



COUNTY OF SAN DIEGO

2021 APR 30 AM 7:47

CLERK OF THE BOARD  
OF SUPERVISORS

**JOEL ANDERSON**  
SUPERVISOR, SECOND DISTRICT  
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

**DATE:** May 4, 2021

**25**

**TO:** Board of Supervisors

**SUBJECT: ADVOCATING FOR RENTAL ASSISTANCE FLEXIBILITY AND THE CREATION OF A SHALLOW (SHORT-TERM) RENT SUBSIDY PROGRAM (DISTRICTS: ALL)**

**OVERVIEW**

The County of San Diego is currently administering an Emergency Rent and Utilities Assistance Program for the distribution of over \$107 million of federal funds to help eligible households in qualifying areas who have been financially impacted by the COVID-19 pandemic. The program provides payment assistance for renters in need who can't afford to pay their rent and utilities to their landlords. It has reduced the need to divert limited resources from other household expenses and maintained housing stability for low-income renters who have experienced COVID-19-related loss of income. This program has also enabled landlords to seek reimbursement for back rent owed by their tenants and up to 3-month prospective rent relief as well.

**Only \$27.5 Million Out of \$107 Million Dollars Projected for Awards Based On Current Applications**

Because a portion of these federal funds are provided to the County through the state, the County is required to comply with the requirements of Senate Bill 91 when administering this funding. Although federal guidelines permit landlords to collect 100 percent of the rent they are owed by their tenants, SB 91 guidelines present several limitations including the limiting of reimbursements to landlords on rental arrears to 80 percent. It's clear given the limited amount of funds that have been applied for that the current system that is in place has not been effective in aiding and reaching residents and landlords. In addition to the County's Rent and Utilities Assistance Program, the Cities of San Diego and Chula Vista also manage their own similar relief programs. Just as all other eligible jurisdictions, the County elected option B when selecting a program which requires commitment and expenditure of funds in a narrow time frame. Each of the three respective rental programs in the region are required to expend all of the state block grant funds provided to them by the state by August 30 1, 2021. We are also required to obligate 65 percent of the funds by June 1, 2021. The County of San Diego Emergency Rental Assistance Program administrators reported that the County

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currently has \$52 million dollars of funds remaining that have not yet been applied for by landlords or their tenants. They also report that of the \$55 million applied for, that only \$27.5 million dollars of the program's funds are projected to be distributed based on eligibility and other factors, leaving \$79.5 million dollars remaining.

The San Diego Housing Commission recently wrote to the Secretary of California's Business, Consumer Services and Housing Agency, requesting several updates and changes to the state guidelines to provide more flexibility for local Emergency Rental Relief Programs. The Housing Commission's request recommended increasing from 80 to 100 percent the amount landlords could collect in rental arrears owed to them and allowing payment of 100 percent of prospective rent owed, instead of limiting this amount to 25 percent. The County of San Diego's Emergency Rental Assistance Program would greatly benefit from this additional flexibility to our rental program, as would the City of San Diego and the City of Chula Vista's programs.

**Rental Relief for Recently Homeless(Transitional)**

On April 6, 2021, the Board of Supervisors approved a conceptual framework for allocating American Rescue Plan Act (ARPA) funds the County anticipates receiving. Included in this plan was an allocation of \$85 million to fund homelessness services. Homelessness services are a key expenditure category of the ARPA funds and specifying use of these funds to individuals who are newly experiencing homelessness, couch-surfing or living in their car, would provide critical relief for thousands of individuals. In its Homeless Crisis Response System report from 2020, the Regional Task Force on the Homeless found the number of first-time homelessness in the County increased from 2,326 in 2019 to 4,152 in 2020, a 79 percent jump. The previous year saw a 6 percent decrease from 2018. Among households, first-time homelessness increased from 1,910 to 3,450 in 2020, up 81 percent.

