



The City of San Diego

Staff Report

DATE ISSUED: June 16, 2020

TO: Housing Authority of the City of San Diego

FROM: Office of Councilmember Chris Ward,
District 3

SUBJECT: Authorization to Execute a Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for the Administration and Oversight of the COVID-19 Emergency Rental Assistance Program (Program) and Amend the San Diego Housing Commission's Fiscal Year 2021 Budget in the Amount of \$15,100,000; and Transfer of Funds to the San Diego Housing Commission for the Program

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Council District(s): Citywide

OVERVIEW:

As recognized and documented by Mayor Faulconer and the City Council, the novel coronavirus which causes the COVID-19 disease has created a pandemic contributing to extreme financial hardship for businesses, families, and individuals in the City of San Diego.

On June 2, 2020, the City Council directed staff to work with the Mayor's office and the San Diego Housing Commission to develop a COVID-19 Emergency Rental Assistance Program (Program), and on June 9, 2020, with approval of the Fiscal Year 2021 budget, the City Council approved the allocation of \$15,100,000 in CARES Act funding to create this program.

PROPOSED ACTIONS:

City Council:

1. Authorize the Chief Financial Officer to expend federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, not to exceed \$15,100,000 for the creation of a COVID-19 Emergency Rental Assistance Program to provide rental assistance to qualifying individuals and families who have suffered a substantial decrease in income due to the COVID-19 pandemic.

2. Approve and authorize the execution of the Memorandum of Understanding (MOU) between the City of San Diego and the San Diego Housing Commission (SDHC) for SDHC to provide oversight and administration of the City's COVID-19 Emergency Rental Assistance Program.
3. Authorize the Chief Financial Officer to transfer \$15,100,000 of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to SDHC to provide oversight and administration of the proposed COVID-19 Emergency Rental Assistance Program.
4. Authorize the Mayor or his designee, to enter into agreements and make all necessary actions to expend the COVID-19 Emergency Rental Assistance Program funds in an amount not to exceed \$15,100,000.

Housing Authority of the City of San Diego:

5. Approve and authorize the execution of the Memorandum of Understanding (MOU) between the City of San Diego and the San Diego Housing Commission (SDHC) for SDHC to provide oversight and administration of the City's COVID-19 Emergency Rental Assistance Program.
6. Authorize SDHC to amend its Fiscal Year 2021 budget in the amount of \$15,100,000 and accept the transfer this amount of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds from the City of San Diego to provide oversight and administration of the proposed COVID-19 Emergency Rental Assistance Program.
7. Authorize SDHC's President & Chief Executive Officer, 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

DISCUSSION OF ITEM:

The City of San Diego has experienced significant adverse impacts due to the COVID-19 pandemic. Among other emergency actions taken, on March 12, 2020, Mayor Faulconer declared a state of emergency for the City of San Diego, and on March 25, 2020, the San Diego City Council approved a temporary Moratorium on Residential and Commercial Evictions related to nonpayment of rent due to substantial decrease in income or out-of-pocket medical expenses caused by either COVID-19 impacts or any governmental response to COVID-19. Further, on June 2, 2020, the City Council directed staff to work with the Mayor's Office and San Diego Housing Commission to create a COVID-19 Emergency Rental Assistance Program (Program), and on June 8, 2020, as part of the approval of Fiscal Year 2021 annual budget, the City Council approved the allocation of \$15,100,000 in CARES Act funding to create this program.

The City recognizes that the pandemic has placed an enormous economic strain on families to pay rent, and subsequently on landlords and property owners to pay mortgages and maintain buildings that are healthy and safe. An eviction moratorium has provided short-term relief, but without financial assistance to cover lost payments, these protections are merely delaying eviction and housing market crises. The City has provided important economic relief to San Diego businesses through the Small Business Relief Fund, but no similar action has been taken to help families pay rent. One of the most immediate needs facing San Diegans at this time is rental relief and providing rental assistance payments to families in need is an appropriate action for the City to take.

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The CARES Act allocated \$15.3 billion from the Fund to the State of California, and per CARES Act guidelines, the State directed the funds to communities for mitigation and recovery efforts based on population. As the second largest city in California, the City of San Diego received \$248,000,000.

Cities across the United States have adopted rental assistance programs, including Tacoma, Washington; Dallas, Texas; Boston, Massachusetts; Austin, Texas, and Tampa, Florida among others.

The City of San Diego has approximately 273,050 units that are renter-occupied (49% of the total). Of these, approximately 60,000 households (22%) earn less than 30% Area Median Income (AMI), and an additional 104,500 (38%) earn between 30% and 80% AMI. Where thousands of individuals have filed for unemployment insurance and will receive some assistance, this assistance will not be sufficient to address the rent payment obligations needed by many of the hardest hit households. Further, San Diego’s most vulnerable residents, neighborhoods with the highest percentage of lower income families, are leaders among the unemployed: Logan Heights leads San Diego County in unemployment, with more than 42% of residents out of work. Golden Hill, City Heights, the College area and San Ysidro are close behind with more than 34% unemployment.

