



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 20, 2023

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

THROUGH: ROD POWELL, ASSISTANT DIRECTOR - ACTING

BY: BEATRIZ TRUJILLO, COMMUNITY DEVELOPMENT ANALYST

TITLE: UNITED WAY OF MONTEREY COUNTY COMMUNITY IMPACT GRANT AGREEMENT AMENDMENT NUMBER 2 FOR ERAP ROUND 2 AND NEW UNITED WAY OF MONTEREY COUNTY COMMUNITY IMPACT GRANT AGREEMENT FOR HOUSING STABILIZATION

RECOMMENDED MOTION:

A motion to approve a resolution authorizing the City Manager or designee to:

1. execute Amendment Number 2 to United Way Monterey County Community Impact Grant Agreement for Emergency Rental Assistance Program Round 2; and
2. execute a new United Way Monterey County Community Impact Grant Agreement for Housing Stabilization.

EXECUTIVE SUMMARY:

Under the City's current Community Impact Grant Agreement (Agreement) for Emergency Rental Assistance Round 2 (ERAP R2) with the United Way Monterey County (UWMC), the Community Development Department has continued to provide vital support to tenants and landlords seeking to resolve both rental arrears and delinquent utility payments in order to prevent displacement from housing and to avoid the loss of vital utility services. Of the over \$15,000,000 in ERAP funding awarded to the City, a current balance of \$1,151,863 remains available within an Agreement set to expire on September 30, 2023.

In recognition of a sustained reduction in requests for support from eligible program applicants, the UWMC has requested that the City reallocate a portion of its remaining funds to a newly authorized Housing Stabilization use that would focus on assisting renters in accessing and securing stable housing through the provision of landlord incentives, security deposits, and initial rents. This partial programmatic shift requires the execution of Amendment Number 2 to the City's current UWMC ERAP R2 Agreement to extend the term to July 31, 2024, reduce the total Agreement amount by \$870,000, and shift these newly available funds to support the execution of a new, separate Agreement with UWMC for Housing Stabilization with a term of July 1, 2023 to July 31, 2025. Upon execution of the proposed Amendment Number 2 and new Agreement, the

City's ERAP R2 Program would have a remaining balance of \$281,863 to continue to support rental and utility arrears and a new Housing Stabilization Program would be implemented utilizing the newly shifted \$870,000.

BACKGROUND:

In 2021, through the UWMC's administration of funds, initially allocated to the County of Monterey, the City was awarded two rounds of U.S. Department of Treasury Emergency Rental Assistance Program funds, totaling more than \$15,000,000.

In July of 2022, the UWMC received an additional ERAP allocation of nearly \$1.5 million and requested that the City execute Amendments Number 1 and 2, to allow for a necessary administrative transfer of funds between the City's two rounds of funding and allow them to meet a designated expenditure milestone. Through these Amendments the City also received an additional \$647,451 in ERAP R1 funds.

Since its inception in early 2021, the City's ERAP has processed more than 3,800 payments to resolve rental and utility arrears and provide short-term emergency shelter opportunities for 1,575 unique households.

DISCUSSION

As a result of this significant multi-year undertaking to support the City's Tenant/Landlord community, the City's ERAP is now experiencing a decline in support requests from eligible applicants and has a current balance of \$1,151,863. Current UWMC Agreements are set to expire on September 20, 2023. With this in mind, the UWMC has requested that the City consider transitioning a majority portion of its current ERAP balance, \$870,000, to establish a newly allowed Housing Stabilization Program intended to assist new renters in accessing and securing permanent housing through an expansion of allowable ERAP fund uses including the payment of landlord incentives, security deposits and initial month rent. Under the proposed Amendment Number 2, the remaining balance of the City's current ERAP fund allocation, \$281,863, will remain available to support its original intended use to resolve rental and utility arrears through July 31, 2024. Execution of the new UWMC Agreement will allow the City to provide Housing Stabilization support through to July 31, 2025.

City staff has identified a gap of services for families experiencing relocation and lack of resources for services providers intending to rehouse families. Accepting UWMC's offer to reallocate ERAP funds, amend ERAP's Agreement termination date and enter into a new Housing Stabilization Agreement will allow the City to extend the life of the current funds, diversify the scope of services for renters, and provide additional resources for services providers. The Housing Stabilization Agreement will further bolster the City's partnership with the Housing Authority of the County of Monterey (HACM) to house families that have been issued a housing voucher but are unable to afford security deposits. The City will also allocate funds to support a full-time Housing Navigator and the implementation of a rapid rehousing pilot program operated by the Salinas Outreach and Response Team (SORT).

DEPARTMENT COORDINATION:

The Community Development Department Housing and Community Development Division currently administers the City's ERAP in coordination and collaboration with the City Attorney and Finance Department. Implementation and administration of a new Housing Stabilization Program would assume a similar structure and would also allow for additional coordination with City Homeless Services and SORT staff.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

The City's ERAP and proposed Housing Stabilization Program are intended to provide significant economic relief and immediate resources to City residents who have been negatively impacted by the Covid-19 pandemic, are at-risk of eviction or utility loss, and are in need of necessary, qualified financial assistance to access and secure permanent housing. In doing so, these programs support the City Council Strategic Plan 2022-2025 Goals and Strategies of *Housing/Affordable Housing*.

FISCAL AND SUSTAINABILITY IMPACT:

The acceptance and execution of Amendment Number 2 and a new Agreement for Housing Stabilization will have no impact on the General Fund. Funds are appropriated & available within the United Way fund.

ATTACHMENTS:

Resolution

Amendment Number 2 – UW Community Impact Grant Agreement ERAP R2 – Draft

Amendment Number 1 – UW Community Impact Grant Agreement ERAP R2

UW Community Impact Grant Agreement ERAP R2

UW Community Impact Grant Agreement – Housing Stabilization - Draft