



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: July 9, 2021

HCR21-076

**SUBJECT:** Approval of an Amendment to the Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for Oversight and Administration of the City of San Diego's COVID-19 Housing Stability Assistance Program; Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds to Support the 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 an amendment to the Memorandum of Understanding between the San Diego Housing Commission (Housing Commission) and the City of San Diego (City) for the Housing Commission to continue to oversee and administer the City's COVID-19 Housing Stability Assistance Program with new funding and authorize the Housing Commission to accept and expend additional funds to administer the program.

**EXECUTIVE SUMMARY OF KEY FACTORS:**

- On February 22, 2021, the City Council and Housing Authority authorized the City of San Diego COVID-19 Housing Stability Assistance Program (HSAP), which the Housing Commission administers, to provide rental assistance and/or utility assistance to households with low income experiencing financial hardship due to the ongoing COVID-19 pandemic.
- On June 23, 2021, the State of California transferred \$50,488,594.24 to the Housing Commission for HSAP, which included separate, additional funding for administrative expenses in addition to the block grant amount for assistance payments. As a result, the Housing Commission has received \$5,610,840.67 in additional funding from the State than was previously authorized for HSAP.
- 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 has received an allocation of \$54,539,063.20 in ARPA funds directly from the U.S. Department of the Treasury.
- These additional funds from the U.S. and State governments would support the continued operation of HSAP to help additional households that need help paying their rent and utilities to avoid being displaced from their homes.
- If the actions proposed in this report are approved, the Housing Commission will continue to administer HSAP pursuant to the proposed amended MOU between the Housing Commission and the City of San Diego and federal and state regulations.



## REPORT

**DATE ISSUED:** July 1, 2021

**REPORT NO:** HCR21-076

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of July 9, 2021

**SUBJECT:** Approval of an Amendment to the Memorandum of Understanding between the City of San Diego and the San Diego Housing Commission for Oversight and Administration of the City of San Diego's COVID-19 Housing Stability Assistance Program; Authorization for the San Diego Housing Commission to Accept and Expend Additional Funds to Support the Program; and Approval of Related Actions

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Authorize an amendment to the Memorandum of Understanding between the San Diego Housing Commission (Housing Commission) and the City of San Diego (City) for the Housing Commission to continue to oversee and administer the City's COVID-19 Housing Stability Assistance Program with new funding and authorize the Housing Commission to accept and expend additional funds to administer the program.

### **STAFF RECOMMENDATION**

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

#### **Housing Authority:**

- 1) Authorize the San Diego Housing Commission (Housing Commission) to execute an amendment to the Memorandum of Understanding (MOU) between the Housing Commission and the City of San Diego for the Housing Commission to continue to oversee and administer the City of San Diego's COVID-19 Housing Stability Assistance Program with new funding to provide emergency rental assistance and/or utility assistance to households with low income in the City of San Diego that experience financial hardship;
- 2) Authorize the Housing Commission to amend its Fiscal Year 2022 budget in the amount of \$54,539,063.20 in federal American Rescue Plan Act (ARPA) funds allocated directly to the City of San Diego to be administered by the Housing Commission and an additional \$5,610,840.67 in federal funds allocated by the State of California to the City of San Diego through the State of California's Coronavirus Relief Fund to provide rental assistance and/or utility assistance to households with low income in the City of San Diego that experience financial hardship and to cover administrative expenses in accordance with federal and state funding requirements;

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- 3) Authorize the Housing Commission's President & CEO, or designee, to modify the COVID-19 Housing Stability and Assistance Program, if necessary, without further action by the Housing Commission's Board of Commissioners (Board) or the Housing Authority, but only if and to the extent that such changes comply with the terms of the executed amended MOU and are necessary to fulfill federal and state funding requirements;
- 4) Authorize the Housing Commission's President & CEO, or designee, to substitute approved funding sources with any other available funds as deemed appropriate, contingent upon budget availability, and further authorize the President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement this approval and delegation of authority by the Housing Commission upon advice of the General Counsel; and
- 5) Authorize the Housing Commission's President & CEO, or designee, to execute all necessary documents and instruments that are necessary and/or appropriate to implement these approvals, in a form and format approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals.

**City Council:**

Authorize the City of San Diego to execute an amendment to the Memorandum of Understanding between the Housing Commission and the City of San Diego for the Housing Commission to oversee and administer the City of San Diego's COVID-19 Housing Stability Assistance Program to provide rental assistance and/or utility assistance to households with low income in the City of San Diego that experience financial hardship.

**SUMMARY**

On February 22, 2021, the 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 COVID-19 Housing Stability Assistance Program (HSAP), which the Housing Commission administers, to provide rental assistance and/or utility assistance to households with low income experiencing financial hardship due to the ongoing COVID-19 pandemic.

The Housing Commission launched the online application portal for HSAP on March 15, 2021. As of July 1, 2021, 13,965 applications have been submitted and 12,146 additional applications have been started and are pending completion. The application remains open at [covidassistance.sdhc.org](https://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 June 30, 2021, the Housing Commission has disbursed \$24,068,905.59 to assist 4,884 qualifying households. Additional payments are disbursed each weekday in accordance with the Housing Commission's posted operating hours.

