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DIVISION OF FINANCIAL ASSISTANCE**

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MEMORANDUM FOR: Gustavo F. Velasquez, Director
California Department of Housing and Community Development

FROM: Geoffrey Ross, Deputy Director
Division of Federal Financial Assistance

SUBJECT: **State Rental Assistance Program General
Information and Guidance**

The California Department of Housing and Community Development (Department) is pleased to announce the release of these State Rental Assistance Program Guidelines. These guidelines will govern the State Rental Assistance Program and all jurisdictions that elect for a block grant pursuant to California Senate Bill No. 91 (SB 91 (Chapter 2, Statutes of 2021)). Funding for this program is available to the State from the United States Department of the Treasury, under Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021.

Through the federal Consolidated Appropriations Act, 2021, California received \$2.65 billion in Emergency Rental Assistance funds. Around \$1.4 Billion was given directly to the State while the remaining balance was provided directly to local jurisdictions with populations above 200,000. Pursuant to Section 501(c) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021, rental assistance funds are to be used to pay for rental arrears, prospective rental payments, utility and home energy cost arrears, utility and home energy costs, and "other expenses related to housing incurred due, directly or indirectly, to the novel coronavirus disease (COVID-19) outbreak" as to be determined by the Secretary of the United States Department of the Treasury. The Act further requires individuals under 50% Area Median Income and/or who have been recently unemployed to be prioritized for rental assistance funds. All rental assistance funds from the US Department of the Treasury must meet these and all additional requirements outlined in the Act.

To implement its funds from the Act, California recently passed SB 91. SB 91 created the State Rental Assistance Program and provided eligible jurisdictions with the option to accept their portion of the State allocation as a block grant. SB 91 also gave the Department the authority to create guidelines regarding the administration of the federal rental assistance funds consistent with the requirements of the federal law and any regulations or guidance promulgated pursuant to federal law. This memo will provide detailed information on HCD's guidelines for block grant implementation and usage of the State Rental Assistance Program.

It is a State priority that all persons eligible for these funds receive equitable access to assistance and are served with dignity, respect, and compassion regardless of their circumstance, ability, or identity. Eligible person's circumstance, ability, and identity include but are not limited to their belonging to a marginalized ethnic or racial community, immigration status, criminal record, disability, gender or sexual identity, and belonging to a group that has traditionally been unable to access mainstream support. The Department recognizes that those most in need of pandemic related rental assistance are often also those for whom barriers to accessing such a program are the highest. With this in mind, the Department's guidelines seek to ensure those most in need of assistance are prioritized in and served by the State Rental Assistance Program and block grant program.

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**State Rental Assistance Program
General Information and Guidance**



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State Rental Assistance Program

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Executive Summary

This information applies to Large Jurisdictions that opt to receive, in a block grant based on local need and population size, a portion of the emergency rental assistance allocated to the State of California from the U.S. Department of the Treasury (U.S. Treasury). This document outlines the recommendations relative to the direct administration of these funds by the Large Jurisdictions.

This document is provided for general informational purposes only.

I. Authority

On December 27, 2020, the Consolidated Appropriations Act, 2021 (Pub.L. No. 116-260) (the Act) was signed into law. Section 501 of Division N of the Act established the federal Emergency Rental Assistance Program (ERAP), and authorized the allocation of funds to states, units of local government, tribal communities, and territories. California Senate Bill No. 91 (2021-2022 Reg. Sess) (SB 91) established the State of California's program for administering and distributing rental assistance funds. SB 91 added Chapter 17 (commencing with Section 50897) to Part 2 of Division 31 of the Health and Safety Code. Health and Safety Code section 50897.1, subdivision (a)(1) authorizes the California Department of Housing and Community Development (Department) to administer the funds in accordance with state and federal law.

a. Primary Objectives

The state rental assistance program is intended to help eligible households cover rental and utilities arrears, prospective payments for rent and utilities, and to provide funding for housing stabilization services. The goal of the program is to prevent evictions and housing instability due to the COVID-19 pandemic. SB 91 assistance is to be directed to the primary period of the pandemic, which was declared a national emergency on March 13, 2020. The eligible period of assistance for rental arrears extends from April 1, 2020 until March 31, 2021. Arrears must have been incurred during this time period in order to be eligible for financial relief through block grant funds. Current and prospective rents and utilities are eligible throughout the operational period of this funding.

b. Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in SB 91.

“Area Median Income (AMI)” – Income data that will be used to determine household eligibility and is aligned with the U.S. Department of Housing and Urban Development (HUD) Adjusted Median Family Income (HAMFI) as established for county and metropolitan statistical areas and as updated annually.

“Eligible Household” – Please see the definition at Section 501(k)(3) of Subtitle A of Title V of Division N of the Act. Citizenship is not relevant to eligibility.

“Eligible Landlord” – An owner of residential real property who rents to one or more Eligible Households with rent in arrears for all or any part of the time period from March 1, 2020 through June 30, 2021. Citizenship status is not relevant to eligibility. This term does not include lessees who sublease all or a portion of their dwelling to sublessees.

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“Large Jurisdiction” or “Jurisdiction” – A Locality with more than 200,000 in population that is eligible to receive funds directly from the U.S. Department of the Treasury.

“Expenditure (Expended)” – Shall mean a full and complete liquidation of funds.

“Grantee” – A locality that participates in the state’s rental assistance program pursuant to Chapter 17 (commencing with Section 50897) of Part 2 of Division 31 of the Health and Safety Code.

“Locality” – A city, including a charter city; a county, including a charter county; or a city and county, including a charter city and county.

“Small Jurisdiction” – A county and the incorporated cities within the counts with less than 200,000 in total population that is not eligible to receive funds directly from the U.S. Treasury.

“Obligation (Obligated)” – Funds that have been identified for and committed to an Eligible Household or Eligible Landlord pending final application approval.

“Program” – The process for awarding state rental assistance funds pursuant to Chapter 17 (commencing with Section 50897) of Part 2 of Division 31 of the Health and Safety Code.

“Program Implementer” – The vendor which manages and funds services, for the state-operated program and which distributes rental assistance, in accordance with Health and Safety Code section 50897.3 and pursuant to its services contract with the Department.

“Reservation” or “Reservation Pool” – The amount of program funds set aside for a select geographic area.

“Standard Agreement” – A legally binding agreement, between the Department and participating Grantees, which includes terms and conditions consistent with the requirements set forth in Health and Safety Code section 50897.2.

II. Allocation Process

This section identifies the two allocation and administration options available to localities. While this document is intended to provide general information and guidance relative to the Department’s allocation of block grant funds (pursuant to Health & Saf. Code, § 50897.2), this section includes a brief description of the Department’s direct rental assistance program (pursuant to Health & Saf. Code, § 50897.3).

a. Department’s Direct Rental Assistance Program

The Department will contract with a Program Implementer to manage the distribution of rental assistance directly to eligible households and landlords for Small Jurisdictions, as well as for Large Jurisdictions interested in participating in the state-wide direct assistance program. The Program Implementer will provide, on behalf of the Department, a mobile-friendly online application process, application review and data validation, applicant verification, fraud safeguards, multi-language access, de-

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duplication checks, ADA accessibility, and direct deposit support for both landlord and tenant applicants. The Program Implementer will leverage its partnerships with non-profit service providers and local agencies to provide outreach to households without access to technology, households with language access challenges, and households that need support in completing the application process.

Large Jurisdictions that received a direct allocation from the U.S. Department of the Treasury, and that elect to have their funds administered through the state-administered program, will sign a Standard Agreement with the Department. The Jurisdiction will redirect its federal allocation to the Department. That money, along with the Jurisdiction's allocation of state block grant funds, will then be managed and distributed by the Program Implementer in line with the Reservation Pool.

Large Jurisdictions that wish to participate in the state-administered program are encouraged to respond to the Department's Expression of Interest prior to February 12, 2021.

b. Allocation of Block Grant Funds

Jurisdictions that would like to administer their direct federal allocation and a block grant award must have **(i)** requested and received a direct federal allocation from the U.S. Treasury, as well as requested an allocation of block grant funds from the Department prior to February 12, 2021. The request process for the block grant funds is described in **Section III (Administrative Requirements)**, below.

Jurisdictions that request block grant funds shall commit to administering their direct federal allocation in accordance with the requirements of SB 91. This is necessary to ensure that state and local distribution of rental assistance is conducted equitably and efficiently across jurisdiction boundaries. Administrative requirements are detailed in **Section III (Administrative Requirements)**.

In addition to submitting a request for funds to the Department, jurisdictions between 200,000 and 499,999 in population, must attest and clearly demonstrate, to the Department's satisfaction, that they have the capacity and resources to successfully administer the rental assistance within the timeframes set forth in SB 91 (e.g., a currently operating rental assistance program, or a turnkey program that is complete and ready for operation). If a Large Jurisdiction does not have a currently operating or turnkey rental assistance program, it is strongly encouraged to redirect its funds to the Department for administration of direct rental assistance under Health and Safety Code section 50897.3.

Tenants and landlords that reside in, or that have rental housing units in Large Jurisdictions with stand-alone rental assistance programs are ineligible to receive rental assistance for those units from the Department.

III. Administrative Requirements

The uniform administrative requirements, cost principles, and audit requirements, at 2 Code of Federal Regulations part 200, applies to the emergency rental assistance authorized under Section 501(a) of Division N of the Act. Compliance with these federal regulations is required of all federal fund recipients. Jurisdictions that administer their direct federal allocations must also comply with the reporting requirements set forth in

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the Act. Jurisdictions that administer their block grant awards must satisfy the reporting and performance requirements set forth in their agreements with the Department. Jurisdictions must commit to tracking block grant funds separately from their federal allocation funds.

a. Conformation Standards

As provided in SB 91, Jurisdictions must commit to administer their direct federal allocation and their block grant award in accordance with the provisions in SB 91 in order to receive a block grant award. Jurisdictions' fundamental requirements are as follows:

Applicant Eligibility Priorities – Jurisdictions that administer stand-alone programs must agree to comply with the eligibility priorities identified in SB 91. These eligibility criteria are detailed in **Section V (Eligible Activities)**. Jurisdictions may elect to include deeper targeting in eligibility priorities in an effort to better assist the most vulnerable and impacted households in their communities. For example, Jurisdictions may elect to prioritize households at 30 percent of AMI over households at 50 percent of AMI to ensure that households that are statistically the most vulnerable to evictions are assisted first. Similarly, Jurisdictions may elect to target neighborhoods, populations, or communities that have been disproportionately impacted by COVID-19, such as tribal populations, communities of color, and low-wage essential workers.

Eligible Use Priorities – Jurisdictions must commit to prioritizing rental arrears first and may commit to prioritizing utility arrears and current and prospective rent and utility payments after arrears have been cleared. Jurisdictions are encouraged to explore alternative funding sources, such as Community Development Block Grant (CDBG) and CDBG-Corona Virus (CV) funds, to address utilities arrears.

Compensation – Jurisdictions shall use the compensation standards for both rental arrears and prospective payments established in SB 91. Jurisdictions may not pay less than the stated compensation, nor may they pay more. Jurisdictions may not administer rental assistance in a way that cuts inequitably against the administration of direct rental assistance by the Department or other stand-alone Jurisdictions.

Additionally, Jurisdictions shall not add requirements to their programs that deter or prevent access. Such requirements include, without limitation, the following:

- Requirements that intentionally or unintentionally result in discrimination against protected classes
- Requirements relative to legal resident status
- Requirements that condition access on driver's licenses, formal leases, or citizenship documentation
- Requirements of unnecessary information, such as personally identifying information from the tenant household other than the minimal information required to validate the application and prevent fraud
- Required accounts with a specific financial institution or other financial partners to receive funds
- Other related documentation requirements that the Department deems could inhibit landlord or household participation in the program

IV. Duplication of Benefits and Fraud Prevention

Jurisdictions must commit to designing and implementing program features that prevent the duplication of benefits. A duplication of benefits happens when a household receives assistance in excess of documented need. Jurisdictions that administer rental assistance programs must develop policies, procedures, and mechanisms for preventing duplication of benefits and recapturing funds that are identified as benefit duplications. Jurisdictions will also be required to track duplications of benefits for rental assistance provided prior to the approval of the Act and SB 91, including assistance provided with CARES Act funds, entitlement funds, HUD funds, and other state funds.

Pursuant to SB 91, fraud detection and prevention measures are required for all stand-alone rental assistance programs. Jurisdictions are strongly encouraged to develop fraud prevention and detection policies and procedures to help identify and prevent payments to ineligible persons. Fraud prevention should be incorporated in the application process, and implementation staff and program operators should be trained on how to identify and address fraud while reviewing applications and supporting documentation. Both application forms and documentation requirements should be carefully evaluated for fraud risks and training should include potential red flags so that reviewers can take appropriate action. Jurisdictions should avoid self-attestations and self-certifications as much as feasible in program documentation design to reduce the risk of fraud. Application forms should clearly state that fraud will be prosecuted to the fullest extent of the law.

Some Large Jurisdictions may elect to administer their direct federal allocation, but not their block grant award. Under this scenario, the Department will administer that Jurisdiction's block grant award in accordance with Health and Safety Code section 50897.3. This administration scenario increases the potential for fraud and duplications of benefits. Jurisdictions will be expected to enter into a negotiated Memorandum of Understanding (MOU) with the Department to detail implementation. Jurisdictions that elect to administer their direct federal allocation but do not accept the block grant award are subject to the indemnity obligations under Health and Safety Code section 50897.3(b)(2)(D).

