

Agenda Report

June 1, 2020

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Department of Housing

SUBJECT: ADOPTION OF GUIDELINES FOR THE EMERGENCY RENTAL ASSISTANCE PROGRAM

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") in accordance with State CEQA Guidelines Section 15061(b)(3), the "general rule" that CEQA only applies to projects that may have an effect on the environment; and
- 2) Adopt the guidelines for the Emergency Rental Assistance Program (the "Program") as described in this report; and
- 3) Authorize the City Manager to revise the adopted Program guidelines from time to time as may be necessary to implement the Program.

BACKGROUND

The public health emergency caused by the COVID-19 pandemic has brought financial hardship to many residential tenants in Pasadena, including sudden and unexpected income loss. To address the economic impacts of the pandemic, the City, in March 2020, adopted an ordinance which, among other things, imposed a moratorium on tenant evictions if the tenant is able to show an inability to pay rent due to circumstances related to the COVID-19 pandemic. Under the eviction moratorium, tenants are provided a six-month period after the local emergency is lifted, to pay outstanding back-rent to their landlord.

To further assist residential tenants to maintain their housing and/or to reduce the amount of back-rent owed as a result of the economic downturn during the COVID-19 pandemic, the Department has developed a program to provide emergency grant assistance to impacted low income renters in Pasadena. The Emergency Rental

EMERGENCY RENTAL ASSISTANCE PROGRAM GUIDELINES

June 1, 2020

Page 2 of 3

Assistance Program (the "Program") will utilize \$1,000,000 in Community Development Block Grant (CDBG) funds through the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to implement the Program and make grants to assist approximately 220 low income renter households in the City.

It is anticipated that the demand for such assistance will be great and available Program funding will be oversubscribed. Accordingly, the applicant selection criteria contained in the proposed Program guidelines (discussed below) focus on underserved segments of the tenant population.

EMERGENCY RENTAL ASSISTANCE PROGRAM GUIDELINES

The proposed guidelines for the Program are attached hereto. The guidelines consist of the following key elements:

- 1) Program assistance will be in the form of grants for up to three (3) months of past due rent on behalf of eligible households, not to exceed \$4,500 per rental unit.
- 2) Household meets all of the following eligibility criteria at the time of application:
 - a) Annual gross income does not exceed low income limit.
 - b) Resides in the City of Pasadena.
 - c) Landlord has been notified of applicant's inability to pay rent due to the COVID-19 pandemic.
 - d) Has a current residential rental agreement.
- 3) Households that receive any form of government rental assistance, or that reside in HUD-assisted multifamily housing are not eligible to apply for Program assistance.
- 4) The application, selection, and award process will consist of the following steps:
 - a) Applications will be submitted online only through the Department of Housing website.
 - b) There will be a 14-day application window during which period household eligibility will be determined by the Department.
 - c) Applications will be scored and ranked based on the following point system:
 - Continuous tenancy in Pasadena for a minimum of five years (10 pts)
 - At least one household member is a minor (8 pts)
 - Only one adult income earner in the household (6 pts)
 - Household size consists of four or more persons (4 pts)
 - At least one household member is a senior or has a disability (2 pts)
 - d) In the event of tie scores, there will be three tiers of tie-breakers: 1) Households that reside in a census tract block group where more than 51% of households earn less than 50% Area Median Income; 2) Applicants with the lowest household income; and 3) To be determined by a lottery

EMERGENCY RENTAL ASSISTANCE PROGRAM GUIDELINES

June 1, 2020

Page 3 of 3

- e) The highest ranked eligible applicants will be notified of their selection for a Program award.
- 5) Selected applicants will have 10 calendar days to submit a program application package to include the following items:
- a) Completed application form
 - b) Current residential rental agreement
 - c) Proof of income for all adults in the household
 - d) Copy of applicant’s notification to landlord of inability to pay rent
 - e) Program grant agreement signed by applicant
 - f) W-9 form from the landlord or property management company
 - g) Confirmed past due rent balance, certified by the landlord
 - h) Copy of most recent Pasadena Water & Power bill
 - i) Program participant agreement signed by landlord or property manager
- 6) Upon City verification of the application package, a grant award will be made by the City through direct payment to the landlord.

ENVIRONMENTAL ANALYSIS

The proposed action has been determined to be exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the “general rule” that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that an activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The adoption of program guidelines for the Emergency Rental Assistance Program will not have the potential for significant effect on the environment.

FISCAL IMPACT

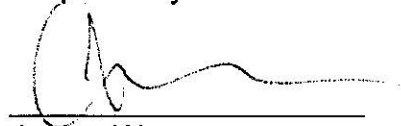
Approval of the subject recommendations will have no direct fiscal impact. Staff will return to Council at a future date to obtain budget authority for the Program, funding for which is anticipated to total \$1,000,000 from CDBG funds provided through the federal CARES Act.

Respectfully submitted,



for WILLIAM K. HUANG
Director of Housing

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Approved by:



STEVE MERMELL
City Manager