



SAN DIEGO
HOUSING
COMMISSION

April 27, 2021

The Honorable Governor Gavin Newsom
1303 Tenth Street, Suite 1173
Sacramento, CA 95814

Dear Honorable Governor Newsom,

As the administrator of the City of San Diego's Option B program under State Senate Bill 91 (SB 91), the San Diego Housing Commission (SDHC) urgently requests updates to the State of California's Guidelines for Option B programs in order to maximize the expenditure and impact of federal funds allocated through SB 91 to help San Diego families with low income who experience financial hardship due to the ongoing COVID-19 pandemic.

Modifications to the State's program requirements are necessary to ensure that the funds allocated to the San Diego region will be obligated and expended *in the San Diego region* by the deadlines currently in effect.

Applications to date for emergency rental and utility assistance demonstrate the significant need for changes to the program requirements. Pending applications indicate that SDHC likely will not be able to expend all of the available funding within the limited time allowed.

The City of San Diego's Housing Stability Assistance Program has received 9,912 applications since the program launched March 15, 2021, and projects disbursing approximately \$33.5 million in rental arrears, utility arrears and prospective rent for qualifying households from these applications out of more than \$83.7 million available. The County of San Diego estimates enough applications as of April 8, 2021, to award \$26 million out of their \$107 million in combined State and federal funding. SDHC and the County will continue their respective outreach efforts and maintain an open application portal to support the community need.

SDHC requests that the following changes be considered for all Option B jurisdictions:

1. Provide Option B partners (local jurisdictions) flexibility to pay all rental payments owed, including prospective rent, to streamline the review process.
2. Remove the restriction of prioritizing rental arrears to allow issuing awards based on need
3. Allow payment of 100 percent of rental arrears owed instead of 80 percent.
4. Allow payment of 100 percent of prospective rent owed instead of 25 percent.
5. Allow hotel/motel expenses to be paid at 100 percent.
6. Allow up to 15 months of rent assistance regardless of rent type (arrears or prospective).
7. Allow utility payments to be issued to the tenant if the utility provider declines to accept a payment.

8. 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.
9. Allow three months of prospective rent based on three months from the date the application is processed.
10. Change obligation and expenditure deadlines to coincide with the U.S. Department of the Treasury deadlines.

Currently, SB 91 requires landlords to waive 20 percent of the past-due rent owed and requires jurisdictions to prioritize paying rental arrears before paying prospective rent. While rental arrears are a significant challenge for many households with low income, the applications submitted to date from City of San Diego households demonstrate that the San Diego community's need differs from the current State requirements. Further, sufficient funding exists to fully pay property owners the rent arrears owed to them. A recent survey of landlords in the City of San Diego found that more than 80 percent of them are small or "mom and pop" property owners who own 20 or fewer units, and more than 50 percent own five or fewer units.

Funds from the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) support the City of San Diego's COVID-19 Housing Stability Assistance Program, which SDHC administers.

The City of San Diego, City of Chula Vista, and County of San Diego collectively received approximately \$205 million in CRRSAA funds directly from the U.S. Department of Treasury and the State of California, allocated through SB 91 for the San Diego region. The City of San Diego, City of Chula Vista, and County of San Diego opted to enroll in the State Option B to administer both federal and state CRRSAA funds under SB 91 guidelines.

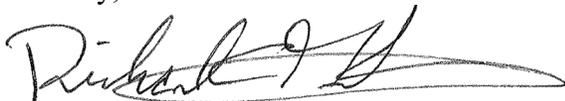
Removing many of SB 91's restrictions and conforming as closely as possible to the federal program will allow more flexibility to expend the funds and best support San Diegans in their identified areas of need.

Implementing changes now will help to meet the needs of households with low income in the San Diego region.

Please contact me at rickg@sdhc.org or (619) 578-7531 with any questions you may have.

Thank you for considering this request.

Sincerely,



Richard C. Gentry
President & CEO
San Diego Housing Commission

CC: Lourdes Castro Ramírez, Secretary, Business, Consumer Services and Housing Agency
Gustavo Velasquez, Director, Department of Housing and Community Development