

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: October 3, 2022
Reviewed by: NA

SUBJECT: American Rescue Plan Act (ARPA) Funds Programs Update

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SUMMARY

This staff report provides a status update on programs funded with American Rescue Plan Act of 2021 (ARPA) Funds and includes suggestions for the continuation and expansion of the Temporary COVID Public Assistance Program and the Temporary COVID Business Assistance Program. The proposal is based on thorough evaluation and extensive research of new and existing programs.

STAFF RECOMMENDATION

That the Council:

1. Receive an update on programs funded with ARPA funding.
2. Provide direction to staff on the continuation and expansion of the Temporary COVID Public Assistance Program and the Temporary COVID Small Business Assistance Program
3. Adopt Resolution No. 2022-104, allocating ARPA funding for the continuation and expansion of the Temporary COVID Public Assistance Program, the Temporary COVID Business Assistance Program and the COVID Community Engagement Specialist position through December 31, 2026.

BACKGROUND

As a non-entitlement unit of local government, the City of Albany has been allocated \$4,711,702 in ARPA funds to be paid in two installments. The City received \$2,355,851 on July 13, 2021 and received the second allocation for the same amount on July 21, 2022. On November 1, 2021 the City Council approved a portion of its ARPA funding to create and market a Temporary COVID Public Assistance Program, which included funding for the

expansion of services provided by Albany Project HOPE, the development of a food distribution program and an afterschool subsidy program, as well as the hiring of a temporary staff position to implement new programs, support community outreach and increase Albany CARES' assistance and referral capacity. The City Council also approved an allocation of ARPA funding on February 7, 2022 for a Temporary COVID Small Business Grant Assistance Program and pending the outcome of the long-term parklet program, the implementation of new safety and access design elements for long-term parklets. A portion of ARPA funding was also allocated by Council to support the City's Information Technology cyber security infrastructure, the Solano Avenue Association for the Solano Stroll and Stroll-ish events in 2022, and the FY2022 ending contract with Berkeley Food and Housing Project for the continued provision of services for Albany Project HOPE.

DISCUSSION

As suggested in US Department of Treasury guidance, staff is to return to Council after a year to give an update on ARPA funded programs.

Temporary COVID Public Assistance Program

1. Community Grocery Program

The Albany Community Grocery Program began in February 2022. The program provides groceries and basic need items to low-income Albany households who have been impacted by the COVID pandemic. The program takes place on the first Friday of each month at the Albany Community Center. The income limit for participation is based on the United States Department of Housing and Urban Development (HUD) Fiscal Year 2022 Income Limits for Alameda County. The application process is designed to be simple for participants, and regular monthly participation has been encouraged for all income qualifying residents. Participants receive a bag of nutritious and fresh food that can be utilized to cook several meals, including organic items whenever possible, and a bag of quality household essential items such as paper goods and cleaning supplies. Walk up bags are available each month while supplies last. Seniors participating in the Mercy Brown Bag Food Distribution program also receive the same bag of essential items on the first Friday of the month.

From February 2022 to September 2022, the Community Grocery Program distributed 519 grocery bags and 732 essential items bags. Participation has grown from 8 participants the first month to 107 in September. To date, 151 clients have participated in the Community Grocery Program at least one month.

Outreach for the Community Grocery Program has included a Citywide postcard that was sent out in late April, regular announcements in the Albany eNews, information in the Albany Activity Guides, and distribution of flyers at the Albany Community Expo, Concerts in the Park, and the Solano Stroll. Albany CARES also continues to recommend the program as appropriate to residents that seek information and referrals on a variety of issues. Special attention has been taken to outreach to existing Albany CARES clients to ensure they have

information about new programs they may qualify for and vice versa. The Community Grocery Program has also created a new avenue to inform residents about Albany CARES, including the Homeowner Tax Exemption and Renter Rebate program, as well as the Senior Center and Recreation Services for children and adults. Many people participating in the Community Grocery Program have had the opportunity to connect directly with the Albany CARES supervisor while picking up their groceries. Several referrals for tenant/landlord assistance, housing assistance, additional food programs, and health services have been made to Community Grocery Program participants.

