



County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 3
File #: 21-508

Board Meeting Date: 6/29/2021

Special Notice: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Supervisor Don Horsley, District 3
Supervisor Warren Slocum, District 4

Subject: Additional Contribution to San Mateo County Emergency Financial Assistance Program for COVID-19 Housing-Related Assistance Grants

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing the contribution of an additional \$1,000,000 to the San Mateo County Emergency Financial Assistance Program, comprised of funds from sources determined by the County Manager, for the provision of emergency assistance grants to residential tenants who have suffered a negative economic impact due to the COVID-19 public health emergency that affects or affected their ability to remain stably housed and the economic impact is not eligible for assistance from the State Emergency Rental Assistance Program; and
- B) Authorizing and directing the County Manager, or designee(s), to negotiate and execute an agreement with Samaritan House to administer the additional \$1,000,000 contributed to the Emergency Financial Assistance Program in exchange for an administrative fee of \$150,000 with a term that ends three months after the State Emergency Rental Assistance Program ends or December 31, 2022, whichever is earlier.

BACKGROUND:

Although the state "reopened" on June 15, 2021, the negative health and economic impacts of the COVID-19 pandemic are still being felt throughout the County, especially by those in the lowest income communities. Job loss or reduction in work hours during the pandemic has been most acute for the lowest wage earners, many of whom were already struggling with the high cost of living in the County prior to the pandemic.

The federal, state, and County eviction moratoria have successfully kept residents who are unable to pay rent due to the pandemic housed. But an eviction moratorium only postpones repayment of rental debt, which remains due and, for many County residents, continues to grow. Residents financially impacted due to COVID-19 may not be able to make timely rent payments or may be

forced to choose between making rent payments and having sufficient funds for food, medical care, or other necessities for themselves and their families.

To assist low-income residential tenants who have suffered a negative economic impact due to the COVID-19 public health emergency that affects or affected their ability to remain housed, the Board has, to date, authorized \$4,000,000 in contributions to the San Mateo County Emergency Financial Assistance Program (“County EFA”). Cities, foundations, large businesses, community groups, and private donors have added over \$11,000,000, resulting in total contributions to the County EFA during the pandemic of more than \$15,000,000.

Since April of 2020, the County EFA has assisted over 4,000 households and distributed \$12,000,000 in rental and other financial assistance grants. The County EFA assists households that have been negatively financially affected by the pandemic and earn up to 60% of the Average Median Income (“AMI”). The \$3,000,000 in remaining funds includes \$517,000 in unrestricted donations which can be used to assist any eligible household in the County. The remaining balance, \$2,483,000, consists of jurisdiction-specific donations that must be used for grants to residents of the contributing jurisdiction.

In early 2021, federal and state emergency rent assistance programs were created. In California, the two programs have been consolidated into the Emergency Rental Assistance Program (“ERAP”) overseen by the state. ERAP eligibility criteria include:

- Household income below 80% of AMI;
- A decrease in household income as a result of the COVID-19 pandemic; and
- Demonstrated risk of homelessness or housing instability.

The federal and state ERAP guidelines include additional eligibility criteria, fraud prevention requirements and processes, detailed reporting requirements, and aggressive distribution timelines.

The County’s share of federal and state ERAP funds has, so far, totaled \$47,300,000, with an additional \$23,000,000 expected later this year. To administer ERAP, the state gave qualifying cities and counties (those with populations over 200,000) the option of either administering their own local programs using the state guidelines and reporting criteria or joining the statewide ERAP operated by the Local Initiatives Support Corporation (LISC). The County opted to join the statewide program administered by LISC, which also includes partnerships for outreach and application assistance with local non-profit organizations. LISC set aside \$125,000 to fund local outreach and application assistance efforts.

The statewide ERAP began accepting applications for rental and utility assistance in March of 2021. LISC’s local partners in the County include the eight Core Services Agencies, Project Sentinel, and Nuestra Casa. To supplement the \$125,000 LISC had set aside for the local partners’ outreach efforts, the County and the Silicon Valley Community Foundation have together contributed \$1,100,000 to the Core Services Agencies for additional staff and resources to assist County ERAP applicants.

DISCUSSION:

Through their work with ERAP applicants, the Core Services Agencies have learned that certain tenants who meet ERAP’s income and housing instability eligibility criteria are nonetheless ineligible for assistance under that program. These applicants include households with subleases and households with “shadow debt”.

Sublessees may be renting a room from a primary tenant or be one of multiple households sharing a home to reduce living costs. Households with shadow debt have paid all or some of their rent by taking out high-interest loans or borrowing money from friends or family, or they may have incurred non-rent debt because they paid their rent and could not cover other necessary expenses. Many households that rent through subleases and/or that carry shadow debt have suffered negative economic impacts due to the COVID-19 public health emergency. Providing assistance that is related to and proportional to the harm such households have sustained is responsive to this economic need.

To ensure that tenants who are eligible for the County EFA but ineligible for ERAP receive the assistance they need to stay in their homes, it is recommended that the Board authorize an additional contribution of \$1,000,000 to the County EFA.

It is further recommended that this additional \$1,000,000 contribution to the County EFA be subject to the following terms:

- Only COVID related financial hardships for which an applicant is *ineligible* to receive state ERAP assistance may serve as a basis to receive assistance, and the reason(s) why the tenant is ineligible to receive state ERAP assistance shall be documented.
- Grantees must meet the County EFA income-eligibility criteria-i.e., earn 60% or less of AMI- and have suffered a negative economic impact due to the COVID-19 public health emergency that affects or affected their ability to remain stably housed, which negative economic impact shall be documented. For example, a tenant who, due to the COVID-19 pandemic, borrowed money or accrued credit card debt to pay rent could provide evidence of his or her debt, while a tenant who, due to the COVID-19 pandemic, was forced to use his or her savings to pay rent could provide evidence of the reduced savings.
- Appropriate County EFA protocols will be implemented to validate need and eligibility.
- Where there exists any remaining jurisdiction-specific County EFA funds, all such funds must be exhausted before any portion of the additional \$1,000,000 contribution is distributed to qualifying tenants residing within that jurisdiction.
- Three months after ERAP ends or by December 31, 2022, whichever is earlier, all unspent funds from the \$1,000,000 additional contribution shall be returned to the County.

It is further recommended that the County Manager, or designee(s), be instructed and authorized to negotiate and execute an agreement with Samaritan House to administer the additional funds contributed to the County EFA in exchange for an administrative fee of \$150,000, which is 15% of the \$1,000,000 additional contribution and would be in addition to such contribution. The agreement would end three months after ERAP ends or by December 31, 2022, whichever is earlier, and any unspent funds from the \$1,000,000 contribution shall be returned to the County.

FISCAL IMPACT:

The County EFA additional funding of \$1,150,000 will come from County General Fund and will be included in the Fiscal Year 2021-23 budget. However, to the extent appropriate, these costs may ultimately be covered by reimbursement from funds provided through other state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic.