



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN SERVICES AGENCY

File #: 21-755

Board Meeting Date: 9/28/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Ken Cole, Director, Human Services Agency
Subject: County Participation in State Rental Assistance Program - Round 2 Under AB 832

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing and directing the County Manager, or designee(s), to transfer back to the United States Department of the Treasury ("Treasury"), any portion of the County's share of federal Emergency Rental Assistance Program ("ERA2") allocation under the American Rescue Plan Act of 2021 ("ARPA") that the County has already received, for "upstreaming" to the State for administration and disbursement of emergency rental assistance, on behalf of the County, to eligible households in the County impacted by COVID-19 under the State Rental Assistance Program - Round 2 established under Assembly Bill 832 ("SRA2"); and
- B) Authorizing and directing the County Manager, or designee(s), to transfer back to the Treasury any portion of the County's share of ERA2 "high needs" allocation under ARPA that the County has already received, for "upstreaming" to the State for administration and disbursement of emergency rental assistance, on behalf of the County, to eligible households in the County impacted by COVID-19 under SRA2; and
- C) Authorizing the County's participation in SRA2 by approving and adopting the template resolution from the State Department of Housing and Community Development ("HCD"); and
- D) Authorizing and directing the County Manager, or designee Ken Cole, Director of Human Services Agency, acting in consultation with County Counsel, to negotiate and execute, on behalf of the County, appropriate agreements with the State, execute other forms and documents required by the State, and take any and all other actions necessary for the County to participate in SRA2, as implemented by HCD.

BACKGROUND:

A. Federal ERAP under the Consolidated Appropriations Act and SRAP under SB 91

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law and established the federal Emergency Rental Assistance Program (“ERAP”), authorizing the direct allocation of emergency rental assistance funds to states, units of local governments, tribal communities, and territories. ERAP funds are intended to assist households that are unable to pay rent and utilities due to the novel coronavirus disease (COVID-19) pandemic. On January 21, 2021, the County received from the U.S. Department of the Treasury (the “Treasury”) \$22,791,546.60 as its direct allocation of ERAP funds.

California Senate Bill No. 91 (“SB 91”), which was enacted on January 29, 2021, established the State of California’s program for administering its share of ERAP funds (the “State Rental Assistance Program,” “SRAP,” or “State Rental Assistance Funds”). SB 91 authorizes the State Department of Housing and Community Development (“HCD”) to administer the State Rental Assistance Funds, including the Treasury’s allocation of ERAP funds to the State in accordance with state and federal law. Under SB 91, HCD apportioned \$24,529,226.48 as the County’s share of the SRAP funds.

Under SB 91, as a county with a population of over 200,000 residents, the County could choose to implement the SRAP in its jurisdiction in one of several different ways. On February 9, 2021, your Board authorized the County’s selection of “Option A,” which allowed for HCD to administer and disburse, on behalf of the County, both the County’s share of SRAP funds and its direct allocation of ERAP funds - as rental assistance, utility assistance and assistance with other permissible related housing expenses to eligible County residents.

As of September 21, 2021, SRAP has assisted a total of 1,843 households with rent and utility assistance in San Mateo County. The total amount requested from the SRAP in the County was \$68,884,845, with \$45,728,855 of funds obligated, and \$26,598,245 paid to date.

B. Federal ERAP under ARPA and SRAP under AB 832

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law and established the federal Emergency Rental Assistance Program (“ERA2”), authorizing the direct allocation of ERA2 funds to states, the District of Columbia, units of local government, territories, and high-need grantees. Similar to ERAP funds, ERA2 funds are intended to assist low-income households that have experienced financial hardship during or due to the COVID-19 pandemic, are unable to pay for rent and utilities, and are at risk of experiencing homelessness or housing instability.

Pursuant to Section 3201 of Subtitle B of Title III of ARPA, the Treasury made an allocation of ERA2 funds to the County in the amount of \$18,033,844.10 and a high needs allocation of ERA2 funds in the amount of \$8,726,139.80 - a total allocation of \$26,60,023.90. A “high needs” allocation must be distributed to eligible grantees with a high need for assistance, such as very low-income renter households paying more than 50 percent of income on rent, living in substandard or overcrowded conditions, or who have experienced change in employment since February 2020. To date, the County has received 40% of its total allocation of ERA2 funds; the remaining 60% has not been remitted by the County to the Treasury.

California Assembly Bill 832 (“AB 832”), which was enacted on June 28, 2021, established the State’s Rental Assistance Program - Round 2 (“SRA-2”) for administering its share of ERA2 funds. AB 832 authorizes HCD to administer the SRA2 funds in accordance with state and federal law, and pursuant to AB 832, HCD will apportion a share of the SRA2 funds to the County. The County’s

proportionate share of SRA2 funds has not been confirmed, but may be up to three times the County's total allocation of ERA2 funds from the Treasury, which is \$80,280,07.17.

DISCUSSION:

On July 20, 2021, the County Manager, on behalf of the County, submitted a Letter of Intent to HCD, at HCD's request, formally stating the County's intent to continue with Option A, which would allow for the State to administer and disburse, on behalf of the County, the County's direct allocation of ERA2 funds and its proportionate share of SRA2 funds to eligible households in the County.

Prior to administering and disbursing, on behalf of the County, the County's direct allocation of ERA2 funds and proportionate share of SRA2 funds to eligible households in the County, HCD has requested that the County obtain a resolution from your Board authorizing the following:

- (i) A transfer back to the Treasury of any portion of the County's share of ERA2 allocation under ARPA that the County has already received, for "upstreaming" to the State for administration and disbursement of emergency rental assistance, on behalf of the County, to eligible households in the County impacted by COVID-19 under SRA-2; and
- (ii) A transfer back to the Treasury of any portion of the County's share of ERA2 "high needs" allocation under ARPA that the County has already received, for "upstreaming" to the State for administration and disbursement of emergency rental assistance, on behalf of the County, to eligible households in the County impacted by COVID-19 under SRA2; and
- (iii) Participation of the County in SRA2, including the execution of agreements with the State and other forms and documents required by the State by a designated County official, through the approval and adoption of the template resolution developed and distributed by HCD (which is included as Attachment A to the resolution and has been appropriately modified to include information specific to the County).

Staff recommends that your Board authorize the above actions since they will collectively (i) enable the County to provide the State with the approvals the State needs to swiftly administer and disburse the County's total ERA2 allocation and proportionate share of SRA2 funds, on behalf of the County, as rental assistance to eligible households in the County, and (ii) allow the State to disburse a grant to the County, in the amount of three (3) percent of the County's total ERA2 allocation - \$802,800.72 which the County will expend on supplemental administrative costs to support and benefit SRA2. The amount of the grant may be subject to increase if Treasury makes additional tranches of ERA2 funds available.

FISCAL IMPACT:

There is no net County cost associated with the County participating in SRA2.