

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (A) ACCEPTING \$14,511,155 IN EMERGENCY RENTAL ASSISTANCE 2 FUNDS FROM THE U.S. DEPARTMENT OF THE TREASURY AND RATIFYING THE CITY MANAGER'S SIGNING OF THE AWARD TERMS, AND (B) AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE FOLLOWING AGREEMENTS, INCLUDING ANY AMENDMENTS AND REVISIONS TO SAID AGREEMENTS AND ANY NECESSARY DOCUMENTS TO EFFECTUATE THE GRANT, TO USE EMERGENCY RENTAL ASSISTANCE 2 FUNDS TO PROVIDE ASSISTANCE TO SAN JOSE TENANTS AND LANDLORDS WHO HAVE BEEN NEGATIVELY IMPACTED BY THE COVID-19 PANDEMIC: (1) WITH SACRED HEART COMMUNITY SERVICE, A GRANT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$3,265,010 TO PROVIDE RENTAL ASSISTANCE, UTILITY RELIEF, AND OTHER ELIGIBLE HOUSING ASSISTANCE TO SAN JOSE RESIDENTS, AS WELL AS TO FUND CASE MANAGEMENT AND OUTREACH EFFORTS TO CONNECT SAN JOSE RESIDENTS WITH RENTAL ASSISTANCE, UTILITY RELIEF, AND OTHER HOUSING ASSISTANCE, AND (2) WITH THE COUNTY OF SANTA CLARA, AN AGREEMENT IN AN AMOUNT NOT TO EXCEED \$9,795,030 TO ADMINISTER PAYMENTS FOR RENTAL ASSISTANCE, UTILITY RELIEF, AND OTHER ELIGIBLE HOUSING ASSISTANCE TO SAN JOSE RESIDENTS BEING SERVED BY THE SANTA CLARA COUNTY HOMELESSNESS PREVENTION SYSTEM COMMUNITY AND GRASSROOTS PARTNERS**

**WHEREAS**, the American Rescue Plan Act, enacted on March 11, 2021, allocated \$21.55 billion for a second round of Emergency Rental Assistance ("ERA2") nationwide, including \$2.5 billion targeted to high-need areas where low-income renter households are paying more than 50 percent of income for rent, living in substandard or overcrowded conditions, or where rental market costs are high, or there has been a significant change in employment since February 2020; and

**WHEREAS**, these ERA2 funds are in addition to Emergency Rental Assistance Funds Phase 1 (“ERA1”) previously appropriated in December 2020 through the Consolidated Budget Reconciliation Act of 2021; and

**WHEREAS**, the State of California was allocated \$1.18 billion in ERA2, plus \$26.27 million for high need areas; and

**WHEREAS**, Santa Clara County will receive \$21.32 million, plus \$8.75 million towards high needs areas, for a combined total of \$30.1 million; and

**WHEREAS**, the City of San José (“City”) will be eligible to receive \$24.03 million in ERA2 plus \$12.24 million in funding for high needs areas for a total of \$36.27 million; and

**WHEREAS**, through updated guidance from the United States Department of the Treasury (“Treasury Department”), the definition of “eligible household” was enhanced to allow assistance to applicants that had a direct or indirect impact to the pandemic; and

**WHEREAS**, in May 2021, the City received the first tranche of ERA2 funds, totaling \$14,511,155, which represents 40% of the total federal assistance appropriation and these funds have been budgeted for use in fiscal year 2021-2022; and

**WHEREAS**, on February 9, 2021, the City Council approved the Administration’s strategy for deploying \$30.38 million in federal ERA1 funds, that the City received directly from the Treasury Department through the Consolidated Appropriations Act of 2021; and

**WHEREAS**, the City Council further approved recommendations from City Staff (“Staff”) and a memorandum from Councilmember Esparza, to pursue a hybrid program under Senate Bill 91 (the State’s “Option C”), which allowed the City to administer a local program utilizing the \$30.38 million from the federal government, while the State would administer the ERA1 funds it had allocated for San José landlords and tenants (an additional \$33 million) through the California COVID-19 Rent Relief program; and

