



BOARD OF SUPERVISORS  
AGENDA LETTER

**Agenda Number:**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Community Services  
**Department No.:** 057  
**For Agenda Of:** August 17, 2021  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805) 568-2467  
Director  
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523  
Laurie Baker, Grants Program Manager (805) 568-3521  
**SUBJECT: Ratify Letter of Intent to State HCD and Execution of Agreement with United Way of Santa Barbara County for an Emergency Rental Assistance Program Utilizing American Rescue Plan Act Funds**

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**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a. Ratify the "Letter of Intent" executed by the County Executive Officer on July 15, 2021, and submitted to the State by the July 27, 2021 deadline (Attachment A), indicating Santa Barbara County's intent to receive a block grant from the State Housing and Community Development (HCD) Department to administer an emergency rental assistance program locally;
- b. Approve and authorize the Chair to execute a County Subrecipient Agreement in the amount of \$4,201,614 (Attachment B), with United Way of Santa Barbara County (United Way), utilizing Federal American Rescue Plan Act of 2021 funding for administration and implementation of an emergency rent and utility assistance payment program for qualifying Santa Barbara County residents; and
- c. Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because they consist of the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant

physical impact on the environment; and are otherwise exempt pursuant to CEQA Guidelines Section 15269 as it consists of a specific action necessary to mitigate an emergency.

**Summary Text:**

On March 11, 2021 the President signed the American Rescue Plan of 2021 (ARP) which included \$21.55 billion in emergency rental assistance. The County anticipates receiving an estimated \$16,610,602 allocation of federal ERA 2 ARP funds from the U.S. Treasury to provide direct assistance to renter households in the form of rent, rental arrears, utilities, utility arrears, and other housing expenses resulting from the pandemic. Additionally, pursuant to the Letter of Intent (Attachment A) to State HCD, the County anticipates receiving an estimated \$10,746,546 of the State's direct Treasury allocation to administer emergency rental assistance to qualifying County residents. Assistance to a given household can pay arrearages and current costs for a maximum of 18-months. Of this total federal ARP Emergency Rent Assistance (ERA 2) funding allocation stated above, the County has received \$4,201,614 from Treasury. United Way's Emergency Rental Assistance Program utilizing 2021 Appropriations Act Funds, which was approved by the Board on February 9, 2021, is projected to exhaust funds before all eligible applications received can be processed; therefor, Staff is recommending that the County's ARP funds currently in receipt be allocated to United Way to continue to process applications received under the 2021 Appropriations Act (ERA 1) program. As of the docketing of this Board Letter new applicants are still required to apply to the State's ERA program. The State allocated \$14,287,321 in ERA 1 funding for qualifying residents of Santa Barbara County. Staff will return to the Board at a later date to program the remaining \$12,408,988 U.S. Treasury ARP ERA 2 allocation and \$10,746,546 State ARP ERA 2 allocation. As of June 29, 2021, the State will pay 100% of the rent, eliminating the prior 80% cap on payments, which required landlords to forgive 20% of the rent due.

The County had previously received \$13,275,190 in U. S. Treasury ERA round 1 Consolidated Appropriations Act funds. The recommended actions will implement the additional federal funding to continue programming designed to address County residents' immediate, direct financial needs. Rent payments will be made directly to landlords which must be applied to any arrears for back-rent before any current or future rent; utility payments will be made directly to utility providers. United Way will continue to process applications previously received from tenants County-wide at or below 80% AMI; qualifying applicants at or below 50% AMI will continue to be prioritized. The recommended actions will provide funds to allow the processing of applications already received by United Way. The application portal is closed to new applicants and new applicants will need to apply to the State. The County cannot accept new applications while the State is simultaneously accepting applications from Santa Barbara county renter households under State ERA Round 1.

**Background:**

The American Rescue Plan Act

The President signed the American Rescue Plan Act of 2021 on March 11, 2021, which included \$21.55 billion in emergency rental assistance. Tribal communities, U.S. territories, states (including the District of Columbia), and local governments with populations over 200,000 are eligible to receive funding. The County anticipates receiving an estimated allocation of \$16,610,602 in Round 2 funds. In accordance with the American Rescue Plan, the County has to date received \$4,201,614 of this direct ARP ERA 2 allocation. Grantees can use up to 15% of their allocation for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and

eviction prevention activities. The remaining funds must be used for rent, rental arrears, utilities, utility arrears, and other housing expenses resulting from the pandemic for qualifying households. Significant updates to the U.S. Treasury program regulations include the eligibility of ERA funds to be used for prospective relocation assistance, including after an eviction. The provision of housing stability services under ERA 2 no longer need to be related to the COVID-19 outbreak, and may include a variety of services intended to maintain housing, including landlord tenant mediation, eviction prevention and eviction diversion, and legal services or attorney’s fees related to eviction proceedings.

Assembly Bill 832

On June 28, 2021 Governor Newsom signed AB 832 updating SB 91 to, without limitation:

- Allocate emergency rental assistance funds received under the American Rescue Plan to counties;
- Expand emergency rent assistance funding eligibility for 100% of rental arrears and future rent for both landlord and tenants (previously SB 91 required 20% debt forgiveness by landlords); and
- Extend eviction protections for non-payment of rent related to the impacts of the COVID-19 pandemic from June 30, 2021 to September 30, 2021, and prevent evictions from October 1, 2021 to March 20, 2022 for rental debt accumulated due to COVID-19 unless the landlord has applied for and been denied rental assistance funding to cover the rental debt.

Additional analysis about AB 832 can be found in the [2021 June Update to the Members of the Santa Barbara County Legislative Committee](#).

Pursuant to AB 832, on July 13<sup>th</sup> State HCD Staff requested that jurisdictions submit a letter of intent by July 27, 2021 indicating their option for administration of the County’s portion of the State ARP ERA 2 funds either locally (Option B) or to remain administered by the State (Option C).

The below table summarizes the ERAP funding amounts to the County from federal and state sources.

U. S. Treasury (direct to County)		State ERAP	
Round 1	Round 2*	Round 1	Round 2*
13,275,190	\$16,610,602	\$14,287,321	\$10,746,546
\$9,546,905 disbursed by United Way as of 6/28/21 with 1,123 households assisted, 80% of Round 1 funds disbursed	This Board Letter recommends that \$4,201,614. of the \$16.6M above be disbursed to United Way to assist pending applications	Currently accepting and processing applications (Option C)	State requested LOI By 7/27/21. This Board Letter recommends ratifying the LOI selecting State disbursement of a block grant to the County for local administration (Option B)

\*Subjects of this Board Letter.

**Discussion:**

The \$4,201,614 U. S. Treasury ERA round 2 funding recommended for approval in this Board Letter will provide emergency rent and utility payments County-wide to qualifying resident households who had already applied to United Way under the 2021 Appropriations Act ERA 1 program and had not been assisted due to exhaustion of funds. Additionally, County staff is working with the State to transition

the State’s administration of the County’s allocation of State ARP ERA 2 funds to United Way with minimal disruption to existing application processing, in accordance with the Non-Binding Memorandum of Understanding with State HCD approved by the Board on April 20, 2021. As of June 22, 2021 the State had received 507 ERA applications from Santa Barbara County residents. Below is a summary of the State’s application processing:

- 277 applications are pending case manager assignment/review
- 22 are currently under review by a case manager
- 121 are pending information from tenant
- 30 are pending information from landlord
- 46 are potentially eligible and are with QC for secondary review
- 9 are being processed for payment
- 2 have been denied (over 80% AMI)

