



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: November 13, 2020

HCR20-115

SUBJECT: Authorization to Execute an Amended Memorandum of Understanding between the San Diego Housing Commission (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; Authorization for the Housing Commission to Expend Additional Federal CARES Act Community Development Block Grant Funds and CARES Act Housing Choice Voucher Administration funds to Support the Continuing Operations of the Program; and Authorization for the Housing Commission to Enter into Contract Extensions to Support Continuing Operations of the Program

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Rental Assistance

CONTACT/PHONE NUMBER: Azucena Valladolid, (619) 578-7604

REQUESTED ACTION:

Authorize the execution of an amended Memorandum of Understanding between the San Diego Housing Commission (Housing Commission) and the City of San Diego (City) for the Housing Commission to continue to oversee and administer the City's COVID-19 Emergency Rental Assistance Program; authorize the Housing Commission to expend additional federal CARES Act Community Development Block Grant (CDBG) funds and CARES Act Housing Choice Voucher Administration funds to support the continuing operations of the program; and authorize the Housing Commission to execute contract extensions with third-party vendors to support the continuing operations of the program.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On October 13, 2020, the San Diego City Council unanimously approved the allocation of \$5,000,000 in CARES Act CDBG funds to support the City's COVID-19 Emergency Rental Assistance Program (Resolution No. R-313256).
- The Housing Commission administers the City's COVID-19 Emergency Rental Assistance Program, which helps families with low income in the City of San Diego who experience financial hardship due to the COVID-19 pandemic.
- On June 30, 2020, the San Diego City Council authorized the expenditure of up to \$15,100,000 in federal CARES Act funds to create the COVID-19 Emergency Rental Assistance Program.
- As of November 5, 2020, the Housing Commission has disbursed payments for 3,272 households, totaling \$12,100,000; payments will continue through November.
- With the authorization to expend \$5,000,000 in federal CARES Act CDBG funds, the City's COVID-19 Emergency Rental Assistance Program could potentially provide one-time rental assistance to approximately 1,250 households.



REPORT

DATE ISSUED: November 6, 2020

REPORT NO: HCR20-115

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of November 13, 2020

SUBJECT: Authorization to Execute an Amended Memorandum of Understanding between the San Diego Housing Commission (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; Authorization for the Housing Commission to Expend Additional Federal CARES Act Community Development Block Grant Funds and CARES Act Housing Choice Voucher Administration funds to Support the Continuing Operations of the Program; and Authorization for the Housing Commission to Enter into Contract Extensions to Support Continuing Operations of the Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the execution of an amended Memorandum of Understanding between the San Diego Housing Commission (Housing Commission) and the City of San Diego (City) for the Housing Commission to continue to oversee and administer the City's COVID-19 Emergency Rental Assistance Program; authorize the Housing Commission to expend additional federal CARES Act Community Development Block Grant (CDBG) funds and CARES Act Housing Choice Voucher Administration funds to support the continuing operations of the program; and authorize the Housing Commission to execute contract extensions with third-party vendors to support the continuing operations of the program.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (City Council) take the following actions:

Housing Authority:

- 1) Authorize the Housing Commission to execute an amendment to the Memorandum of Understanding (MOU) between the Housing Commission and the City of San Diego for the oversight and administration of the City of San Diego's COVID-19 Emergency Rental Assistance Program to allow the Housing Commission to continue to oversee and administer the program with an additional \$5,000,000 allocated by the City of San Diego from federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG) funds to carry out a second phase of the program, and to allow the Housing Commission to use any unexpended funds from the first phase of the program toward administrative and/or rental assistance payment expenses in the new second phase of the program. If administrative expenses exceed the available program funds, the Housing

November 6, 2020

Authorization of a Memorandum of Understanding, Expenditure of Funds, and Extensions of
Agreements to Continue Operations of the City's COVID-19 Emergency Rental Assistance Program
Page 2

Commission will utilize federal CARES Act Housing Choice Voucher Administration funds awarded directly to the Housing Commission to pay these expenses, up to the maximum budgetary authority previously delegated to the Housing Commission;

- 2) Authorize the Housing Commission to amend its Fiscal Year 2021 budget in the amount of \$5,500,000 (\$5,000,000 from federal CARES Act CDBG funds from the City of San Diego and \$500,000 from federal CARES Act Housing Choice Voucher Administration funds awarded directly to the Housing Commission) to provide continuing oversight and administration of the City of San Diego's COVID-19 Emergency Rental Assistance Program; and accept the transfer of \$5,000,000 of federal CARES Act CDBG funds from the City of San Diego (the \$5,500,000 budget amendment includes the expenses for extensions of agreements described in Staff Recommendations Nos. 4 and 5);
- 3) Authorize the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, to modify the program, if necessary, without further action by the Housing Commission's Board of Commissioners (Board) or the Housing Authority, but only if and to the extent that such changes comply with the terms of the executed MOU, as amended; are necessary to fulfill funding requirements; and comply with U.S. Department of Housing and Urban Development requirements;
- 4) Authorize the Housing Commission's President & CEO, or designee, to execute an extension of the agreement, in a form and format approved by General Counsel, with BASC LLC in an amount not to exceed \$175,000 for the continuing operations and technical support for the web-based application portal for the City's COVID-19 Emergency Rental Assistance Program;
- 5) Authorize the Housing Commission's President & CEO, or designee, to execute an amendment to the agreement, in a form and format approved by General Counsel, with RemX in an amount not to exceed an additional \$250,000 to provide temporary staff for the continuing operations of the City's COVID-19 Emergency Rental Assistance Program and additional Housing Commission temporary staff needs; and
- 6) 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 necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of the General Counsel.
- 7) 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.

City Council:

Authorize the City of San Diego to execute an amendment to the Memorandum of Understanding (MOU) between the Housing Commission and the City of San Diego for the oversight and administration of the City of San Diego's COVID-19 Emergency Rental Assistance Program to allow the Housing Commission to continue to oversee and administer the program with an additional \$5,000,000 allocated by the City of

November 6, 2020

Authorization of a Memorandum of Understanding, Expenditure of Funds, and Extensions of
Agreements to Continue Operations of the City's COVID-19 Emergency Rental Assistance Program
Page 3

San Diego from federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG) funds to carry out a second phase of the program, and to allow the Housing Commission to use any unexpended funds from the first phase of the program toward administrative and/or rental assistance payment expenses in the new second phase of the program.

SUMMARY

On October 13, 2020, the San Diego City Council unanimously approved the allocation of \$5,000,000 in CARES Act CDBG funds to support the City's COVID-19 Emergency Rental Assistance Program (Resolution No. R-313256).

The Housing Commission administers the City's COVID-19 Emergency Rental Assistance Program, which helps families with low income in the City of San Diego who experience financial hardship due to the COVID-19 pandemic. The program provides one-time payments of up to \$4,000 per qualifying household to help pay past-due and/or upcoming rent to assist with preventing housing displacement. Households residing in rental housing where restrictions recorded on the property require rents to remain affordable for specified income levels are eligible to receive up to \$2,000.

On June 30, 2020, the San Diego City Council authorized the expenditure of up to \$15,100,000 in federal CARES Act funds, which HUD awarded to the City, to create the COVID-19 Emergency Rental Assistance Program, with the funds to be provided to the Housing Commission pursuant to the terms of a Memorandum of Understanding (MOU) between the City and the Housing Commission for the Housing Commission to provide oversight and administration for the program.

More than 8,300 City of San Diego households submitted applications for help from this program during the application period of July 20, 2020, through August 7, 2020. A preliminary review of these applications identified approximately 5,300 that met the program's eligibility criteria:

- The household has a City of San Diego residence address.
- Household income in January 2020, was at or below 60 percent of the San Diego Area Median Income (AMI).
- The household is NOT currently receiving any rental subsidies.
- The household is NOT currently a tenant of a property owned or managed by the Housing Commission.
- The household does NOT have savings to meet their financial need.
- The household has eligible immigration status (U.S. citizen/U.S. National, lawful permanent resident/conditional permanent resident, registry immigrant, a refugee/person seeking asylum or granted asylum).
- The household experienced hardship directly related to COVID-19.

As of November 5, 2020, the Housing Commission has completed reviews of 5,382 applications, with 3,539 applications approved to receive rental assistance through the program and 1,843 applications deemed ineligible for assistance for reasons such as their income exceeded 60 percent of AMI in January 2020 or their financial hardship was not related to COVID-19.

The Housing Commission has disbursed payments for 3,272 households, totaling \$12,100,000 million, as of November 5, 2020. The Housing Commission coordinates with selected applicants and their landlord or property management company to disburse payments. All payments are made directly to the

November 6, 2020

Authorization of a Memorandum of Understanding, Expenditure of Funds, and Extensions of
Agreements to Continue Operations of the City's COVID-19 Emergency Rental Assistance Program
Page 4

landlord by direct deposit on behalf of their tenant. Payments are expected to continue through November 2020. The Housing Commission anticipates fully expending the \$15,100,000 allocated on June 30, 2020, for this program by November 30, 2020.

With the \$5,000,000 approved on October 13, 2020, for this program, the Housing Commission anticipates reopening the web-based application portal to receive new applications, utilizing the same eligibility criteria. These funds potentially could assist approximately 1,250 families if each household received the maximum \$4,000 one-time rental assistance. If an insufficient number of applicants qualify for one-time rental assistance through this program and sufficient funds remain, the Housing Commission will supplement all rent relief recipients with a minimum of \$500 in supplemental rent relief payments and/or return any unused funds to the City of San Diego.

AFFORDABLE HOUSING IMPACT

With the authorization to expend \$5,000,000 in federal CARES Act funds, City of San Diego's COVID-19 Emergency Rental Assistance Program could potentially provide one-time rental assistance to approximately 1,250 households with low income in the City of San Diego experiencing financial hardship due to COVID-19.

FISCAL CONSIDERATIONS

The funding proposed by this action was not included in the Housing Commission's Housing Authority-approved Fiscal Year 2021 Budget. Approving this action will authorize the Housing Commission to expend up to \$5,000,000 of federal CARES Act CDBG funds from the City of San Diego to provide continuing oversight and administration of the City of San Diego's COVID-19 Emergency Rental Assistance Program and up to \$500,000 of federal CARES Act Housing Choice Voucher (HCV) Administration funds, awarded directly to the Housing Commission, to administer the program;

Funding Sources

CARES Act Community Development Block Grant -	\$5,000,000
CARES Act HCV Administration Funds -	\$500,000

Funding Uses

One-Time Rental Assistance Payments for Qualifying Households -	\$5,000,000
Administration costs (Information Technology, Temporary staff, and other costs)	\$500,000

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

On October 13, 2020, the San Diego City Council unanimously approved the allocation of \$5,000,000 in CARES Act CDBG funds to support the City of San Diego's (City) COVID-19 Emergency Rental Assistance Program (Resolution No. R-313256).

On June 30, 2020, the San Diego City Council authorized the expenditure of up to \$15,100,000 in federal CARES Act funds, which HUD awarded to the City, to create the COVID-19 Emergency Rental Assistance Program (Resolution No. R-313133), and the City Council (Resolution No. R-313133) and Housing Authority (Resolution No. HA-1867) authorized the execution of a Memorandum of Understanding between the City and the Housing Commission for the Housing Commission to provide oversight and administration for the program.

November 6, 2020

Authorization of a Memorandum of Understanding, Expenditure of Funds, and Extensions of
Agreements to Continue Operations of the City's COVID-19 Emergency Rental Assistance Program
Page 5

On June 8, 2020, the City Council designated \$15.1 million in federal CARES Act funding in the City's Fiscal Year 2021 budget to support the COVID-19 Emergency Rental Assistance Program (Resolution No. R-313071) and requested that the Housing Commission and City staff work with the offices of Mayor Kevin L. Faulconer and City Councilmember Chris Ward to create the program.

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 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)(5), as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental determination (NORA) is not required. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

Azucena Valladolid

Azucena Valladolid
Senior Vice President
Rental Assistance & Workforce Development
Rental Assistance Division

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.