



HOUSING DIVISION

CITY HALL
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CITY COUNCIL STAFF REPORT

Meeting: March 24, 2020

Subject

Emergency Assistance Funds for Tenants at Risk of Eviction due to Impacts of by the Novel Coronavirus (“Emergency Assistance Funds”)

Recommended Action

1. Adopt Resolution No. ____ authorizing \$350,000 in funds directed towards the Emergency Assistance Fund for tenants at risk of eviction due to impacts of the coronavirus disease (COVID-19)
2. Authorize the City Manager to negotiate and execute an agreement with West Valley Community Services to implement the Emergency Assistance Funds program.

Discussion

The State of California and the County of Santa Clara have declared a state and local emergency, respectively, to help prepare for a broader spread of COVID-19. On March 11, 2020, the City Council proclaimed a local emergency regarding COVID-19. In addition, the Council directed staff to bring forward an urgency resolution to assist tenants with emergency funds.

On March 17, 2020, Mountain View Councilmembers approved a \$500,000 program to provide rent relief to tenants impacted by COVID-19. To help the organization provide emergency assistance, on March 17, 2020, the Sunnyvale City Council approved a \$250,000 grant to Sunnyvale Community Services help people struggling with bills.

Background

As the response to this public health emergency escalates, many residents will feel direct economic impacts from business closure, event cancellation, and layoffs. The Santa Clara County 2019 Point in Time Count¹ found that the primary cause of first-time

¹ [2019 Santa Clara County Homeless Census and Comprehensive Survey Report](#)

homelessness was job loss. When asked what may have prevented homelessness, the answer was rent or mortgage assistance, and then employment assistance.

West Valley Community Services (WVCS)

WVCS is the largest not for profit agency in Cupertino that works directly with the Cupertino community providing food and economic assistance to community members in need. On March 19, 2020, staff received an update from WVCS regarding the demand for their services during this COVID-19 pandemic. The update included a request for a grant to WVCS to support bill/rental assistance for Cupertino residents impacted by COVID-19.

To assist with the impacts of COVID-19 in the community, the City can immediately implement an Emergency Assistance Funds program. Funds would be solely used to provide rent relief to Cupertino tenants impacted by COVID-19. WVCS has committed to administer this program for the City and has requested \$325,000 to provide initial funding for twenty-five households. WVCS is seeking a twenty-five percent administrative fee. As the impacts of the COVID-19 pandemic remain uncertain, the need for additional funding will be considered if necessary. Efforts will begin as quickly as possible in order to help renters who are facing layoffs now and are at risk of eviction.

City Funding Sources

The City's Housing and Human Services Grant Program is made up of five funding sources. Of these five funding sources, only the BMR AHF Public Services fund and the General Fund HSG would allow for immediate disbursement of emergency assistance funds.

Capital Housing Funds:

1. Below Market Rate (BMR) Affordable Housing Fund (AHF) Capital Housing Projects (up to \$6,000,000 as of 3/22/20)
2. Community Development Block Grant (CDBG) Capital Housing Projects (approx. \$258,000)

Public Services Funds:

3. BMR AHF Public Services (\$50,000 limit)
4. CDBG Public Services (approx. \$59,000)
5. General Fund Human Services Grant (HSG) Program (\$100,000 limit)

FY 20-21 Housing Commission Funding Recommendations

On March 12, 2020, the Housing Commission held a public hearing to finalize their initial rating and ranking of the FY 2020-21, 2021-22, and 2022-23 CDBG, BMR AHF, and HSG grant applications. It should be noted that all CDBG, BMR AHF, and HSG funds have

been requested in full for FY 20-21 and the Commission recommended approval of the proposed funding allocations. The Housing and Human Services grant funding allocations item is scheduled for City Council on April 21, 2020.

BMR AHF Fund

The BMR AHF receives its revenue from the payment of housing mitigation fees from non-residential (commercial, retail, hotel, research and development (R&D) and industrial) and residential development. Formal agreements and monitoring are required for this program, but the requirements are less stringent than federal funding. The BMR AHF fund has a current balance of \$6,000,000. This funding source is offered in two categories: BMR AHF Capital Housing funds and BMR AHF Public Services funds.

Funding Source #1: BMR AHF Capital Housing Funds (not eligible)

BMR AHF Capital Housing funds are available as a loan to eligible non-profit and for-profit Development Entities (DEs) to submit proposals for eligible funding activities, which include, but are not limited to:

- Land acquisition
- New construction
- Acquisition and/or rehabilitation of buildings for permanent affordability
- Substantial rehabilitation

Due to the current development restrictions and loan requirement, this funding source is not available for immediate use for the Emergency Assistance Funds program.

