

Memorandum



CITY OF DALLAS

DATE June 18, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Office of Community Care City Council Agenda Item #35 – Emergency Rental Assistance Program**

On June 23, 2021, City Council will consider an item to accept \$50,225,677.40 in ERA 2 program funds, amend the current program statement for the funds and an item to accept changes to the program statement for Emergency Rental Assistance (ERA) 1 and adopt the program statement for ERA 2.

The item is as follows:

Item 35: Authorize **(1)** an amendment to the Program Statement for the Emergency Rental Assistance and Utility Program, funded by Coronavirus Response and Relief Funds, to amend the program requirements, previously approved by Resolution No. 21-0240 on January 27, 2021, as shown in **Exhibit A**; and **(2)** the City Manager to **(a)** apply for and receive and deposit funds in an amount not to exceed \$50,225,677.40 in the American Recovery Plan Act Funds ~~for the Emergency Rental Assistance Round 2~~ from the U.S. Department of the Treasury (“Treasury”) for the Emergency Rental Assistance Round 2 (CDFA No. 21.2023), with 40% distributed within 60 days of enactment and subsequent payments once 75% has been obligated; **(b)** establish appropriations in an amount not to exceed ~~\$50,225,677.40~~ \$20,090,270.96 in the ARPA Emergency Rental Assistance Round 2 Fund; **(c)** execute any documents necessary with the Treasury to accept and/or spend the funds; and **(d)** implement an Emergency Rental Assistance and Utility Assistance Program in accordance with **Exhibit B** and utilize up to 15 percent of the funds for administration - Not to exceed \$50,225,677.40 - Financing: U.S. Department of the Treasury Emergency Rental Assistance Program Grant Funds. This item is being revised to add additional language. Please contact Jessica Galleshaw, Director, Office of Community Care, at 214-670-5113, for more information.

The purpose of this memorandum is to provide the City Council with an update on recommended changes to Emergency Rent Assistance 1 (ERA 1) and the acceptance of Emergency Rent Assistance 2 (ERA 2). Accepting these recommended program changes will allow the City to stay in compliance with the American Recovery Plan Act and the additional guidance from the US Department of the Treasury for Emergency Rental Assistance Program.

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SUBJECT **Upcoming Agenda Items for the Office of Community Cares #35 –
Emergency Rental Assistance Program**

BACKGROUND

The Novel Coronavirus Disease (“COVID-19”) pandemic and its resulting economic impacts have put thousands at risk of evictions and homelessness. Since Spring of 2020, the City has seen tremendous demand for rental assistance services, a demand which has continued, if not grown, as the pandemic continues. Though a combination of local and national moratoriums and other protections have helped some clients avoid eviction, these moratoriums have largely expired or are expiring and have had limited enforcement power with the Texas Supreme Court decision not to extend emergency order 34 to enforce the Centers for Disease Control moratorium. The federal moratorium is scheduled to end at the end of June 2021.

Emergency Rental Assistance (ERA 1) made available from the American Recovery Plan Act can now be used through 2022, and an item on the Council Agenda on June 23rd will authorize acceptance of Emergency Rental Assistance 2 (ERA 2) in the amount of \$50,225,677.40 available through 2025.

FEDERAL CHANGES & MARKET TRENDS

The Office of Community Cares plans to help as many residents as possible who are at risk of homelessness and eviction working through community partners, such as the Dallas Housing Authority and area community-based nonprofits. In early 2021, we have seen a dramatic increase in rents at apartments across the City. The Dallas Morning News reported that rents are increasing at their fastest rate in five years, raising 5% year-over-year in May of 2021. In addition, the Dallas Morning News has also reported that while wages for professional and skilled workers are rising, as of March 20, the number of jobs paying less than \$27,000 a year in Dallas County was still 21% lower than before COVID. Simply put, families that were struggling before the pandemic are struggling even more now.

The Census Bureau began collecting weekly housing data in April of 2020 and has continued to conduct these Household Pulse Surveys. Data from the most recent survey period of May 26 - June 7, 2021, found that of the estimated 308,069 renter-occupied housing units in Dallas, approximately 33,000 have no confidence in their ability to make next month's rent. The Child Poverty Action Lab (CPAL) has been tracking the eviction data for the state of Texas. If we calculate the average eviction filing amount for residents in the City of Dallas per CPAL's Eviction Filing Dashboard, \$2,596, our 33,000 residents who do not have confidence they can pay next months rent could collectively owe \$86 million in current rental arrears with no plan for how to pay for future rents.

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STAFF RECOMMENDATIONS

A study released this spring from the Housing Crisis Research Collaborative analyzed the results of 220 rental assistance programs implemented in 2020 and found that jurisdictions stressed the need for fewer funding constraints. Recent federal guidance has reiterated the same barrier. Given the current market trends, the volume of rent assistance funding available, and this new federal guidance, **we recommend removing the \$1500 cap on monthly ERA assistance funds to better serve all residents at risk of homelessness and eviction. This change is reflected in the proposed amendments to the ERA 1 program statement, and no assistance cap is included in the ERA 2 program statement.** In addition to better serving our clients in a time of increasing rents, this change also will ensure we are able to provide adequate utility assistance in anticipation of costly electric bills for the summer and based on higher than typical requests from the Winter/Spring, likely attributable to the recent Winter Storms.

Additionally, the ERA 1 program statement has been updated to ensure consistency with the most recent Treasury guidance for the program. On May 7, 2021, the Treasury released updated guidance for ERA 1 and ERA 2, which emphasized the need to maintain consistency across programs to the extent possible and aligned ERA 1 and ERA 2 program requirements as much as possible.

If you have any questions or need additional information regarding any of the above programs, please contact me or the Office of Community Care Director, Jessica Galleshaw.



Kimberly Bizer Tolbert
Chief of Staff

c: Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors