



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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Second District

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Third District

MONICA MONTGOMERY STEPPE  
Fourth District

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Fifth District

**DATE:** February 27, 2024

# 11

**TO:** Board of Supervisors

### SUBJECT

**COUNTY OF SAN DIEGO AMERICAN RESCUE PLAN ACT FRAMEWORK  
REPRIORITIZATION AND EVERGREEN COMPONENT FRAMEWORK  
RECOMMENDATIONS (DISTRICTS: ALL)**

### OVERVIEW

On January 9, 2024 (12), the Board of Supervisors (Board) received an update on the American Rescue Plan Act (ARPA) Framework. Established by the Board in 2021, the ARPA Framework ensures that ARPA resources attributed to San Diego County most effectively respond to the needs of our region's residents and invest in the long-term health and safety of the region. The update provided information on progress of the programs of the ARPA Framework, the anticipated remaining funding resources of these programs, and the Evergreen component of the ARPA Framework, which has not been programmed. Besides this update, the Board took action to support the staff recommendations, including considerations for how to program the projected remaining ARPA Framework balance of \$67.0 million anticipated at the end of Fiscal Year (FY) 2024-25. In addition, the Board also directed the Chief Administrative Officer (CAO) to include priorities from all Board members when developing proposals for how to program remaining funds in the Evergreen component of the Framework. Priorities were to be focused on behavioral health, housing, climate change, economic prosperity, homelessness, and workforce, and were sent to the CAO by Board members via memorandum.

Since this time, on January 30, 2024 (1), the Board directed the use of \$10.0 million of the Evergreen component of the ARPA Framework to make funding available to meet the emergency needs caused by widespread flooding, mudslides, erosion, and storm debris resulting from the atmospheric river that moved through San Diego County on January 22, 2024. With this approval, the remaining amount allocated to the Evergreen component which is immediately available is now \$35.6 million.

Today's action includes direction for the CAO to reinvest any reimbursements received from this \$10.0 million into Evergreen program(s) upon completion of all proper audits and reviews of any expense claims. Given a Framework balance of \$67.0 million and the remaining Evergreen component of the Framework balance of \$35.6 million, these recommendations will ensure that ARPA funding available to the County of San Diego will be fully invested in the region. Staff will

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return to the Board with future action to implement the Framework and Evergreen programming as needed.

**RECOMMENDATION(S)  
CHIEF ADMINISTRATIVE OFFICER**

1. Approve staff's recommendation for the projected remaining American Rescue Plan Act (ARPA) Framework balance of \$67.0 million as stated in Attachment A.
2. Authorize the Chief Administrative Officer to make administrative changes within the adopted ARPA Framework as needed to ensure the intent of the Board of Supervisors allocations in the programs is met. Examples of such permitted changes include but are not limited to adjusting within the programs listed if spending trajectories for original balances change or other funding is identified.
3. Approve one of the following options for the use of the Evergreen component funding:

Option A:

- i. To be used for program(s) that could draw down matching funds, philanthropic donations, grants, or other funding that measures performance both on self-sustaining revenue streams and level of public benefit.

Option B:

- i. To be used for program(s) that could draw down matching funds, philanthropic donations, grants, or other funding that measures performance both on self-sustaining revenue streams and level of public benefit, and/or supporting a lasting public benefit in the areas of behavioral health, housing, climate change, economic prosperity, homelessness, and workforce.
4. Direct the Chief Administrative Officer to reinvest any reimbursements of the \$10.0 million allocation to emergency needs made on January 30, 2024 (1), into Evergreen program(s), after all proper audits and reviews of any expense claims have been completed.
  5. Direct the Auditor and Controller to establish an interest bearing trust fund, the "2024 Flood Reimbursement Fund" with interest earnings allocated and distributed to this fund, to deposit reimbursements in Recommendation 4 above.
  6. Direct the Chief Administrative Officer to allocate the remaining balance of the Evergreen component of the ARPA Framework based on the following options:

Option A:

- i. Allocate \$15.0 million for the implementation of the Senate Bill 43 of 2023 (Involuntary Behavioral Health Treatment) program (SB 43 program). These amounts will support the implementation of SB 43, which may include, among other things, expanded services and supportive infrastructure in hospital and

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community-based settings, support for the Public Conservator, increased crisis stabilization unit capacity, training and education capacity, and substance use disorder services capacity including a harm reduction model.