Based on economic data we can deduce that these numbers are largely pandemic induced. Many individuals are experiencing transitional homelessness due to job loss, unemployment and other economic impacts. Based on averages pulled from current rental assistance applications, the projected cost for payment assistance that would help these transitionally homeless households is \$7 million. Consequently, allocating money to a specific program designed to help this population would enable these individuals to quickly get back into a home and to pay their rent during this trying time.

Although the County's Emergency Rental Assistance Program will provide payment assistance to thousands of qualified applicants, those families that have been evicted or displaced from their homes and are currently living in a hotel, car or with a family member are excluded from the program. A shallow(short-term) rental subsidy program provides a range of short-term to long-term rental subsidy to participants in order to help them achieve housing stability and prevent homelessness or reentry into homelessness. The subsidies are considered "shallow" compared to traditional "deep" subsidies such as those provided by

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Housing Choice Vouchers and Permanent Supportive Housing (PSH) because they provide a lower level of assistance, often based on a set monthly amount. Shallow rental subsidies are particularly effective for recently rehoused or unstably housed households living in high-cost rent environments, those experiencing fluctuations in income and employment, those on housing waitlists, and those on a fixed income that need a small amount of rental assistance but not the level of support provided through Rapid Rehousing (RRH).

The creation of such a program would allow those households who are experiencing transitional homelessness due to financial impacts from COVID-19, that do not qualify for the County's Emergency Rental Assistance Program, to receive temporary financial assistance for getting back into a unit. The population focus would include those households that are living in hotel or motels that have been temporarily or permanently displaced from their primary residence or are without a permanent residence elsewhere.

Currently, all three Emergency Rental Assistance programs in the County have reported that a lack of applications have been submitted over the course of many weeks, both from renters and landlords. Numbers have shown that the need for rental assistance is undoubtedly apparent in the region through high unemployment rates and vocalization from several struggling groups. However certain groups- a large population of landlords in particular - are unaware that the programs are live and accepting applications.

**Greater Outreach to Inform Potential Applicants as Needed**

The unincorporated areas of the County lack sufficient broadband and technological access needed to take advantage of the online application process. An enhanced and coordinated awareness effort and ensuring options for those who don't have access to proper internet connections, would allow more individuals in the region to become aware of the assistance programs. Although the County's ERAP website has translative abilities with the application portal featuring multiple languages, constituents' access to applications and awareness of the program could still be enhanced by expanded outreach to groups whose native language is not English and are indirectly excluded from groups where much of the current outreach is occurring. Efforts could be extended to actions such as providing mail notification to every landlord in the County system, as well as enhanced coordination with various radio stations to publicize the Emergency Rental Assistance Programs.

Today's action would direct the CAO to request that the State of California update the State Guidelines to maximize the expenditure and impact of federal funds allocated through SB 91 to help landlords and low-income families experiencing financial hardship due to the ongoing COVID-19 pandemic. This action would also allocate \$10 million from the framework of anticipated ARPA funds, with assurance from the CAO that the County of San Diego would seek to adopt the most flexible option for administration of the dollars and future funds the County is to receive for rental assistance from ARPA through HUD. Upon approval of the adjusted framework and the receipt of ARPA guidelines, action would

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additionally direct the CAO to design a shallow rent subsidy program for those experiencing transitional homelessness.

