



Date: May 20, 2020

To: Thomas B. Modica, City Manager *T.M.M.*

From: Linda F. Tatum, Director of Development Services *LT*

For: Mayor and Members of the City Council

Subject: **Update on COVID-19 Emergency Rental Assistance**

On April 21, 2020, the City Council requested the City Manager to report back on ways that Long Beach households can utilize the Los Angeles County Emergency Rental Assistance Program, once implemented, and assess the feasibility of utilizing additional federal, state, and private funding sources to assist additional Long Beach families with emergency rental assistance during the coronavirus (COVID-19) pandemic. This memorandum provides a response to that request.

The federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed on March 27, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic. The CARES Act made available \$5 billion in Community Development Block Grant Coronavirus (CDBG-CV) funds and \$4 billion in Emergency Solutions Grant Coronavirus (ESG-CV) funds. The U.S. Department of Housing and Urban Development (HUD) has allocated first-round funding of \$2 billion nationwide based on the Fiscal Year 2020 (FY 20) CDBG formula and \$1 billion based on the FY 20 ESG formula.

Los Angeles County (County) is an Urban County entitlement-jurisdiction (grantee) for the HUD Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME) and Emergency Solutions Grant (ESG) programs. The County will be awarded CDBG-CV and ESG-CV funds and is proposing to support the Los Angeles County Emergency Rental Assistance Program with \$3,700,000 of its CDBG-CV funds. This program will provide up to \$1,000 per month for three months to lower-income renters living in unincorporated areas of the County who have lost income due to COVID-19. For the purposes of CDBG implementation and for CDBG-CV and ESG-CV Programs, the County only serves the unincorporated areas of the County, and non-entitlement areas (cities in the County with a population of less than 50,000). The County also received \$9,500,000 in CDBG-CV funds to serve non-entitlement areas. Those funds have not yet been programmed. The City of Long Beach is its own grantee and receives funds directly from HUD and cannot access Los Angeles County HUD funds. Therefore, the Los Angeles County Emergency Rental Assistance Program is not available to Long Beach residents.

The City of Long Beach's (City) initial CARES Act allocation is \$3,618,830 for CDBG-CV and \$1,846,866 for ESG-CV, a special allocation of CDBG and ESG funding. The City's use of these funds requires a substantial amendment to the current approved Citizen Participation Plan, 2018-2022 Five-Year Consolidated Plan, and FY 2019-2020 Action Plan. These amendments are necessary to allow the City to receive and expend these funds. HUD will release a second round of funding, but the details of that funding are not available at this time.

HUD has also allowed several regulatory and statutory waivers to the amendment process, which are described below. These waivers alleviate a number of time-consuming procedures and allow jurisdictions to respond to the emerging crisis much faster than would be possible under normal circumstances. Usually, a 30-day public comment period is required when making substantial amendments. However, HUD has waived this requirement provided that no less than five days are provided for public comment on each substantial amendment. The bill also removes the requirement to hold in-person public hearings to comply with national and local social gathering restrictions.

To further expedite use of this special allocation of CDBG-CV and ESG-CV funding, the CARES Act provisions eliminate the 15 percent spending cap on public services, which allows grantees to use CDBG resources for activities that would not typically be allowed at a large scale. CARES Act provisions also allows grantees to be reimbursed for COVID-19 response activities, regardless of the date the costs were incurred.

Grantees are also eligible to apply the waiver of statutory regulations to prior year allocations. This waiver allows the City to reallocate a portion of HOME Investment Partnerships Program (HOME) funds from prior years FY 17 and FY 18 Action Plans to meet COVID-19 priorities. Furthermore, HUD has issued several HOME regulatory waivers, which allow HOME program funds to efficiently and expeditiously address COVID-19 housing-related challenges and provide support to residents through programs not typically allowed by the HOME program.

ESG-CV funds are proposed to be used for emergency shelter development and operation, and for homeless prevention. These programs will be administered by the Long Beach Department of Health and Human Services.

Staff recommends utilizing HOME and CDBG-CV funds to implement a Long Beach CARES Emergency Rental Assistance Program, an emergency rental assistance program providing up to \$1,000 per month for up to three months (up to \$3,000 maximum) to households earning 80 percent or less of the Area Median Income (AMI) that have experienced an income loss due to COVID-19 impacts. Rental assistance payments can be used to cover all or a portion of monthly rent and/or rental arrears payments. HUD requires that the rental assistance payments be made directly to the property owner/landlord. This program is modeled on the Los Angeles County Emergency Rental Assistance Program.

The Program could be funded with the reallocation of \$2,000,000 in HOME funds and up to \$3,000,000 in CDBG-CV funds bringing the total amount available for emergency rental assistance to \$5,000,000. It is estimated that the funds will assist 1,666 households (based on \$3,000 per household). Should the City Council wish to assist a larger number of households, the following options may be considered:

- \$1,000 per month per household (\$3,000) serves 1,666 households (Recommended)
- \$800 per month per household (\$2,400) serves 2,083 households
- \$500 per month per household (\$1,500) serves 3,333 households

Update on Emergency Rental Assistance

May 20, 2020

Page 3

Staff will present the substantial amendments to the current approved Citizen Participation Plan, 2018-2022 Five-Year Consolidated Plan, and FY 2019-2020 Action Plan along with a request to create and implement the Long Beach Cares Emergency Rental Assistance Program to the City Council on June 2, 2020. An overview of the proposed operation of this program is provided in Attachment A. However, staff continues to coordinate with County staff and will refine program details as both programs are further developed. More details about the use of ESG-CV funds will be provided in the June 2, 2020 Council letter.

If you have any questions regarding this matter, please contact Patrick Ure, Housing and Neighborhood Services Bureau Manager, at (562) 570-6026 or via email at Patrick.Ure@longbeach.gov.

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ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
REBECCA GARNER, ACTING ASSISTANT CITY MANAGER
KEVIN JACKSON, DEPUTY CITY MANAGER
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AJAY KOLLURI, ACTING ADMINISTRATIVE DEPUTY TO THE CITY MANAGER
PATRICK URE, HOUSING AND NEIGHBORHOOD SERVICES BUREAU MANAGER
MONIQUE DE LA GARZA, CITY CLERK
DEPARTMENT DIRECTORS

Long Beach CARES Rental Assistance Program

OVERVIEW

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Act). The Act identified additional funding for the Community Development Block Grant (CDBG) to support preparation for and response to the community impacts of the COVID-19 pandemic. The City will receive \$3,618,830 in CARES CDBG funds, of which \$3,000,000 will be used for COVID-related rental assistance and \$618,830 will be used for program administration costs. In addition, the City will be reallocating \$2,000,000 in HOME funds from prior years to meet COVID-19 challenges, bringing the total available funding for COVID-related rental assistance to \$5 million, which will be used to fund the Long Beach CARES Rental Assistance Program (Program).

The Program provides emergency rental assistance grants to income-eligible Long Beach households economically impacted during the COVID-19 pandemic through job loss, furlough, reduction in hours or pay, or COVID-19-related medical expenses. Emergency Rental Assistance grants are rental payments made directly to landlords on behalf of income-eligible households (tenants), up to \$1,000 per month, for a maximum period of 3 months to maintain housing and/or to reduce rental payment delinquency in arrears as a result of the economic downturn during the COVID-19 pandemic.

ELIGIBILITY

Eligible households must meet all of the following criteria:

1. Renters residing in single-family, multi-unit, or mobile homes located in Long Beach.
2. Annual household income does not exceed the U.S. Department of Housing and Urban Development (HUD) established "Moderate-Income" limits (prior to COVID-19-related income loss). Household income eligibility is based on the following two (2) factors:
 - a. The total number of persons residing in the household; and,
 - b. The total amount of the annual household income.
3. Economically impacted during the COVID-19 pandemic period beginning March 27, 2020 to present causing loss of income and inability to pay rent.
4. Current residential lease agreement.
5. Household does not receive any other forms of rental subsidies.
6. Signed Program Participation-Payment Acceptance form from bona fide landlord/property management agent or company.

