

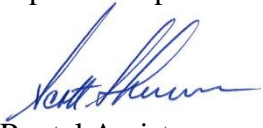


City of San Diego
Councilmember Scott Sherman, Seventh District

MEMORANDUM

DATE: May 18, 2020

TO: Christina Bibler, Economic Development Department Director

FROM: Councilmember Scott Sherman 

RE: CARES Act CDBG Funding for Rental Assistance

With the almost \$11 million in additional CARES act U.S. Housing and Urban Development (HUD) entitlement funding, we have an opportunity to scale up existing homelessness diversion programs that provide rental assistance to qualified individuals and specifically those impacted by COVID-19. Through attachment 11 for item 332 of Tuesday's Council Docket, it appears that staff contemplates up to \$5.4 million in Public Services funding. Potentially all the Public Services funding could be used for rental assistance, and there may be will among the Council to direct even more funds to that purpose.

Using Community Development Block Grant (CDBG) funds for a rental assistance program is allowed under HUD regulations, and would require renters who apply for rental assistance to provide a copy of their rental agreement and housing provider's contact information, and evidence of their COVID-19 related hardship. In accordance with best practices, the funding should go directly to the housing provider to pay back rents owed and cover a defined amount of rent into the future.

The burdensome government mandate of an eviction moratorium creates a domino effect of negative consequences. Back rent continues to accrue for tenants, leaving them with hefty debt balances once the moratorium eventually ends. Ultimately, they still face eviction and substantial financial judgment against them.

Smaller mom-and-pop landlords fall into deeper debt or default on their mortgages, with little chance of recovering owed rents, and their properties end up in the hands of corporate banks.

Instead of forcing private citizens to subsidize each other at their own expense under the threat of legal punishment, and piling debt on individuals already facing tough economic circumstances, there is a simple solution where all parties can remain whole.

Just as your department quickly reorganized funding streams around existing small business assistance programs to form the City's Small Business Relief Fund (SBRF), I would like to see a

plan for utilizing available funding to create robust rental relief for tenants facing hardship due to COVID-19. The funding should be administered through existing rental assistance programs at the San Diego Housing Commission and community-based organizations. Similar to the SBRF, the \$5.4 million in CDBG funding would serve as seed money for the Rental Assistance Fund with a goal of raising \$20 million through philanthropy and other potential funding streams.

Thank you for the all work you and your staff are accomplishing to ensure the economic resilience of our city. I look forward to working with you to expand rental assistance for those affected by COVID-19.