**RECOMMENDATION(S)**

- 1) Direct the Chief Administrative Officer to call upon the State to provide Option B partners (local jurisdictions participating in the Senate Bill 91 rental assistance program) flexibility to:
  - a. Pay all rental payments owed, including prospective rent;
  - b. Streamline the review process and to additionally;
  - c. Allow payment of 100 percent of rental arrears owed instead of 80 percent;
  - d. Allow payment of 100 percent of prospective rent owed instead of 25 percent;
  - e. Allow up to 15 months of rent assistance regardless of rent type (arrears or prospective);
  - f. Allow utility payments to be issued to the tenant if the utility provider declines to accept a payment;
  - g. Remove restrictions on which months can be considered for rental arrears and which can be considered for prospective rent. Currently, April through June 2021 can only be categorized as prospective rent, with payments limited to 25 percent; and
  - h. Allow three months of prospective rent based on three months from the date the application is processed.
  - i. Change obligation and expenditure deadlines to coincide with the U.S Department of the Treasury deadlines
- 2) Direct the ~~CAO~~ Chief Administrative Officer to allocate a minimum of \$10 million dollars in ARPA funds of the framework's slated \$85 million dollars for homeless services for the creation of a (short-term) Shallow Rent Subsidy program and associated administrative costs
- 3) Direct the ~~CAO~~ Chief Administrative Officer to return within 60 days with a Shallow Rent Subsidy Program design upon approval of ARPA framework and receipt of federal expenditure guidelines ~~a Shallow Rent Subsidy Program design upon approval of the tentative ARPA framework and receipt of federal expenditure guidelines~~
- 4) Direct the Chief Administrative Officer to seek the most flexible option for the administration of ARPA rental relief funds and to seek authority to allow both landlords and tenants can apply to the program ~~expend all current and future rental relief program funds under the new and flexible guidelines upon successful advocacy efforts to change SB91 guidelines to reflect federal guidelines~~
- 5) ~~Direct the Chief Administrative Officer, to the extent authorized by law, to utilize the approximately \$48.8 million dollars of HR 133 rent relief money granted by the United States Treasury directly to the County of San Diego to allow for 100% of repayment of landlords and other flexibilities~~
- 5) To the extent authorized by law, direct the Chief Administrative Officer to allocate additional funds ~~\$1 million dollars~~ in the forthcoming ARPA framework's ~~\$85~~

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~~million dollars of ARPA funds~~ for expanded outreach and for the exploration of ways to enhance the awareness efforts that are taking place for the Emergency Rent and Utility Assistance Program with a focus on:

- a. rural communities;
  - b. the landlord community through mail notification to every landlord address in the County system;
  - c. those experiencing transitional homelessness
  - d. households with limited English proficiency
  - e. households living in hotel or motels that have been temporarily or permanently displaced from their primary residence or are without a permanent residence elsewhere, subject to program rules and regulations
- 6) Direct the Chief Administrative Officer to advocate, as needed, for legislative remedies needed to achieve the items listed in the above recommendations

**FISCAL IMPACT**

There is no fiscal impact associated with these recommendations. Funds for the Emergency Rent and Utilities Assistance Program are included in the Fiscal Year 2020-21 Operational Plan of the Health and Human Services Agency. The recommendations related to this program would provide additional flexibility in spending the funds that have been allocated. There is no immediate fiscal impact for the recommendations around the American Rescue Plan Act of 2021 (ARPA) funding framework, as funds for the ARPA framework are not yet appropriated. Once final federal guidance on ARPA is released, it will be reviewed to ensure alignment with the proposed framework and staff will return back to the Board to appropriate funds as needed. There will be no change in net General Fund costs and no additional staff years.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

With the emergence of the COVID-19 pandemic, the state economy abruptly ground to a halt in the spring of 2020. Although the state economy has experienced a modest rebound since that time, the pandemic continues to disrupt the lives of all Californians, changing how we interact with others in our communities to the way we work. Landlords and tenants across the nation are facing unprecedented circumstances as COVID-19 continues to disrupt daily life and financial situations. In an effort to continue to assist tenants from eviction, Governor Newsom, Senate President pro Tempore Toni Atkins and Assembly Speaker Anthony Rendon announced an agreement on the legislation to extend the eviction moratorium established last year under AB 3088. The enacted legislation, SB 91, pauses evictions for tenants who declare under penalty of perjury an inability to pay all or part of the rent due to a COVID-related reason. Tenants are still responsible for paying unpaid amounts to property

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owners, and those unpaid amounts cannot be the basis for an eviction, even after the moratorium ends.

In late December 2020, the federal government authorized \$25 billion for emergency rental assistance. California received \$2.6 billion of that funding. Local governments with populations over 200,000 were eligible to receive a direct allocation from the federal government to provide rental assistance. Federal requirements provided some limitation on the use of this funding, including that eligible households must have experienced financial hardship due to COVID-19, be at risk of homelessness or housing instability, and have a household income at or below 80 percent of the area median income.

