



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 10

Agenda Date: November 10, 2022

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Interim Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Accepting Emergency Rental Assistance Grant Funding

SUMMARY:

An ordinance accepting funds from the U.S. Department of Treasury, ERA Program, including a \$2,468,163.91 grant from ERA-2 Reallocated Funds, Round 1 and a \$1,971,207.88 grant from ERA-1 Reallocated Funds, Final Round paid directly to the City; and a \$500,000.00 grant from ERA-1 funds, as a subrecipient of Bexar County, to provide rental assistance to Bexar County residents living inside and outside the city of San Antonio; and authorizing an amendment to the Interlocal Agreement with Bexar County providing for the administration of the City's rental assistance program.

BACKGROUND INFORMATION:

The U.S. Department of the Treasury Emergency Rental Assistance (ERA) program was created to help cover the unmet rent and utility expenses of low-income households affected by the economic consequences of the COVID-19 pandemic.

The U.S. Treasury's ERA Program has two components: ERA-1 and ERA-2. Each component was created by separate federal legislation. The Treasury department has reallocated funds for each component multiple times to allow local governments to continue to provide emergency rental assistance to those families that need it most. Bexar County has also received ERA funds for their emergency rental assistance program.

On April 23, 2020, City Council approved the creation of the Emergency Housing Assistance Program (EHAP) to help cover rent and utility expenses of low-income households affected by the economic consequences of the COVID-19 pandemic. Neighborhood and Housing Services Department (NHSD) administered the EHAP, which provided eligible applicants rental, mortgage, and utility assistance.

NHSD closed the EHAP application portal on March 1, 2022, as there were thousands of applications in the queue that would utilize most of the available funding. As of October 31, 2022, the city has approved \$206 million in assistance to nearly 66,000 households before closing the EHAP application portal in March 2022.

EHAP was intended as a temporary emergency program aimed at providing emergency assistance to families facing eviction due to financial hardships resulting from the COVID-19 pandemic. In May of 2022, the City launched the new Housing Assistance Program (HAP), which is designed to provide rental, utility and mortgage assistance to eligible low-income households facing COVID-19 related financial hardships.

The rental assistance application period closed on June 10, 2022, and NHSD processed over 10,000 applications. To date, the City has approved over \$13 million in financial assistance to more than 5,000 households through HAP.

NHSD temporarily reopened the HAP application for rental assistance for eleven days from October 7 through October 17, 2022 and received over 4,000 online applications. To be eligible for rental assistance, households must have income no greater than 80% of area median income; demonstrate a risk of experiencing homelessness or housing stability; and experience financial hardship due, directly or indirectly, to the COVID-19 pandemic. Additionally, households will not be eligible for an additional rental assistance award if they received previous assistance from HAP within the last 12 months. Eligible households could receive up to three months of rental assistance not to exceed \$3,500. Households may also be eligible for assistance with utilities and internet service. Households facing eviction are prioritized for assistance. NHSD also continues to refer families needing mortgage assistance to the Texas Homeowner Assistance Fund, which provides up to \$65,000 per eligible household for mortgage payments, past due property taxes, property insurance, homeowner association fees, and utilities.

In October 2022, San Antonio was awarded \$2,468,163.91 in Emergency Rental Assistance (ERA-2) Reallocated Funds (Round 1) and, in November 2022, was additionally awarded \$1,971,207.88 in ERA-1 Reallocated Funds (Final Round) from the U.S. Department of the Treasury to be utilized to provide rental assistance under the City's HAP to support at-risk households. This ordinance will accept these funds and allocate them to be used to provide additional rental assistance to eligible families residing in the San Antonio city limits.

In June 2021, City Council approved an Interlocal Agreement with Bexar County through which the City agreed to administer the County's allocation of ERA funds to provide rental assistance to eligible Bexar County residents. To date, the County has provided the City over \$14 million to pay rental assistance to Bexar County residents.

