



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: January 31, 2022

REPORT NO: HAR22-003

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of March 1, 2022

SUBJECT: Authorization for the San Diego Housing Commission to Accept and Expend Additional Federal Emergency Rental Assistance Funds Allocated by the U.S. Department of the Treasury to the City of San Diego to Support the COVID-19 Housing Stability Assistance Program and Approval of Related Actions

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the San Diego Housing Commission to accept and expend \$8,308,615 in federal Emergency Rental Assistance Program (ERA1) funds, which the U.S. Department of the Treasury has allocated directly to the City of San Diego, to support the COVID-19 Housing Stability Assistance Program.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the San Diego Housing Commission (Housing Commission) to amend its Fiscal Year 2022 budget in the amount of \$8,308,615 in federal Emergency Rental Assistance Program (ERA1) funds, which the U.S. Department of the Treasury allocated directly to the City of San Diego, to be administered by the Housing Commission to provide rental assistance and/or utility assistance to households with low income in the City of San Diego that experience financial hardship due to or during the COVID-19 pandemic and to cover administrative expenses in accordance with federal and state funding requirements.
- 2) Authorize the Housing Commission's President & CEO, or designee, to modify the COVID-19 Housing Stability Assistance Program, if necessary, but only if and to the extent that such changes comply with the terms of the executed amended Memorandum of Understanding (MOU) between the Housing Commission and the City of San Diego for the oversight and administration of the COVID-19 Housing Stability Assistance Program and are necessary to fulfill federal and state funding requirements. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the Housing Stability Assistance Program and other required documents, including amendments to any documents.
- 3) Authorize the Housing Commission's President & CEO, or designee, to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are

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necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of the General Counsel.

- 4) Authorize the Housing Commission's President & CEO, or designee, to execute all necessary documents and instruments that are necessary and/or appropriate to implement these approvals, in a form and format approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner in advance of approval for the designee to sign.

SUMMARY

The Housing Commission administers and operates the City of San Diego COVID-19 Housing Stability Assistance Program (HSAP), which helps pay rent and utilities for households with low income in the City of San Diego that experience financial hardship due to or during the ongoing COVID-19 pandemic. The City Council (Agenda Item No. 603; Resolution No. 313439) and Housing Authority (Report No. HAR21-010; Resolution No. HA-1900) authorized HSAP and initial funding for the program on February 22, 2021. These approvals included budgeting \$83,705,260.75 for assistance payments to qualifying households.

The Housing Commission launched the online application portal for HSAP on March 15, 2021. As of January 27, 2022, at 10 a.m., 39,217 applications have been submitted, which includes 9,775 individuals who updated previously submitted information and/or requested additional assistance, and 35,459 additional applications have been started and are pending completion. The application remains open at covidassistance.sdhc.org, and additional applications are submitted daily.

The Housing Commission began disbursing payments in late April 2021 to help qualifying households. As of January 27, 2022, the Housing Commission has disbursed \$159,410,564.95 to help 15,106 qualifying households. Additional payments are disbursed each business day in accordance with the Housing Commission's posted operating hours.

In March 2021, the U.S. Congress enacted the American Rescue Plan Act (ARPA), which President Joe Biden signed into law on March 11, 2021. The City of San Diego received an allocation of \$54,539,063.20 in ARPA funds directly from the U.S. Department of the Treasury. These funds supported the operation of HSAP to help households that need help paying their rent and utilities to avoid being displaced from their homes. In addition, on June 23, 2021, the State of California transferred an additional \$5,610,840.67 in funding for which the Housing Commission requested Housing Authority and City Council approval on July 27, 2021, to expend on HSAP assistance payments and administrative expenses in accordance with State funding requirements. The \$60,149,903.87 was approved by the City Council (Agenda Item No. 331, Resolution No. R-313667) and Housing Authority (Report No. HAR21-015; Resolution No. HA-1921) for HSAP, of which \$51,484,860.16 was budgeted for assistance payments. The July 27, 2021, Housing Authority and City Council actions also approved a first amendment to the MOU between the Housing Commission and the City for the Housing Commission to continue to oversee and administer HSAP with the additional funds.

In addition, the State of California allocated \$39,712,779.17 of federal ARPA funds to the City of San Diego for HSAP assistance payments and program administration. On October 5, 2021, the City Council (Agenda Item No. 331; Resolution No. R-313732) and Housing Authority (Report No. HAR21-020;

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Resolution No. HA-1923) authorized the acceptance of these funds from the State and the expenditure of these funds on HSAP assistance payments and administrative expenses in accordance with federal and State funding requirements. The City Council and Housing Authority also approved a second amendment to the MOU between the City and the Housing Commission for the administration and oversight of HSAP to incorporate the \$39,712,779.17 of federal ARPA funds the State allocated to the City of San Diego and reflect the reallocation of CARES Act Community Development Block Grant (CDBG-CV) funds for use on a new eviction prevention and education program, which the Housing Commission would oversee through a separate agreement with the City of San Diego. In addition, the approved MOU amendment included updated program guidelines to allow HSAP to provide relocation assistance to eligible households that have been displaced during the pandemic, as permitted by U.S. Treasury Department guidelines that were revised on August 25, 2021.