**WHEREAS**, as approved by Council on March 23, 2021, the City workplan established a partnership for administering ERA1 funding between the City, County of Santa Clara, and the Homelessness Prevention System co-led by Sacred Heart Community Service and Destination: Home; and

**WHEREAS**, this local program, now known as the Santa Clara County Homelessness Prevention System COVID-19 Response, is comprised of a network of forty-seven (47) trusted community and grassroots partners to provide homelessness prevention services including rental assistance, utility assistance, outreach and case management; and

**WHEREAS**, the local program soft-launched on May 1, 2021, with a public launch on May 19, 2021 and, in the first month of operation, more than 1,500 residents applied countywide, requesting approximately \$11.5 million in relief funds; and

**WHEREAS**, as of June 16, 2021, applications to the State program totaled 3,680 in Santa Clara County, for approximately \$47 million in requested rental assistance and \$2.6 million in utility assistance, and the number of San José residents who had applied to the State was 2,361, for a total of \$29 million in requested rental assistance and \$1.6 million in utility assistance; and

**WHEREAS**, ERA2 funding received from the U.S. Department of the Treasury through the American Rescue Plan Act prioritizes our most vulnerable residents hardest hit by the COVID-19 pandemic and the pandemic-induced recession, focusing on extremely low-income renters with incomes below 30 percent of the Area Median Income (“AMI”), including those who do not have traditional rental or lease agreements, and who are at high risk of displacement and homelessness; and

**WHEREAS**, this first tranche of ERA2 funds will go to Sacred Heart Community Service to provide rental relief and to the County of Santa Clara, which will act as intermediary to administer payments on behalf of the program’s community and grassroots partners; and

**WHEREAS**, the National Equity Atlas dashboard projects approximately 27,477 Santa Clara County renter households are behind on rent, and owe \$192 million in back rent, at an average of \$6,933 per household; and

**WHEREAS**, with state and federal eviction moratoria scheduled to sunset on June 30, 2021, there remain tens of thousands of San José renters who owe back rent due to the pandemic and pandemic-induced recession, and who have not accessed assistance from the state or local program, and Staff anticipates significantly more applications will be submitted in the coming weeks; and

**WHEREAS**, the City and County are coordinating with the local program, legal services providers, and the Superior Court to provide assistance to as many renters who owe back rent before the eviction moratorium expires, and the local program may use up the first round of rental assistance funds before August 31, 2021; and

**WHEREAS**, in addition, the Administration plans to deploy the ERA2 funds that may be used for housing stability services to help staff the Eviction Help Center, pop-up clinics,

application assistance, and other eligible activities related to providing access to direct rental assistance; and

**WHEREAS**, the City desires to accept \$14,511,155 in ERA2 funds and to authorize the City Manager to negotiate and execute agreements and disburse the funds from the second round of ERA2 funding received from the Treasury Department through the American Rescue Plan Act, which will continue and expand on the work of the existing emergency rental assistance program, to help ensure a smooth continuity of operations before the July recess, allowing the City's local partners to access and distribute these funds as needed;

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (a) The City Council hereby accepts \$14,511,155 in Emergency Rental Assistance 2 funds from the U.S. Department of the Treasury, and the City Manager's signing of the award terms is hereby ratified.
- (b) The City Manager is hereby authorized to negotiate and execute the following agreements, including any amendments and revisions to said agreements and any necessary documents to effectuate the grant, to use Emergency Rental Assistance 2 Funds to provide assistance to San José tenants and landlords who have been negatively impacted by the COVID-19 pandemic:
  - 1. With Sacred Heart Community Service, a grant agreement in an amount not to exceed \$3,265,010 to provide rental assistance, utility relief, and other eligible housing assistance to San José residents, as well as to fund case management and outreach efforts to connect San José residents with rental assistance, utility relief, and other housing assistance.

2. With the County of Santa Clara, an agreement in an amount not to exceed \$9,795,030 to administer payments for rental assistance, utility relief, and other eligible housing assistance to San José residents being served by the Santa Clara County Homelessness Prevention System community and grassroots partners.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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SAM LICCARDO  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk