



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: February 4, 2022

HCR22-030

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

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Rental Assistance Division

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

REQUESTED ACTION:

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

EXECUTIVE SUMMARY OF KEY FACTORS:

- The San Diego Housing Commission (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 January 24, 2022, the Housing Commission has made payments totaling more than \$156.2 million through HSAP to help 14,963 qualifying households.
- The Housing Commission has continued to work with the office of Mayor Todd Gloria on efforts to obtain additional funding to continue to provide assistance to families.
- The U.S. Department of the Treasury developed a process for the reallocation of federal emergency rental assistance funds. This potential reallocation included making additional funds available to high-performing agencies based on demonstrated need.
- On October 29, 2021, the Housing Commission submitted a formal request to the U.S. Department of the Treasury for \$115 million in reallocated funds to support HSAP. The Treasury Department on January 7, 2022, announced the reallocation of funds, including \$8,308,615 allocated directly to the City of San Diego in response to the Housing Commission's request.
- All of the funding the City Council and Housing Authority have authorized for HSAP has been fully obligated to assist households with low income, including applicants who have preliminary approval, subject to review and confirmation of their documentation.
- The total obligations for assistance payments still exceed the available funding to help qualifying households.
- The additional funding proposed in the staff-recommended actions will enable HSAP to provide assistance to more qualifying households. However, without significant additional resources beyond these funds, HSAP will not be able to provide help to thousands of eligible households.



REPORT

DATE ISSUED: January 27, 2022

REPORT NO: HCR22-030

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of February 4, 2022

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

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

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

STAFF RECOMMENDATION

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

January 27, 2022

Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 2

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.

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

City Council:

Authorize the City of San Diego's Chief Financial Officer or designee to accept, appropriate and expend an amount of \$8,308,615 in federal Emergency Rental Assistance Program (ERA1) funds, which the U.S. Department of the Treasury allocated directly to the City of San Diego, and transfer \$8,308,615 to the Housing Commission to be administered for the City of San Diego COVID-19 Housing Stability Assistance Program, contingent upon the funds being secured for this program.

SUMMARY

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

The Housing Commission launched the online application portal for HSAP on March 15, 2021. As of January 24, 2022, at 10 a.m., 38,750 applications have been submitted, which includes 9,478 individuals who updated previously submitted information and/or requested additional assistance, and 35,100 additional applications have been started and are pending completion. The application remains open at covidassistance.sdhc.org, and additional applications are submitted daily.

The Housing Commission began disbursing payments in late April 2021 to help qualifying households. As of January 24, 2022, the Housing Commission has disbursed \$156,289,400.42 to help 14,963 qualifying households. Additional payments are disbursed each business day in accordance with the Housing Commission's posted operating hours.

In March 2021, the U.S. Congress enacted the American Rescue Plan Act (ARPA), which President Joe Biden signed into law on March 11, 2021. The City of San Diego received an allocation of \$54,539,063.20 in ARPA funds directly from the U.S. Department of the Treasury. These funds supported the operation of HSAP to help households that need help paying their rent and utilities to avoid being displaced from their homes. In addition, on June 23, 2021, the State of California transferred an additional \$5,610,840.67 in funding for which the Housing Commission requested Housing Authority and City Council approval on July 27, 2021, to expend on HSAP assistance payments and administrative expenses in accordance with State funding requirements. The \$60,149,903.87 was approved by the City

January 27, 2022

Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 3

Council (Agenda Item No. 331, Resolution No. R-313667) and Housing Authority (Report No. HAR21-015; Resolution No. HA-1921) for HSAP, of which \$51,484,860.16 was budgeted for assistance payments. The July 27, 2021, Housing Authority and City Council actions also approved a first amendment to the MOU between the Housing Commission and the City for the Housing Commission to continue to oversee and administer HSAP with the additional funds.

In addition, the State of California allocated \$39,712,779.17 of federal ARPA funds to the City of San Diego for HSAP assistance payments and program administration. On October 5, 2021, the City Council (Agenda Item No. 331; Resolution No. R-313732) and Housing Authority (Report No. HAR21-020; Resolution No. HA-1923) authorized the acceptance of these funds from the State and the expenditure of these funds on HSAP assistance payments and administrative expenses in accordance with federal and State funding requirements. The City Council and Housing Authority also approved a second amendment to the MOU between the City and the Housing Commission for the administration and oversight of HSAP to incorporate the \$39,712,779.17 of federal ARPA funds the State allocated to the City of San Diego and reflect the reallocation of CARES Act Community Development Block Grant (CDBG-CV) funds for use on a new eviction prevention and education program, which the Housing Commission would oversee through a separate agreement with the City of San Diego. In addition, the approved MOU amendment included updated program guidelines to allow HSAP to provide relocation assistance to eligible households that have been displaced during the pandemic, as permitted by U.S. Treasury Department guidelines that were revised on August 25, 2021.

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

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

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

January 27, 2022

Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 4

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

AFFORDABLE HOUSING IMPACT

With the authorization to expend \$8,308,615 in federal funds allocated to the City of San Diego, HSAP will continue to help prevent housing displacement among low-income households. This program will help pay rent and utilities for eligible households that experience financial hardship due to or during the ongoing COVID-19 pandemic.

EQUAL OPPORTUNITY/CONTRACTING/EQUITY ASSURANCE

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

FISCAL CONSIDERATIONS

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

Funding Sources

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

Funding Uses

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

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

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

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

On December 15, 2020, the San Diego City Council and the Housing Authority returned to staff a report requesting authorization to execute an amended MOU between the Housing Commission and the City of

January 27, 2022

Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 5

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.

KEY STAKEHOLDERS and PROJECTED IMPACTS

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

ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and CEQA Guidelines Section 15378(b)(5), as it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment.

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

January 27, 2022

Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 6

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.