At the Housing Commission's request, the State also allocated an additional \$27,000,000 to the City of San Diego for HSAP. On December 6, 2021, the City Council (Agenda Item No. 202; Resolution No. R-313800) and the Housing Authority (Report No. HAR21-027; Resolution No. HA-1931) authorized the use of these funds for the HSAP and a third amendment to the MOU between the Housing Commission and the City of San Diego for the administration and oversight of the program to incorporate these funds.

The Housing Commission continued to work with the office of Mayor Todd Gloria on efforts to obtain additional funding to continue to provide assistance to families with low income experiencing financial hardship due to or during the COVID-19 pandemic. The U.S. Department of the Treasury developed a process for the reallocation of federal emergency rental assistance funds. This potential reallocation included making additional funds available to high-performing agencies based on demonstrated need. On October 29, 2021, the Housing Commission submitted a formal request to the U.S. Department of the Treasury for \$115 million in reallocated funds to support HSAP. The Treasury Department on January 7, 2022, announced the reallocation of funds, including the \$8,308,615 allocated directly to the City of San Diego in response to the Housing Commission's request.

All of the funding the City Council and Housing Authority have authorized for HSAP have been fully obligated to assist households with low income, including applicants who have preliminary approval, subject to review and confirmation of their documentation. The total obligations for assistance payments still exceed the available funding to help qualifying households. The additional funding proposed in the staff-recommended actions will enable HSAP to provide assistance to more qualifying households. However, without significant additional resources beyond these funds, HSAP will not be able to provide help to thousands of eligible households.

If the actions proposed in this report are approved, the Housing Commission will continue to administer HSAP pursuant to the amended MOU between the Housing Commission and the City of San Diego and federal and state regulations. The Housing Authority's actions on December 6, 2021, allow additional related funds to be added to HSAP "without further amendment to the MOU upon appropriation by the City of San Diego and budget approval by the Housing Authority of the City of San Diego (Housing Authority) for amounts in excess of \$500,000" (Resolution No. HA-1931).

AFFORDABLE HOUSING IMPACT

With the authorization to expend \$8,308,615 in federal funds allocated to the City of San Diego, HSAP will continue to help prevent housing displacement among low-income households. This program will

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help pay rent and utilities for eligible households that experience financial hardship due to or during the ongoing COVID-19 pandemic.

EQUAL OPPORTUNITY/CONTRACTING/EQUITY ASSURANCE

The Housing Commission will continue to ensure HSAP is implemented equitably and in accordance with the Nondiscrimination section of the HSAP Implementation Plan.

FISCAL CONSIDERATIONS

The funding proposed by this action was not included in the Housing Commission's Housing Authority-approved Fiscal Year 2022 Budget. Approving this action will authorize the Housing Commission to expend up to \$8,308,615 of federal Emergency Rental Assistance Program (ERA1) funds allocated to the City of San Diego to oversee and administer HSAP.

Funding Sources

| | |
|---|-------------|
| ERA1 – Federal Reallocation to the City of San Diego: | \$8,308,615 |
| Total: | \$8,308,615 |

Funding Uses

| | |
|---|-------------------|
| COVID-19 Housing Stability Assistance Program Payments: | \$7,477,754 |
| COVID-19 Housing Stability Assistance Program Administration: | <u>\$ 830,861</u> |
| Total: | \$8,308,615 |

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

On October 13, 2020, the San Diego City Council unanimously approved the allocation of \$5,000,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG-CV) funds to support the City of San Diego COVID-19 Emergency Rental Assistance Program (Resolution No. R-313256).

On December 8, 2020, due to technical difficulties, the San Diego City Council and the Housing Authority continued to December 15, 2020, a report requesting authorization to execute an amended MOU between the Housing Commission and the City of San Diego to continue the oversight and administration of the City's COVID-19 Emergency Rental Assistance Program and to take related actions.

On December 15, 2020, the San Diego City Council and the Housing Authority returned to staff a report requesting authorization to execute an amended MOU between the Housing Commission and the City of San Diego (City) to continue the oversight and administration of the City's COVID-19 Emergency Rental Assistance Program and to take related actions.

