

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

October 26, 2021

FROM

CASONYA THOMAS, Assistant Executive Officer, Community Revitalization

SUBJECT

Transfer of Administration of the San Bernardino County Emergency Rental Assistance Program to the State of California Housing and Community Development Department

RECOMMENDATION(S)

1. Terminate the Memorandum of Understanding with the California Department of Housing and Community Development regarding the State and County bifurcated Emergency Rental Assistance Programs.
2. Adopt a **Resolution No. 2021-178** authorizing San Bernardino County to participate in the State Rental Assistance Program in which the California Department of Housing and Community Development will manage the County's direct allocation of Round 2 Emergency Rental Assistance and the State's proportional share of the Federal Emergency Rental Assistance Round 2 allocated to the County.
3. Terminate County Contract No. 21-465 with the U.S. Department of Treasury, returning \$56,786,650 of Emergency Rental Assistance Round 2 Grant Funds to have the San Bernardino County Emergency Rental Assistance Program administered by the California Department of Housing and Community Development.
4. Authorize the Chief Executive Officer, upon consultation with County Counsel, to approve an agreement with the California Department of Housing and Community Development to administer the Emergency Rental Assistance Program on behalf of San Bernardino County, which includes:
 - a. \$56,768,650 of San Bernardino County Emergency Rental Assistance Round 2 grant funds, which will be returned to the U.S. Department of Treasury.
 - b. \$42,035,971 of the State's proportional share of Federal Emergency Rental Assistance Round 2 grant funds allocated to San Bernardino County.
 - c. Up to \$3,000,000 of Emergency Rental Assistance Round 2 grant funds provided by the State to San Bernardino County to market and undertake various activities to assist households with securing funds administered by the State.
5. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary adjustments to the Community Development and Housing Department's 2021-22 budgets, as detailed in the Financial Impact Section (Four votes required).
6. Authorize the Chief Executive Officer or Assistant Executive Officer – Community Revitalization, upon consultation with County Counsel, to undertake any ancillary actions or execution of any related ancillary documents to transition to the State Rental Assistance Program.
7. Direct the Community Development and Housing Department Director to transmit all documents to the Clerk of the Board within 30 days of execution.

(Presenter: CaSonya Thomas, Assistant Executive Officer, 387-7417)

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COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

Focus on Recovery and Resiliency Following Major Emergency Responses such as the December 2, 2015 Terrorist Attack (SB Strong) and the Global COVID-19 Pandemic.

FINANCIAL IMPACT

Approval of this item will not result in the use of any Discretionary General Funding (Net County Cost). This item will allow the Community Development and Housing Department (CDH) to proceed with the actions necessary to transition the San Bernardino County's (County) Emergency Rental Assistance Program (ERA) to the State of California Department of Housing and Community Development (State). As part of this transition, CDH will return \$56,786,650 in ERA Round 2 grant funds to the U.S. Department of Treasury (Treasury). Upon execution of an agreement with the State, the Treasury will wire the County's ERA Round 2 funds to the State for the purpose of benefiting eligible County households by addressing rental and utility arrears due to the impact of the COVID-19 pandemic. The agreement will also provide the County up to \$3,000,000 of the ERA Round 2 funds from the State to assist with marketing, administration, and outreach activities.

CDH requests the Auditor-Controller/Treasurer/Tax Collector post the following adjustments to the 2021-22 budget. Adequate appropriation and revenue will be included in the future recommended budgets.

Budget adjustment to return funds to the U.S Department of Treasury:

Cost Center	Commitment Item/GL	Description	Action	Amount
6210002509	52002000	Operating Expenses	Decrease	\$ 4,258,998
6210002509	53003205	Public Assistance	Decrease	\$48,268,653
6210002509	55405018	Internal Cost Allocation	Decrease	\$ 4,258,999
6210002509	40509094	Federal Grants	Decrease	\$56,786,650

Budget adjustment to receive funds from the State:

Cost Center	Commitment Item/GL	Description	Action	Amount
6210002509	52002000	Operating Expenses	Increase	\$1,500,000
6210002509	55405018	Internal Cost Allocation	Increase	\$1,500,000
6210002509	40408955	State Grants	Increase	\$3,000,000

BACKGROUND INFORMATION

On February 9, 2021 (Item No. 23), the Board of Supervisors (Board) ratified and approved the submission of a non-competitive grant application and concurrent acceptance of award terms, to receive a direct payment of \$52,023,225 from the Treasury to create the ERA Program. The purpose of the ERA is to assist qualified households that are unable to pay rent and utilities due to the COVID-19 pandemic. On March 9, 2021 (Item No. 14), the Board authorized the establishment of a County ERA in compliance with the Federal Consolidated Appropriations Act

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of 2021. The County undertook the initial steps to allow County residents to apply for emergency rental assistance through either the County's Rental Relief Partnership Program (targeted for households with incomes up to 50% of the average median), or the State's Housing is Key rental assistance program (targeted for households with incomes between 50%-80% of the average median). On June 8, 2021, the County received \$56,786,650 of ERA Round 2 grant funds from the Treasury (Contract No. 21-465). On September 22, 2021, the State advised the County that the current bifurcated ERA for the County must be combined into one program, with one sole administrator going forward, by September 30, 2021.

The County originally launched the bifurcated program because the State's initial program only provided 80% of rental debt relief, whereas the Board's policy direction was to provide 100% of rental debt relief. In June 2021, AB 832 modified this parameter and the State program now funds 100% of rental debt.

AB 832 also required strong coordination with the courts and consistent notification of a tenant's application status to potentially avoid wrongful eviction. The State program (now providing 100% of rental debt relief to eligible households) will allow for more efficiency with court coordination. The State required a decision prior to September 30, 2021 about which entity, County or State, would administer the program when the eviction moratorium expired.

Due to the deadline, the provisions in AB 832 that modified the State program to align with the Board policy, and the State's increased capacity to quickly process and fund the rental and utility arrears to prevent households from eviction, the County undertook a series of steps to transition the County's ERA to the State prior to September 30, 2021. The County's Chief Executive Officer (CEO), relying upon the delegated authority granted by the Board on September 21, 2021 (Item No. 51) in which the Board delegated authority to the CEO or Chief Operating Officer to modify County Operations through October 31, 2021 due to the COVID-19 pandemic, took the initial following steps to transition the County's program to the State:

- Formally notified the State that effective October 1, 2021, the County would transition its program to the State's Housing Is Key rental relief program.
- On September 30, 2021, directed Inland Southern California 211+, the County's provider for the ERA, to process all approved applications under the County program and to redirect all other applicants to the State Housing Is Key program.

To transition the program to the State, the County needs to terminate the existing agreement with the Treasury, formally notify the Treasury, via e-mail, that the State will be administering the ERA program, request that the \$56,768,650 in ERA 2 funds be up-streamed to the State to administer on the County's behalf and return via wire the \$22,714,660 of ERA 2 funds that the County has received to date. The County will terminate the current State Memorandum of Understanding and enter into a new agreement with the State to administer the ERA Round 2 funds. The State will administer \$98,804,621 of County ERA Round 2 and State Rental Assistance Round 2 funds to benefit eligible households in the county. The State is agreeing to actions to address rental and utility arrears, prospective rent and utilities, housing instability, and to undertake court coordination as required by AB 832. Additionally, the State will provide up to \$3,000,000 of the ERA Round 2 funds to the County to assist with marketing, administration, and outreach activities to help County residents. Other than the amount of funds received from the State, the County will have no further liability for the ERA 2 funds administered by the State.

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On March 23, 2021 (Item No. 28), the Board approved a contract with Inland Southern California 211+, to administer the ERA Round 1 funds as the County's provider. The County ERA Round 1 grant is being used to fund the remaining applications being administered by Inland Southern California 211+. The program successfully assisted over 2,244 households and provided \$30,633,730 of rental and utility assistance as of October 1, 2021. The program met the Federal requirement of obligating 65% of ERA Round 1 funds by September 30, 2021. At a future meeting, the Board will consider a separate agreement with the State to address the unspent County ERA Round 1 funds.

It is recommended that the Board proceed with the necessary actions to formally transition the ERA program to the State. This change will allow for an acceleration of payments to landlords and utility companies and will provide increased benefits and protections to County residents. All pending County applications categorized as "approved" will be paid through the County's existing program partner, Inland Southern California 211+. Applications that have not been determined "approved" will need to reapply to the State's program. Special efforts will be made to alleviate the administrative burden on tenants and to assist those households identified as most vulnerable or at high risk of having complications with the changeover. Despite this challenge, ending the current bifurcated program will allow all eligible households to be served by a single entity, thus eliminating existing confusion among County residents, and facilitating faster payments.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on October 22, 2021; Auditor-Controller/Treasurer/Tax Collector (Vanessa Doyle, Chief Deputy Controller, 382-3195) on October 8, 2021; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on October 8, 2021; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on October 8, 2021.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Col. Paul Cook (Ret.)

Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: October 26, 2021



cc: W/RESOLUTION
File- Community Development and Housing Department
File- Community Revitalization
LA 10/27/2021