V. Eligible Activities

Both the Act and SB 91 identify the following as eligible uses of rental assistance funds: rental arrears; prospective rent payments; utilities, including arrears and prospective payments for utilities; and other expenses, as defined by the U.S. Treasury Secretary, related to housing as provided in Section 501(c) of Division N of the Act. The following section details the required prioritization of these eligible uses.

a. Activity Priorities

Jurisdictions are required to observe the following priorities when administering their direct federal allocation and their block grant award.

1. Rental and Utility Arrears

Funding shall be prioritized for rental and utility arrears incurred between April 1, 2020 and March 31, 2021. Rental assistance (including both direct federal allocations and block grant awards) may be used to pay 80 percent of an Eligible Household's rental

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arrears and 100 percent utility arrears accumulated from April 1, 2020 through March 31, 2021. Applications may be submitted by Eligible Landlords, a landlord's designated property manager authorized to apply on behalf of an Eligible Landlord, and Eligible Households.

Rental Arrears - Priority 1

Where an Eligible Landlord is accepting the rental assistance on behalf of the Eligible Household, the Eligible Landlord shall agree to accept the assistance as payment in full of the rental debt owed by any tenant within the Eligible Household for the specified time period. The Eligible Landlord's agreement and release of claims shall meet the requirements set forth at Health and Safety Code section 50897.1, subdivision (d)(2).

A member of an Eligible Household may apply for rental arrears assistance where the landlord or lessor refuses to participate in the program. In the event of landlord non-participation, assistance for rental arrears shall be limited to 25 percent of the Eligible Household's unpaid rental debt accumulated from April 1, 2020 through March 31, 2021 payable directly to the Eligible Household. The total term of assistance is limited to 12 months, except as allowed under federal law.

An Eligible Household that receives rental arrears assistance, as described under Health and Safety Code section 50897.1(g), shall be prioritized to receive assistance for utility arrears, for current and prospective payments of rent and utilities, and for any other qualifying expenses related to housing as defined by the U.S. Treasury Secretary.

Rental arrears are the first priority for assistance in the state rental assistance program and jurisdictions are encouraged to target at least 70 percent of their total rental assistance allocation to rental arrears. If all qualifying applications for rental arrears assistance are satisfied under this 70 percent threshold, the Jurisdiction may reallocate the remaining block grant funds to current and prospective payments of rent and utilities. Jurisdictions may elect to address rental arrears and utility arrears at the same time, provided arrears are prioritized ahead of current and prospective rents.

Utility Arrears - Priority 2

Both Eligible Households and Utility providers may apply for assistance for qualifying utility arrears that have accumulated from April 1, 2020 through March 31, 2021. Assistance is limited to 12 months, except as allowed under federal law. Utility arrears assistance is allowed for the full debt of the utility arrears incurred during the eligible period. Utility providers should consider options to help low-income households participate in reduced-cost utility plans and should identify repayment options for any remaining utility arrears incurred outside the eligible period.

When utilities are included in the total contract rent price, landlords may not apply for additional assistance for utility arrears separate and in addition to rental arrears.

Payments for utility arrears must be made to the utility provider on behalf of the Eligible Household. Utility providers must provide proof that the debt is still outstanding and has not been paid through another form of assistance to receive payment.

2. Current and Prospective Payments for Rents and Utilities

If a Jurisdiction has administered payments of rental and utilities arrears for all qualifying applicants and in accordance with SB 91, then the Jurisdiction may elect to make prospective payments for rent and utilities, up to three months at a time. Rental assistance to an Eligible Household for prospective rent payments shall not exceed 25 percent of that Eligible Household's monthly rent. Payments should be made directly to the landlord to the extent feasible. An Eligible Household with qualifying rental arrears (rental debt accumulated from April 1, 2020 through March 31, 2021) may not receive assistance for prospective rent payments, until the arrears have been addressed. Prospective utility assistance may be designed to local preference, provided the rental arrears priorities are addressed first.

VI. Housing Stabilization

Jurisdictions may use up to 10 percent of the rental assistance funds in the program administrative set-aside to provide housing stabilization services. Such services can include but are not limited to:

- Case management
- Legal support to prevent eviction
- Tenant-landlord mediation services
- Housing counseling
- Housing placement

Jurisdictions are encouraged to define and describe housing stabilization services in their program guidelines, but should consider future U.S. Treasury guidance for eligibility. Jurisdictions are encouraged to build housing stabilization support into their program to assist households who continue to be at risk of severe housing instability, or who need additional support to retain housing, even with emergency rental assistance and the current tenant protections. Jurisdictions are also encouraged to use housing stabilization resources to encourage landlord participation in the locally administered rental assistance program. Resources, such as tenant-landlord mediation, can help address communication challenges and provide consistent education around tenant and landlord rights.

VII. Eligible Applicants

Both landlords and tenants must be able to apply for assistance from a locally administered program. Landlords should be encouraged to apply on behalf of Eligible Households, as defined. If a landlord is unable or unwilling to apply on behalf of the tenant(s), the tenant(s) may apply to the program directly. Eligible tenant households are strongly encouraged to apply for assistance in partnership with their landlord whenever possible. Participating landlords will receive direct payments of assistance in an amount up to 80 percent of the Eligible Household's unpaid arrears for the specified time period. In the event that a landlord chooses not to participate in the program or

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directly receive payment, Eligible Household applicants will receive assistance for rental arrears in an amount up to 25 percent of the Eligible Household's unpaid rental debt accumulated from April 1, 2020 through March 31, 2021, in funds paid directly to the household.

a. Applicant Eligibility and Applicant Priorities

Applicants must meet at least one of the two criteria below to be eligible for funding.

1. Income Eligibility:

Households must be at or below 80 percent of AMI to be eligible for funding from both the direct federal allocation and the block grant award. Priority must be given to households at 50 percent of AMI or lower or households that have one or more individuals that have been unemployed for the preceding 90-day period at date of application. In the event that all eligible applicants have been prioritized and assisted in a given reservation pool, then jurisdictions may begin to assist households between 50 and 80 percent AMI. Jurisdictions may continue to assist lower-income households who apply after priority criteria have been addressed. As noted, Jurisdictions must give priority to the aforementioned households, but they may elect to target more deeply to make sure that their most vulnerable renter households receive assistance. (For example, they may further prioritize households at or below 30 percent AMI.)

A. Income Documentation

Jurisdictions are encouraged to keep documentation requirements as simple as possible, while balancing the need to capture potential duplication of benefits and address risks of fraud. Examples of simple income documentation that can be used to identify applicant eligibility include (but are not limited to):

- 2020 household tax returns (If a household is not required to complete a tax return, then a Form W-2, a Form 1099-MISC, or other tax statements for the Eligible Household, members may be substituted), or
- Pay stubs for all employed members of an Eligible Household (one month), or
- Unemployment statements or benefits letters, or
- Social Security and Social Security Disability Insurance statements or benefits letters, or
- Documentation of current participation in any one of the below:
 - Medicaid, known as Medi-Cal in California
 - Women, Infants, and Children (WIC) benefits
 - Free and Reduced Lunch participation
 - Supplemental Nutrition Assistance Program (SNAP), known as CalFresh in California
 - Food Distribution Program on Indian Reservations (FDPIR)
 - Temporary Assistance for Needy Families (TANF), known as CalWORKs in California

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- School Nutrition Programs (SNP), such as the Free and Reduced Lunch program for California families
- Subsidized housing (not including housing choice, project-based, or Section 8 vouchers) that required income documentation as a condition of residency
- Any household income-based state or federally funded assistance program for low-income persons or households
- Any locally operated assistance program for low-income persons or households that requires household income verification and uses federal income limits

Households that confirm that they have no source of income, and that cannot provide documentation to verify either income or income eligibility, may complete an affidavit of no income, which must include an unsworn declaration under penalty of perjury. Notice of employment termination, or the expiration of unemployment benefits, can be used to support affidavits of no income. However, these documents should not be required unless there are indicators of fraud in connection with the application. Jurisdictions are not required to complete third-party income verifications. Jurisdictions should not require multiple sources of income documentation unless there are indicators of fraud in connection with an application.

2. Loss of Income Criteria

Households where one or more household member is currently unemployed, and that member has been unemployed for 90 days or more, are also eligible for assistance.

A. Unemployment Documentation

Jurisdictions are encouraged to keep requirements for unemployment documentation as simple as is practicable. The following are examples of possible unemployment documentation:

- Letters of termination
- Last-received pay stub with employer's information
- Evidence of application for unemployment benefits
- Evidence of expired unemployment benefits, including unemployment benefits provided through the CARES Act
- For self-employed persons, tax records, statements, or other documentation of loss of employment

Applicants who cannot provide documentation of unemployment should instead consider applying under the income eligibility criteria (above). Jurisdictions should carefully consider whether to allow attestations or affidavits of unemployment when evaluating applications using unemployment as their eligibility criteria. Applicants who can only provide a last pay stub as proof of unemployment should be notified that their previous employer may be contacted for verification. Jurisdictions should take every reasonable precaution to identify fraudulent claims of unemployment in the application. Applicants that can provide verifiable documentation of unemployment should not be required to submit additional documentation or to comply with additional income documentation requirements.