As proposed, the Program in San Diego would offer a maximum of \$4,000 to households living in a market rate unit with a San Diego address who have experienced a significant loss of income due to COVID-19 and who had a gross household income less than or equal to 60% AMI prior to change in employment due to the pandemic. The Program would also offer a maximum of \$2,000 to households living in eligible affordable units with a San Diego address who have also suffered a significant loss of income due to COVID-19. Prioritization would be given to families with children and households with members age 62 and older. Eligibility would exclude residents receiving assistance through Section 8 vouchers, or anyone whose savings may meet their housing needs. A portion of the funds would be reserved for administration and for assistance to qualifying non-profit organizations to help with tenant counseling, legal assistance, outreach and education to ensure program success.

Rent is one of the cornerstones of a housing ecosystem and the proposed emergency rental assistance will keep families housed as they face extreme financial hardship, will help pay expenses due to property owners and lenders, and will help mitigate a housing market crisis. Authorization of the proposed Program would help an estimated 3,500 rental households, assuming each of the households received the proposed maximum of \$4,000 assistance. While this falls short of the overall need, it can be a critical economic lifeline to both rental households and landlords during this time.

A summary of recommended components of the Emergency Rental Assistance Program are outlined below.

Total Fund Amount	\$15,100,000
Population Criteria	Households with a City of San Diego address who have experienced a significant loss of income due to COVID-19, related medical issues, or government actions. Prioritization would be given to families with children and households with members age 62 and older.
Income Qualifications	Families or individuals with a gross household income at 60% Area Median Income as of January 1, 2020.
Assistance Payments	Up to \$4,000 for each household. For households living in eligible affordable units, a maximum of \$2,000 will be offered.

Assistance Duration	The program shall continue until funds are utilized. Household eligibility shall be reviewed for one round of funding.
Benefits Status	Eligibility excludes (1) Anyone currently receiving Section 8 housing assistance, or (2) Anyone whose savings may meet their housing needs.
Administration	San Diego Housing Commission
Recipient	Rental property owner or applicable management company
Application Process	Online, with assistance from Community Based Organizations as needed
Application Acceptance	Families will have two weeks to apply and afterwards, a lottery system would be applied to review eligibility and make awards.
Funding Source	CARES Act funding, philanthropic donations
Administration	10% of the funding would be reserved for administration and for paid assistance to qualifying non-profits to provide tenant outreach, legal assistance, and education.

The recommended actions in this report are being presented directly to the Housing Authority of the City of San Diego without prior action by the SDHC Board of Commissioners (Board) pursuant to the authority the SDHC Board gave to the Executive Director of the Housing Authority (SDHC Board Resolution HC-1758) to refer matters, which require Housing Authority approval, directly to the Housing Authority without action by the SDHC Board, by giving a notice to the SDHC Board before the referral of the item, in the following instances:

- a) Where time is of the essence, due to legal or other time constraints, and where there is not sufficient time to schedule a meeting of the Housing Commission Board to hear the matter in advance of the Housing Authority action, on advice of General Counsel; or
- b) Where there is a conflict or conflicts of interest at the Housing Commission Board level, based upon the advice of General Counsel, that will not allow the Housing Commission Board to hear a matter.

Fiscal Considerations: With this action, the Chief Financial Officer would be authorized to expend \$15,100,000 from City received Federal Cares Act COVID-19 Relief Funds for the purpose of assisting qualifying individuals and families who have suffered a substantial decrease in income due to the COVID-19 pandemic. This action will transfer and appropriate \$15,100,000 to the San Diego Housing Commission over Fiscal Year 2021 to provide oversight and administration of the Program. San Diego Housing Commission will amend the Fiscal Year 2021 budget by \$15,100,000 if approved.

City Strategic Plan Goal(s)/Objective(s):

Goal #2: Work in partnership with all of our communities to achieve safe and livable neighborhoods
Objective 6: Decrease unsheltered homelessness

Goal #3: Create and sustain a resilient and economically prosperous City with opportunity in every community

Environmental Impact:

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State 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.

Equal Opportunity Contracting Information (if applicable):

Previous Council and/or Committee Actions: N/A

Key Stakeholders and Community Outreach Efforts: Review of similar programs in other U.S. cities.

Molly Chase

Chief of Staff, City of San Diego City Council
District 3



SAN DIEGO
HOUSING
COMMISSION

Exhibit A – City of San Diego COVID-19 Emergency Rental Assistance Program Implementation Plan

Program Purpose

In response to COVID-19, the San Diego City Council is recommending creation of a COVID-19 Emergency Rental Assistance Program to help qualifying individuals and families who have suffered a substantial decrease in income due to the COVID-19 pandemic. The Program will be temporary and will sunset after all funds have been utilized or the Mayor retracts the declaration of a State of Emergency due to the COVID-19 pandemic in the City, whichever occurs first.

Program Administration

The San Diego Housing Commission (SDHC) will administer the City of San Diego's COVID-19 Emergency Rental Assistance Program. SDHC has the expertise and capacity to implement this one-time rental assistance program expeditiously and with accountability. In anticipation of the quantity of applications that may be submitted and the one-time nature of the rental assistance, the proposed program design minimizes administrative burden, while maximizing the accessibility of the program to those in need of this assistance.