- ii. Allocate \$15.6 million to the Innovative Housing Trust Fund to be used for Notice of Funding Availability for affordable housing construction, acquisition and rehabilitation.
- iii. Allocate \$5.0 million for Efforts to Address and Prevent Homelessness.
- iv. Upon availability of funding as directed in Recommendation #4, allocate the funding received, up to \$10 million, in Expanding San Diego’s Behavioral Health Workforce.

***OR***

**Option B:**

- i. Allocate \$15.0 million for the implementation of the SB 43 program as specified in Option A.
- ii. Allocate \$10.0 million in expanding San Diego’s Behavioral Health Workforce.
- iii. Allocate \$10.6 million in the Innovative Housing Trust Fund as specified in Option A.
- iv. Upon availability of funding as directed in Recommendation 4, allocate the funding received, up to \$10 million, in Efforts to Address and Prevent Homelessness.

***OR***

**Option C:**

- i. Allocate \$10.0 million for the implementation of the SB 43 program as specified in Option A.
- ii. Allocate \$10.6 million in the Innovative Housing Trust Fund as specified in Option A.
- iii. Allocate \$15.0 million for the establishment of a Regional Workforce Housing Program.
- iv. Upon availability of funding as directed in Recommendation #4, allocate the funding received, up to \$10 million, in Expanding San Diego’s Behavioral Health Workforce.

- 7. Direct the Chief Administrative Officer to utilize ARPA funds directly or leveraged through a lost revenue strategy under the final ARPA guidance based on previously allocated General Purpose Revenue for the remaining amount allocated to the Evergreen component of the Framework of \$35.6 million, and to make the appropriate budget adjustments in future operational status letter updates as necessary.

**EQUITY IMPACT STATEMENT**

Today’s actions provide the mechanism to present and ensure the most effective use of the County of San Diego framework for the use of American Rescue Plan Act funding in support of the most vulnerable residents in the county. The COVID-19 pandemic has had a significant impact on the

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lives of individuals, businesses, and communities across San Diego County. To support the most vulnerable, an equity lens and a quantitative and qualitative data-driven approach were used to prioritize and integrate consideration of racial and gender equity in the recommendations to guide the distribution of COVID-19 response and recovery-related federal, State, and local funding and resources. These actions also align with regional efforts to ensure economic prosperity and equitable access to high-quality jobs in the green economy especially for underrepresented populations in these fields, and provide and retain a skilled, adaptable, and diverse workforce for County departments and enable the County to deliver superior services to the residents and visitors of San Diego County region.

**SUSTAINABILITY IMPACT STATEMENT**

The proposed actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services, policy decision-making, and resource allocation in support of sustainable communities, and Sustainability Goal #4 to protect the health and wellbeing of everyone in the region by ensuring the ARPA Framework including the Evergreen component supports just and equitable access to County services.

**FISCAL IMPACT**

Funds associated with this request are included in the Fiscal Year 2023-24 Operational Plan. For recommendations on the projected remaining ARPA Framework balance of \$67.0 million, if approved, this request will result in one-time costs and revenue of \$67.0 million. The funding source will be ARPA for programs that can be obligated before the end of the year 2024, and General Purpose Revenue through the lost revenue strategy for programs that cannot be obligated before the end of 2024.

For recommendations on the remaining amount allocated to the Evergreen component of the ARPA Framework, if approved, this request will result in one-time costs and revenue of \$35.6 million. These ARPA funds may be used directly or leveraged through a lost revenue strategy to redirect existing General Purpose Revenue, which will in turn be available for the Evergreen recommended programs. For any reimbursements received from the \$10.0 million allocation to emergency needs made on January 30, 2024 (1), the funds will be held in an interest bearing Trust Fund (2024 Flood Reimbursement Fund), and pending completion of all proper audits and reviews of any expense claims, will become available to Evergreen program(s) approved by the Board.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

On June 8, 2021 (3), the San Diego County Board of Supervisors (Board) approved the American Rescue Plan Act of 2021 (ARPA) spending framework for the approximately \$650 million in ARPA funds received from the federal government to be used towards the County of San Diego's (County) response to the COVID-19 pandemic. The ARPA Framework not only addressed the

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needs of the region to test, trace and treat COVID-19 cases to reduce morbidity and mortality, but also addressed the economic and social impacts of the pandemic.

