



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: April 19, 2022
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

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: Approve and Authorize 1) Execution of a Subrecipient Agreement with United Way of Santa Barbara County for Continued Implementation and Administration of an Emergency Rental Assistance (ERA) Program Utilizing American Rescue Plan Act Funds under ERA Round 2 received from the State of California; and 2) Execution of an amendment to a Subrecipient Agreement with United Way for Continued Implementation and Administration of an Emergency Rental Assistance Program Utilizing U.S. Treasury funds under ERA 1.

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. Approve and authorize the Chair to execute a County Subrecipient Agreement in the amount of \$4,981,340.37 (Attachment A) with United Way of Santa Barbara County (United Way), utilizing Federal American Rescue Plan Act of 2021 (ERA2) funds allocated to the County by the State of California for continued administration and implementation of an emergency rent and utility assistance payment program for qualifying Santa Barbara County residents; and
- b. Approve and authorize the Chair to execute a 2nd amendment to the County Subrecipient Agreement with United Way of Santa Barbara County (Board Contract No.BC-20243) increasing the total maximum contract amount by \$2,202,388.14 for a new total maximum contract amount of \$15,477,578.14 (Attachment B), utilizing reallocated 2021 Consolidated Appropriations Act

(ERA1) funds from the U.S. Department of the Treasury for continued administration and implementation of an emergency rent assistance payment program for qualifying Santa Barbara County residents: and

- c. Determine that the above recommended 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 they consist of specific actions necessary to mitigate an emergency.

Summary Text:

Staff is seeking board approval on two items:

1. Approve and execute a Subrecipient Agreement with United Way of Santa Barbara to administer \$4,981,340.37 in State ERA Round 2 funding to provide emergency rent and utility payments County-wide to qualifying resident households who applied on or before March 31, 2022; and
2. Approve and execute a 2nd amendment to a Subrecipient Agreement with United Way for continued Implementation and Administration of an Emergency Rental Assistance Program utilizing \$2,202,388.14 in reallocated U.S. Treasury Reallocated funds under ERA 1.

The **2021 Consolidated Appropriations Act** is a \$2.3 trillion spending bill that combines \$900 billion in stimulus relief for the COVID-19 pandemic in the United States with a \$1.4 trillion omnibus spending bill for the 2021 federal fiscal year and was enacted in March 2020.

The **2021 American Rescue Plan Act**, also called the COVID-19 Stimulus Package or American Rescue Plan was signed into law on March 11, 2021.

Funds for emergency rent assistance are being allocated to jurisdictions by the U.S. Department of Treasury (Treasury). Treasury refers to the Emergency Rent Assistance program (ERA) under the 2021 Consolidated Appropriations Act as “ERA1” and the Emergency Rent Assistance program under the 2021 American Rescue Plan Act as “ERA2.”

The County has received a direct allocation of Treasury funds under the 2021 Consolidated Appropriations Act for the Emergency Rent Assistance program (ERA 1) in the amount of \$13,275,190 and \$16,610,602 for the Emergency Rental Assistance program (ERA 2) to provide direct assistance to renter households in the form of rent, rental arrears, utilities, utility arrears, and other housing-related expenses resulting from a loss of or reduced income due directly or indirectly to or during the COVID-19 pandemic. Assistance to a given household can pay arrearages back to March 2020, and current and prospective housing-related costs, for a maximum of 18 months’ assistance.

In addition, the State of California has been allocated ERA funds from Treasury that it, in-turn, is allocating to jurisdictions to supplement their direct Treasury ERA programs. The State has allocated to Santa Barbara County \$14,287,231 and \$12,266,550 under ERA 1 and ERA 2, respectively. The State directly administered the County’s allocation of State ERA 1 funds on behalf of the County (Option A). Pursuant to a Letter of Intent that was ratified by the Board on August 17, 2021 and provided to the State, the County has opted to directly administer the ERA 2 State allocation (Option B).

Pursuant to Option B, the State has provided to the County the first tranche of \$4,981,340.37 (Tranche 1) of the State’s ERA 2 allocation. The County must first expend all available federal ERA funds before accessing the State ERA funds; additional tranches will be provided as needed.

The ERA 1 program provides rent payments that are in arrears back to March 2020 and current and prospective rent, up to a maximum of 15 months for tenants that had loss of or reduced income due to, directly and indirectly, COVID-19. Payments will be made directly to landlords and must be applied to any arrearages before any current or future rent or utilities.

The ERA 2 program provides rent and utility payments that are in arrears back to March 2020 and current and prospective rent and utilities, up to a maximum of 18 months for tenants that had loss of or reduced income due to, directly and indirectly, and during COVID-19. Payments will be made directly to landlords and must be applied to any arrearages before any current or future rent or utilities; utility payments will be made directly to utility providers.

COUNTY: The chart below summarizes the ERA assistance provided by United Way as of 3/30/22 (includes applications approved and pending payment).

	No. Applications Completed	No. Households Approved*	Rent and Utilities Payments	Avg. Asst./Household
ERA 1	6,560	1,666	\$12,720,209	\$7,635
ERA 2	4,568	600	\$5,900,625	\$9,834
TOTAL	11,128	2,266	\$18,620,834	\$8,217

*Most common reasons for unprocessed or denied applications: Unable to contact applicant, applicant exited the process, applicant ineligible, multiple attempts to collect required information, duplicate application, ineligible address, does not pay rent (homeowner, lives with family, etc.), ineligible income.