Funding for HSAP included federal funds allocated directly to the City of San Diego from the U.S. Department of the Treasury and federal funds the State of California allocated to the City of San Diego, as approved in State Senate Bill (SB) 91, signed into law on January 29, 2021. In its February 22, 2021, approval, the Housing Authority authorized the expenditure of \$44,877,753.57 in federal funds the State allocated to the City, with a percentage of these funds to be expended on administrative costs. On June 23, 2021, the State transferred \$50,488,594.24 to the Housing Commission for HSAP, which included

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separate, additional funding for administrative expenses in addition to the block grant amount for assistance payments. As a result, the Housing Commission has received \$5,610,840.67 in additional funding from the state, for which the Housing Commission requests Housing Authority approval to expend on HSAP assistance payments and administrative expenses in accordance with State funding requirements.

Under the terms of SB 91, landlords may receive 80 percent of their tenants' arrears for the period of April 1, 2020, to March 31, 2021, if they agree to forgo the remaining 20 percent. They also may receive 25 percent of rent for the months of April through June 2021. If a landlord declines this provision, the program can pay 25 percent of the tenants' arrears directly to the tenant and 25 percent of the tenant's upcoming monthly rent for the three months of April through June 2021.

In April and May 2021, the Housing Commission sent letters to the U.S. Department of the Treasury, California Governor Gavin Newsom and California State lawmakers, advocating updates to the State regulations that apply to HSAP. These recommended updates include allowing payments of 100 percent of tenants' rent arrears and 100 percent of prospective rent for the time periods specified in SB 91. On June 28, 2021, California Governor Gavin Newsom signed into law Assembly Bill (AB) 832, which allows programs like HSAP to pay 100 percent of past-due and prospective rent for qualifying households affected by the pandemic. AB 832 also extended the statewide eviction moratorium through September 30, 2021.

With the implementation of the updates from AB 832, the Housing Commission anticipates fully expending all of the Coronavirus Relief Funds allocated to HSAP to help current HSAP applicants. The Housing Commission would use any unexpended funds as well as additional funding to assist the additional households that submit new applications each day for help from HSAP. Funding regulations allow a longer period of time to expend \$5 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG) funds previously awarded to the City of San Diego, so the expenditure of Coronavirus Relief Funds, with earlier deadlines, is being prioritized.

In March 2021, the U.S. Congress enacted ARPA, which President Joe Biden signed into law on March 11, 2021. The City of San Diego has received an allocation of \$54,539,063.20 in ARPA funds directly from the U.S. Department of the Treasury. These funds would support the continued operation of HSAP to help additional households that need help paying their rent and utilities to avoid being displaced from their homes.

Currently, City of San Diego renters cannot be evicted for nonpayment of rent due to COVID-19.

If the actions proposed in this report are approved, the Housing Commission will continue to administer HSAP pursuant to the proposed amended MOU between the Housing Commission and the City of San Diego and federal and state regulations.

In 2020, the Housing Commission administered the City of San Diego's COVID-19 Emergency Rental Assistance Program, which disbursed more than \$13.7 million in previously allocated federal funds to provide one-time payments to qualifying households, helping more than 3,700 low-income households in the City of San Diego pay their rent.

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**AFFORDABLE HOUSING IMPACT**

With the authorization to expend \$54,539,063.20 in federal funds allocated directly to the City of San Diego and \$5,610,840.67 in additional federal funds allocated by the State of California to the City of San Diego, the City's COVID-19 Housing Stability Assistance Program will continue to help prevent housing displacement among low-income households. This program will help eligible households pay past-due, unpaid and prospective rent and past-due utilities due to financial hardship.

**EQUAL OPPORTUNITY/CONTRACTING/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 2022 Budget. Approving this action will authorize the Housing Commission to expend up to \$54,539,063.20 of federal American Rescue Plan Act (ARPA) funds allocated directly to the City of San Diego and \$5,610,840.67 in federal funds allocated by the State of California to the City of San Diego through the State of California's Coronavirus Relief Fund to oversee and administer the City of San Diego's COVID-19 Housing Stability Assistance Program.

**Funding Sources**

ARPA – Federal Allocation to the City of San Diego:	\$54,539,063.20
State Coronavirus Relief Fund Allocation	\$ 5,610,840.67
Total:	\$60,149,903.87

**Funding Uses**

COVID-19 Housing Stability Assistance Program Payments:	\$51,484,860.16
COVID-19 Housing Stability Assistance Program Administration:	\$ 8,665,043.71
Total:	\$60,149,903.87

**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) 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 San Diego (City) to continue the oversight and administration of the City's COVID-19 Emergency Rental Assistance Program and to take related actions.

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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 COVID-19 Housing Stability Assistance Program (HSAP), which the Housing Commission administers, to provide emergency rental assistance and/or utility assistance to households with low income experiencing financial hardship due to the ongoing COVID-19 pandemic.

**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. 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.

Federal funds constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of any federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the project based on the results of subsequent environmental review under NEPA. Final NEPA approval from the City of San Diego was obtained on June 28, 2021.

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](http://www.sdhc.org).