To mitigate health risks related to COVID-19, the application will only be available online. SDHC will work with community-based organizations to help renters without internet access or those that require assistance can complete the application. Applicants who meet all eligibility criteria will be selected through a lottery. Families with children and elderly households will then be prioritized. SDHC staff will review the identified applications and coordinate with the applicants and their landlords to disburse rental assistance payments.

Workflow

An online application portal will be created. This portal will be open for a limited period of time to accept applications. Applications will only be accepted through SDHC's COVID-19 Emergency Rental Assistance Program Application Portal. The application will ask questions to determine eligibility and will require applicants to upload documents or self-certifications to verify their eligibility. Only one application per household will be permitted.

SDHC will contract with community-based organizations (CBO) to provide assistance to applicants who do not have internet access or those that require assistance. CBOs will help ensure all tenants have equal access to the online application. CBO staff will help tenants submit

applications, answer questions, and provide access to residents who do not have internet access or the ability to upload documents.

Applications that meet the eligibility criteria will be entered into a lottery, and applicants that are selected will then be prioritized and ranked, serving families with children and elderly households first. All other eligible applications will be held in a waiting list in the event additional funding is available to provide emergency rental assistance.

SDHC staff will review the prioritized applications to confirm they meet all eligibility criteria. When eligibility is confirmed, SDHC will coordinate with the applicant and their landlord or property management company to facilitate the rental assistance payment.

Eligibility and Documentation Requirements

Renter households will be eligible to receive a maximum of \$4,000 assistance through the program if they meet the following criteria listed below. The table below lists the eligibility criteria and the types of verification documents that will be accepted to meet the requirements. A detailed description of each eligibility criteria for each category is provided following the table.

Eligibility Criteria	Documentation Accepted
Tenant with a City of San Diego address	<ul style="list-style-type: none"> • Current tenant lease • Utility bill • State-issued ID with address
Household income is at or below 60% AMI on January 1, 2020	<ul style="list-style-type: none"> • Paystubs • 2019 Tax Return • Award Letters • Other
Not currently receiving any rental subsidies	<ul style="list-style-type: none"> • Self-Certification
Not currently a tenant at a SDHC owned property	<ul style="list-style-type: none"> • Self-Certification
Household does not have savings to meet their need	<ul style="list-style-type: none"> • Self-Certification
Eligible immigration status	<ul style="list-style-type: none"> • Self-Certification
Experienced hardship directly related to COVID-19	<ul style="list-style-type: none"> • Unemployment letter • Employer termination letter • Medical bill

Tenant with a City of San Diego Address

Applicants must live in the City of San Diego and currently rent their primary residence.

Household income was at or below 60 percent of AMI on January 1, 2020

The applicant's household income must have been at or below 60 percent of AMI on January 1, 2020. This date will ensure that household income before any changes due to COVID-19 is considered.

Not currently receiving any rental subsidies

SDHC recommends that applicants who currently receive rental subsidies or reside in SDHC-owned affordable rental housing units would not be eligible to receive COVID-19 Emergency Rental Assistance through this program. Rental subsidies include federal Section 8 Housing Choice Voucher assistance, rapid rehousing assistance, or rental assistance from nonprofit agencies.

- **Existing rental subsidy participants:** Households currently receiving Section 8 Housing Choice Voucher rental subsidies who have lost income due to COVID-19 already are eligible to receive rent relief under a separate hardship policy due to decrease in income. This hardship policy applies to any reported decrease in income that families submit beginning March 1, 2020, for any income loss due to COVID-19. The hardship policy reduces the participant's rent payment to 20 percent of their monthly adjusted income for four consecutive months. Economic stimulus payments, including the \$600 unemployment supplemental CARES Act payment, are excluded as an income source to further provide rental relief.
- **SDHC-owned affordable housing residents:** Participants who reside in properties owned or managed by SDHC, including its nonprofit affiliate, Housing Development Partners (HDP), are eligible to receive assistance through SDHC's Hardship Program, which provides temporary rent relief to households whose income has decreased as a direct result of COVID-19. This may include forgiving all or part of the rent during the term of the hardship for a period of up to four months and waiving late fees.

However, applicants who reside in all other affordable housing units would be eligible for the COVID-19 Emergency Rental Assistance Program. Applicants who reside in affordable

housing units and are selected to receive rental assistance will receive a maximum of \$2,000 because their rent amount is already reduced.

Applicants will be required to submit a self-certification that states whether or not they are receiving rental subsidies or residing in an affordable housing unit.

Household does not have savings to meet their need

Applicants who currently have savings of more than \$4,000 would not be eligible to receive rental assistance through this program. This is to ensure that assistance is available to households who need it most. Applicants will be required to submit a self-certification that their household savings balance is less than \$4,000.

Eligible immigration status

Pursuant to federal funding regulations, only residents with an eligible immigration status may be eligible for the COVID-19 Emergency Rental Assistance Program. Eligible immigration statuses are:

- U.S. Citizen
- Lawful permanent resident
- Registry Immigrant
- Refugee/Asylee

The application system will track applications that are denied rental assistance due to immigration status so that if a funding source is identified and allocated that does not have this restriction, these households will also have an opportunity to receive rental assistance.

Household experienced a financial hardship directly related to COVID-19

The intent of the program is to provide diversion services to tenants with low-income as the City of San Diego's temporary eviction moratorium expires on July 1, 2020. Additionally, some of the CARES Act funding requires that expenditures must be incurred due to the public health emergency with respect to COVID-19. As such, applicants must verify that they experienced a financial hardship directly related to the COVID-19 pandemic that made them unable to pay rent.

The types of situations that will be determined eligible include:

- Loss of income due to reduction of paid work hours due to COVID-19 (i.e., laid off, loss of hours, income reduction, etc.)

- Loss of income due to sickness with COVID-19 or caring for a household/family member who is/was sick with COVID-19
- Loss of income due to compliance with a recommendation from a government health authority to stay home, self-quarantine or avoid congregating with others during the state of emergency
- Loss of income due to other factors resulting from COVID-19
- Increase in medical expenses incurred as a direct result of COVID-19

Lottery and Prioritization

With the initial approved budget of \$15,100,000, the COVID-19 Emergency Rental Assistance Program will be able to provide rental assistance to approximately 3,400 households if each household receives the maximum amount of \$4,000. This means only a fraction of San Diego tenants will be eligible to receive this assistance. To disburse funds fairly and help households who are most in need, SDHC recommends a lottery and prioritization system to select the applicants who will receive a rental assistance payment.

Applications that are submitted on time and meet the eligibility criteria will be entered into a lottery. The lottery is an automated process by the online system that will randomly select applicants that meet the eligibility criteria. The online system will assign a rank number to each application that is deemed eligible based on a pre-determined set of prioritization criteria. SDHC staff will then manually review applications according to their ranking, and those that are confirmed to be eligible will receive one-time rental assistance.

Applications will be prioritized in the following order:

1. Families with minor children
2. Households where at least 1 member is 62 years or older

Payment Disbursement

SDHC staff will coordinate with selected applicants and their landlord or property management company to disburse payment. All payments will be disbursed electronically to ensure tenants receive assistance in a timely manner and to reduce the administrative burden.

SDHC will need to verify unit ownership, establish the landlord or property management company as a vendor, and receive documentation to enable them to receive a direct deposit payment.

Collaboration with CBOs

To administer this program expeditiously while still maintaining the level of service anticipated, SDHC recommends contracting with community-based organizations for the following specific services:

Application Assistance

Due to the high level of interest in this program and the large number of applications anticipated, SDHC recommends contracting with a CBO to provide application assistance services. The CBO would be required to have the capacity and experience to provide this service. Interested tenants who need assistance completing the application or have questions about the application would contact the CBO and receive the assistance they need. Tenants who do not have internet access would contact the CBO, which can submit an application on their behalf.

Tenant/Landlord Legal Assistance

SDHC will contract for legal services to assist tenants and landlords. When the City of San Diego's temporary eviction moratorium expires, a high demand for legal services is anticipated. SDHC recommends offering this service to ensure that renters who receive one-time rental assistance through this program stay housed.

TIMELINE

The COVID-19 Emergency Rental Assistance Program has an accelerated timeline due to the immediate need of this assistance. The table below outlines SDHC's recommended timeline to meet the need of low-income renters and disburse payments before September 25, 2020.

Upon City Council approval of a final program design, SDHC and the City of San Diego would execute an agreement for funds, and SDHC will recruit and train temporary staff to support the program. Memoranda of Agreement for services will also be executed with community-based organizations to support services to applicants.

SDHC will also launch an informational web page for the program in the first week of July, and community outreach and communication about the program will begin and continue throughout the month. SDHC anticipates the online application portal and submission period would open in late July, with initial disbursement of payments beginning in August and continuing into September.

Swift action by the City Council on the final program design is imperative to ensure that the COVID-19 Emergency Rental Assistance Program application and disbursement process is implemented in a timely manner. SDHC will launch recruitment, community outreach, and the informational web page within days of this approval to meet the goals outlined in the timeline:

June and 1st Week of July
<ul style="list-style-type: none"> • City Council consideration of the proposed program design • SDHC and City execute agreement for funds • Upon program approval and funding commitment: <ul style="list-style-type: none"> ○ SDHC executes contracts with CBOs for services ○ SDHC recruits and trains staff
July
<ul style="list-style-type: none"> • Community outreach (Week 1) • Program’s informational web page launches (Week 1) • Online Application Portal live (Week 2-3) • Applications submitted and reviewed
August
<ul style="list-style-type: none"> • Rent Relief payment disbursements begin (late August-September)

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF SAN DIEGO
AND
THE SAN DIEGO HOUSING COMMISSION
FOR THE ADMINISTRATION OF THE COVID-19 EMERGENCY RENTAL
ASSISTANCE PROGRAM**

This Memorandum of Understanding (“RAP MOU”) is dated as of _____, 2020 (the “Effective Date”) by and between the SAN DIEGO HOUSING COMMISSION, a public agency (“Commission”) and the CITY OF SAN DIEGO, a municipal corporation (“City”), hereinafter referred to as the “Parties” and each, as a “Party.”