Eligible households could use these resources to address past-due rent and utility payments, as well as future rental payments. While federal requirements provided parameters for the use of these funds, state and local governments had important decisions to make about how they would administer funding to assist renters who accumulated rental debt because of the pandemic. The State of California, through SB 91, put additional restrictions on the funds distributed to the County of San Diego and other counties throughout the State. SB 91 limited the amount of rent reimbursements to 80 percent of the amount they are owed and established August 1, 2021 as the timeline by which jurisdictions must expend their relief funds.

The County of San Diego is currently administering an Emergency Rental Relief Program for the distribution of over \$107 million dollars of federal funds to help eligible households in qualifying areas who have been financially impacted by the COVID-19 pandemic. The program provides payment assistance for renters in need who can't afford to pay their rent and utilities to their landlords. It has reduced the need to divert limited resources from other household expenses and maintained housing stability for low-income renters who have experienced COVID-19-related loss of income. It has also allowed for landlords to seek arrears and reimbursement for back rent owed by their tenant and 3-month prospective relief as well.

As of April 19, 2021, the County received 11,888 applications totaling about \$55 million in requests, with the average application being \$4,600. There is anticipation that about 50 percent of applications will be eligible for an award with 6,000 awards currently totaling an estimated at \$28 million. The remaining funds should compensate for the 20 percent reduction to landlord reimbursements as currently required under state law.

It is important to call on the State to update their requirements to provide the County more flexibility in program administration. It is also important to bring as much awareness as possible to the ERAP program to enable the County to distribute these funds and future funding into the hands of those who own rental properties and unemployed San Diegans who are most in need of assistance. Currently there are several individuals that are not taking full advantage of the County's Emergency Rental Assistance Program. There are \$52 million

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dollars that have not been applied for and it is important to extend outreach to those who need financial assistance the most and are qualified to receive funding. Certain groups- a large population of landlords in particular - are unaware that the programs are live and accepting applications.

Other groups, such as those who reside in the unincorporated areas of the County, lack sufficient broadband and technological access needed to take advantage of the online application process. An enhanced and coordinated awareness effort and ensuring options for those who don't have access to proper internet connections, would allow more individuals in the region to become aware of the assistance programs. Although the program website has translative abilities with the application portal featuring multiple languages, constituents' access to applications and awareness of the program could still be enhanced by expanded outreach to groups whose native language is not English and are indirectly excluded from groups where much of the current outreach is occurring. Efforts could be extended to actions such as providing mail notification to every landlord in the County system, as well as enhanced coordination with various radio and news stations to publicize the Emergency Rental Assistance Programs, automated outreach calls in various languages and more.

Although the County's Emergency Rental Assistance Program will provide payment assistance to thousands of qualified applicants, those families that have been evicted or displaced from their homes and are currently living in a hotel, car or with a family member are excluded from the program. A shallow rental subsidy program provides a range of short-term to long-term rental subsidy to participants in order to help them achieve housing stability and prevent homelessness or reentry into homelessness. The subsidies are considered "shallow" compared to traditional "deep" subsidies such as those provided by Housing Choice Vouchers and Permanent Supportive Housing (PSH) because they provide a lower level of assistance, often based on a set monthly amount. Shallow rental subsidies are particularly effective for recently rehoused or unstably housed households living in high-cost rent environments, those experiencing fluctuations in income and employment, those on housing waitlists, and those on a fixed income that need a small amount of rental assistance but not the level of support provided through Rapid Rehousing (RRH).

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**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**  
**N/A**

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Respectfully submitted,



JOEL ANDERSON  
Supervisor, Second District

**ATTACHMENT(S)**

N/A

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**       Yes     No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**

Yes     No

**PREVIOUS RELEVANT BOARD ACTIONS:**

N/A

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**MANDATORY COMPLIANCE:**

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**

N/A

**ORIGINATING DEPARTMENT:** Board of Supervisors, District 2

**OTHER CONCURRENCE(S):**

**CONTACT PERSON(S):**



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