



HOUSING DIVISION

CITY HALL
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CITY COUNCIL STAFF REPORT

Meeting: April 28, 2020

Subject

Emergency Assistance Funds for Tenants at Risk of Eviction due to Impacts of the Novel Coronavirus (COVID-19) *continued*

Recommended Action

1. Adopt draft resolution
2. Approve a \$50,000 contribution [Below Market Rate (BMR) Affordable Housing Funds (AHF) or General Fund Human Services Grant (HSG) funds] to West Valley Community Services (WVCS) for emergency assistance funds to assist tenants at risk of eviction due to impacts of COVID-19
3. Authorize the City Manager to negotiate and execute an agreement with WVCS.
4. Approve a \$100,000 contribution [Below Market Rate (BMR) Affordable Housing Funds (AHF) or General Fund Human Services Grant (HSG) funds] to Meriwest Credit Union for the Renter's Assistance Low Interest Loan Program to assist tenants at risk of eviction due to impacts of COVID-19
5. Authorize the City Manager to negotiate and execute a \$100,000 contract with Meriwest Credit Union
6. Receive presentation from Earnin

Discussion

On March 24, 2020, City Council held a public hearing to discuss emergency assistance funds for tenants at risk of eviction due to impacts of COVID-19. Council directed staff to reach out to other West Valley cities and local businesses, identify the immediate needs of WVCS, and explore options for a loan program for tenants impacted by COVID-19.

Update

Coordination with Other West Valley Cities and Local Businesses

As noted on March 24th, cities in the West Valley region have expressed an interest in working together for a long-term funding strategy for WVCS. The City Manager is working on this collaboration and will provide Council with updates as things progress.

The City has reached out to its large commercial property owners, letting them know that the City is working on various ways to continue supporting WVCS, including additional funding. In cooperation with City efforts, Apple has committed a \$100,000 donation to WVCS. These funds are unrestricted and will assist WVCS in meeting the increased demand for services in the community.

Identify the Immediate Needs of WVCS

Staff contacted WVCS to discuss the original request of \$50,000-75,000 for rent and mortgage assistance to Cupertino residents impacted by COVID-19. At this time, WVCS strives to assist individuals in reducing their debt load and they are not equipped to administer a loan program. WVCS has been able to source food from new channels and is not concerned about their ability to buy food. WVCS expressed that they do not wish to pursue a donation for the food pantry, and that rental assistance is more critical at this time.

Staff is recommending that the City contribute \$50,000 to WVCS to assist households in the West Valley region impacted by COVID-19. WVCS has proposed a 10% administration fee and will implement a maximum cap of \$3,000 in grant funds per household.

Explore Options for A Loan Program for Tenants Impacted by COVID-19

Meriwest Credit Union

The City reached out to Meriwest Credit Union to discuss potential ways to provide low interest loans to help Cupertino residents with rental assistance during the COVID-19 Shelter in Place Order. Based off of a \$100,000 contribution from the City, Meriwest has drafted a low interest loan program proposal for City of Cupertino income qualified residents to provide rental assistance payments to help keep them housed during these very uncertain times, see attachment B. Highlights include the following:

- Available to Cupertino residents only
- Max Loan Amount: Lesser of two months rental payment or \$3,000
- Terms: 1% APR and first payment due in 180 days
- Borrower's Household Income must be less than or equal to 100% of Area

Median Income as shown below:

	1	2	3	4	5
30%-ELI	30750	35150	39550	43900	47450
50%-VLI	51250	58550	65850	73150	79050

80%-LI	72750	83150	93550	103900	112250
100%-MI	92000	105100	118250	131400	141900
120%-Mod	110400	126150	141950	157700	170300

In addition, the City is responsible for 100% of all outstanding loan balance and accrued interest in the event of a default. Meriwest will charge the City a one-time \$50 loan servicing fee for each new loan funded. Post chargeoff, 100% of any recovery payments will be returned to the City on a monthly basis.

Funding Sources

Council directed staff to review the use of BMR AHF for emergency assistance funds. It has been determined that this would be an eligible use of BMR AHF because fees are based on the need for affordable housing created by new jobs in the community. The current need is created by businesses creating jobs and then laying off people which creates a sufficient nexus between the use of the funds for emergency rental assistance to try to keep employees in the community and the reason the funds were collected to allow them to be used for this purpose. In addition, this is an eligible use of the General Fund HSG. Staff is recommending the use of BMR AHF or General Fund HSG funds.

Additional Funding Sources to Assist Tenants Impacted by Covid-19

CARES Act Allocation

On April 1, 2020, the City received notification from the U.S. Department of Housing and Urban Development (HUD) that we will receive \$229,017 in Coronavirus Aid, Relief, and Economic Security (CARES Act) supplemental funding for FY 20-21. "The authority to provide housing assistance payments for rent, mortgage, utilities for up to 24 months." is listed as an eligible use and staff is actively working with the Santa Clara County CDBG Consortium to identify regulations and timelines for this funding source. Staff will provide Council with updates as things progress.

Earnin

Earnin is an online financial platform that empowers workers by giving them the tools to take control of their finances. Earnin is a direct-to-consumer model that provides access to earnings with no fees such as overdraft and late fees. Earnin advances money that employees have already earned and the money is returned on payday. A representative from Earnin will provide an overview of the program at the City Council meeting.

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.

Sustainability Impact

There are no sustainability impacts.

Fiscal Impact

Sufficient funding will be available and budgeted for the emergency assistance funds. 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

B - Renter's Assistance Low Interest Loan Program Proposal from Meriwest Credit Union