Based on the State’s rate of processing less than 10-applications per week, in comparison to United Way and Family Service Agency’s processing of approximately 60-applications per week, the County Executive Officer executed the Letter of Intent indicating the County’s request to administer all of the State’s allocation for Santa Barbara County. Staff will return to the Board to provide recommendations for the \$12,408,988 remaining of the County’s U.S. Treasury ARP ERA round 2 allocation and \$10,746,546 from the State ARP ERA round 2 allocation. The County’s partnership with United Way of Santa Barbara for previous emergency rental assistance programs in response to the COVID-19 pandemic using CDBG-CV, CARES Act, and 2021 Appropriations Act funding was successful and the County looks forward to continuing this partnership with United Way. The County’s Appropriations Act emergency rental assistance program, which will be supplemented by the additional infusion of U.S. Treasury ERA funds in this Board Letter, is utilizing over \$13 Million to serve an estimated 2,200 households with rent and utility assistance. United Way will continue to partner with Family Services Agency (FSA) to implement the Emergency Rent Assistance Program under this agreement and to otherwise connect with low-income families adversely impacted by COVID-19 with its existing grants program. It is estimated that the \$4,201,614 recommended for approval in this Board Letter for direct rental and utility assistance County-wide will assist 500 families. The average household assisted under the ERA 1 program received \$4,846, consists of three individuals, and the median annual household income was \$25,200. The housing counseling services funded by the ERA 1 program will continue unchanged. Additional housing services or eviction prevention services may be recommended for funding when Staff returns to the Board with respect to the \$12,408,988 remaining U.S. Treasury ARP ERA 2 allocation.

The budget, Exhibit B to the United Way Agreement (Attachment B), is detailed in the following table.

<b>ITEM</b>	<b>GRANT AMOUNT</b>
Family Services Agency (FSA) Case Management Contract Services: 4 months @ \$37,000/month	\$148,000
PR and Marketing	\$2,080
Online Application System, cloud hosting, text messages/communication	\$4,200
Direct Processing Costs (postage, check stock, printing, letterhead, envelopes)	\$6,800
Program Support Staff (bilingual) x7 (3FTE 4PT)	\$74,883

Program Coordinator 1 PT	\$7,000
Finance, Administration, Contract Reporting & Audit 2PT	\$17,000
Benefits and Overhead Percentage of Staffing	\$19,777
Direct Rental/Utility Assistance Payments	\$3,921,874
<b>TOTAL</b>	<b>\$4,201,614</b>

**Performance Measure:**

United Way/Family Services Agency will income-qualify persons served and document that County residents served have household incomes at or below 80% of the area median income (AMI), as determined and published by HUD annually. Residents with incomes at or below 50% AMI will be prioritized. United Way will report on the number of persons or households served on a monthly basis and must retain documentation for 5-years following the close-out of the program to indicate that the program was operated in accordance with the Treasury’s Regulations.

**Fiscal and Facilities Impacts:**

County general funds are used for a portion of HCD’s overall administrative expenses; however, no County funds are being used to fund the Program.

**Fiscal Analysis:**

Fees  
 Other:  
**Total**                                 \$                                 -                                 \$                                 -                                 \$4,201,614

**Key Contract Risks:**

The U.S. Department of Treasury could require the County to repay federal funds expended for ineligible expenses with non-federal funds. The Subrecipient Agreement specifies eligible expenses and County staff will review each payment request submitted by the Subrecipient to ensure that expenses incurred were for eligible costs. County staff will conduct ongoing monitoring to assure that the Program is being administered in accordance with regulatory requirements. U. S. Treasury ERA2 funds expire on September 30, 2025. Quarterly reports to Treasury on funding provided per household is required . Reporting to the State will also be required for duplication of benefits check purposes in accordance with an existing State HCD Non-Binding MOU.

**Staffing Impacts:**

No new staffing impacts. The Program recommended for funding will be overseen by existing County HCD staff.

**Special Instructions:**

1. Please return one copy of the Minute Order to Ted Teyber at [teyber@co.santa-barbara.ca.us](mailto:teyber@co.santa-barbara.ca.us).

Approval of Subrecipient Agreement – COVID-19

August 17, 2021

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2. Please return one executed copy of the United Way Agreement to Ted Teyber at [eteyber@co.santa-barbara.ca.us](mailto:eteyber@co.santa-barbara.ca.us).
3. Please retain one executed original of the Agreement for COB records.

Author: Edward Teyber, Senior Housing Specialist

**Attachments:**

A: State Letter of Intent

B: United Way Agreement

**Attachment A**  
LOI

**Attachment B**  
United Way Agreement