The ARPA Framework was the culmination of input from every supervisorial district and comprehensive community engagement, which included community workshops held in March 2021 as well as review and consideration of correspondences received from community organizations and advocates. The ARPA Framework includes programs to respond to the COVID-19 pandemic as well as services for behavioral health, homelessness, food assistance, seniors and youth, small businesses, and critical infrastructure.

The ARPA funds allocated to the County represent a significant and extraordinary infusion of resources to the region, and the County has taken a leading role in utilizing these funds, employing a strategic three-pronged approach. The first prong prioritizes saving lives and protecting families, ensuring funds were directed towards critical initiatives such as testing, treatment, and vaccination sites. The second prong focuses on countering the economic impacts of the pandemic and making longer term investments for the region. This includes efforts to stimulate the economy and help San Diegans get back to work, marked by strategic investments like the small business and non-profit stimulus payments, aimed at revitalizing economic activity. The third prong includes resources for investing in our future, supporting programs such as child care, behavioral health, and evergreen funding initiatives. This structured approach highlights the County's commitment to addressing immediate needs while strategically planning for a resilient and prosperous future.

On January 9, 2024 (12, 13 and 14), the Board took action to support the staff recommendations in item #12, including the proposal for how to program the projected remaining ARPA Framework balance of \$67.0 million by the end of Fiscal Year (FY) 2024-25. The Board also directed the Chief Administrative Officer (CAO) to include priorities from all Board members when developing proposals for how to program remaining funds in the Evergreen component of the ARPA Framework to be considered for the Evergreen recommendations. Priorities were to be focused on behavioral health, housing, climate change, economic prosperity, homelessness, and workforce, and were to be sent to the CAO by Board members via memorandum by January 22, 2024.

Since the direction was provided on January 9, 2024, San Diego County experienced the heaviest rainfall in a single day in over one hundred years. The CAO as Director of Emergency Services issued a Proclamation of Local Emergency due to conditions of extreme peril to persons and property from a severe atmospheric river that produced widespread flooding, mudslides, erosion, and storm debris throughout the county resulting in numerous road closures and severe damage to both public and private infrastructure, the proclamation was ratified by the Board on January 24, 2024 (8). On January 30, 2024 (1), the Board held a special meeting and approved recommendations to help with both the immediate need in aftermath of the emergency as well as insure the resiliency of our communities for the future. Included as part of the recommendation is to use \$10.0 million of the Evergreen component of the ARPA Framework to make funding available to meet the emergency needs caused by this natural disaster; with this approval, the remaining amount allocated to the Evergreen component is now \$35.6 million. The County is pursuing reimbursement from federal, State, or other possible resources for the \$10.0 million

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allocated on January 30, 2024 (1), and today's recommendation will allow for any reimbursements to be held in trust and ultimately used to support the Evergreen component of the ARPA Framework.

To provide flexibility with regard to timeline and purpose for the Evergreen component of the ARPA Framework, the County has put in place a lost revenue strategy. This strategy is based on the revenue loss provision of ARPA, which allows the use of ARPA funds to replace local revenue lost due to the impacts of the COVID-19 pandemic. The remaining lost revenue strategy capacity is projected to be fully utilized with the implementation of the Evergreen component of the ARPA Framework; the lost revenue strategy has been used for all Evergreen component program uses to date and could be used for today's recommendations for the remaining balance of the Evergreen component of the ARPA Framework.

***Revised ARPA Framework***

An update on the programs of the ARPA Framework, established in June 2021 and subsequently revised in August 2022, was presented to the Board on January 9, 2024 (12). Based on current program activity, it is projected that \$67 million in ARPA funds will remain at the end of FY 2024-25 for ARPA Framework programs outside of the Evergreen component of the ARPA Framework. The anticipated remaining balance of \$67 million for ARPA programs projected at the end of FY 2024-25 provides an opportunity in the current environment of growing needs and programs and constrained governmental revenues experienced Statewide. Today's recommendations use these balances to provide funding to extend programs of the ARPA Framework beyond FY 2024-25 that are anticipated to have ongoing costs. In certain cases, ARPA was used to initiate services which will require funding sources for ongoing operations once the ARPA Framework funds have been expended. These programs are primarily in the homeless services section of the ARPA Framework for emergency sheltering solutions, but also include programs like tenant legal services and the recent Board directed employee child care benefit program.