RECITALS

WHEREAS, the City enacted a temporary Residential and Commercial Eviction Moratorium to protect renters facing financial hardship related to the COVID-19 pandemic from being evicted. The moratorium is in effect through June 30, 2020; however, renters who have not been able to pay their rent will be expected to reconcile their rent arrears once the moratorium is lifted.

WHEREAS, the City received federal funding through the CARES Act for relief efforts related to the COVID-19 pandemic. Funds must be expended on efforts directly related to expenses incurred and expected due to COVID-19 in accordance with the CARES Act Grant Agreement.

WHEREAS, the COVID-19 Emergency Rental Assistance Program (the “RAP Program”) will provide one-time relief to renters which will help mitigate the economic impacts of COVID-19 and provide needed diversion services to keep renters housed.

WHEREAS, on June 30, 2020 the Housing Authority for the City of San Diego approved Resolution _____ which authorized the Commission to enter into this RAP MOU for the administration of the RAP Program.

NOW, THEREFORE, the City and Commission agree as follows:

- A. Incorporation of Recitals. The Recitals set forth above are incorporated herein by this reference.
- B. Commission Responsibilities. The Commission shall be responsible for the general management, administration, and oversight of the RAP Program as defined in Attachment A, which is attached hereto and made part hereof.

1. The Commission shall ensure all subcontractors for the RAP Programs comply with the applicable terms of the CARES Act and the CARES Grant Agreement as set forth in Section E herein.

C. City Responsibilities.

1. The City shall provide the following funding for the administration of the RAP Programs as set forth herein:

COVID-19 Rent Relief Fund	
CARES Act Revenue Sources	Amount
CARES Act and Entitlement CDBG	\$5,400,000
CARES Act Fund Allocations from Operation Shelter to Home	\$9,700,000
Total CARES Act Revenues	\$15,100,000

2. If the City commits reduced funding in amounts less than the amounts identified herein, the City acknowledges that the services will be reduced accordingly.
3. The City shall provide funding under this RAP MOU in one lump sum payment in accordance with the terms and conditions of this RAP MOU within 15 days of the effective dates of this RAP MOU.

D. Term and Termination of RAP MOU.

1. **Term of RAP MOU.** The term of this RAP MOU is from the Effective Date of this RAP MOU through December 31, 2020.
2. **Termination of RAP MOU.** Either Commission or the City may terminate this RAP MOU and all obligations assigned thereunder for any reason by providing thirty (30) days written notice to the other. Upon termination or expiration of this RAP MOU, any unexpended funds received by Commission shall be returned to City within thirty (30) days of the notice of termination.

- E. Grant Provisions. This RAP MOU is controlled by the provisions of the CARES Act and the CARES Act Grant Agreement. Upon approval of the CARES Act Grant Agreement, this RAP MOU will be amended to include all applicable grant terms. The Commission agrees to incorporate all required CARES Act Grant terms into any subcontractor agreements which are controlled by this RAP MOU. The CARES Act Grant Agreement is attached hereto as Attachment B and made part hereof.

F. General Provisions

1. **Indemnification.** To the fullest extent provided by law, the City and the Commission agree to indemnify, protect, and hold harmless one another, including their elected officials, officers, agents, representatives, departments, subcontractors, and employees, from and against any and all claims, demands, actions, proceedings, suits, liabilities, damages, costs (including reasonable attorneys' fees) or expenses for, including damage to property, the loss or use thereof, or injury or death to any person, caused by, arising out of, or related to the performance of services under this RAP MOU by the City or the Commission, their elected officials, officers, agents, representatives, departments, subcontractors and employees. The City's and Commission's duty to indemnify and hold harmless one another shall not include any claim or liability arising from the established sole negligence or willful misconduct of the other, or the other's elected officials, officers, agents, representatives, departments, subcontractors, and employees.

2. **Insurance.** City certifies that it is self-insured and will maintain the same level of insurance throughout the duration of this RAP MOU. Commission certifies it has obtained insurance as set forth herein:
 - i. Commission shall obtain a single limit general liability insurance and automobile liability insurance in the minimum amount checked and initialed below. If nothing is checked or indicated below, the limit shall be One Million Dollars (\$1,000,000.00):

<input checked="" type="checkbox"/>	General Liability \$1,000,000.00
<input checked="" type="checkbox"/>	Workers Compensation \$1,000,000.00
<input checked="" type="checkbox"/>	Automobile Liability \$500,000.00

 - ii. This coverage is in addition to workers compensation insurance and other insurance coverages required by law. The policies shall provide that coverage on all policies may not be canceled, amended, terminated or otherwise modified without thirty (30) days advance written notice to the City. Coverage shall remain in full force and effect during the entire term of the policy.

3. **Amendment.** Any changes to this RAP MOU, including changes to any attachments hereto, shall be in writing and signed by both Parties. Commission's President and Chief Executive Officer, or designee, and the Mayor, or designee, shall have the authority to execute amendments to this RAP MOU, which do not otherwise require City Council or Housing Authority approval.

4. **Assignability.** Neither Party shall assign any interest in this RAP MOU and shall not transfer any interest in the same (whether by assignment or novation).

5. **Counterparts.** This RAP MOU may be executed in one or more counterparts, each of which shall be deemed an original. The Parties agree that in order to expedite the execution process, facsimile or electronically conveyed signatures will be considered and accepted as legally binding.
6. **Entire Agreement; No Novation.** This RAP MOU represents the entire understanding between the Parties about the subject matter of this RAP MOU. This RAP MOU is not a novation of and does not amend or otherwise revise any other agreement, memorandum of agreement or understanding of the Parties.
7. **Principles of Interpretation.** No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this RAP MOU. The Parties have participated substantially in the negotiation, drafting, and revision of this RAP MOU, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in this RAP MOU may be used in the singular, plural, past tense or future tense, regardless of how it is defined, all in accordance with ordinary principles of English grammar, which shall govern all language in this RAP MOU. The words “include” and “including” in this RAP MOU shall be construed to be followed by the words: “without limitation.” Each collective noun in this RAP MOU shall be interpreted as if followed by the words “(or any part of it),” except where the context clearly requires otherwise. Every reference to any document, including this RAP MOU, refers to such document, as modified from time to time (excepting any modification that violates this RAP MOU), and includes all exhibits, schedules, addenda and riders to such document. The word “or” in this RAP MOU includes the word “and,” except where the context clearly requires otherwise. Every reference to a law, statute, regulation, order, form or similar governmental requirement in this RAP MOU refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time.
8. **No Other Representations or Warranties.** Except as expressly set forth in this RAP MOU, no Party makes any representation or warranty material to this RAP MOU to any other Party

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**SIGNATURE PAGE
TO
MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF SAN DIEGO
AND
THE SAN DIEGO HOUSING COMMISSION
FOR THE ADMINISTRATION OF THE COVID-19 EMERGENCY RENT RELIEF
PROGRAM**

IN WITNESS WHEREOF, this RAP MOU is entered into by the City of San Diego, acting by and through its Mayor or designee, and by the San Diego Housing Commission, by and through the signature of Commission's authorized representative(s), all as set forth below.

SAN DIEGO HOUSING COMMISSION,
a public agency

CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Jeff Davis
Executive Vice President & Chief Operating
Officer

By: _____
Print Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

CHRISTENSEN & SPATH LLP

MARA W. ELLIOTT
CITY ATTORNEY

By: _____
Charles B. Christensen
General Counsel

By: _____
Heather Ferbert
Deputy City Attorney

Attachment A: COVID-19 Emergency Rental Assistance Program

A. PROGRAM OVERVIEW

The RAP Program will be administered by Commission who has the expertise and capacity to implement this one-time rental assistance program in an expeditious and accountable manner. The Commission will subcontract with Community Based Organizations as determined necessary or appropriate by the Commission in order to most efficiently and expeditiously implement the RAP Program. RAP Program funding of \$15,100,000 can provide one-time rent relief assistance for up to 3,400 households if all households received the maximum assistance amount of \$4,000. The RAP Program will provide fixed rent relief amounts of \$4,000 or \$2,000 per household depending on their eligibility.

1. Rental Assistance Program Design

In anticipation of the quantity of applications that may be submitted and the one-time nature of the RAP Program, it is designed to be implemented with as little administrative burden as possible, while also ensuring it is as accessible as possible to those in need of the resource. The RAP Program will provide one-time rent assistance up to \$4,000 to households whose pre-COVID-19 incomes are at or below 60% Area Median Income (AMI). The rent relief payments will be disbursed directly to the landlord or property management companies.

In order to mitigate health risks related to COVID-19, the application process will only be available online. Applicants who meet all eligibility criteria will be selected via lottery. Families with children and elderly households will then be prioritized. Commission staff will review the applications and coordinate with applicants and their landlords to disburse rent relief payments.

2. Rental Assistance Program Workflow

Once the application is live, it will be open for a limited period of time to accept applications. Applications will only be accepted online through the Commission Rent Relief Application Portal. The application will ask questions to determine eligibility and will require applicants to upload documents or self-certifications to verify their eligibility. Only one application per household will be permitted.

Commission will contract with Community Based Organizations to provide assistance to applicants who do not have internet access or have questions and need help completing and submitting their applications.

Applications that meet the eligibility criteria will be entered into a lottery, and applicants that are selected will then be prioritized and ranked. All other eligible applications will be held in a waiting list in the event additional funding is available to provide emergency rent relief.

Applications that are prioritized will be reviewed by Commission staff to confirm they meet all eligibility criteria. Once eligibility is confirmed, Commission will coordinate with the applicant and their landlord or property management company to facilitate rent relief payment disbursement.

3. Rental Assistance Program Eligibility and Documentation Requirements

Tenants will be eligible to receive assistance through the RAP Program if they meet the following criteria listed below. A detailed description of each eligibility criteria and the documentation needed for each category is provided following the list.