	Allocation	Funds Available for Direct Asst.***	Amt. Expended on Direct Asst.	Balance
ERA 1*	\$15,477,578	\$14,922,597	\$12,720,209	\$2,202,388
ERA 2	\$16,610,602	\$14,989,787	\$5,900,625	\$9,089,162
ERA 2**	\$4,981,340	\$4,981,340	\$0	\$4,981,340
TOTAL	\$37,069,520	\$32,691,336	\$18,620,834	16,272,890

*Today’s Board action will add \$2,202,388 in Reallocated funds to United Way’s agreement for ERA 1

**Today’s Board action will add the State ERA 2 allocation to United Way’s agreement. The State requires that these funds be accessed only after federal ERA 1 and ERA 2 funds have been fully expended.

***A portion of funds available for the administration of the program was used for direct assistance

STATE: The State is administering the County’s Treasury allocation under ERA 1 and continues to process applications received through September 30, 2021. The State’s website does not include the total number of applications received. The State is processing ERA 1 applications that were submitted through September 27, 2021. After that date, applicants were referred to United Way of Santa Barbara County by the State.

As of April 5, 2022, the State’s “[Housing is Key COVID-19 Rent Relief](#)” website dashboard shows the following statistics for the use of ERA 1 funds that the State is administering on the County’s behalf:

No. of Complete Applications	No. Households Assisted	Rent and Utilities Payments	Avg. Asst./HH
749	1,291	\$11,803,778	\$9,143

Overall statistics for the State for all counties that are participating in the State’s program as of April 5, 2022:

No. of Complete Applications	No. Households Assisted	Rent and Utilities Payments	Avg. Asst./Household
518,805	233,586	\$2,660,958,131	\$11,392

Source: [California COVID-19 Rent Relief Program Dashboard - Housing Is Key](#)

Background:

Under direct ERA 2 allocations by the Treasury, the County may use up to 15% of the allocations 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 during the pandemic for qualifying households. Under State ERA allocations, the State retains 1.5 percent, and the County may use up to 13.5 percent of the State’s ERA allocations to the County for program administration.

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 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 up to 3 months of prospective rent; 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 31, 2022, then from April 1, 2022 to June 30, 2022 for rental debt accumulated due to COVID-19 if a tenant or landlord had applied for rental assistance funding to cover the rental debt. ERA Applications must have been submitted on or before March 31, 2022.

Summary of ERA funding amounts to the County from federal and state sources.

U. S. Treasury (direct to County)		State Treasury ERA	
ERA 1	ERA 2	ERA 1	ERA 2
13,275,190 + \$2,202,388.14 in Reallocated Funds \$15,477,578.14 Total	\$16,610,602	\$14,287,321	\$12,266,550
Almost 100% expended (no new applications being accepted).	ERA applications are currently being processed by United Way. Deadline to apply was March 31, 2022. Applications will continue to be processed until these ERA 2 Treasury funds are exhausted, after which the State's ERA 2 funds will be accessed.	State is administering these funds directly on behalf of the County and is continuing to process applications submitted through September 2021. (Option C)	County, through United Way, will directly administer these funds. (Option B). First Tranche of \$4,981,340.37 has been received from the State and is subject to today's Board action. The funds will be used to continue to provide assistance for qualified applicants who applied on or before March 31, 2022.

The \$4,981,340.37 in State ERA Round 2 funding to be provided to United Way of Santa Barbara County through the Subrecipient Agreement recommended for approval in this Board Letter will provide emergency rent and utility payments County-wide to qualifying resident households. The County's agreements with United Way of Santa Barbara County for previous emergency rental assistance programs in response to the COVID-19 pandemic has been successful, and staff recommends continuing this collaboration with United Way.

Performance Measure:

United Way staff and/or partner 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. United Way will report on the number of households served on a monthly basis and must retain documentation for 5 years following the close-out of the program. County HCD submits monthly and quarterly reports to the Treasury and will provide monthly and weekly reports to the State.

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:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			\$ 4,981,340.00
Federal			2,202,388.00
Fees			
Other:			
Total	\$ -	\$ -	\$ 7,183,728.00

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. County HCD completes reports to the U.S. Treasury monthly and quarterly on funding provided and number of households served. Reporting to the State will also be required to check for duplication of benefits 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 Carlos Jimenez at cjimenez@countyofsb.org.
2. Please execute two originals of the United Way Agreement and
 - a. Return one executed original to Carlos Jimenez. Please call ext. 83529 for pick up.
 - b. Retain one executed original of the Agreement for COB records.
3. Please execute two originals of the 2nd Amendment to United Way Agreement and
 - a. Return one executed original to Carlos Jimenez. Please call ext. 83529 for pick up.
 - b. Retain one executed original of the 2nd Amendment for COB records.

Author: Carlos Jimenez, Senior Housing Specialist

Attachments:

- A: Subrecipient Agreement with United Way utilizing State ERA2 funds
- B: Second Amendment to Subrecipient Agreement with United Way Utilizing Treasury ERA1 Reallocations