Today's recommendations also include other programs that align with the Framework, like the County's Regional Homeless Assistance Program (RHAP), a critical program that does not have an identified ongoing funding source. RHAP is an emergency housing program that supports individuals experiencing homelessness in the unincorporated area of the county by leveraging hotels countywide as emergency housing options. In addition, an amount is proposed to mitigate the impact of any potential disallowances by the Federal Emergency Management Agency for COVID-19-related programs, which the County submitted for reimbursement. While the projected available balance presents a significant opportunity to mitigate the gap in funding over the next budget cycle for critical services, it is important to note that even after applying this strategy, there will be ongoing gaps beginning in FY 2026-27 for ARPA-initiated programs that will need to be addressed. Reallocation of the projected \$67 million balance, including ARPA Framework components as well as other programs, are summarized in Attachment A.

Staff continue to explore alternate sustainable funding sources, and the total ongoing funding need could shift as alternate funding sources are identified and sheltering solutions are operationalized. Today's actions provide authority to the CAO to make administrative changes within the adopted

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ARPA Framework where actual balances of ARPA Framework Programs vary from projections or alternate funding for a program is identified.

***Evergreen Component Options for Consideration***

On August 30, 2022 (20), the Board directed the CAO to explore the feasibility of establishing a fund, an “Evergreen Fund” with projected remaining balances and/or reallocated ARPA funding that could draw down matching funds, philanthropic donations, grants, or other funding sources that could provide self-sustaining revenue streams. On December 13, 2022 (30), the Board directed the CAO to continue developing evergreen fund concepts with the ad hoc Fiscal Management & Budget Strategy Subcommittee established in 2021 and sunset in 2023 (Fiscal Subcommittee) and return to the Board with options for discussion. In March 2023, the Fiscal Subcommittee discussed evergreen concepts, and programs under consideration included those that represent an ongoing investment in terms of public benefit as well as leveraging other funding sources in the form of matching funds, donations, grants, or other self-sustaining revenue streams.

The Board provided further direction to the CAO on January 9, 2024 (12, 13 and 14) by directing the consideration of priorities from all Board members when developing proposals for remaining Evergreen component funding. The Board directed those recommendations be focused on behavioral health, housing, climate change, economic prosperity, homelessness, and workforce.

Today’s actions also request the Board to provide additional guidelines for programs to be supported by the Evergreen component of the ARPA Framework. The initial direction of the Board in August 2022 reflected a focus on evergreen revenue streams. Through subsequent discussions, including those of the Fiscal Subcommittee, which was tasked to work with the Chief Administrative Officer to establish evergreen options, the consideration of an evergreen impact to the region in terms of public benefit was introduced. The definition contemplated by the Fiscal Subcommittee was that an evergreen fund would be a fund that could draw down matching funds, philanthropic donations, grants, or other funding that measures performance both on self-sustaining revenue streams and level of public benefit. Based on the priorities that were included in the Board memos, Recommendation 3, provides an option for resources of the Evergreen component to be used for programs that represent a one-time investment in the region or do not generate an evergreen revenue source, but that will generate an evergreen public benefit for San Diego communities.

Establishing one or more trust fund(s) for Evergreen purposes will depend on what program(s) the Board approves. A trust fund would need to be established for Evergreen program(s) if the purpose is to track earmarked receipts (money designated for a specific purpose or program) and corresponding expenditures. If the Evergreen program(s) selected by the Board is one-time in nature, like an expenditure to draw down matching funds, then no trust fund needs to be established.

Each Board member submitted a memorandum to the CAO that included their priorities for the Evergreen component of the ARPA Framework (Attachment C). Using these memoranda, the six priority areas directed by the Board for consideration, and the intent of the Evergreen component,

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staff compiled priorities that were proposed by more than one Board member (Attachment B) to prepare the following options for discussion and consideration.