2. Friendship Club Subsidies

Friendship Club is the City's afterschool program for children entering 1st through 5th grades which runs 5 days per week during the school year at 2 City sites, Ocean View Park and Senior Youth Annex. Monthly costs for the 5-day per week program varies depending on early/late bird schedules established by the school district. The Friendship Club COVID Subsidy Program was launched in May 2022 to provide financial subsidies to income eligible Friendship Club families who reside in Albany and have been affected by the COVID pandemic. Families participating in the Friendship Club afterschool program can apply for a partial refund of 2021-2022 tuition, as well as a reduction to their 2022-2023 tuition. Income eligibility limits are based on the HUD Fiscal Year 2022 Income Limits for Alameda County. Depending on their income level (categories include low, very low, or extremely low), eligible families can receive up to 75% off their monthly fees. Documentation of income and Albany residency are required. The application process was designed to be as simple as possible for Friendship Club families with documentation requested once a student's enrollment is confirmed. To date, two families have been approved as eligible for the COVID Subsidy Program. One of those families received a partial refund of their 2021-2022 tuition, as well as a monthly discount for their 2022-2023 tuition.

3. Albany Project HOPE Expansion

Albany Project HOPE the City's outreach, engagement, case management and housing services program for people experiencing homelessness administered by Berkeley Food & Housing Project was augmented to include additional funding to secure a second master leased house to house 4 clients. Master leasing a house has proven to be a cost effective and reliable temporary housing option for clients to stabilize while working towards a permanent housing solution. The increased funding also provides additional Rapid Rehousing rental subsidies for 6 new clients for a duration of 12 months, emergency hotel stays for 4 clients for 7 nights, flex funding for program and outreach expenses, assistance with move-in cost, supplies and food costs. ARPA funds also cover 10% of a clinical manager's salary to assist the Albany Project HOPE team with disability verification and other necessary support for permanent housing.

Temporary COVID Small Business Assistance Grant Program

The Temporary COVID Small Business Assistance Grant Program was launched on April 8, 2022 to help Albany small businesses that endured long, mandated closures, as well as other businesses in the community that were hardest hit by the pandemic. Grants ranging up to

\$20,000 were awarded to 65 businesses. Grant awards were based on tiered criteria that gave preference to businesses that were closed due to state mandates for long periods of time. Businesses qualified based on the following tiered criteria approved by Council:

1. Businesses that were completely closed by public health mandates for at least 6 months during the pandemic
2. Businesses that were not forced to close but suffered revenue losses of greater than 50% in 2020 compared to 2019
3. Businesses that incurred substantial expense due to pandemic-related safety measures to stay operational

The program was structured so that necessary documentation was provided at the time of application and subsequent follow up or reporting kept to a minimum to reduce the burden on businesses and the amount of ongoing staff time. The program included one round with remaining funding to be allocated to the long-term parklet program for the implementation of new safety and access design elements for long-term parklets.

Outreach for the program included in-person visits to over 200 businesses on Solano Avenue, San Pablo Avenue, Cleveland Avenue and Eastshore Highway during the submission window period (April 8, 2022 - May 20, 2022) to provide program flyers and have conversations with businesses to provide more information about the grant program. Follow-up calls were made, and emails were sent to assist businesses that did not have a chance to speak to staff in-person or who had additional questions about the program. Program flyers were translated in Spanish and Chinese (Simplified). Information was also shared regularly via the City's media platforms such as the weekly eNews, Business Edition eNews, eNotifications, and social media.

ANALYSIS

ARPA funds may be used to cover eligible expenses authorized between March 3, 2021 and December 31, 2024. Funds approved by December 31, 2024 must be expended before December 31, 2026. Due to the temporary nature of the funding, planning is a priority. It takes significant time and effort to implement vigorous assistance programs, and once established, programs need to be managed with specific attention to timing of phasing out programs gradually with minimal impact to residents who depend on them. Staff has prepared a proposal for the allocation of the remaining ARPA funding that will last no later than December 31, 2026 in order to continue to help residents who are most in need of services and to support small businesses that have been most affected by the COVID pandemic. The proposal is based on a thorough evaluation of existing programs and extensive research of new programs.

Temporary COVID Public Assistance Program

1. Community Grocery Program

At its inception, it was estimated that the Community Grocery Program would average 30 participants a month and the proposed two-year program budget was calculated accordingly.

Given the exponential growth of the program, the monthly budget has been higher than anticipated and the program's allocation for two years will be spent in the first year of the program. However, costs per bag have remained steady. Arrangements with local grocery providers and purchasing in bulk have helped keep most costs slightly below market rate. The program is run once a month on the first Friday at the Albany Community Center. Based on refrigeration and storage space available for bag items at the facility, staff is proposing to continue the program with a cap on bag distribution of 125 per month in addition to 30 essential items bags for Mercy Brown Bag participants. Staff time, other than the COVID Community Engagement Specialist's time has been included in the budget. As the demand for bags increased additional staff has been needed to prepare the bags and distribute them.