- Tenant with a City of San Diego Address
- Household income is at or below 60% AMI on January 1, 2020
- Not currently receiving any rental subsidies
- Household does not have savings to meet their need
- Eligible immigration status
- Household experienced a financial hardship directly related to COVID-19

a. Tenant with a City of San Diego Address

Applicants must live in the City of San Diego and currently rent their primary residence. Documents that will be accepted as justification of this criteria are:

- Current tenant lease
- Utility bill
- State-issued ID with address of rental unit

b. Household income is at or below 60% AMI on January 1, 2020

Applicant's household income must be at or below 60% AMI on January 1, 2020. Using the date of January 1, 2020 will ensure that household income before any changes due to COVID-19 will be considered. Documents that will be accepted as justification of this criteria are:

- Paystubs
- 2019 Tax Return
- Award Letters
- Other

c. Not currently receiving any rental subsidies

Commission recommends that applicants who are currently receiving rental subsidies are not eligible to receive rent relief assistance. Rental subsidies include Section 8, rapid rehousing assistance, or rental assistance from non-profit agencies.

Participants currently receiving Section 8 Housing Choice Voucher rental subsidies who have experienced a financial hardship due to COVID-19 are eligible to receive rent relief under an exception decrease in income hardship policy. This hardship policy applies to any decrease in income request that families submit beginning March 1, 2020 for any income loss due to COVID-19. The hardship applied reduces the participant's tenant rent payment to 20% of their monthly adjusted income for four consecutive months.

However, applicants who reside in affordable housing units are eligible for rental assistance. Applicants who reside in affordable housing units and are selected to receive rental assistance will receive \$2,000 in assistance because their rent amount is already reduced.

Applicants will be required to submit a self-certification that states whether or not they are receiving rental subsidies or residing in an affordable housing unit.

d. Household does not have savings to meet their need

Applicants who currently have savings over \$4,000 are not eligible to receive rental assistance. This is to ensure that assistance is available for households who need it most. Applicants who be required to submit a self-certification that their household savings balance is under \$4,000.

e. Eligible immigration status

In order to adhere to federal funding regulations, only residents with an eligible immigration status may be eligible to receive rent relief payments. Eligible immigration statuses are:

- U.S. Citizen
- Lawful permanent resident
- Registry immigrant
- Refugee/Asylee

f. Household experienced a financial hardship directly related to COVID-19

The intent of the RAP Program is to provide diversion services to low-income tenants as the City's eviction moratorium is lifted on July 1, 2020. Additionally, some of the CARES Act funding requires that expenditures must be necessary expenditures incurred due to the public health emergency with respect to COVID-19. As such, applicants must verify that they experienced a financial hardship directly related to the COVID-19 pandemic that made them unable to pay rent.

The list below outlines the types of situations that will be determined eligible.

- Loss of income due to reduction of paid work hours due to COVID-19 (i.e. being laid off, loss of hours, income reduction, etc.)
- Loss of income due to sickness with COVID or caring for a

household/family member who is/was sick with COVID-19

- Loss of income due to compliance with a recommendation from a government health authority to stay home, self-quarantine, or avoid congregating with others during the state of emergency
- Loss of income due to other factors resulting from COVID-19
- Increase in medical expenses incurred as a direct result of COVID-19

Types of documentation that will be accepted to verify the situations listed above are:

- Unemployment letter
- Employer termination letter
- Medical bill

4. Rental Assistance Program Lottery and Prioritization

The City of San Diego has approximately 273,000 units that are renter-occupied, and about 165,000 of these households earn less than 80% of the Area Median Income. Additionally, thousands of individuals have filed for unemployment insurance due to COVID-19. Unemployment insurance assistance may be sufficient for some households, but for the hardest-hit households this will not be sufficient to help sustain their housing once the eviction moratorium is lifted.

The RAP Program will be able to provide rent relief assistance to 3,400 households assuming each household receives the maximum amount of \$4,000. This means only a fraction of San Diegan tenants will be eligible to receive this assistance. In order to disburse funds fairly and help households who are most-in-need, Commission recommends a lottery and prioritization system to select applicants who will receive a rental assistance payment.

Applications that are submitted on time, completely, and meet the eligibility criteria will be entered into a lottery. Those selected from the lottery will then be ranked based on a pre-determined set of prioritization criteria. Commission staff will manually review applications according to their ranking and those that are determined to be eligible will receive rent relief assistance.

Applications will be prioritized in the following order:

- Families with minor children
- Households where at least 1 member is 62 years or older

5. Rental Assistance Payment Disbursement

Commission staff will coordinate with selected applicants and their landlord or property management company to disburse payment. All payments will be disbursed electronically to ensure tenants receive assistance in a timely manner and to reduce the administrative burden.

In order to receive payment, Commission will need to verify unit ownership, establish the landlord or property management company as a vendor, and receive documentation to enable them to receive a direct deposit payment.

6. Collaboration with CBOs

In order to administer this RAP Program expeditiously while still maintaining the level of service anticipated, Commission recommends subcontracting the following specific services to Community Based Organizations.

a. Application Assistance

Due to the high level of interest in this RAP Program and the large number of applications anticipated, Commission recommends contracting application assistance services to a Community Based Organization (CBO) that has the capacity and experience to carry this out. Interested tenants who need assistance completing the application or have questions about the application can contact the CBO and receive the assistance they need. Tenants who do not have internet access can contact the CBO who can submit an application on their behalf.

b. Tenant/Landlord Legal Assistance

There will likely be a large demand for legal assistance once the eviction moratorium is lifted, and Commission recommends offering this service to ensure that renters who receive rental assistance stay housed.

