

**Proposal for Arkansas Coronavirus Relief Fund  
Fresh Start COVID-19 Housing Stabilization Program**

**Submitted by the Arkansas Economic Development Commission, in partnership with  
the Arkansas Community Action Agencies Association (ACAAA)**

**Title of Proposal: Fresh Start COVID-19 Housing Stabilization Program**

In response to the COVID-19 pandemic, Governor Asa Hutchinson created the Arkansas Coronavirus Aid, Relief, and Economic Security (CARES) Act Steering Committee to make recommendations to the Governor on the “best uses of the CARES Act funding” under Section 601 of PL116-136, the “Coronavirus Relief Fund.” This proposal is designed to support Arkansas Community Action Agencies to provide short-term rent assistance to individuals and families in Arkansas who are experiencing housing instability, as well as landlords who are experiencing a loss of revenues due to the economic impact of the COVID-19 pandemic and the temporary halt by the CDC on residential evictions to help prevent further spread of the virus.

This proposal, **an appropriation request of \$4,240,000 from the Coronavirus Relief Fund to the Arkansas Economic Development Commission (AEDC) for awards to the Arkansas Community Action Agencies Association (ACAAA)**, to provide the payment of actual rent (up to FMRV) for up to 2.5 months, is designed to support the provision of short-term rental assistance to individuals and families in Arkansas who are experiencing housing instability, as well as landlords who are experiencing loss of revenues due to the economic impact of the COVID-19 pandemic and the temporary halt by the CDC on residential evictions to help prevent further spread of the virus. This proposal includes implementation of the Arkansas Fresh Start COVID-19 Housing Stabilization Program by the statewide network of Arkansas Community Action Agencies, with program and communications support, and training and technical assistance to be provided by the Arkansas Community Action Agencies Association.

It is also expected that AEDC will provide an additional \$5.76 million in Community Development Block Grant (CDBG) funding to the program, bringing the total expected program funding up to \$10 million.

**Executive Summary**

Based on an analysis of U.S. Census Pulse Survey data conducted by Stout<sup>1</sup>, a global financial advisory firm, Arkansans are facing high risks of evictions due to the effects of the Coronavirus pandemic, and, since the end of the increased weekly unemployment benefits, are decreasingly confident in their abilities to pay the next month’s rent<sup>2</sup>.

Census Pulse Survey data as of July 29, 2020, shows that 39.28% of Arkansas renter households, or 139,000 households, are unable to pay rent and are at risk of eviction. Sixty percent of renter households have no, slight, or moderate confidence in their ability to pay rent as of the week that the extended unemployment benefits expired. This number is likely to increase as households continue to experience reduced hours, loss of jobs, and reduced benefits.

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<sup>1</sup> <https://www.stout.com/en/>

<sup>2</sup> <https://bit.ly/2GCPKg2>

The recent CDC Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19<sup>3</sup>, while likely reducing the transmission rate for COVID-19 by preventing households from becoming homeless or being forced to live in crowded, multi-family living arrangements, does nothing to address the inability of these households to pay their rent liabilities. Instead, when the moratorium expires, these families will face insurmountable rent debt without being able to pay the accruals of rent and late fees.

Income limits of federal emergency rent assistance programs and block grants through which emergency rent payments might be provided are limited to serving only households with very low incomes, i.e., 30 – 50% of area median income (AMI) or below 125% of the federal poverty levels (FPL).

- 30% of AMI for Little Rock/North Little Rock/Conway MSA for a family of 3 is \$21,660 annually.
- 50% of AMI for Little Rock/North Little Rock/Conway MSA for a family of 3 is \$36,100 annually.
- 125% of FPL for a family of 3 is \$27,150 annually, statewide.

Several community action agencies, which were providing rent assistance using Community Services Block Grant funds, **have expended most or all of the funds available for the remainder of 2020**. Those agencies are limited to serving only very low- and low-income families with those funds, but **many moderate-income families are also struggling to pay rent**.