OPTION A

<b>Program</b>	<b>Allocation<sup>1</sup></b>
Implementation of Senate Bill 43 of 2023 (Involuntary Behavioral Health Treatment)	\$15.0
Innovative Housing Trust Fund	\$15.6
Efforts to Address and Prevent Homelessness	\$5.0
Expanding San Diego’s Behavioral Health Workforce	\$10.0 <sup>2</sup>

<sup>1</sup> in millions

<sup>2</sup> upon any reimbursements from January 30, 2024 (1) allocation to emergency needs

*Implementation of Senate Bill 43 of 2023 (Involuntary Behavioral Health Treatment)*

On October 10, 2023, the Governor signed into law Senate Bill 43 (Involuntary Behavioral Health Treatment) (SB 43), amending the Lanterman-Petris-Short (LPS) Act and significantly expanding the definition of “gravely disabled” by including severe substance use disorder (SUD) as an allowable category for someone to be compelled into involuntary behavioral health evaluation and treatment, and if clinical standards are met, placed under conservatorship. The law also expands the criteria that can be considered in determining whether a person, as a result of their behavioral health condition, is unable to meet their personal needs, to include “personal safety” and “necessary medical care”. Other significant changes brought forth through SB 43 include the expansion of the array of testimony that can be submitted into conservatorship proceedings without requiring in-person cross examination; a requirement that counties consider less restrictive alternatives in conducting conservatorship investigations; and expansion of State reporting requirements. Together, these updates to State law will make new populations of individuals eligible for involuntary holds for evaluation and treatment, and, for some of these individuals, make them eligible for conservatorship.

On December 5, 2023 (6), the Board directed the CAO to establish a process that includes a multi-sectoral planning process with key parties and agencies impacted by and/or involved in the implementation of SB 43 in order to implement the new law no later than January 1, 2025. It is anticipated that staff will return to the Board with an update on this plan on March 12, 2024, at the regular meeting of the Board.

At this time, staff estimate the implementation of SB 43 could cost approximately \$15 million annually, which is anticipated to shift as service, resource, and infrastructure needs are further refined. The \$15 million in this option would be anticipated to fund one year of implementation costs depending on the mix of allocations prioritized as planning continues. Specific allocations may include, among other things, support of expanded services and supportive infrastructure in hospital and community-based settings, primarily as a bridge to more sustainable funding, Public Conservator infrastructure, crisis stabilization unit capacity, training and education capacity, and support SUD services capacity including a harm reduction model.



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Option A before the Board today would help fund the initial infrastructure needs to implement this new law while staff continue to seek alternative funding sources and pursue the possibility of advocating for the additional funding needed at the local level. Staff would return to the Board for approval on specific items and amounts to be programmed as part of SB 43 implementation with these funds.

*Innovative Housing Trust Fund*

This option also includes an investment of \$15.6 million into the Innovative Housing Trust Fund (IHTF). The IHTF is a dynamic, multifaceted affordable housing program that has dramatically increased production of homes for low-income residents. The IHTF represents local resources being leveraged to increase the production of affordable homes through public/private partnerships between the County and private housing developers. Additionally, many affordable housing developments have offered wraparound supportive services through partnerships with non-profit service providers.

As of January 2024, \$98 million has been awarded to housing projects from the IHTF. This investment has leveraged an additional \$1.2 billion in other public and private funds to create and preserve 2,702 permanent affordable housing units within 33 developments throughout the region.

*Efforts to Address and Prevent Homelessness*

An investment of \$5 million for efforts to address and prevent homelessness is included. The Board has taken multiple actions to address the needs of people experiencing and at-risk of homelessness utilizing the Framework for Ending Homelessness (Framework) adopted by the Board on November 2, 2021 (4) to coordinate investments across five strategic domains:

- 1) Root Cause and Upstream Prevention
- 2) Diversion and Mitigation
- 3) Services, Treatment and Outreach
- 4) Emergency/Interim Housing and Resources
- 5) Permanent Housing and Support

Option A could allow for additional investments across the domains to reinforce and augment programs already in place and/or create a new grant program for one-time resources to meet or increase sheltering and other needs in the community. Examples of existing programs that could benefit from additional funding include:

- Pilot Shallow Rental Subsidy program bridge funding: This program currently serves 222 Senior households who are rent burdened and at risk of homelessness by providing a \$500 monthly subsidy over a period of 18 months. In 2023, funding was added by the Board to serve an additional 160 households in round two which will launch in early 2024. In alignment with the Board's value of implementing data driven strategies, the County Office of Evaluation, Performance and Analytics will conduct an evaluation to review the effectiveness of this program in preventing homelessness for older adults. Some households may need bridge funding after 18-month subsidy ends. It is estimated that \$1.3 million from the ARPA Framework would serve the round-one participants. Additional funding would help to bridge round two participants.

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- **Coordinated Eviction Prevention program:** This program launched in January 2023 and uses data and targeted outreach activities to identify households at risk of being evicted and prevent unnecessary evictions countywide. Families facing the threat of eviction are provided with support tailored to each enrolled household's situation, with the goal of avoiding unnecessary evictions. On average, it is estimated that \$1 million of funding serves 100 households.
- **Diversion Program:** Regional Task Force on Homelessness (RTFH) launched a regional homeless diversion program in 2019. Since then, it has helped nearly 1,500 households (totaling nearly 2,000 individuals) avoid emergency shelters and instead quickly reconnect with stable housing opportunities within their own networks. Over the past four years, RTFH has found that on average, \$1,500 in one-time flexible funding was enough to keep 85% of households stably housed. Per Board direction on October 10, 2023 (12), the County will contribute \$350,000 towards the flexible fund and leverage additional funding commitments from philanthropic and local government partners. An additional infusion of funds from the Evergreen component could be considered for new or similar diversion activities.
- **Landlord Incentives Program:** The County Housing Authority administers several rental assistance programs that support individuals and families experiencing homelessness. The County landlord incentive program reduces the time it takes for voucher holders to secure a rental unit by addressing barriers for tenants (such as the inability to pay security deposits, utility costs, and rental application fees) and encouraging landlords to rent to voucher holders (by providing monetary incentives and other on-going supports). The program is also critical to the success of the County's Leave No Veteran Homeless (LNVH) initiative, a region-wide effort to essentially end veteran homelessness by achieving "functional zero". Since the initiation of LNVH in July of 2023, the County has connected over 200 veterans with Veterans Affairs Supportive Housing vouchers.

Additional funds would allow the County landlord incentive program to serve more participants and may include enhancing existing supports and expanding the program with other components such as securing units and other flexible uses that meet the needs of the participants and landlords. It is estimated that \$1 million of funding serves approximately 125 – 150 households.

Staff would return to the Board for approval on specific items and amounts to be programmed as part of efforts to address and prevent homelessness with these funds.

*Expanding San Diego's Behavioral Health Workforce*

This option includes an allocation of up to \$10 million for expanding San Diego's behavioral health workforce upon receipt, audits, and review of expense claims from of any reimbursements of the \$10.0 million allocation to emergency needs made on January 30, 2024 (1).

The total allocation of up to \$10 million dollars could be utilized over five years at up to \$2 million per year. This allocation would build capacity of behavioral health service provision within diverse

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communities through engaging and expanding the pool of organizations equipped to provide behavioral health care within the public behavioral health system, including small and minority-owned community-based organizations, to participate in the provision of Medi-Cal funded behavioral health services, broadening the diversity of providers offering providing mental health and substance use services. Key elements of the program may include:

- Inclusive participation of a large set of cross-sector stakeholders.
- Extensive stakeholder and community engagement where Community-Based Organizations (CBOs) are located.
- Technical Assistance and operational support to CBOs to include incentivized participation, tangible support in contracting readiness, such as creating sustainable infrastructure.

Staff would return to the Board for any additional authority needed to implement this option if selected. This item will complement the Public Behavioral Health Workforce Development and Retention Program approved by the Board on May 2, 2023 (5), which allocated \$15 million of Mental Health Services Act (MHSA) Innovation funds annually to recruit, train, and educate public behavioral health workers within County-funded behavioral health programs.