In late September 2022, Bexar County informed the City that it would provide \$500,000.00 in ERA-1 funding to continue to provide rental assistance to residents of the City of San Antonio as well as residents living outside the city limits, but within Bexar County. This ordinance will also accept the \$500,000.00 in ERA-1 funds from Bexar County, allocate those funds to be used to provide additional rental assistance to families residing in Bexar County, both inside and outside the city limits, and will approve amending the Interlocal Agreement to include the additional \$500,000.00 in Bexar County funding for rental assistance. As a condition of providing this funding to the City's rental assistance program, Bexar County will require the City to prioritize Bexar County applicants in issuing assistance payments.

Bexar County also received a ERA-2 grant of \$2.25 million in October 2022 and this will be provided to the City as a subrecipient to provide rental assistance. City Council approved acceptance of this funding in June 2022 in anticipation of a future ERA-2 award.

ISSUE:

This ordinance accepts \$2,468,163.91 (ERA-2); \$1,971,207.88 (ERA-1) and \$500,000.00 (ERA-1) in Emergency Rental Assistance funds from the U.S. Department of the Treasury. The \$2,468,136.91 and \$1,971,207.88 grants totaling \$4,439,371.79 are being provided to the City directly from the Treasury Department from ERA-1 and ERA-2 Reallocated Funds. The \$500,000.00 will be provided to the City as a subrecipient of Bexar County's allocation of ERA-1 funds. All funds will be used to provide rental assistance to residents that live in Bexar County, both inside and outside the city limits, under the city's Housing Assistance Program (HAP).

Households with incomes in the lowest income brackets are at the greatest threat of displacement or eviction and, therefore, in the greatest immediate need of rental assistance. The funds being provided to the City will bolster existing rental assistance program funds and will be utilized to support applicants who applied for financial housing assistance under HAP.

The total budget for housing assistance including administrative expenses, as of October 31, 2022, is approximately \$238.1 million, which includes a variety of allocations including the U.S. Department of Housing and Urban Development, U.S. Department of the Treasury, Bexar County, and the City's General Fund. The funds accepted under this ordinance will provide up to \$4,939,371.79 in total funding and be utilized to support approximately 1,646 eligible applications

under HAP.

ALTERNATIVES:

If this Ordinance is not approved, the City of San Antonio will not be authorized to accept an additional \$2,468,136.91 in funding from ERA-2 Reallocation (Round 1); \$1,971,207.88 in funding from ERA-1 Reallocation (Final Round) from the U.S. Department of the Treasury in Emergency Rental Assistance and will not be authorized to amend the Interlocal Agreement with Bexar County to add \$500,000.00 in ERA-1 funding for rental assistance for Bexar County residents both inside and outside the city limits. This will impact the HAP's capacity to financially assist households in need of rental and utility assistance and require the City to leverage General Fund sources to cover incurred expenses.

FISCAL IMPACT:

This ordinance accepts and allocates grants in the amount of \$2,468,136.91 in Emergency Rental Assistance (ERA-2) Reallocated Funds (Round 1), a \$1,971,207.88 in funding from ERA-1 Reallocation (Final Round) from the U.S. Department of the Treasury and \$500,000.00 as a subrecipient of Bexar County's ERA-1 grant for the Housing Assistance Program. There is no fiscal impact in the NHSD General Fund.

RECOMMENDATION:

Staff recommends adopting this ordinance which accepts funds from the U.S. Department of Treasury, ERA-2 Program, including a \$2,468,163.91 grant from ERA-2 Reallocated Funds, (Round 1), and \$1,971,207.88 grant from ERA-1 Reallocated Funds (Final Round) paid directly to the City, and a \$500,000.00 grant from ERA-1 funds, as a subrecipient of Bexar County, to provide rental assistance to Bexar County residents living inside and outside the city of San Antonio; and authorizing an amendment to the Interlocal Agreement with Bexar County providing for the administration of the City's rental assistance program.