2. Friendship Club Subsidies

There are 56 spots in the Friendship Club program, however the number of subsidy applications has been less than expected. It is likely that upon review of income requirements, most families determined they would not be eligible and therefore did not apply. To continue to serve families most in need, staff is proposing to expand subsidies to include summer Friendship Camp weekly program which will increase the pool of possible applicants. Approximately 400 children attend Friendship Camp each summer. Families that may otherwise find the summer camps cost prohibitive would have the opportunity to apply for a subsidy and may choose Friendship Camp over other camps provided by neighboring cities. This would allow Albany to serve a greater range of children and families in the community.

3. Albany Project HOPE

Albany Project HOPE the City's outreach, engagement, case management and housing services program for people experiencing homelessness administered by Berkeley Food & Housing Project was augmented to include additional funding to secure a second master leased house, additional Rapid Rehousing rental subsidies for 6 new clients for a duration of 12 months, emergency hotel stays for 4 clients for 7 nights, flex funding for program and outreach expenses, assistance with move-in cost, supplies and food costs. ARPA funds also cover 10% of a clinical manager's salary to assist the Albany Project HOPE team with disability verification and other necessary support for permanent housing. Building on that previous allocation, staff is proposing an additional allocation to keep service levels consistent over time given the ongoing demand for services to Albany's most vulnerable population.

4. Emergency Rental Assistance Program (ERAP)

The only eviction protections still in place for Albany residents who are behind on rent are through the Alameda County Eviction Moratorium. The temporary moratorium bans evictions for renters until 60 days after the expiration of the local public health emergency. It is unknown when the local health emergency will be lifted in Alameda County. While the Eviction Moratorium offers immediate protection, it does not provide a long-term solution for renters struggling with financial setbacks. While landlords will not be able to evict tenants for back rent owed between March 24, 2020, and 60 days after the local public health emergency ends, back rent is still owed. The landlord's recourse for back rent will be a civil claim for debt in

Small Claims Court. Once the Eviction Moratorium in Alameda County is over the protections for overdue rent will no longer apply, and the next month's rent will be due as normal, and non-payment of that rent will be considered grounds for eviction.

Programs for COVID emergency rental assistance have effectively ended for Albany residents. Alameda County's Housing Secure Program was closed to new applicants on May 13, 2022. The program has received more requests for funds than are available and cannot guarantee rental assistance to applicants who applied after March 31, 2022. According to the Housing Secure Program data, as of August 2022, 225 of 320 Albany renters/landlords were approved for emergency rental assistance totaling almost \$3 million.

There are likely Albany renters who are still behind on rent or will be unable to pay rent going forward once the eviction moratorium ends because their applications for rent relief were denied, or they were waitlisted for funding, they did not apply for emergency rental assistance and still owe back rent, they accumulated back rent after March 31, 2022 (the latest date for which individuals can receive county rental relief payments if they applied), or they are unable to stay current with rent at this time. Staff is proposing a rental assistance program to assist tenants with unpaid rent accrued after the Alameda County moratorium on eviction is lifted.

Using ARPA funds, the City Council could consider establishing an emergency rental relief program that assists extremely low to low-income tenants impacted by COVID who are at risk of eviction for unpaid rent accrued after the Alameda County moratorium on eviction is lifted. Staff would prepare to launch the program after the moratorium is lifted including identifying an organization to administer the program. Emergency rental assistance grants could be coupled with financial counseling services and case management to ensure individuals' unique situations are addressed and long-term financial security is cultivated. Additional planning and targeted outreach may be needed to ensure communities of color, tenants with disabilities, and elderly tenants would benefit from this type of program.

The maximum grant amount per household is suggested at \$21,000. The rental assistance grant will be paid directly to the landlord on behalf of the tenant. Renters will be requested to submit proofs of identification and income. Renters will be required to demonstrate an inability to pay rent due to a loss of income or change in work status, incurred significant costs, or other financial hardship due to the pandemic and demonstrate risk of experiencing homelessness or housing instability which may include delinquent rent notice, eviction notice, or unsafe or unhealthy living conditions. Loss of income documentation could include termination notice from workplace, paystubs, bank account statements, medical bills, signed letter from employer explaining change in financial circumstances, unemployment award letter, or other methods of documentation deemed satisfactory.