Funding Source #2: BMR AHF Public Services Funds (eligible)

On April 17, 2018, City Council set an annual limit of \$50,000 for the BMR AHF Public Services funds starting in FY 2018-19. BMR AHF Public Services funds must be used for eligible public service programs that will serve low- and/or moderate-income households located within the City. Eligible programs include tenant/landlord dispute resolution, fair housing programs, and other programs serving low- and/or moderate-income households.

The City currently provides \$50,000 in BMR AHF Public Services funds to Project Sentinel for Fair Housing & Tenant-Landlord Counseling & Dispute Resolution Services. The City is required to fund fair housing programs to remain compliant with the Housing Element and federal Community Development Block Grant (CDBG) funds.

This funding source is available for immediate use for the Emergency Assistance Funds program. Council should decide whether to award these funds as a one-time use or increase the annual limit to accommodate for the program.

CDBG Funding

The United States Department of Housing and Urban Development (HUD) annually allocates grants such as CDBG, Home Investment Partnerships Program (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Shelter Grants (ESG) to local jurisdictions for community development activities. Cupertino is one of nine entitlement jurisdictions within Santa Clara County. This is Cupertino's eighteenth year as an entitlement jurisdiction receiving a CDBG grant directly from HUD. This funding sources is offered in two categories: CDBG Capital Housing funds and CDBG Public Services funds.

Funding Source #3: CDBG Capital Housing Projects (not recommended):

The City estimates allocating up to \$258,000 in funding for eligible CDBG Capital Housing Projects on a competitive basis for FY 20/21. CDBG Capital Housing Projects funds must be directed toward expanding and maintaining the affordable housing supply; promoting housing opportunities and choices; maintaining and improving community facilities; increasing economic opportunities, accessibility, energy efficiency and sustainability; and providing supportive services specifically for persons of very-low and/or low-income.

Due to the City's existing obligation of CDBG funds through June 20, 2020 and the extensive documentation required for federal funds, this funding source is not recommended for the Emergency Assistance Funds program.

Funding Source #4: CDBG AHF Public Services (not recommended):

The City estimates allocating up to \$59,000 in funding for eligible CDBG Public Services programs on a competitive basis for FY 20/21. CDBG Public Services funds must be used to serve low-income households within the City.

Due to the City's existing obligation of CDBG funds through June 20, 2020 and the extensive documentation required for federal funds, this funding source is not recommended for the Emergency Assistance Funds program.

Funding Source #5: General Fund HSG

On April 17, 2018, City Council set an annual limit of \$100,000 for the General Fund HSG starting in FY 2018-19. HSG funds must be used to serve low- and/or moderate-income households within the City.

Eligible HSG programs may include, but not be limited to:

- Senior services
- Homeless services
- Other services that serve low- and/or moderate-income households

Due to the expanding homeless crisis, it is expected that programs serving the homeless will continue to increase. On March 12, 2020, the Housing Commission recommended an increase in the General Fund allocation towards the HSG fund from \$100,000 to an annual amount of \$125,000 to provide WVCS with additional funding for the Haven to Home program serving the homeless. The Housing and Human Services grant funding allocations item is scheduled for City Council on April 21, 2020.

This funding source is available for immediate use for the Emergency Assistance Funds program. Council should decide whether to award these funds as a one-time use or increase the annual limit to accommodate for the program.

Staff will continue to work closely with community partners, including potential funders, to explore additional efforts to support members of our community, as well as continuing to seek emergency funds from county, state, and federal sources.

Program Guidelines

Program Guidelines will replicate existing emergency assistance funds offered by WVCS to prevent homelessness. The Cupertino Emergency Assistance Fund will include restrictions limiting funds to Cupertino residents who are also impacted by COVID-19. Funds will be available to support impacted renters earning up to 120% of the area median income (AMI) and will provide a maximum of three months rental assistance or \$10,000, whichever comes first.

2019 Housing & Community Development (HCD) Maximum Income Limits*

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income Limit- 120% AMI | \$110,400 | \$126,150 | \$141,950 | \$157,700 | \$170,300 | \$182,950 |

**Effective May 6, 2019. Income Limits will be updated each year by HCD.*

Sustainability Impact

There are no sustainability impacts.

Fiscal Impact

Sufficient funding will be available and budgeted for the Emergency Assistance Fund program. BMR AHF programs and projects are funded by housing mitigation fees collected from residential and non-residential development projects. HSG programs are funded through the General Fund.

Prepared by: Kerri Heusler, Housing Manager

Approved by: Dianne Thompson, Assistant City Manager

Attachments:

A - Draft Resolution