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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*

PART 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT [50400 - 50899.7] (*Heading of Part 2 amended by Stats. 1981, Ch. 996.)*

CHAPTER 17. State Rental Assistance Program [50897 - 50897.6] (*Chapter 17 added by Stats. 2021, Ch. 2, Sec. 24.)*

50897. For purposes of this chapter:

- (a) "City" means a city or a city and county. For purposes of this chapter, a city may be organized either under the general laws of this state or under a charter adopted pursuant to Section 3 of Article XI of the California Constitution.
- (b) "County" means a county, including a county organized under a charter adopted pursuant to Section 3 of Article XI of the California Constitution, or a city and county.
- (c) "Completed application" means an application for which a landlord or eligible household, as applicable, has provided all the necessary contact information and documentation required for a government rental assistance program to initiate a review of the application for eligibility.
- (d) "Department" means the Department of Housing and Community Development.
- (e) (1) "Eligible household" has the same meaning as defined in Section 501(k)(3) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).
- (2) Notwithstanding paragraph (1), for purposes of Round 2, "eligible household" has the same meaning as defined in Section 3201(f)(2) of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2).
- (f) "Federally recognized tribe" means an Indian tribe, as described in Section 501(k)(2)(C) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).
- (g) "Grantee" means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county, that participates in a rental assistance program pursuant to this chapter.
- (h) "Option A" means the administrative option grantees utilize pursuant to subparagraphs (A) and (B) of paragraph (1) of subdivision (b) of Section 50897.3 or subparagraphs (A) and (B) of paragraph (1) of subdivision (b) of Section 50897.3.1, as applicable.
- (i) "Option B" means the administrative option grantees utilize pursuant to Section 50897.2 or 50897.2.1, as applicable.
- (j) "Option C" means the administrative option grantees utilize pursuant to paragraph (2) of subdivision (b) of Section 50897.3 or paragraph (2) of subdivision (b) of Section 50897.3.1, as applicable.
- (k) "Program" means the process for awarding funds for state rental assistance pursuant to this chapter, as provided in Section 50897.2, 50897.2.1, 50897.3, or 50897.3.1, as applicable.
- (l) "Program implementer" means the contracted vendor selected to administer emergency rental assistance under the program pursuant to paragraph (1) of subdivision (a) of Section 50897.3.
- (m) "Prospective rent payment" means a rent payment eligible for financial assistance pursuant to Section 501(c)(2)(A) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).
- (n) "Rental arrears" means rental arrears eligible for financial assistance pursuant to Section 501(c)(2)(A) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).
- (o) "Round 1" means the state rental assistance program established by funds provided by Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).
- (p) "Round 2" means the state rental assistance program established by funds provided by Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(q) "State reservation table" means the methodology for allocating the state's portion of funding for Round 1 and Round 2 as follows:

(1) (A) With respect to funding received for Round 1, no more than 10 percent for state administration.

(B) Round 1 shall include one hundred fifty million dollars (\$150,000,000) total set aside for smaller counties with a population less than 200,000, allocated based on the proportional share of population from the 2019 federal census data.

(C) The remainder of the state allocation to be distributed to eligible grantees with a population 200,000 or greater, based on their proportional share of population from the 2019 federal census data.

(2) (A) With respect to funding for Round 2, no more than 15 percent shall be used for state administration.

(B) Subject to the requirements of this paragraph, Round 2 funding shall include one hundred twenty-five million dollars (\$125,000,000) total set aside for counties with a population less than 200,000, allocated based on their proportional share of the population from the 2019 federal census data.

(C) The remainder of the state allocation to be distributed to grantees with a population 200,000 or greater, based on their proportional share of population from the 2019 federal census data.

(D) The department shall pay all grantees an initial payment that is equal to an amount not less than 40 percent of each grantee's total allocation provided under this paragraph.

(i) Subsequent payments shall be paid to grantees in tranches up to the full amount of each grantee's total state allocation in accordance with a procedure established by the department that shall require that a grantee has obligated not less than 75 percent of funds provided pursuant to this subparagraph.

(ii) The department shall have the authority to reallocate unused funds and shall prioritize allocating funds based on factors that include a grantee's unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(r) "Utilities" means utilities and home energy costs eligible for financial assistance pursuant to Section 501(c)(2)(A) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

(Amended by Stats. 2022, Ch. 28, Sec. 101. (SB 1380) Effective January 1, 2023.)

50897.1. (a) (1) Funds available for rental assistance pursuant to this chapter shall consist of state rental assistance funds made available pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) and Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) and shall be administered by the department in accordance with this chapter and applicable federal law.

(2) Each grantee shall be eligible to receive an allocation of rental assistance funds, calculated in accordance with the state reservation table.

(3) The state high-need grantee set aside provided pursuant to Section 3201(a)(2)(D) of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2) shall be allocated or administered by the department, or program implementer, pursuant to applicable federal requirements.

(4) Additional rental assistance funds allocated to the state from the United States Treasury pursuant to Section 501(d) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) or Section 3201(e) of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) shall be allocated, at the department's discretion, with prioritization based on factors that include a grantee's unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(5) Except as otherwise provided in this chapter, funds available for rental assistance administered pursuant to Section 50897.3 or 50897.3.1 shall consist of state rental assistance funds calculated pursuant to the state reservation table.