3. Households in Subsidized Housing

Households that receive housing assistance from vouchers, whether those are housingchoice vouchers, project-based vouchers, or other Section 8 vouchers, and who have experienced a loss of income should recertify their income with their administrative housing authority to ensure housing costs continue to be covered. Households receiving housing choice or Section 8 housing vouchers who were not able to recertify income and have accrued rental arrears are eligible for assistance. Households that have recertified income and do not have unpaid arrears are not eligible for assistance. Jurisdictions must coordinate with the applicable Housing Authority to assist households with housing vouchers. Similarly, households are ineligible for assistance if they receive Tenant-Based Rental Assistance (TBRA), Rapid Re-Housing (RRH) assistance, or other income-based rental assistance where a certification of no income will allow the assistance to cover the full cost of the household's rent.

Households in subsidized housing that does not include housing voucher support, such as Low-Income Housing Tax Credit (LIHTC)-subsidized housing and other state- and federally subsidized housing, are eligible for assistance for the tenant portions of rental arrears. Lessors of subsidized housing may only apply for rental assistance to cover the tenant portion of rental arrears.

a. Local Program Guidelines

Jurisdictions with stand-alone rental assistance programs should adopt guidelines that detail the applicants' requirements in accordance with the Act, SB 91, and any other applicable federal and state laws in connection with the assistance. Guidelines should include, at a minimum, the following:

- Income documentation requirements and standards
- Occupancy documentation requirements and standards
- Requirements and standards for documentation of rental arrears
- Non-discrimination policies and procedures
- Duplication of benefits tracking and reporting
- Payment procedures and documentation standards
- Fraud prevention and misinformation policies and procedures
- Housing stabilization services options
- Policies and procedures for the recapture of illegitimate payments
- Any additional prioritization or targeting as per local preference
- Utility providers participating in the program must provide information to households regarding low-income assistance

The Jurisdiction's legislative body should adopt such guidelines and make them publicly available. The Department will not be reviewing guidelines unless there is a claim of misuse of funds, the Jurisdiction fails to submit required reports, or there is discovered a high incidence of fraud in the Jurisdiction's administration of the rental assistance. Instead, or in addition, the Department may elect to recapture and reallocate the undisbursed balance of the Jurisdiction's block grant award.

VIII. Landlord Non-Participation

Jurisdictions are encouraged to promote landlord participation in their stand-alone administration programs. Identified challenges to landlord participation include:

- Inconsistent and poor program messaging
- Cumbersome and legally onerous assistance agreements
- Inconsistent program criteria in neighboring and overlapping jurisdictions
- Frequent changes to program rules
- Overly restrictive assistance limits
- Burdensome application processes
- Poor program documentation
- Uneven program implementation

This general information and guidance, along with conforming program requirements, are intended to, among other things, address and mitigate these challenges.

Jurisdictions should encourage tenants to initiate communication with their landlords, and to collaborate with their landlords on an application for rental assistance, before they apply independently for rental assistance. Jurisdictions should also develop procedures for tenants whose landlords are unwilling to participate in the program (e.g., the steps and documents that are necessary for an Eligible Household to receive rental assistance without landlord cooperation). Jurisdictions should also develop policies that address housing stabilization options, such as the following:

- Mediation services for tenants and landlords
- Housing counseling to assist tenants and landlords in understanding their lease terms, landlord-tenant law, fair-housing law, and other applicable laws
- Documented multiple attempts at landlord engagement, including using all available means of contact (emails, phone numbers, text messages, postal mail)
- Housing placement for tenants in unsustainable housing conditions

IX. Method of Distribution

The U.S. Treasury identified its methodology for allocating emergency rental assistance to Entitlement jurisdictions in the Act and in the U.S. Treasury's interpretive guidance. The expectation was that Large Jurisdictions would apply to the U.S. Treasury for their allocations by January 12, 2021. Large Jurisdiction funds that were not requested by the January 12, 2021 deadline were assigned to the state for allocation and administration through the reservation pool for that Jurisdiction.

a. Allocation Amounts

The California Department of Finance (DOF) has prepared allocation tables, based on population, to identify funding reservation pools for block grant awards to Large Jurisdictions throughout the state. These reservation pools will be used to allocate block grant resources statewide and to ensure that Large Jurisdictions have access to sufficient resources for their population sizes.

X. Obligation Requirements

All direct federal allocations and block grant awards have specific obligation and expenditure deadlines. The federal deadline for obligation is September 30, 2021, by when Large Jurisdictions must obligate at least 65 percent of the direct federal allocation, or they risk recapture and reallocation of the funds. The federal deadline for full expenditure is December 31, 2021.

