



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: September 9, 2021

HCR21-091

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 Federal American Rescue Plan Act Funds Allocated by the State of California to Support the Program; Approval to Reallocate Funds to Support an Eviction Prevention and Education 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.
- 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.
- On July 27, 2021, the City Council and the Housing Authority authorized up to \$60,149,903.87 in additional funds for HSAP, including \$54,539,063.20 in ARPA funds the U.S. Department of the Treasury allocated directly to the City of San Diego.
- As of September 2, 2021, the Housing Commission has disbursed \$92,746,512.21 to help 10,605 qualifying households. Additional payments are disbursed each weekday in accordance with the Housing Commission's posted operating hours.
- The State of California also has allocated \$39,712,779 in federal ARPA funds to the City of San Diego for HSAP assistance payments and program administration.
- These funds would support the continued operation of HSAP to assist additional households.
- In consultation with the Mayor's office, the Housing Commission also recommends reallocating \$5 million in funds previously approved for HSAP to support an eviction prevention program.
- 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: September 7, 2021

REPORT NO: HCR21-091

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 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 Federal American Rescue Plan Act Funds Allocated by the State of California to Support the Program; Approval to Reallocate Funds to Support an Eviction Prevention and Education 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 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 \$39,712,779 in federal American Rescue Plan Act (ARPA) funds allocated by the State of California 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 and to cover administrative expenses in accordance with federal and state funding requirements;

September 7, 2021

Authorization of an Amendment to the Memorandum of Understanding and Expenditure of Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 2

- 3) Authorize the Housing Commission to reallocate \$5,000,000 from federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG-CV) funds, awarded to the City of San Diego and previously allocated to the Housing Commission, to fund a new eviction prevention and education program in collaboration with the City of San Diego and a to-be-selected service provider;
- 4) 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;
- 5) 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
- 6) 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:

- 1) Authorize and direct the Chief Financial Officer to accept, appropriate and expend an amount not to exceed \$39,712,779 in federal American Rescue Plan Act (ARPA) funds allocated by the State of California to the City of San Diego for the City of San Diego COVID-19 Housing Stability Assistance Program (HSAP), contingent upon the funds being secured, and transfer an amount not to exceed a total of \$39,712,779 to the Housing Commission for HSAP; and
- 2) 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

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 September 2, 2021, 19,602 applications have been submitted and 18,334 additional applications have

September 7, 2021

Authorization of an Amendment to the Memorandum of Understanding and Expenditure of Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 3

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 September 2, 2021, the Housing Commission has disbursed \$92,746,512.21 to help 10,605 qualifying households. Additional payments are disbursed each weekday in accordance with the Housing Commission's posted operating hours.

All of the funding the City Council and Housing Authority authorized on February 22, 2021, for assistance payments has been disbursed, except for federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG-CV) funds awarded to the City of San Diego, which have more restrictions and longer timelines for expenditure than the other allocated funds. In consultation with the Mayor's office, the Housing Commission proposes reallocating \$5,000,000 from the federal CARES Act CDBG-CV funds to fund a new eviction prevention and education program in collaboration with the City of San Diego and a to-be-selected service provider. This program may include outreach and education, legal representation and case management, and legal services for households with undocumented immigration status.

On July 27, 2021, the City Council (Agenda Item No. 331, Resolution No. R-2022-15) and the Housing Authority (Report No. HAR21-015; Resolution No. HA-1921) authorized up to \$60,149,903.87 in additional funds for HSAP, of which \$51,484,860.16 is budgeted for assistance payments.

In addition, the State of California has allocated federal ARPA funds to the City of San Diego for HSAP assistance payments and program administration. These funds would support the continued operation of HSAP to assist 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.

Contract services necessary for HSAP operations and for the proposed eviction prevention and education program will be procured in compliance with the Housing Commission's Procurement Policy (PO-PUR-373.01), approved by the Housing Commission Board of Commissioners and the Housing Authority, and in accordance with the budget authority the Housing Authority delegated to the Housing Commission through the June 14, 2021, approval of the Housing Commission's Fiscal Year 2022 Budget (Report No. HAR21-009; Resolution No. HA-1915).

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.

AFFORDABLE HOUSING IMPACT

With the authorization to expend \$39,712,779 in federal funds allocated by the State of California to the City of San Diego, the City of San Diego COVID-19 Housing Stability Assistance Program will continue to help prevent housing displacement among low-income households. This program will help

September 7, 2021

Authorization of an Amendment to the Memorandum of Understanding and Expenditure of Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 4

pay rent and utilities for eligible households that experience financial hardship during the ongoing COVID-19 pandemic.

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 \$39,712,779 of federal American Rescue Plan Act (ARPA) funds allocated by the State of California to the City of San Diego to oversee and administer the City of San Diego COVID-19 Housing Stability Assistance Program and to reallocate \$5,000,000 in CARES Act CDBG-CV funds to support a new eviction prevention program in collaboration with the City of San Diego and a to-be-selected service provider.

Funding Sources

ARPA – State Allocation to the City of San Diego:	\$39,712,779
CARES Act CDBG-CV Funds	\$ 5,000,000
Total:	\$44,712,779

Funding Uses

COVID-19 Housing Stability Assistance Program Payments:	\$34,269,911
COVID-19 Housing Stability Assistance Program Administration:	\$ 5,442,868
Eviction Prevention Program Expenses:	\$ 4,600,000
Eviction Prevention Program Administration:	\$ 400,000
Total:	\$44,712,779

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

September 7, 2021

Authorization of an Amendment to the Memorandum of Understanding and Expenditure of Funds for the City of San Diego's COVID-19 Housing Stability Assistance Program

Page 5

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.

On July 27, 2021, the City Council (Agenda Item No. 331, Resolution No. R-2022-15) and the Housing Authority (Report No. HAR21-015; Resolution No. HA-1921) authorized up to \$60,149,903.87 in additional funds for HSAP.

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. 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 August 20, 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.