



DATE: May 5, 2020

CATEGORY: New Business

DEPT.: Community Development

TITLE: **Allocation of Additional Funding for Rent Relief Program**

RECOMMENDATION

That the City Council consider the following actions:

1. Appropriate \$1.0 million from the Successor Agency Fund for the Palo Alto Housing project at 950 West El Camino Real. (Five votes required)
2. Reallocate \$1.0 million in the Below-Market-Rate Housing Fund, originally budgeted for the Palo Alto Housing project at 950 West El Camino Real, to the COVID-19 Rent Relief Program.

BACKGROUND

On March 17, 2020, the City Council appropriated \$500,000 to the COVID-19 Rent Relief Program (C-19 RRP) to help provide rent assistance to those households impacted by the COVID-19 pandemic. Administered by the Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (CSA), the C-19 RRP went live on March 25, 2020 and was quickly inundated with inquiries for rent relief.

To meet the overwhelming demand for rent relief and provide additional financial support, on April 14, 2020, the City Council approved allocating an additional \$1.1 million in Community Development Block Grant (CDBG) funds for the C-19 RRP. At the same meeting, the City Council directed staff to identify up to an additional \$1.0 million from other potential funding sources for the C-19 RRP.

As of April 24, 2020, the program has received over 1,600 applications, assisted 196 households, with an average assistance amount of \$2,119 per household. The breakdown of households served as percent of Area Median Income (AMI) is reflected in the chart below.

Percent of Rent Relief Allocation by AMI

AMI	Household Served
0%-30%	56.63%
31%-50%	16.32.%
51%-80%	22.95%
81%-120%	4.08%

ANALYSIS

In reviewing potential funding sources for the C-19 RRP, staff reviewed a variety of funding sources, including CDBG, Affordable Housing funds, and the Successor Agency Fund. Based on the review, staff has determined that there are no additional CDBG or Affordable Housing funds available for the C-19 RRP but has identified the Successor Agency Fund as a potential funding source.

The Successor Agency Fund is the successor agency to the City's dissolved redevelopment agency (RDA). The Successor Agency Fund receives its funds from loan repayments for past RDA loans. The current balance in the Successor Agency Fund is approximately \$1.45 million. These funds are governed by State law with their uses and timeliness of expenditures.

Per State law, up to \$250,000 of the fund can be spent on homeless programs and services annually. The remaining balance of the fund must be expended on housing development. The City has been using this fund to help pay certain annual homeless services. Staff recommends keeping a balance of \$450,000 for the purpose of funding current projects in future years, leaving a balance of \$1.0 million.

State law requires that once the fund balance exceeds \$1.0 million, the funds must be expended within a required time frame or returned to the State. Notably, the fund balance exceeded \$1.0 million in 2017; therefore, the time frame to use any funding over \$1.0 million is June 30, 2020.

As stated, Successor Agency funds must be used for housing development. The Palo Alto Housing sponsored project at 950 West El Camino Real is scheduled to close their financing at the end of May 2020. Last year, the Council appropriated over \$21.0 million from the Affordable Housing Fund for this project. Staff, therefore, recommends allocating the \$1.0 million balance in Successor Agency funds for this proposed project and returning \$1.0 million previously allocated to the project to the Affordable Housing Fund. This would allow the use of \$1.0 million from Affordable Housing funds for the C-19 RRP.

Regardless of whether the Council is interested in using the potential additional \$1.0 million for the C-19 RRP, staff recommends that the Council appropriate the \$1.0 million in Successor Agency funds to the 950 West El Camino Real project. This use of these funds towards the project meet the timing required to expend funds so that the funds are not lost to the State.

The chart below provides details on various rent relief programs known by staff at this time that have been implemented by cities and counties across the Bay Area during the COVID-19 crisis.

Cities	Funding Amount
Mountain View	\$1,634,000 (Already Appropriated) <u>\$1,000,000</u> (Additional recommendation) \$2,634,000 TOTAL
San Jose	\$2,000,000
Redwood City	\$1,000,000 (Already Appropriated) <u>\$ 769,000</u> (Additional request to Council on May 4) \$1,769,000 TOTAL
Santa Clara	\$1,500,000 (Request to May 12 Council)
Berkeley	\$1,000,000
Stockton	\$500,000
San Mateo	\$440,000
Sunnyvale	\$250,000
Milpitas	\$200,000
Gilroy	\$ 50,000 (Already Appropriated) <u>\$150,000</u> (Additional request to Council on May 4) \$200,000
Burlingame	\$20,000

Counties	Funding Amount
San Mateo County	\$3,000,000
Santa Clara County	\$2,000,000

FISCAL IMPACT

There is no impact on the City’s General Operating Fund. Recommended reallocation of \$1.0 million funding for the Palo Alto Housing sponsored project at 950 West El Camino Real from Housing funds to Successor Agency funds is beneficial to the City to meet timing requirements required by the State for expending Successor Agency funds. The \$1.0 million returned to the Housing funds could then be used towards the C-19 RRP or other future housing projects.

ALTERNATIVES

1. Take no action.
2. Appropriate a different amount from the Successor Agency Fund up to the balance available.

PUBLIC NOTICING – Agenda posting.

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