As per the requirements of SB 91, no less than 65 percent of block grant funds must be obligated for assistance to specific households no later than June 1, 2021. At this time, Jurisdictions that have not obligated 65 percent of their total must demonstrate to the Department's satisfaction that they have the capacity and resources to contractually obligate the appropriate amount of block grant funds prior to the federal deadline and obtain a recapture waiver. Jurisdictions that cannot demonstrate capacity will have the total difference between the percent obligated on June 1, 2021 and 65 percent of their total emergency rental assistance funds recaptured from their block grant. In no case will the Department recapture US Treasury direct allocations. The Department will recapture the full difference from the block grant up to the remaining amount of block grant funds available. The Department does not have authority to recapture or reallocate federally allocated funds.

Recapture waivers will be provided at the Department's discretion and will be dependent on documentation of capacity as well as records submitted through the required reports.

XI. Expenditure Requirements

All block grant funds must be expended (liquidated) no later than August 1, 2021. Any and all block grant funds committed to Jurisdictions for jurisdiction-operated stand-alone rental assistance programs that are not expended prior to the deadline, minus funds obligated to specific households by August 1, 2021, may be recaptured and reallocated to the Department's direct rental assistance program for immediate distribution. Jurisdictions will have 30 days to complete expenditure (liquidation) of all obligated funds. Any unliquidated block grant funds at the end of the 30 days may be recaptured and reallocated.

Jurisdictions who can document that they do have the capacity and resources to fully liquidate all emergency rental assistance funds prior to the federal deadline may petition the Department for a recapture waiver. Recapture waivers will be provided at the Department's discretion and will be dependent on documentation of capacity as well as records submitted through the required reports. It is the goal of the Department for Jurisdictions to retain block grant funds and the Department will work in partnership with block grant recipients to meet SB 91 deadlines and to have sufficient plans in place to expend funds by the federal deadlines.

XII. Funding Recapture

Emergency rental assistance funds that are not obligated by the September 30, 2021 federal obligation deadline are at risk of recapture and reallocation by the U.S Treasury to states that have met the Consolidated Appropriation Act obligation requirements. To avoid having the state's federal allocations recaptured and reallocated, the Department will recapture block grant funds not in alignment with the performance and operational deadlines in SB 91.

To facilitate obligation and expenditure progress tracking, jurisdictions will be required to make aggregated regular progress reports against their total emergency rental assistance funds (including both federal allocations and State Block Grant funds), as detailed further in **Section XIV (Activity Implementation and Reporting)** of this document. The purpose of the reports is to track funding obligation and expenditures state-wide to help meet performance deadlines, and will not include targets or milestones. The weekly reports will be used to identify potential problems and operational delays in locally run programs and to assist Jurisdictions in implementing best practices to improve program performance, including leveraging materials and resources from the Department's direct rental assistance program targeting communications and education efforts, as well as other locally-run programs.

Block grant funds will be disbursed as a one-time payment upon full execution of the Standard Agreement. In the event funds must be recaptured, fund identified for recapture must be returned to the Department within five (5) business days. Funding recapture shall be documented through an amendment to the Standard Agreement. Failure to return recaptured funds will result in an immediate hold on all Department sponsored funding identified for that jurisdiction, including CARES Act funds, annual program funds, and state bond funds.

XIII. Funding Reallocation

Recaptured funds repaid to the Department may be subject to reallocation to either the Department's direct rental assistance program, or to other Jurisdictions at the Department's discretion. The intent of the recapture is to help make sure funding is obligated and spent prior to federal deadlines. To the extent feasible, the Department will work to ensure funds are spent in the Jurisdiction for which they were reserved. To encourage timely expenditure of all funds, and to address ongoing housing stabilization needs, reallocated funds will be prioritized based on performance and community need criteria to be established by the Department.

Funds identified for reallocation will be reallocated within 10 business days from the performance milestone or deadline, June 15, 2021 and August 13, 2021 respectively. Reallocations will be formalized through an amendment to the Standard Agreement.

1. Reallocation Flexibilities

Jurisdictions that receive reallocated funds may elect to add flexibility to their administration of the funds by funding lower priority activities, such as prospective payments of rent and utilities. These added flexibilities are at the Jurisdiction's discretion and are intended to help the Jurisdiction fully expend the additional funds in a timely manner.

XIV. Activity Implementation and Reporting

Administration of the block grant award is subject to the implementation and reporting requirements in the Act, as well as the requirements outlined below.

a. Administration Costs

Up to 8.5 percent of the block grant award may be used for the Jurisdiction's costs of administration, which include the following:

- Program marketing and outreach
- Program administration (both Jurisdiction staff time and third-party service provider costs)
- Acquisition and/or subscription costs for technology equipment and/or services to support required reporting and activity tracking
- Housing stabilization services

b. Implementation Requirements

The Jurisdiction must include the following components in its program administration and in its corresponding guidelines.