Attachment B: CARES Act Grant Agreement

[To be inserted upon final execution of the Grant Agreement]

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 APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SAN DIEGO AND THE SAN DIEGO HOUSING COMMISSION FOR ADMINISTRATION AND OPERATION OF AN EMERGENCY COVID-19 RENTAL ASSISTANCE PROGRAM, APPROVING \$15,100,000 IN CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT FUNDING, AND RELATED ACTIONS.

WHEREAS, a novel coronavirus, COVID-19, causes infectious disease and was first detected in December 2019; and

WHEREAS, on February 19, 2020, the County Board of Supervisors ratified a declaration of local health emergency related to the COVID-19; and

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency to exist in California as a result of the threat of the COVID-19; and

WHEREAS, on March 12, 2020, Mayor Kevin Faulconer proclaimed the existence of a local emergency in the City of San Diego (City) as a result of the COVID-19, which was ratified by the Council of the City of San Diego (City Council) on March 17, 2020; and

WHEREAS, the Governor, the San Diego County Public Health Officer, and the Mayor have issued a variety of orders and directives to respond to the emergency, including closing or significantly curtailing certain business operations, prohibiting gatherings of 10 people or more, and canceling conferences, sporting events, and other large group activities; and

WHEREAS, on March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic; and

WHEREAS, the City has been allocated \$248 million dollars in CARES Act funding for mitigation and recovery efforts; and

WHEREAS, COVID-19 is causing, and is expected to continue to cause, serious negative impacts on the local economy and serious financial impacts to local residents, including substantial loss of income due to the loss of compensable work hours or wages, layoffs, and business closures; and

WHEREAS, the City has approximately 273,050 units that are renter-occupied and of those, approximately 22% of the renters earn less than 30% of area median income and an additional 38% earn between 30% and 80% of area median income; and

WHEREAS, on March 25, 2020, the City Council adopted a temporary moratorium on residential and commercial evictions due to nonpayment of rent arising out of a substantial decrease in income or substantial out-of-pocket medical expenses caused by either COVID-19 or any governmental response to COVID-19; and

WHEREAS, the eviction moratorium provided short-term relief, but did not include financial assistance to cover lost payments; and

WHEREAS, on June 9, 2020, the City Council requested that City staff work with the Mayor's Office, the San Diego Housing Commission (Housing Commission), and Councilmember Ward's Office to develop an Emergency COVID-19 Rental Assistance Program (Program) to provide rental assistance to qualifying individuals and families who have suffered a substantial decrease in income due to the COVID-19 pandemic; and

WHEREAS, on June 8, 2020, as part of the approval of the City's fiscal year 2021 annual budget (Fiscal Year 2021 Budget), the City Council approved the allocation of \$15.1 million dollars in CARES Act funding for this Program; and

WHEREAS, the City and the Housing Commission desire to enter into a Memorandum of Understanding for the oversight and administration of this Program (MOU), a copy of which is included in the backup materials accompanying this Resolution; and

WHEREAS, funding for the Program is contingent on the City's approval and execution of an agreement with the federal government for CARES Act grant funding; NOW, THEREFORE,

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

1. The MOU between the City and the Housing Commission is authorized for execution.
2. The Housing Commission President & Chief Executive Officer (President & CEO), or designee, is authorized and directed to sign the MOU, and any and all amendment(s).
3. The effectiveness of this Resolution is contingent upon passage of a City Council resolution approving the City's signature of the MOU, which is being considered by the City Council concurrently with this Resolution.
4. The Housing Commission is authorized to amend the Housing Commission Fiscal Year 2021 Budget for an amount not exceed \$15.1 million dollars in CARES Act funds, as allocated by the City for this Program.
5. The President & CEO, or designee, is authorized and directed to sign all documents and take all actions necessary and appropriate to carry out and implement this

Resolution, in a form approved by the Housing Commission General Counsel and without further action of the Board of Commissioners of the Housing Commission or the Housing Authority of the City of San Diego.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Katherine A. Malcolm
Deputy General Counsel

KAM:soc
06/22/2020
6/25/2020 COR. COPY
Or.Dept: SDHC
Doc. No.: 2410402_2



The City of San Diego
Item Approvals

Item Subject: Authorization to Expend \$15,100,000 in CARES Act Federal Funding to Establish a COVID-19 Emergency Rental Assistance Program in the City of San Diego; Execute a Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for the Administration and Oversight of the Program; Amend the San Diego Housing Commission's Fiscal Year 2021 Budget in the Amount of \$15,100,000; and Transfer of Funds to the San Diego Housing Commission for the Program

Contributing Department	Approval Date
PLANNING/ENVIRONMENTAL ANALYSIS	06/23/2020

Approving Authority	Approver	Approval Date
COUNCIL DISTRICT 3 DEPARTMENT APPROVER	CHASE, MOLLY	06/23/2020
CITY ATTORNEY	ADAM WANDER	06/24/2020