7. Completed W-9 form from bona fide landlord/property management agent or company.
8. Confirmed current rental balance from landlord (amount of unpaid rent).

Long Beach CARES Household Income Limits

Number of Persons	Extremely Low-Income 30% AMI	Low-Income 50% AMI	Moderate- Income 80% AMI
1	\$23,700	\$39,450	\$63,100
2	\$27,050	\$45,050	\$72,100
3	\$30,450	\$50,700	\$81,100
4	\$33,800	\$56,300	\$90,100
5	\$36,550	\$60,850	\$97,350
6	\$39,250	\$65,350	\$104,550
7	\$41,950	\$69,850	\$111,750
8	\$44,650	\$74,350	\$118,950

ECONOMIC IMPACT DURING COVID-19

Applicant households must submit documentation confirming negative economic impact during the COVID-19 pandemic period. Acceptable documentation sources may include:

1. A copy of household member(s) notification of job loss/termination from employer during the eligible pandemic period (March 27, 2020 to present); or
2. A copy of household member(s) notification of furlough from employer during the eligible pandemic period (March 27, 2020 to present); or
3. A copy of household member(s) notification confirming reduction in hours and/or pay during the eligible pandemic period (March 27, 2020 to present); or
4. A copy of household member(s) application during the eligible pandemic period (March 27, 2020 to present) and/or approval for Unemployment Insurance benefits; or
5. For self-employed individuals/households, a signed self-certification that includes the name of the household member who is self-employed, the name and nature of the business, and narrative confirming economic impact on self-employment during eligible pandemic period (March 27, 2020 to present).

DOCUMENTATION REQUIRED

1. Completed Long Beach Cares Rental Assistance Application (*all requested documentation must be provided with signed application or the application will be rejected – checklist will be provided with application*)
2. Copy of Rental Lease or Agreement listing all occupants.
3. Evidence of job loss or furlough/reduction in work hours (correspondence from employer).
4. Evidence of business closure or loss of business (self-employed).
5. Copy of complete 2019 tax return (or 2018, if 2019 has not been filed yet).
6. Copy of 2019 W-2 Wage and Tax Statement.
7. Copy of unemployment benefits award letter (or denial).
8. Bank statements and investment account statements may be required.
9. Copies of cancelled checks for rent payments for January, February and March 2020.

VERIFICATIONS

1. Tenancy will be verified through Rental/Lease Agreement.
2. Monthly rent will be verified through Rental/Lease Agreement.
3. Household size and gross income will be verified through tax returns, W-2, and Rental/Lease Agreements.
4. Inability to pay rent will be verified through evidence of job loss, furlough, business closure or income loss, and through bank and investment account statements.

PROGRAM IMPLEMENTATION PROCESS

1. Application materials will be available on the Development Services website.
2. Notice of the program will be issued indicating the date that application materials will be available and the date that applications will be due.
3. Notice will be published through a Press Release, E-blast notification, and direct notification to tenant and landlord stakeholder groups.
4. The City's Language Access Policy will be adhered to.

5. A two-week period will be allotted between the Notice and the date application materials will be accepted to provide time for households to assemble application materials.
6. Applications will be accepted via mail for a set period of time.
7. A completed application and all required documentation must be submitted by the due date (all supporting documentation MUST be submitted with the application or the application will be rejected).
8. Applications will be processed on a first-come-first-served basis in the order that applications are received.
9. A wait list will be established as necessary.

TIMELINE

June 2, 2020	City Council Approval of Con. Plan/Action Plan Amendment and LB Cares Rental Assistance Program.
June 3, 2020	Submit Plan Amendments to HUD for approval.
June 19, 2020	HUD approval of Plan Amendments.
June 22, 2020	Press Release/Notice to Stakeholders.
June 22, 2020	Application materials available on DS website.
July 6, 2020	Applications Accepted (day 1).
July 20, 2020	Application Period Closes.
July 31, 2020	Initial payments issued.