



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: September 18, 2020

HCR20-093

SUBJECT: Authorization to Expend Federal CARES Act Funds, Awarded to the San Diego Housing Commission, to Provide One-Time Rental Assistance Through the City of San Diego's COVID-19 Emergency Rental 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 to expend up to \$3,200,000 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to provide one-time rental assistance to households with low income in the City of San Diego (City) through the City's COVID-19 Emergency Rental Assistance Program.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The San Diego Housing Commission (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.
- Based on initial reviews of applications submitted for assistance from the program, approximately 4,400 households qualify for assistance.
- The Housing Commission estimates that with the \$15.1 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds that the City Council allocated for the program, the COVID-19 Emergency Rental Assistance Program would be able to assist approximately 3,700 out of these approximately 4,400 qualifying households.
- After the application period closed on August 7, the U.S. Department of Housing and Urban Development awarded CARES Act funds to the Housing Commission.
- If \$3.2 million in Housing Commission CARES Act funds are directed to the City's COVID-19 Emergency Rental Assistance Program, the Housing Commission anticipates being able to provide one-time rental assistance to all of the approximately 4,400 qualifying households.
- Approving this action will authorize the Housing Commission to expend up to \$3.2 million in CARES Act funding to provide one-time rental assistance to low-income households through the City's COVID-19 Emergency Rental Assistance Program.



## REPORT

**DATE ISSUED:** September 17, 2020

**REPORT NO:** HCR20-093

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of September 18, 2020

**SUBJECT:** Authorization to Expend Federal CARES Act Funds, Awarded to the San Diego Housing Commission, to Provide One-Time Rental Assistance Through the City of San Diego's COVID-19 Emergency Rental Assistance Program

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Authorize the San Diego Housing Commission to expend up to \$3,200,000 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to provide one-time rental assistance to households with low income in the City of San Diego (City) through the City's COVID-19 Emergency Rental Assistance Program.

### **STAFF RECOMMENDATION**

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

- 1) Authorize the Housing Commission to expend up to \$3,200,000 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, which the U.S. Department of Housing and Urban Development (HUD) awarded to the Housing Commission, to provide one-time rental assistance to households with low income in the City of San Diego (City) through the City's COVID-19 Emergency Rental Assistance Program, subject to all of the eligibility requirements specified in the program;
- 2) Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or designee, to substitute alternative funds, provided that the amount of the substituted funding does not exceed the original funding amount, when in the best interests of the Housing Commission and when such funds are available, as referenced in this report; and
- 3) Authorize the Housing Commission's President & CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals.

### **SUMMARY**

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.

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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 5,209 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.

Based upon the initial reviews of eligible applications, the Housing Commission estimates that approximately 15 percent of the 5,209 applications (781) do not qualify for assistance for reasons such as their income exceeded 60 percent of AMI as of January 2020 or their financial hardship is not related to COVID-19. The Housing Commission estimates that with the City CARES Act funds, the COVID-19 Emergency Rental Assistance Program would be able to assist approximately 3,700 out of the approximately 4,400 households that qualify for assistance.

On August 13, 2020, close to one week after the City's COVID-19 Emergency Rental Assistance Program's application period ended, HUD allocated federal CARES Act funds directly to the Housing Commission. In addition, on August 20, 2020, Bank of America informed the Housing Commission that it was awarding an economic relief grant of \$100,000 to support the City's COVID-19 Emergency Rental Assistance Program.

If \$3.2 million in Housing Commission CARES Act funds are directed to the COVID-19 Emergency Rental Assistance Program along with the Bank of America grant, the Housing Commission anticipates being able to provide one-time rental assistance to all of the approximately 4,400 qualifying households with low income experiencing financial hardship due to COVID-19 who applied for help through the program.

The Housing Commission will coordinate with selected applicants and their landlord or property management company to disburse payments. All payments will be made directly to the landlord by direct deposit on behalf of their tenant.

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The Housing Commission began disbursing payments with City CARES Act funding on September 9, 2020, and payments will continue into November. If Housing Commission CARES Act funds are authorized for this programs, those funds and philanthropic funds will be disbursed by the end of December 2020.

**AFFORDABLE HOUSING IMPACT**

The authorization to expend federal CARES Act funds awarded to the Housing Commission will enable the City's COVID-19 Emergency Rental Assistance Program to provide one-time rental assistance to approximately 4,400 households with low income in the City of San Diego experiencing financial hardship due to COVID-19—approximately 3,700 with City CARES Act funds and approximately 700 with Housing Commission CARES Act funds.

**FISCAL CONSIDERATIONS**

The proposed 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 \$3,200,000 in CARES Act funding to provide one-time rental assistance to low-income households through the City's COVID-19 Emergency Rental Assistance Program, which the Housing Commission administers.

The actions in this report grant the Housing Commission's President & CEO, or designee, the authority to substitute alternative funds, without further action by the Housing Commission Board or the Housing Authority, but only if and to the extent that funds are determined to be available for such purposes and provided that the amount of the substituted funding does not exceed the original funding amount, when in the best interests of the Housing Commission and when such funds are available, as referenced in this report. "Available" funding as referenced in the staff recommendations includes any funds referenced in reserves in the Housing Authority-approved FY 2021 Housing Commission Budget.

**PREVIOUS COUNCIL AND/OR COMMITTEE ACTION**

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.

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.

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**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  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Docket materials are available on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).