On February 22, 2021, the San Diego City Council (Agenda Item No. 603; Resolution No. 313439) and Housing Authority (Report No. HAR21-010; Resolution No. HA-1900) authorized the City of San Diego to transfer \$92,211,316.57, which consists of \$42,333,563 in Coronavirus Relief Funds allocated directly to the City, \$44,877,753.57 in federal funds allocated by the State of California to the City, and \$5,000,000 of CDBG-CV funds from the City to the Housing Commission; and authorized the Housing Commission to accept and expend those funds to administer the COVID-19 Housing Stability Assistance Program to provide emergency rental assistance and/or utility assistance to households with low income experiencing financial hardship due to the ongoing COVID-19 pandemic.

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On July 27, 2021, the City Council (Agenda Item No. 331, Resolution No. R-313667) and the Housing Authority (Report No. HAR21-015; Resolution No. HA-1921) authorized up to \$60,149,903.87 in additional funds for HSAP, consisting of the direct allocation of ARPA funds (\$54,539,063.20) and the aforementioned additional \$5,610,840.67 from the State.

On October 5, 2021, the City Council (Agenda Item No. 331; Resolution No. R-313732) and Housing Authority (Report No. HAR21-020; Resolution No. HA-1923) authorized up to \$39,712,779.17 in additional funds for HSAP, consisting of federal ARPA funds allocated by the State to the City.

On December 6, 2021, the City Council (Agenda Item No. 202; Resolution No. R-313800) and the Housing Authority (Report No. HAR21-027; Resolution No. HA-1931) authorized the use of an additional \$27,000,000 in funds the State allocated to the City of San Diego for HSAP and a third amendment to the MOU between the Housing Commission and the City of San Diego for the administration and oversight of the program to incorporate these funds. On February 4, 2022, the Housing Commission Board of Commissioners voted 6-0 to recommend that the Housing Authority and the City Council take the staff-recommended actions.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders for this project include households with low income in the City of San Diego experiencing financial hardship due to the COVID-19 pandemic, landlords and property owners for these households, and the Housing Commission. This action is expected to have a positive impact on the community by helping qualifying households pay past-due or upcoming rent and utilities to assist with preventing housing displacement.

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and CEQA Guidelines Section 15378(b)(4) as it involves government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Thus, this activity is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

Federal funds constitute a portion of the funding for the project. Final NEPA approval for the supplemental funding in this report was obtained from the City of San Diego on January 21, 2022.

Respectfully submitted,

Azucena Valladolid

Azucena Valladolid
Executive Vice President
Rental Assistance & Workforce Development
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE SAN DIEGO HOUSING COMMISSION TO ACCEPT AND EXPEND ADDITIONAL FEDERAL EMERGENCY RENTAL ASSISTANCE FUNDS ALLOCATED BY THE UNITED STATES DEPARTMENT OF THE TREASURY TO THE CITY OF SAN DIEGO TO SUPPORT THE COVID-19 HOUSING STABILITY ASSISTANCE PROGRAM, AMENDING THE SAN DIEGO HOUSING COMMISSION'S FISCAL YEAR 2022 BUDGET, AND RELATED ACTIONS.

WHEREAS, on January 29, 2021, California Governor Gavin Newsom (Governor Newsom) signed California Senate Bill (SB) 91 into law to provide additional relief to residential tenants experiencing financial hardship as a result of the COVID-19 pandemic; and

WHEREAS, on February 22, 2021, in response to the COVID-19 pandemic, the Council of the City of San Diego (Council) pursuant to San Diego Resolution R-313439 (Feb. 25, 2021) (Resolution R-313439), and the Housing Authority of the City of San Diego (Housing Authority) pursuant to Housing Authority Resolution HA-1900 (Resolution HA-1900), authorized the City of San Diego's COVID-19 Housing Stability Assistance Program (HSAP), which provides rental assistance or utility assistance, or both, to low income households experiencing financial hardship due to the ongoing COVID-19 pandemic; and

WHEREAS, on March 12, 2021, the City of San Diego (City) and the San Diego Housing Commission (Housing Commission) entered into a Memorandum of Understanding

(MOU) for the Housing Commission to administer HSAP and abide by federal and state requirements as authorized by Resolution R-313439 and Resolution HA-1900; and

WHEREAS, the City received initial funding for HSAP from the United States Department of Treasury in the amount of \$42,333,563.00, an additional \$44,877,753.57 in COVID-19 relief, as approved by SB 91, and \$5,000,000 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG-CV); and

WHEREAS, SB 91 provides the following rental assistance: landlords may receive eighty percent (80%) of tenants' arrears for the period of April 1, 2020 through March 31, 2021; if the remaining twenty percent (20%) is forgiven by the landlord, landlords may receive twenty-five percent (25%) of rent from April 2021 through June 2021; or HSAP may provide twenty-five percent (25%) of tenants' arrears directly to the tenant and twenty-five percent (25%) of the tenants' upcoming monthly rent for April 2021 through June 2021; and

WHEREAS, on June 28, 2021, Governor Newsom signed California Assembly Bill (AB) 832 into law allowing HSAP to pay one hundred percent (100%) of past due and prospective rent for qualifying households affected by the COVID-19 pandemic; and

WHEREAS, in March 2021, the federal American Rescue Plan Act (ARPA) was enacted, providing \$54,539,063.20 in federal funds to the City that will continue to support HSAP; and

WHEREAS, the City received an additional \$5,610,840.67 in Coronavirus Relief funds that the City transferred to the Housing Commission for administration of HSAP; and

WHEREAS, the Council and Housing Commission entered into a First Amendment to the MOU to include additional federal funding allocated to the City from the State and ARPA funding and to incorporate the AB 832 guidelines; and

WHEREAS, the City and the Housing Commission entered into a Second Amendment to the MOU to include additional ARPA funding, reflect federal and state changes in the administration guidelines, and to remove the \$5,000,000 of CDBG-CV to be reallocated to the City's CDBG unobligated fund for a future eviction prevention activity; and

WHEREAS, the City and the Housing Commission entered into a Third Amendment to the MOU to include additional ARPA funding and allow additional related funds added to HSAP without further amendment to the MOU upon appropriation by the City of San Diego and budget approval by the Housing Authority for amounts in excess of \$500,000; and

WHEREAS, the MOU, First Amendment to the MOU, Second Amendment to the MOU, and Third Amendment to the MOU shall be referred to as the "MOU;" and

WHEREAS, on March 15, 2021, the Housing Commission launched the online application portal for HSAP and as of January 27, 2022, 39,217 applications have been submitted, which includes 9,775 individuals who updated previously submitted information and/or requested additional assistance, and 35,459 additional applications have been started and are pending completion. The application remains open at covidassistance.sdhc.org and additional applications are submitted daily; and

WHEREAS, all of the funding the City Council and Housing Authority have authorized for HSAP has been fully obligated to assist households with low income, including applicants who have preliminary approval, subject to review and confirmation of their documentation, and the total obligations for assistance payments still exceed the available funding to help qualifying households; and

WHEREAS, the United States Department of the Treasury developed a process for the reallocation of federal emergency rental assistance funds making additional funds available to

high-performing agencies based on demonstrated need and on October 29, 2021, the Housing Commission submitted a formal request to the United States Department of the Treasury for \$115 million in reallocated funds to support HSAP; and

WHEREAS, on January 7, 2022, the United States Department of the Treasury announced the reallocation of funds, including the \$8,308,615 allocated directly to the City of San Diego in response to the Housing Commission's request; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

1. The Housing Commission is authorized to amend the Housing Commission Fiscal Year 2022 budget in the amount of \$8,308,615 in federal Emergency Rental Assistance Program (ERA1) funds allocated by the U.S. Department of the Treasury to the City of San Diego, to be administered by the Housing Commission for HSAP.

2. The Housing Commission President and Chief Executive Officer (President & CEO), or designee, is authorized to modify HSAP, if necessary, but only if and to the extent that such changes comply with the terms of the executed MOU, are necessary to fulfill funding requirements, and comply with federal and state funding requirements.

3. The President & CEO, or designee, is authorized to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, without further action by the Housing Commission Board or the Housing Authority, but only if and to the extent funds are determined to be available for such purposes and upon the advice of Housing Commission General Counsel.

4. The President & CEO, or designee, is authorized to execute any documents and instruments that are necessary and appropriate to implement this Resolution, in a form and format approved by Housing Commission General Counsel, and to take such actions necessary

and appropriate to implement these approvals without further action of the Housing Commission Board or the Housing Authority, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner in advance of approval for the designee to sign.

5. The Housing Commission staff will notify the Housing Authority and the San Diego City Attorney's Office about any subsequent amendments or modifications to the COVID-19 Housing Stability Assistance Program and other required documents, including amendments to any documents.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Hilda R. Mendoza
Deputy General Counsel

HRM:nja
02/08/2022
Or. Dept: SDHC
Doc. No. 2886300



The City of San Diego
Item Approvals

Item Subject: Authorization for the San Diego Housing Commission to Accept and Expend Additional Federal Emergency Rental Assistance Funds Allocated by the U.S. Department of the Treasury to the City of San Diego to Support the COVID-19 Housing Stability Assistance Program and Approval of Related Actions

| Contributing Department | Approval Date |
|-------------------------|---------------|
| DOCKET OFFICE | 02/02/2022 |
| ENVIRONMENTAL ANALYSIS | 02/03/2022 |

| Approving Authority | Approver | Approval Date |
|---|-----------------|---------------|
| HOUSING COMMISSION FINAL DEPARTMENT APPROVER | MARSHALL, SCOTT | 02/01/2022 |
| EXECUTIVE VICE PRESIDENT | DAVIS, JEFF | 02/07/2022 |
| CITY ATTORNEY | MENDOZA, HILDA | 02/14/2022 |