5. Financial Stability & Debt Relief Program

State level data indicates that there are likely some tenants who are not behind on rent but have accumulated 'shadow debt' to keep up with their rent payments. According to the 2021-22 Statewide Emergency Rental Assistance Program (ERAP) Survey, most households who applied for rental assistance had taken on additional non-reimbursable debt to pay for their

housing. The average survey respondent's shadow debt was over \$3,050. While there is not Albany specific data, 2021 Census data indicates that 34% of renter occupied households in California utilized credit cards or loans to meet spending needs in the last seven days. Those that borrowed money to pay rent during the pandemic are often in a worse situation than those tenants who are seeking rental relief for rent they did not pay. Tenants may owe thousands of dollars to credit card companies, payday lenders, and relatives or friends. Low credit scores impact their ability to find future housing, and accrual of interest and fees impacts their ability to pay off debt. Shadow debt can become a long-term issue, like student loans or medical bills.

There are currently no policy proposals at the state or county level to address shadow debt. Staff is proposing a Financial Stability & Debt Relief Program that can pay extremely low-income to low-income tenants up to three months of future rent not to exceed \$10,500. With that cushion, renters can use other income to pay off their debt. Financial Stability & Debt Relief grants could be coupled with financial counseling services and case management to ensure individuals' unique situations are addressed and long-term financial security is cultivated. Pending Council action, the program would be developed and implemented as soon as it is feasible. Additional research needs be conducted to build out an effective program model to address tenants' shadow debt, including identifying an organization to administer the program.

Temporary COVID Business Assistance

The Temporary COVID Small Business Assistance Grant Program was launched to help Albany small businesses that endured long, mandated closures, as well as other businesses in the community that were hardest hit by the pandemic. Staff is proposing to continue programs to support economic development in the City. Ideas for current and future use of ARPA funds to support a range of City businesses include the Albany eGift Card – Buy One Get One Promotional Offer where the City matches the eGift Card purchase amount up to \$50. This program was launched recently as part of Albany Local Week (September 19-25, 2022). To encourage community members to support Albany's commercial businesses, the City of Albany matched, for a limited time, the eGift card purchased amount up to \$100 thereby creating a \$200 value for eGift Card holders to spend with the over 40 participating Albany businesses. This created a win/win for individuals buying the eGift Card and Albany businesses. This limited time special offer from the City was announced on Thursday, September 15 and sold out within 24 hours. Based on the purchases, a total of \$48,095.00 will be spent within the local economy and support participating Albany businesses.

Other programs being explored for the use of ARPA funds to support business attraction, expansion and retention include an Albany marketing campaign, special event support/enhancement/programming in Albany's commercial areas, and façade improvement grants for existing and new businesses. Investing in a marketing campaign for Albany would contribute to more dynamic marketing tactics to showcase the attractiveness of Albany to regional customers, who would then be encouraged to spend more time shopping in Albany as well as attract businesses to the community. Special event support/programming would not only draw people around the Bay Area to Albany's Business District, but also could include an element that encourages art in Albany's commercial areas that is fun, memorable, and

marketable. These events could be incorporated into existing community events or become stand-alone. A façade improvement program would build on the charm of Albany’s commercial areas in a lasting way by investing in storefront upgrades while easing the financial burden for existing businesses and new businesses that would already be making a financial investment to come to Albany.

COVID Community Engagement Specialist

To continue to facilitate and assist with ARPA funded programs, staff is proposing the temporary COVID Community Engagement Specialist position be funded through December 31, 2026. The COVID Community Engagement Specialist was hired in March of 2022 and has been instrumental in the implementation and outreach of the City’s ARPA funded programs. In addition to planning and managing the Community Grocery Program and the Friendship Club Subsidy Program, this position has provided outreach support at City sponsored events, assisted with research for future programming supported through ARPA, and provided business outreach for the COVID Small Business Assistance Grant Program and the Albany eGift Card campaign by recruiting businesses to participate and by sharing information with the public about the City of Albany Matching Program. The position has also assisted with the general expansion of Albany CARES services to connect residents with existing assistance programs including establishing a referral process to Housing and Economic Rights Advocates (HERA) so that residents facing mortgage delinquency due to or exacerbated by COVID related hardship can be assisted by an attorney. The COVID Community Engagement Specialist also assisted Albany CARES with marketing for Albany’s Parcel Tax Exemption and Renter Rebate Program, developing and running an in-person Help Center to assist qualified residents with their parcel tax exemption and renter rebate applications.

SOCIAL EQUITY AND INCLUSIVITY CONSIDERATIONS

The Temporary COVID Assistance Programs (both the Public Assistance and Small Business) help to support Albany residents and small business owners who are most in need of services due to the COVID pandemic.

