



## Legislation Text

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**File #:** RES PH 21-319, **Version:** 1

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Authorizing the City to accept \$11,588,419.60 in Round Two Federal Emergency Rental Assistance Funds; amending the 2021 budget to incorporate and appropriate the funds; and authorizing the execution of necessary agreements.

WHEREAS, the City of Saint Paul (the "City") has incurred and continues to incur unplanned expenditures and substantially different expenditures than previously budgeted due to necessary response to and mitigation of the COVID-19 public health emergency; and

WHEREAS, the COVID-19 public health emergency has affected and continues to affect housing stability across the country, the state of Minnesota, and the City of Saint Paul and continued action is needed to address ongoing housing instability; and

WHEREAS, on December 27, 2020, the United States Congress passed the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (the "First Act"), in response to the COVID-19 public health emergency; and

WHEREAS, the First Act authorized the United States Department of the Treasury ("Treasury") to make payments to certain recipients for the purpose of providing Emergency Rental Assistance (the "Emergency Rental Assistance Program" or "Program"); and

WHEREAS, under the First Act Treasury distributed \$25 billion in Program aid to eligible units of government, with recipients in Minnesota, including the State of Minnesota, the cities of Saint Paul and Minneapolis, and the counties of Ramsey, Hennepin, Washington, Anoka, and Dakota receiving a total of \$375,152,158.50 in Program aid; and

WHEREAS, on January 21, 2021, Treasury distributed \$9,222,640.00 in Program aid authorized by the First Act to the City (the "ERA1 Funds"), which the City Council accepted and appropriated on February 24, 2021, through adoption of RES PH 21-36; and

WHEREAS, on March 11, 2021, the United States Congress passed the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (the "Second Act"), in response to the ongoing effects of the COVID-19 public health emergency; and

WHEREAS, under the Second Act Treasury allocated \$21.55 billion in round two Program aid to the aforementioned eligible units of government, with said recipients receiving a total of \$296,840,345.10 in Program aid, with a total of \$11,588,419.60 allocated to the City (the "ERA2 Funds"); and

WHEREAS, the ERA2 Funds may be used much in the same way as ERA1 Funds, with some notable additional provisions including an expansion of "other" expenses related to housing and housing stability services, an increase in the number of months of assistance a household can receive (from 15 to 18, inclusive of ERA1 assistance), and the ability for recipients that have obligated at least 75 percent of their total ERA2 funds to, after October 1, 2022, use remaining funds for any other affordable housing purpose defined by the Secretary of the Department of Housing and Urban Development ("HUD") to assist very low income families; and

WHEREAS, eligible households include those who are low income, qualify for unemployment or have

experienced a reduction in household income or financial hardship due to or during the COVID-19 pandemic, and are at risk of experiencing homelessness or housing instability; and

WHEREAS, Saint Paul, in cooperation with metro area grantee jurisdictions, established and are operating both a Landlord Emergency Rental Assistance Program (the "Landlord Application Program" or "Zero Balance Project") and a Tenant Emergency Rental Assistance Program (the "Tenant Application Program") to assist qualifying residents with rental and utility arrears and prospective rent; and

WHEREAS, as of November 3, 2021, approximately 64% of the City's ERA1 allocation were spent and an additional 10% obligated; and

WHEREAS, Zero Balance Project projections indicate that the \$5,500,000 in ERA1 Program aid allocated to that program will be spent by November 30, 2021, and that additional funding is needed to complete applications in the system and re-applications for additional prospective rent ("Recertifications"); and

WHEREAS, City Staff recommend that an initial appropriation of the City's ERA2 Funds be to the Zero Balance Project, in an amount up to \$2,000,000 in order to process existing applications and Recertifications; and

WHEREAS, given the flexibility provided in the Second Act, City staff are exploring avenues to serve the lowest income and most difficult to house residents and will bring a proposal addressing the remaining \$9,588,419.60 in ERA2 Funds to the City Council at a later date; and

WHEREAS, the Mayor, pursuant to Section 10.07.1 of the City Charter and by receipt of the second round of Emergency Rental Assistance funds, certifies that there is available for appropriation funds of \$11,588,419.60 in excess of those budgeted in the Grant Fund in 2021; and

WHEREAS, the Saint Paul City Council finds a public purpose in continuing participation in the Zero Balance Project for the purpose of processing those applications that remain in the system and recertifications; now, therefore, be it

RESOLVED, that the Saint Paul City Council does hereby:

1. Authorize the City to accept the round two Emergency Rental Assistance Funds, amend the 2021 budget, and appropriate ERA2 Funds to the Zero Balance Project as described in the attached financial analysis.
2. Authorize the appropriate City officials to execute agreements and take any other action necessary to carry out this Resolution and authorizes the execution of such powers in the manner authorized by Minnesota Statute Section 12.37.