Increasing the income eligibility guidelines to 80% of the Area Median Income (AMI) will allow low- and moderate-income Arkansans to increase their household stability during these unprecedented times. Providing assistance at actual rent rates, up to the area Fair Market Rent Value (FMRV) of the applicant<sup>4</sup>, would support successful outcomes for many struggling Arkansas households.

With a funding level of \$4,240,000, it is estimated that up to 3,500 additional Arkansas households would avoid eviction following the end of the CDC moratorium, through the payment of actual rent (up to FMRV) for up to 2.5 months. This assistance would give these households the opportunity to have a fresh start in 2021. It is expected that the additional CDBG funding would benefit up to 4,800 households.

Additionally, Arkansas property owners who provide rental housing to program applicants would be able to lessen the impact of the pandemic on their incomes.

This program proposes to provide additional funding to Community Action Agencies (CAAs), through their state association, to increase the resources available across the state for low-income individuals and families and expand the ability of agencies to serve moderate-income households, who are also at risk of being evicted. Additionally, assistance will be provided to assist homeless families who have been evicted within the previous 30 days with 1.5 months of rent and payment of a security deposit up to the amount of 1 month of rent (both limited to FMRV for the area).

The availability of a **cloud-based application process** provides the opportunity for applicants to access the program regardless of where they live and allows CAAs to provide many services remotely, reducing the need for face-to-face contact. Community action agencies have maintained their ability to deliver vital services throughout the pandemic by implementing policies which allow for both online/remote

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<sup>3</sup> <https://www.cdc.gov/coronavirus/2019-ncov/covid-eviction-declaration.html>

<sup>4</sup> [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021\\_code/2021state\\_summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021_code/2021state_summary.odn)

services for those who can access technology-based applications and have the ability to upload supporting documents and reduced- or no-contact service delivery processes for those who do not have access to technology and/or Internet services. CAA staff follow safety protocols to reduce the spread of COVID-19 when face-to-face contact is necessary.

This network of nonprofits has the ability to ramp up their service delivery processes quickly and efficiently to deliver additional rent support to more Arkansans. These organizations use a results-oriented management and accountability approach to operations, already comply with federal and state regulations and meet OMB standards because of other grants they receive, and can be counted on to operate transparently, effectively, and efficiently.

### **Eligibility**

To qualify for housing assistance, **all** the criteria listed below must be met.

Applicant must:

- Be an Arkansas resident.
- Have a household income at or below 80% of the area median income (e.g., \$43,900 annually for a family of 3).
- Have an eligible rent expense that was incurred on or after March 18, 2020 that is past due, except for post-eviction homeless rehousing cases. The program can also only make a payment if it will bring the balance of rent owed to \$0. If rental arrears are more than the maximum the program can provide, the tenant is responsible for the remaining balance. If the balance is obtained from another source, the tenant must provide documentation that includes the source of funds and that amount. This is not considered a duplication of benefit.
- Be unable to make the payment(s) owed because of the public health emergency due to a COVID-19 related issue, except for post-eviction homeless rehousing cases.

Applicant must provide:

- Proof of identification.
- Proof of rent arrearage (past due rent notice or eviction notice), except for post-eviction homeless rehousing cases.
- Lease or rental agreement, if available, or copies of rent payment receipts, if no formal lease exists, except for post-eviction homeless rehousing cases.
- Proof of gross income from the month prior to application (self-declaration accepted, when applicable).
- Basic demographic information for all household members (name, relationship to applicant, DOB, race/ethnicity, employment status, disability status, and education level).
- A signed CDC Moratorium Declaration, except for post-eviction homeless rehousing cases.<sup>5</sup>

Landlord must provide a written declaration that:

- It will accept payment.
- Payment of the rent arrearage will prevent eviction for nonpayment during the CDC moratorium.
- It will not raise rent during the CDC moratorium.

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<sup>5</sup> <https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf>

- All late fees on rent paid by the CAA will be waived.

**Note:** In cases where an otherwise qualified applicant has already been evicted within 30 days prior to applying and is homeless, the CAA shall pay up to 1.5 months of rent and the amount required to pay the security deposit (equal to or less than one month's rent) for a new residence. In addition to the requirements above, the applicant must provide proof of eviction, proof of homeless status, and proof that the pandemic has impacted household health and/or financial stability. The CAA will rule out the availability of Emergency Solutions Grants Rapid Rehousing funding or other available assistance prior to approval.