FINANCIAL CONSIDERATIONS

The Temporary COVID Assistance Programs are fully funded by ARPA revenues. An appropriation for the remaining ARPA funds in the amount of \$2,482,000 is requested for the continuation and expansion of programs until December 2026 or until funds run out whichever comes first. The following chart details ARPA funding already allocated by Council during FY2021-2022 and the requested funding appropriation for the continuation and expansion of programs:

COVID Public Assistance Programs			
	Allocated FY2021-2022	Requested 10/03/2022	Total
1.Community Grocery Program	\$75,000	\$350,000	\$425,000
2. Friendship Club Scholarships	\$100,000	0	\$100,000
3. Albany Project HOPE	\$500,000	\$500,000	\$1,000,000
4. Emergency Rental Assistance		\$450,000	\$450,000
5. Financial Stability & Debt relief		\$175,000	\$175,000
Total for Public Assistance Program	\$675,000	\$1,475,000	\$2,150,000
COVID Business Assistance Programs			
	Allocated FY2021-2022	Requested 10/03/2022	Total
Small Business Assistance Grants	\$1,000,000		\$1,000,000
Business Assistance eGift Card		\$300,000	\$300,000
Business Façade Improvement Grants		\$250,000	\$250,000
Business Related Events/Marketing campaign		\$82,143	\$82,143
Total for Business Assistance Program	\$1,000,000	\$657,143	\$1,657,143
ARPA Programs Marketing	\$25,000	0	\$25,000
COVID Community Engagement Specialist	\$200,000	\$350,000	\$550,000
Grant Total	\$1,900,000	\$2,482,143	\$4,382,143

Not included in the table is additional funding in the amount of \$329,559 that was allocated by Council to the Solano Avenue Association for the Solano Stroll and Stroll-ish events (\$14,559), to the City's IT Division for Cyber Security infrastructure improvements (\$30,000), and to Berkeley Food & Housing Project for Albany Project HOPE (\$285,000).

NEXT STEPS

Staff will continue to implement current ARPA funded programs and expand programs based on Council direction. Staff will return to Council with a final update that includes metrics such as number of residents served, the type of assistance provided, and other items deemed relevant to determine programs success.

Attachments

1. Resolution No. 2022-104

RESOLUTION NO. 2022-104

A RESOLUTION OF THE ALBANY CITY COUNCIL ALLOCATING AMERICAN RESCUE PLAN ACT FUNDING FOR THE CONTINUATION AND EXPANSION OF THE TEMPORARY COVID PUBLIC ASSISTANCE PROGRAM AND THE TEMPORARY COVID BUSINESS ASSISTANCE PROGRAM

WHEREAS, as a non-entitlement unit of local government, the City of Albany has been allocated \$4,711,702 in American Rescue Plan Act (ARPA) funds paid in two equal installments on July 13, 2021 and July 21, 2022; and

WHEREAS, the City Council approved the use of ARPA funding to create and market a Temporary COVID Public Assistance Program and a Temporary COVID Small Business Grant Assistance Program; and

WHEREAS, a portion of ARPA funding was also allocated by Council to support the City’s Information Technology cyber security infrastructure, the Solano Avenue Association for the Solano Stroll and Stroll-ish events in 2022, and the FY2022 ending contract with Berkeley Food and Housing Project for the continued provision of services for Albany Project HOPE; and

WHEREAS, on October 3, 2022, an update on ARPA funded programs was provided to Council; and

WHEREAS, ARPA funds may be used to cover eligible expenses authorized between March 3, 2021 and December 31, 2024, with funds approved by December 31, 2024 must be expended before December 31, 2026; and

WHEREAS, the temporary nature of the funding makes planning a priority and it takes significant time and effort to implement vigorous assistance programs, which once established, need to be managed with specific attention to timing of phasing out programs gradually with minimal impact to residents who depend on them; and

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WHEREAS, an allocation of ARPA funding is needed for the continuation and expansion of the Temporary COVID Public Assistance Program and the Temporary COVID Business Assistance Program as well as the COVID Community Engagement Specialist that will last through December 31, 2026, as funding remains available; and

WHEREAS, staff will continue to implement ARPA funded programs, and provide a final update to the Council that includes metrics such as number of residents served, the type of assistance provided, and other items deemed relevant to determine programs success.

NOW, THEREFORE, BE IT RESOLVED, that the Albany City Council hereby allocates ARPA funding for the continuation and expansion of the Temporary COVID Public Assistance Program in the amount of \$1,475,000, the Temporary COVID Business Assistance Program in the amount of \$657,143, and that the funding for these two program areas be utilized as needed based on demand; and \$350,000 to fund the COVID Community Engagement Specialist position through December 31, 2026.

PRESTON JORDAN, MAYOR