



Date: November 18, 2021

To: Wanda S. Page, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Subject: Community Development Department
Contract with Legal Aid of North Carolina to Administer an Emergency Rental Assistance and Housing Stability Program

Executive Summary

The COVID-19 pandemic and resulting economic downturn have created significant economic hardships for many Durham residents, as a result of loss of income, illness and related challenges. Low income households have been disproportionately impacted, both in terms of economic losses and the rate of COVID-19 infection. As a result of these challenges, many low-income households are struggling to pay rent and utilities and are at risk of eviction and/or utility cutoffs.

In response to this crisis, Congress has approved two rounds of emergency rental assistance funding, which are administered at the federal level by the U.S. Department of the Treasury. The Community Development Department (CDD) partnered with Durham County Social Services to implement a program funded with the first round of Emergency Rental Assistance funds (ERA1). The Durham Emergency Rental Assistance Program launched in May 2021 and ran until October 4, 2021, when DSS announced a pause in accepting new applications. DSS continues to process and pay on applications submitted on or before October 4, 2021.

In late September 2021, the County informed CDD that it would not have capacity to implement a rental assistance program funded with the second round of emergency rental assistance funds (ERA2). Following this announcement, CDD began to explore options for standing up a City ERA2 program as quickly as possible. Based on the assessment completed by staff, CDD recommends contracting with Legal Aid of North Carolina to serve as the program administrator for a rental assistance and housing stability program funded with \$6,461,893 in federal ERA2 funds awarded to the City of Durham.

Motion

To authorize the City Manager to execute a contract in the amount of \$6,461,893 with Legal Aid of North Carolina to administer an emergency rental assistance and housing stability program funded with U.S. Department of the Treasury Emergency Rental Assistance 2 funds.

To adopt the Emergency Rental Assistance (ERA2) Program funds Grant Project Ordinance.

Background

The COVID-19 pandemic and resulting economic downturn have created significant economic hardships for many Durham residents, as a result of loss of income, illness and related challenges. Low-income households have been disproportionately impacted, both in terms of economic losses and the rate of COVID-19 infection. As a result of these challenges, many low-income households are struggling to pay rent and utilities and are at risk of eviction and/or utility cutoffs.

In response to this crisis, Congress has approved two rounds of emergency rental assistance funding, which are administered at the federal level by the U.S. Department of the Treasury. The City received an award of ERA1 funds in the amount of \$8,414,809, followed by an award of ERA2 funds in the amount of \$6,658,244.50. These awards are being managed by CDD.

The City partnered with Durham County Social Services (DSS) to implement a program funded with ERA1 funds. The Durham Emergency Rental Assistance Program launched in May 2021 and ran until October 4, 2021, when DSS announced a pause in accepting new applications. DSS is currently working through the backlog of applications received. Both City and County ERA1 funds have been fully utilized and the County is now using State ERA1 funds to provide assistance. DSS expects to fully expend all state ERA1 funds to address the backlog of applications.

In late September 2021, the County informed CDD that it would not have capacity to implement a rental assistance program funded with City ERA2 funds. DSS leadership indicated that the County intended to use its allocation of ERA2 as well as the State's allocation of ERA2 funds to Durham County to fund eligible applications that were submitted to the Durham Emergency Rental Assistance Program on or before the pause that began October 4, 2021.

Following this announcement, CDD began to explore options for standing up a City ERA2 program as quickly as possible. Because of the urgent need to serve residents at risk of eviction as quickly as possible, CDD was not able to complete a formal procurement process. Rather, CDD staff reached out to agencies that were administering emergency rental assistance programs in neighboring jurisdictions to assess capacity and interest in managing a program in Durham.

Based on this outreach, CDD recommends contracting with Legal Aid of North Carolina (LANC) to serve as the administrator of the City's ERA2 program to provide financial assistance and housing stability services for low income Durham renters. LANC will be responsible for program administration to include outreach to eligible residents, assistance to residents in completing applications, review and processing of applications in accordance with City and Treasury requirements, payment to landlords and tenants, and provision of housing stability services with a focus on eviction diversion.

LANC is a statewide, nonprofit law firm that provides free legal services in civil matters to low-income people in order to ensure equal access to justice and to remove legal barriers to economic opportunity. The City currently provides funding support for LANC's Eviction Diversion Program that offers legal assistance to low income households facing eviction in Durham. LANC has experience managing rental assistance programs, as the organization managed the first round of the State of North Carolina's HOPE program in 27 counties during 2020.

Under the terms of this contract, LANC will set up a dedicated team to administer the Durham ERA2 program. Intake specialists will answer a dedicated phone line and help residents complete applications by phone. Outreach specialists based in Durham will provide information about the program to community organizations and provide in person support for residents in completing applications. In addition, courthouse navigators will be present at the Durham County Courthouse five days per week to help residents facing eviction apply for financial assistance. Spanish-speaking staff will be available both by phone and in person to help Spanish-speaking residents. In addition, LANC contracts with a translation service to provide translation over the phone for residents who speak other languages.

CDD and LANC estimate that the available rental assistance will be fully expended in six months or less. Once the rental assistance funds are expended, LANC will phase out the intake and application processing activities but will continue to have navigators present at the courthouse for another six months to connect residents facing eviction to legal services and available financial resources.

Issues and Analysis

CDD is moving as quickly as possible to reestablish an emergency rental assistance program serving Durham residents. In doing so, the City must ensure that any program established meets federal requirements, including the complex data and financial reporting requirements that Treasury has established. To this end, CDD is also requesting, through a separate agenda item, City Council approval for the purchase the Neighborly software, which has been successfully used by multiple jurisdictions to manage programs funded with federal ERA1 and ERA2 funds.

Because of the exigent circumstances created by the need to serve residents at risk of eviction as quickly as possible, CDD was not able to complete a competitive procurement process, which would have delayed program startup by several weeks or months. Rather, CDD staff reached out to agencies that were administering emergency rental assistance programs in neighboring jurisdictions to assess capacity and interest in managing at program in Durham. Based on this assessment, CDD recommends the award of a contract to LANC. Federal procurement regulations 2 CFR 200.320 allow for a noncompetitive procurement in the event that '[t]he public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation.'

Alternatives

The City Council could elect not to approve LANC as the program administrator for an ERA2-funded rental assistance program and to instruct staff to identify a different program administrator. In this case, the launch of a City ERA2 program would be delayed.

Financial Impact

This contract would be funded with \$6,461,893 in ERA2 funds from the U.S. Department of the Treasury. The City has been awarded \$6,658,244.50 in ERA2 funds. The City has actually received 40% of this award, equal to \$2,663,297.80. According to Treasury regulations, the City can access the balance of funds by demonstrating that it has obligated at least 75% of funds received.

The Emergency Rental Assistance (ERA2) Program Grant Project Ordinance is included with this Agenda Memo.

Equal Business Opportunity Summary

The Department of Equity & Inclusion did not review this item for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting because the project was federally funded.

Contractor Workforce Diversity & Hiring Practices

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.

Attachments

Contract
Exhibit A – Scope of Work

Exhibit B – Clauses for Contracts Involving Federal Financial Assistance (CCFFA)
Exhibit C – U.S. Department of the Treasury Emergency Rental Assistance Terms
Exhibit D – U.S. Department of the Treasury Emergency Rental Assistance Statutory Provisions
Exhibit E – City of Durham Community Development Department Cost Allocation and
Documentation Policy
Exhibit F – Emergency Rental Assistance Data Dictionary, dated September 2021 – V.1.1
Emergency Rental Assistance (ERA) Program Grant Project Ordinance