1. Payments for eligible households

Arrears payments for Eligible Households shall be made as a single payment for 80 percent of arrears incurred between April 1, 2020 and March 31, 2021 payable directly to the Eligible Landlord. If the Eligible Landlord refuses to participate in the program, assistance for rental arrears shall be limited to 25 percent of the Eligible Household's unpaid rental debt accumulated from April 1, 2020 through March 31, 2021 payable directly to the Eligible Household as a single payment. Jurisdictions should encourage Eligible Households to use all payments of rental assistance to maintain compliance with the law and to retain eviction protections.

Payments made for utilities arrears (or prospective utilities costs) must be made directly to the utility provider. Under no circumstances should payments for utility costs be made directly to tenants. For rental agreements that include utilities as part of the total rent, arrears will generally be paid to the Eligible Landlord (as specified above), and will be capped at 80 percent of the Eligible Household's unpaid rental debt accumulated from April 1, 2020 through March 31, 2021.

Prospective payments for rent should be made monthly, and should be made directly to the landlord whenever feasible. Eligible Households that receive prospective rent payments must recertify income eligibility every three months throughout the period of assistance. Eligible Households that receive prospective payments for utilities must also recertify every three months, but all utility assistance must be paid directly to the utility provider.

If an Eligible Household should cease to occupy a unit for which prospective rents have been paid to the landlord, the landlord shall re-pay to the Jurisdiction a pro-rata portion of the paid rents for the period that the unit is unoccupied by the Eligible Household. Jurisdictions should identify the mechanism for recapturing such funds in their

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guidelines. If a Jurisdiction has outstanding landlord recapture and has not met the obligation deadline for the block grant award, then the Department will deduct the outstanding recapture amount from the amount of obligated block grant funds to calculate the block grant funds that will be recaptured and reallocated.

Jurisdictions with outstanding landlord recapture on August 1, 2021 will be required to repay the amount of that outstanding landlord recapture to the Department within five (5) business days.

A. Payment Documentation

Both Eligible Households and Eligible Landlords must be notified of all payments for rental and arrears, as well as of all prospective payments for rent. The notification must identify the specific dwelling unit and Eligible Household, the total amount of rental assistance, the time period for which payment is provided, and the date the payment was disbursed by the Jurisdiction. The notification should also include a check number or transaction number to assist the Eligible Landlord with cross-referencing and tracking receipts and assistance for Eligible Households.

Both utility providers and Eligible Households must be notified of all payments to utility providers. The notification must identify the account number of the Eligible Household, the total amount of utility assistance provided, the time period for which payment is provided, payment transaction or check identification numbers, and the date the payment was disbursed by the Jurisdiction.

Jurisdictions should maintain a copy of every notification, as well as proof of delivery, for record keeping and fraud prevention purposes.

c. Reporting Requirements

Jurisdictions that administer their direct federal allocations and their block grant awards must comply with the reporting requirements set forth in the Act, in SB 91, and in the interpretive guidance and guidelines issued by the U.S. Treasury and the Department, respectively.

1. Activity Reports

The Act requires quarterly activity reports to be submitted to the U.S. Treasury. Activity reports for the block grant award shall be submitted to the Department no less frequently than quarterly. Block grant reporting will be due five (5) business days after the close of the quarter, and it shall be submitted in a form that is acceptable to the Department.

Late reports will result in a hold on any pending advance or reimbursement payment from the block grant funds. Funds shall be held until all late reports are submitted and confirmed received. Failure to report will constitute a breach of the Standard Agreement and may result in the immediate reallocation of block grant funds.

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2. Financial Reports

In order to ensure that all emergency rental assistance identified in the Act is disbursed to prevent as many evictions as possible in a time frame that protects the state funds from recapture and reallocation by the U.S. Treasury, it is critical that Jurisdictions administering block grant awards comply with the Department's financial reporting requirements.

A. Financial Reporting Requirements

Financial reports will be required weekly, on a day and in an electronic format that is acceptable to the Department.

Weekly reports must include the following data:

- Total funding obligated for payment of costs for Eligible Households for that week
- Total obligated funding to date
- Total expenditures for that week
- Total expenditures to date
- Projected obligations for the next week based on applications received and processed to date

Failure to report will constitute a breach of the Standard Agreement and may result in the immediate reallocation of block grant funds.

XV. Closeout

Closeout items shall be detailed in the Standard Agreement, and shall include final reports in a form that is acceptable to the Department.