS

- Program **MUST** follow State model (80% to landlords/25% to tenants) and adhere to State requirements for a “conforming program.”
- Block grant must be spent by **August 1, 2021.**
  - Federal deadline is Dec. 31, 2021.

# State Emergency Rental Assistance and SB 91

## OPTION C

### Hybrid Program (Self-Administer + State)

#### CITY

- Administers \$30M in direct dollars.
- Sets local program priorities (within federal requirements).
- Can prioritize households at 30% of AMI.
- Can pay 12 months back rent + 3 months future rent.
- Can refer landlords

#### STATE

- State partner administers State dollars.
- \$32M still allocated to San José.
- 80% payment to landlords. 25% to tenants.
- Prioritizes households at 50% of AMI; funds up to 80% of AMI if funds available.

**RISK:** State places burden of ensuring funds aren't duplicated on local jurisdictions choosing Option 3.



**INVEST**



**EMPOWER**



**PARTNER**

# Next Steps: City of San José

## Recommendation

- Pursue Option C – Hybrid Program
- Decline to apply for a State block grant

## Next Steps

- Nonprofit partner survey of participants in progress
- Feb. 18: Listening Sessions with partners/potential partners
- Feb. 23 (tentative): Contract Authority to City Council and Board of Supervisors