



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: August 19, 2022

HCR22-098

SUBJECT: Authorization for the San Diego Housing Commission (Housing Commission) to Accept Additional Federal Emergency Rental Assistance (ERA1) Funds Allocated by the U.S. Department of the Treasury and Authorization to Expend These Funds to Repay State of California Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Funds Awarded to the City of San Diego Pursuant to State Senate Bill 115 for the COVID-19 Housing Stability Assistance Program

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Rental Assistance

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

REQUESTED ACTION:

Authorize the San Diego Housing Commission (Housing Commission) to accept \$5,019,573.68 in additional federal Emergency Rental Assistance (ERA1) funds, which the U.S. Department of the Treasury has allocated directly to the City of San Diego, and to expend these ERA1 funds to repay a portion of the State of California Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Fund balance pursuant to State Senate Bill 115, contingent on the U.S. Department of the Treasury authorizing the use of ERA1 funds for this purpose.

EXECUTIVE SUMMARY OF KEY FACTORS:

- 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.
- As of August 1, 2022, the Housing Commission has disbursed \$217,919,281.95 to help 18,303 qualifying households.
- On June 28, 2022, the Housing Commission received the \$29.9 million the State awarded to the City of San Diego through the State Senate Bill (SB) 115 cash flow loan program to support HSAP. The Housing Commission anticipates that this funding from the State will enable HSAP to assist all remaining eligible households, based on SB115's requirements.
- On July 18, 2022, the U.S. Department of the Treasury informed the City of San Diego and the Housing Commission that an additional \$5,019,573.68 from federal emergency rental assistance (ERA1) funds has been awarded to support HSAP. The City of San Diego and the Housing Commission have asked the U.S. Department of the Treasury to authorize the use of these additional ERA1 funds to repay a portion of the State's cash flow loan funds, pursuant to SB115 and the State cash flow loan terms.
- If the U.S. Department of the Treasury authorizes the funds for this purpose and the Housing Authority approves the staff-recommended actions in this report, the funds would be used to repay the State's cash flow loan balance. However, if the U.S. Department of the Treasury does not authorize the use of ERA1 funds to repay the State's cash flow loan balance, the Housing Commission anticipates that these funds would be returned to the U.S. Department of the Treasury because all of the remaining eligible households already will have received assistance from HSAP.



REPORT

DATE ISSUED: August 11, 2022

REPORT NO: HCR22-098

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of August 19, 2022

SUBJECT: Authorization for the San Diego Housing Commission (Housing Commission) to Accept Additional Federal Emergency Rental Assistance (ERA1) Funds Allocated by the U.S. Department of the Treasury and Authorization to Expend These Funds to Repay State of California Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Funds Awarded to the City of San Diego Pursuant to State Senate Bill 115 for the COVID-19 Housing Stability Assistance Program

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the San Diego Housing Commission (Housing Commission) to accept \$5,019,573.68 in additional federal Emergency Rental Assistance (ERA1) funds, which the U.S. Department of the Treasury has allocated directly to the City of San Diego, and to expend these ERA1 funds to repay a portion of the State of California Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Fund balance pursuant to State Senate Bill 115, contingent on the U.S. Department of the Treasury authorizing the use of ERA1 funds for this purpose.

STAFF RECOMMENDATION

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

Housing Authority:

- 1) Authorize the Housing Commission to amend its Fiscal Year 2023 budget in the amount of \$5,019,573.68 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 support the COVID-19 Housing Stability Assistance Program (HSAP), in accordance with federal and state funding requirements.
- 2) Authorize the Housing Commission to accept and expend \$5,019,573.68 federal ERA1 funds to repay a portion of the State of California Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Funds pursuant to State Senate Bill 115, contingent on the U.S. Department of the Treasury authorizing the use of ERA1 funds for this purpose.
- 3) 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

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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 COVID-19 Housing Stability Assistance Program and other required documents, including amendments to any documents.

- 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.

City Council:

- 1) Authorize the City of San Diego's Chief Financial Officer, or designee, to accept, appropriate and transfer to the Housing Commission for the COVID-19 Housing Stability Assistance Program, an amount not to exceed \$5,019,573.68 in federal ERA1 funds, allocated by the U.S. Department of the Treasury directly to the City of San Diego, to repay a portion of the State of California's Rental Assistance (SRA) Program Emergency Rental Assistance Short-Term Cash Flow Loan Funds pursuant to State Senate Bill 115, contingent upon the funds being secured from the U.S. Department of the Treasury and contingent on the U.S. Department of the Treasury authorizing the use of the ERA1 funds for this purpose.

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.

Since HSAP's inception, the City Council and Housing Authority have authorized a total of \$264,495,070.53 for HSAP, of which \$232,096,040.19 is budgeted for assistance payments for qualifying households. The remaining \$32,399,030.34 is budgeted for program administration expenses.

The Housing Commission launched the online application portal for HSAP on March 15, 2021, and began disbursing payments in late April 2021 to help qualifying households. As of August 1, 2022, the Housing Commission has disbursed \$217,919,281.95 to help 18,303 qualifying households.

Households that meet the following criteria are eligible to receive help through HSAP:

- Tenant has a City of San Diego address.
- Household income is at or below 80 percent of San Diego's Area Median Income (AMI).
- Household has a current obligation to pay rent on a residential dwelling.
- At least one member of the household has experienced a reduction of income, or other financial hardship, due to or during the COVID-19 pandemic.
- Household experienced, or is at risk of experiencing, homelessness or housing instability.

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Priority is given to these types of households:

- Income is at or below 50 percent of San Diego's AMI.
- At least one member of the household has been unemployed for 90 days and remains unemployed.
- The household has received an eviction notice or summons.

In alignment with the provisions of California State Senate Bill (SB) 115 (discussed in more detail below), the Housing Commission closed the application for HSAP on March 31, 2022. Applications were accepted through 11:59 p.m. on March 31, 2022. The State, the County of San Diego, the City of Chula Vista and the County of Los Angeles are among other jurisdictions statewide that also closed their applications on March 31, in accordance with the terms of SB115.

State of California Cash Flow Loan Program

On April 19, 2022, the City Council authorized the City of San Diego to apply for, accept, expend and transfer to the Housing Commission funding from the State of California (State) cash flow loan program, pursuant to SB115, which State lawmakers enacted in February 2022. SB115 allows the State to provide funds to the City of San Diego and other jurisdictions in the form of a forgivable loan to support the COVID-19 Housing Stability Assistance Program and similar programs throughout the State. The legislation requires the State loan funds to be expended for applications received no later than March 31, 2022, that request help with rent and utilities due during or before March 2022. State cash flow loan funds or future funding from the U.S. Department of the Treasury will be used to pay for rent and utilities owed through March 2022, pursuant to the requirements of SB115. The program cannot make assistance payments for amounts owed after March 31, 2022.

If the U.S. Department of the Treasury allows, the State cash flow loan would be repaid with additional federal funds that may be awarded for this program. However, if the federal government does not award sufficient additional funding to repay the loan or such federal funding is not received by June 30, 2023, the State would forgive the balance of the cash flow loan. The City of San Diego's Economic Development Department was the designated lead for the State cash flow loan and worked with the Mayor's office and the Housing Commission to initiate and execute a loan.

On June 28, 2022, the Housing Commission received the \$29.9 million the State awarded to the City of San Diego through the SB 115 cash flow loan program. The Housing Commission anticipates that this funding from the State will enable HSAP to assist all remaining eligible households, based on SB115's requirements.

Assistance payments through HSAP were temporarily suspended May 11, 2022, when all of the funding previously available to help San Diegans through this program had been fully expended to assist households with low income. With the State cash flow loan funds, the Housing Commission resumed disbursing assistance payments on June 29, 2022. The Housing Commission anticipates that all remaining payments will be issued by the end of August 2022, with exceptions due to appeals.

Additional Federal ERA1 Funds

The State's cash flow loan program requires the City of San Diego to continue to apply for reallocations of federal ERA1 and ERA2 funds for HSAP. On July 18, 2022, the U.S. Department of the Treasury informed the City of San Diego and the Housing Commission that an additional \$5,019,573.68 from ERA1 funds has been awarded to support HSAP.

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The City of San Diego and the Housing Commission have asked the U.S. Department of the Treasury to authorize the use of these additional ERA1 funds to repay a portion of the State's cash flow loan funds. If the U.S. Department of the Treasury authorizes the funds for this purpose and the Housing Authority approves the staff-recommended actions in this report, the funds would be used to repay the State's cash flow loan balance. However, if the U.S. Department of the Treasury does not authorize the use of ERA1 funds to repay the State's cash flow loan balance, the Housing Commission anticipates that these funds would be returned to the U.S. Department of the Treasury because all of the remaining eligible households already will have received assistance from HSAP by the end of August 2022, and the program would have no obligations to pay with the ERA1 reallocation. These ERA1 funds expire December 29, 2022.

AFFORDABLE HOUSING IMPACT

HSAP continues to help prevent housing displacement among households with low income by making assistance payments that help pay rent and utilities for eligible households that experienced financial hardship due to or during the ongoing COVID-19 pandemic and submitted their applications by March 31, 2022. The authorization to expend \$5,019,573.68 supports HSAP by allowing for partial repayment of the State's cash flow loan funds, in accordance with the requirements of SB115.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The Housing Commission will continue to ensure the COVID-19 Housing Stability Assistance Program 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 2023 Budget. Approving this action will authorize the Housing Commission to accept and expend \$5,019,573.68 in reallocated federal ERA1 funds for HSAP.

Funding Sources

Reallocated Federal ERA1 Funds:	\$5,019,573.68
Total:	\$5,019,573.68

Funding Uses

Partial Repayment of State Cash Flow Loan (SB115)	\$5,019,573.68
Total:	\$5,019,573.68

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

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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.

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 March 1, 2022, the City Council (Resolution No. 313945) and the Housing Authority (Resolution No. HA-1937) authorized the use of \$8,308,615 in federal funds reallocated to the City of San Diego from other jurisdictions to support HSAP.

On April 19, 2022, the City Council (Resolution No. 314075) and the Housing Authority (Resolution No. HA-1943) authorized the use of \$7,133,772.56 in federal ERA1 funds reallocated directly to the City of San Diego from other jurisdictions to support HSAP and further authorized the City of San Diego to apply for and the Housing Commission to expend up to \$96,291,294.59 in State of California Rental Assistance Program Emergency Rental Assistance Short-Term Cash Flow Loan Funds pursuant to SB115.

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 or during 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

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community by helping qualifying households pay past-due 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)(5), as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment.

Federal funds constitute a portion of the funding for the project. This project most recently received NEPA approval from the City of San Diego on March 23, 2022. NEPA clearance for the additional funding in this report was submitted to the City of San Diego on July 28, 2022. The parties agree that the provision of any federal funds as a result of this action is conditioned on the City of San Diego's final NEPA review and approval.

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.