### **Restrictions on funds**

Community Action Agencies would be required to attest that these are necessary expenditures due to the public health emergency with respect to COVID-19 and that none of these funds are used to:

- duplicate or supplant funding from any other federal or state program.
- provide "retention" or retainer payments to staff
- pay bonuses to staff; or
- pay any increase in management fees to administrative personnel.

The total amount of the advance and administrative distribution may not exceed the maximum allocation for the association and each agency as set forth in this proposal, even if the particular agency incurs costs in excess of the maximum amount determined by the formula. To the extent that expenses are subsequently reimbursed under another federal or state program, funds disbursed from the Arkansas Coronavirus Relief Fund will be reconciled and recovered.

### **Program Operations**

The AEDC Grants Division will oversee payments to and documentation of eligible costs from the Arkansas Fresh Start COVID-19 Program.

### **Conclusion**

These reimbursements will provide critical support to Arkansans who have fallen behind in rent payments and to landlords who have experienced loss of revenue due to the pandemic. These funds will flow into the Arkansas economy and have a positive impact on landlords and other businesses.

Income Eligibility		Emergency Rent Assistance
0% - 80% AMI		<u>Past Due Rent</u>
FY 2020 Low-to-moderate Income (80%) Limit Statewide Example:		Family Outcome: Prevention of Eviction Landlord Outcome: Replacement of Lost Revenue
Household size	80% AMI	Payment of actual rent (up to FMRV) for up to 2.5 months, inclusive of date of application.*
1	\$34,150	
2	\$39,050	Applicant must attest that pandemic has impacted household health and/or financial stability by completing the CDC Moratorium Declaration, except for post-eviction homeless rehousing cases.
3	\$43,900	
4	\$48,800	
5	\$52,700	
6	\$56,600	
7	\$60,500	
8+	\$64,400	
County and MSA income limits will be in effect, based on geographical area benefit		<b>Applicant must:</b> <ul style="list-style-type: none"><li>• Be an Arkansas resident.</li><li>• Have a household income at or below 80% of the area median income (e.g., \$43,900 annually for a family of 3).</li><li>• Have an eligible rent expense that was incurred on or after March 18, 2020 that is past due, except for post-eviction homeless rehousing cases. The program can also only make a payment if it will bring the balance of rent owed to \$0. If rental arrears are more than the maximum the program can provide, the tenant is responsible for the remaining balance. If the balance is obtained from another source, the tenant must provide documentation that includes the source of funds and that amount. This is not considered a duplication of benefit.</li><li>• Be unable to make the payment(s) owed because of the public health emergency due to a COVID-19 related issue, except</li></ul>

	for post-eviction homeless rehousing cases.
	<p><b>Applicant must provide:</b></p> <ul style="list-style-type: none"> <li>• Proof of identification.</li> <li>• Copy of lease/rent agreement, or copies of rent payment receipts, if no formal lease exists, except for post-eviction homeless rehousing cases.</li> <li>• Proof of income for calendar month prior to application date.</li> <li>• Proof of rent arrearage – Late notices; notice of pending eviction; letter from landlord, except for post-eviction homeless rehousing cases.</li> <li>• Basic demographic information for all household members (name, relationship to applicant, DOB, race, ethnicity, employment status, disability status, and education level).</li> <li>• Signed CDC Moratorium Declaration, except for post-eviction homeless rehousing cases.</li> </ul>
	<p><b>Landlord must agree:</b></p> <ul style="list-style-type: none"> <li>• To accept payment and not to evict tenant for non-payment or raise rent during CDC moratorium (agreement obtained by CAA staff member).</li> <li>• To waive all late fees.</li> </ul>
	<b>Post-Eviction Homeless Rehousing</b>

	If a tenant has been evicted within 30 days prior to applying and is homeless, payment for 1.5 months of rent and the amount required to pay the security deposit (equal or less than one month's rent, up to FMRV) for a new address shall be provided. In addition to the requirements above, the applicant must provide proof of eviction, proof of homeless status, and attestation that the pandemic has impacted household health and/or financial stability.
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#### **Proposed Funding for Arkansas Fresh Start COVID-19 Housing Stabilization Program**

<b>Purpose</b>	<b>Dollar Amount or Percentage</b>
Direct Services to Households (via direct payments to Landlords)	\$3,604,000
Community Action Agencies (for Administrative and Program Costs)	\$424,000 total; calculated as 10% of agency allocation, each (allocations will be determined using existing Community Services Block Grant Allocation Formula; see table below)
Arkansas Community Action Agencies Association for Program Costs, Administration, Coordination, and Oversight	\$212,000 (See budget breakdown below)

<b>Community Action Agency</b>	<b>Counties Served</b>	<b>CAA Allocation</b>
Arkansas River Valley Area Council, Inc. (ARVAC)	Conway, Franklin, Johnson, Logan, Perry, Polk, Pope, Scott, Yell	8.95%
Black River Area Development Corp.	Clay, Lawrence, Randolph	2.48%
Central Arkansas Development Council, Inc. (CADC)	Calhoun, Clark, Columbia, Dallas, Hempstead, Hot Spring, Howard, Lafayette, Little River, Lonoke, Miller, Montgomery, Nevada, Ouachita, Pike, Pulaski, Saline, Sevier, Union	30.68%
Central Delta Community Action Agency (CDCAA)	Arkansas, Cleveland, Grant, Jefferson, Lincoln	5.03%
Community Action Program for Central Arkansas, Inc. (CAPCA)	Cleburne, Faulkner, White	4.45%
Community Services Office, Inc. (CSO)	Garland	3.90%
Crawford-Sebastian Community Development Council, Inc. (C-SCDC)	Crawford, Sebastian	4.29%

Crowley's Ridge Development Council, Inc. (CRDC)	Craighead, Crittenden, Cross, Greene, Jackson, Poinsett, St. Francis, Woodruff	11.07%
Economic Opportunity Agency of Washington County (EOAWC)	Washington	3.97%
Mid-Delta Community Services, Inc. (MDCS)	Lee, Monroe, Phillips, Prairie	4.22%
Mississippi County Arkansas Economic Opportunity Commission, Inc. (MCAEOC)	Mississippi	3.84%
Northcentral Arkansas Development Council, Inc. (NADC)	Fulton, Independence, Izard, Sharp, Stone	3.17%
Our Healthy Communities (OHC)	Benton, Carroll, Madison	3.72%
Ozark Opportunities, Inc. (OOI)	Baxter, Boone, Marion, Newton, Searcy, Van Buren	5.88%
Southeast Arkansas Community Action Corp. (SEACAC)	Ashley, Bradley, Chicot, Desha, Drew	4.36%

#### **ACAAA Administration Budget Breakdown**

<b>Staff – Salary and Fringe – 2.25 FTE for duration of program</b> <ul style="list-style-type: none"> <li>• Program Manager</li> <li>• Program Assistant / Bookkeeper</li> <li>• Oversight and supervision by ACAA COO (.25 FTE)</li> </ul>	<b>\$50,000</b>
<b>Equipment and Supplies – Computers, printers, office supplies, PPE, etc.</b>	<b>\$10,000</b>
<b>eLogic™ Application Portal and Data Collection/Reporting Software –</b> Includes rush order for customization, launch, training, and licensing for ACAA and 15 agencies, including statewide cloud-based customer portal	<b>\$25,000</b>
<b>Public Information Campaign –</b> Includes contracting with media consultant for statewide TV ads/social media campaign for 2 months, and with web developer for informational and program access website development, registration, hosting, and maintenance	<b>\$113,500</b>
<b>Space &amp; Utilities</b> Electricity, gas, water, solid waste, Internet, phone/conference call/webinar for duration of program	<b>\$13,500</b>
<b>Total ACAA Administrative and Program Costs</b>	<b>\$212,000</b>