**OPTION B**

<b>Program</b>	<b>Allocation<sup>1</sup></b>
Implementation of SB 43 of 2023 Program	\$15.0
Innovative Housing Trust Fund	\$10.6
Efforts to Address and Prevent Homelessness	\$10.0 <sup>2</sup>
Expanding San Diego’s Behavioral Health Workforce	\$10.0

<sup>1</sup> in millions

<sup>2</sup> upon any reimbursements from January 30, 2024 (1) allocation to emergency needs

Option B before the Board today includes the same programs as Option A with the implementation of SB 43, the Innovative Housing Trust Fund (IHTF), and Expanding San Diego’s Behavioral Health Workforce receiving immediate allocations, and Efforts to Address and Prevent Homelessness receiving funding upon any reimbursements from the January 30, 2024 (1) allocation to emergency needs. Program options in each area would follow descriptions provided under Option A.

**OPTION C**

<b>Program</b>	<b>Allocation<sup>1</sup></b>
Implementation of SB 43 of 2023 Program	\$10.0
Innovative Housing Trust Fund	\$10.6
Expanding San Diego’s Behavioral Health Workforce	\$10.0 <sup>2</sup>
Regional Workforce Housing Program	\$15.0

<sup>1</sup> in millions

<sup>2</sup> upon any reimbursements from January 30, 2024 (1) allocation to emergency needs

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Option C before the Board today includes largely the same programs as aforementioned options; however, Efforts to Address and Prevent Homelessness is removed, and a Regional Workforce Housing Program is added. In Option C, the Expanding San Diego's Behavioral Health Workforce options would receive up to \$10.0 million in funding upon any reimbursements from the January 30, 2024 (1) allocation to emergency needs.

*Regional Workforce Housing Program*

Board memos highlighted an interest in supporting middle-income housing through various efforts, including programs for County employees. Option C would allocate funding to support one or more programs in this area targeting rental or homeownership opportunities for households with incomes ranging from 80%-120% of area median income. In order to have the broadest community reach, programs could be structured regionally with the opportunity to also benefit County employees meeting eligibility criteria. Funds could be allocated for first time homebuyer assistance programs modeled after similar County programs currently in place, or funds could be invested to facilitate the development of middle-income housing.

The County's current Housing Blueprint efforts underway anticipate the following deliverables related to middle income and/or workforce housing:

- Creation and facilitation of a working group of financial experts and stakeholders to identify financial tools and incentives to make increase affordability of housing and reduce the cost of financing housing for the region's workforce.
- Analyze and integrate recommendation from the Middle-Income Housing Workgroup into the recommendations for policies, strategies, and programs to facilitate the development of workforce housing.
- Explore and determine the viability of several recommendations including building wealth through homebuyer opportunities for community members at various AMIs.

It is anticipated that the final Housing Blueprint will make recommendations related to creating both middle income homeownership programs as well as programs that provide financing for the development of middle-income rental housing. Should option C be selected, it is anticipated staff would return with proposals for Board action on the recommended programming of the \$15 million in Regional Workforce Housing Evergreen funds to align with the Housing Blueprint recommendations and return.

**Next Steps**

Today's recommendations request the Board provide the CAO with direction on how to utilize the projected remaining ARPA Framework balance of \$67.0 million, the remaining Evergreen component of the ARPA Framework balance of \$35.6 million, and to reinvest any reimbursements of the \$10.0 million Evergreen component allocation to emergency needs made on January 30, 2024 (1) into Evergreen program(s).

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**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's proposed actions supports the Sustainability (Economy, Climate, and Environment), Equity (Housing), and Community (Quality of Life and Partnership) Strategic Initiatives in the County of San Diego's 2024-2029 Strategic Plan by investing in programs to draw down matching funds philanthropic donations, grants, or other funding sources that could provide self-sustaining program revenue streams. This action aligns with the County's goal to maintain fiscal stability and ensure long term solvency by leveraging investments from the community to improve the environment and tackle climate change. This in return will create impactful and effective options to support behavioral health, housing, climate change, economic prosperity, homelessness, and workforce.

Respectfully submitted,



SARAH E. AGHASSI  
Interim Chief Administrative Officer

**ATTACHMENT(S)**

Attachment A – ARPA Framework – Recommendation for Projected Remaining Program Balances

Attachment B – Evergreen Component Options

Attachment C – Board Member Memorandums on Evergreen Component Priorities