



**Date:** June 21, 2022

**To:** Wanda S. Page, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald J. Johnson, Director  
**Community Development Department**  
**Subject:** Contract with Legal Aid of North Carolina to Administer Emergency Rental Assistance for Durham Housing Authority Residents

### **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. The Community Development Department (CDD) partnered with Durham County Social Services to implement the Durham Emergency Rental Assistance Program funded with the first round of Emergency Rental Assistance funds (ERA1), which ran from May 2021 to October 2021. At the end of December 2021, the City of Durham Community Development Department launched the Durham Rent Relief Program to provide assistance to Durham residents using the second round of Emergency Rental Assistance Funds (ERA 2). This program is administered by Legal Aid of North Carolina.

The response to the Rent Relief Program was overwhelming, and the program was quickly oversubscribed. CDD anticipates that approximately 1,800 households who applied for assistance unserved, including over 270 Durham Housing Authority (DHA) residents. The City and DHA recognize that DHA residents, who on average are extremely low-income, would face tremendous challenges finding affordable units on the open market if they were to lose their public housing units. For this reason, and because of the partnership between the City and DHA, CDD is proposing to provide additional funds to assist DHA residents who applied to the Rent Relief program but were not served due to funding limitations. CDD is seeking City Council approval for a contract in the amount of \$713,618 with Legal Aid to provide emergency rental assistance for DHA residents.

### **Motion**

To authorize the City Manager to execute a contract in the amount of \$713,618 with Legal Aid of North Carolina to provide emergency rental assistance for Durham Housing Authority residents, funded with \$463,618 in City funds and \$250,000 in grant funds from Duke University;

To authorize the City Manager to negotiate and execute all administrative requirements and contractual documents necessary for implementation of the Durham Rent Relief Program to include Duke University's program agreement and related documents; and

To adopt the City of Durham/Duke University grant project ordinance in the amount of \$250,000.

### **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 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. Both City and County ERA1 funds were fully utilized and the County continued to process the backlog of applications using State ERA1 and ERA2 funds.

At the end of December 2021, the City of Durham Community Development Department launched the Durham Rent Relief Program to provide assistance to Durham residents using the second round of Emergency Rental Assistance Funds (ERA 2). Legal Aid of North Carolina (LANC) was selected as the administrator for the Rent Relief Program. In this role, LANC has been responsible for 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.

The response to the Rent Relief Program was overwhelming, and the program was quickly oversubscribed. To date, 724 households have received assistance and another 92 are in the review process for funding. CDD anticipates that approximately 900 households will be served with the available, leaving approximately 1,800 households who applied for assistance unserved. Households have been prioritized for assistance based on income, unemployment status and risk of eviction. The majority of Rent Relief funds have gone to serve extremely low-income households at imminent risk of eviction, i.e. who had already received an eviction notice at the time they applied for assistance.

### **Durham Rent Relief Program Status as of May 19, 2022**

<b>Applications Submitted</b>	<b>3,260</b>
Approved and paid	724
In review/payment process	93
Denied	162
Withdrawn	391
Not reviewed	1,890
<b>Funding Available</b>	<b>\$5,783,186</b>
Disbursed to date	\$4,692,376
Remaining	\$1,090,810

Among those left unserved by the Durham Rent Relief Program are over 270 Durham Housing Authority (DHA) residents. At the time DHA residents applied for rental assistance, DHA had not begun to file eviction notices, which meant that these residents were not prioritized as highly for rental assistance as other households. However, HUD regulations require that DHA collect the tenant portion of the rent, which means that if tenants have arrears and have not entered into a payment agreement, they are at risk of eviction. After a two-year hiatus due to the pandemic, DHA reinstated lease enforcement, including terminations for nonpayment of rent, in March 2022.

The City and DHA recognize that DHA residents, who on average are extremely low-income, would face tremendous challenges finding affordable units on the open market if they were to lose their public housing units. For this reason, and because of the partnership between the City and DHA, CDD is proposing to provide \$600,000 in additional City funds to assist DHA residents who applied to the Rent Relief program but were not served due to funding limitations. These funds would also be administered by Legal Aid. Funds will be used to pay rent and utility arrears for DHA residents who applied to the Durham Rent Relief program but were not served due to lack of funding.

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 and the City-funded Durham Rent Relief Program.

### **Issues and Analysis**

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 for a program administrator for the Durham Rent Relief program, 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 the program in Durham. Based on this assessment, CDD recommended the award of a contract to LANC.

Because the current contract represents a continuation of work begun under the Rent Relief program and due to the exigent need to provide rental assistance for DHA residents, the City recommends continuing to contract with LANC to provide rental assistance for DHA residents.

### **Alternatives**

The City Council could elect not to approve City funds to assist DHA residents who applied to the Durham Rent Relief program. In this case, these residents would not be served and would need to negotiate a repayment plan or risk losing their public housing unit.

### **Financial Impact**

The total contract value \$713,618, of which \$600,000 would be used for rent and utility assistance and \$113,618 for program administration. This contract is expected to be funded with \$463,618 in City funds (program income from prior affordable housing bonds) and a \$250,000 grant from Duke University to the City for rent and utility assistance for DHA residents.

### **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.

**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 – City of Durham Community Development Department Cost Allocation and Documentation Policy

Exhibit C – Rent Relief Program Guidelines

Grant Program Ordinance