(b) Funds provided for and administered pursuant to this chapter shall be used in a manner consistent with federal law, including the prioritization of assistance specified in Section 501(c)(4) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260). In addition, in providing assistance pursuant to this chapter, the department and, if applicable, the program implementer shall prioritize communities disproportionately impacted by COVID-19, as determined by the department. State prioritization shall be as follows:

(1) Priority one shall be eligible households, as specified in Section 501(c)(4) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260), to expressly target assistance for eligible households with a household income that is not more than 50 percent of the area median income or any eligible households that receive a notice

described in Section 1179.10 of the Code of Civil Procedure or a summons described in Section 1179.11 of the Code of Civil Procedure.

(2) Priority two shall be communities disproportionately impacted by COVID-19, as determined by the department.

(3) Priority three shall be eligible households that are not otherwise prioritized as described in paragraphs (1) and (2), to expressly include eligible households with a household income that is not more than 80 percent of the area median income.

(c) (1) Except as otherwise provided in paragraph (2), eligible uses for funds made available to a grantee under this chapter shall be as follows:

(A) Rental arrears.

(B) Prospective rent payments.

(C) Utilities, including arrears and prospective payments for utilities.

(D) Any other expenses related to housing as provided in Section 501(c)(2)(A) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

(E) Any additional use authorized under federal law and guidance.

(2) For purposes of stabilizing households and preventing evictions, rental arrears shall be given priority for purposes of providing rental assistance pursuant to this chapter.

(3) Remaining funds not used as described in paragraph (2) may be used for any eligible use described in subparagraphs (B), (C), and (D) of paragraph (1).

(d) Assistance for rental arrears may be provided as a payment directly to a landlord on behalf of an eligible household by entering into an agreement with the landlord, subject to both of the following:

(1) Assistance for rental arrears shall be set at compensation of 100 percent of an eligible household's unpaid rental debt accumulated on or after April 1, 2020.

(2) (A) Acceptance of a payment made pursuant to this subdivision shall be conditioned on the landlord's agreement to accept the payment as payment in full of the rental debt owed by any tenant within the eligible household for whom rental assistance is being provided for the specified time period. The landlord's release of claims pursuant to this subparagraph shall take effect only upon payment being made to the landlord pursuant to this subdivision.

(B) The landlord's agreement to accept payment pursuant to this subdivision as payment in full, as provided in subparagraph (A), shall include the landlord's agreement to release any and all claims for nonpayment of rental debt owed for the specified time period, including a claim for unlawful detainer pursuant to paragraph (2) and (3) of Section 1161 of the Code of Civil Procedure, against any tenant within the eligible household for whom the rental assistance is being provided.

(e) (1) A member of an eligible household may directly apply for rental arrears assistance from the grantee. Assistance for rental arrears pursuant to this subdivision shall be set at compensation of 100 percent of the eligible household's unpaid rental debt accumulated on or after April 1, 2020.

(2) (A) Upon receipt of assistance, the eligible household shall provide the full amount of rental arrears to the landlord within 15 days, excluding Saturdays, Sundays, and judicial holidays, of receipt of the funds.

(B) (i) If the household does not comply with subparagraph (A), the landlord may charge a late fee not to exceed the amount that the landlord may charge a tenant for one late rental payment under the terms of the lease or rental agreement.

(ii) Failure to pay a late fee charged by a landlord pursuant to this subparagraph shall not be grounds for an unlawful detainer action.

(C) A member of an eligible household described by this paragraph shall attest under penalty of perjury that the household will comply with the requirements of this paragraph.

(f) Funds used to provide assistance for prospective rent payments for an eligible household shall be set at 100 percent of the eligible household's monthly rent.

(g) (1) When a landlord or tenant submits a completed application, grantees shall provide notification to the respective parties included in the application.

(2) Upon approval of payment for a landlord or tenant application, as applicable, grantees shall provide notification to the respective parties included in the application.

(h) (1) Assistance provided under this chapter shall be provided to eligible households or, if applicable, to landlords on behalf of eligible households that are currently housed and occupying the residential unit for which the assistance is requested at the time of the application.

(2) (A) Notwithstanding paragraph (1), eligible households that no longer occupy the residential unit with respect to which rental assistance has been requested and have demonstrated rental arrears shall be eligible for assistance.

(B) (i) Subject to clause (ii), assistance provided pursuant to this paragraph shall be prioritized to participating landlords.

(ii) If the landlord does not participate, payments may be provided directly to the eligible household if the eligible household provides any amount received for rental assistance to the landlord. A member of the eligible household shall attest under penalty of perjury that the household will comply with the requirements of this clause.

(C) It is the intent of the Legislature for grantees to exercise maximum discretion within the limitations of federal law and guidance to establish eligibility and documentation requirements for households no longer occupying the unit in question to ensure funds administered pursuant to this paragraph are deployed in a streamlined manner.

(D) A payment made directly to a participating landlord pursuant to this paragraph shall be considered as payment in full and shall include the landlord's agreement to release any and all claims for nonpayment of rental debt owed for the specified time period, including a claim for unlawful detainer pursuant to paragraphs (2) and (3) of Section 1161 of the Code of Civil Procedure.

(i) For purposes of the protections against housing discrimination provided under the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), assistance provided under this chapter shall be deemed to be a "source of income," as that term is defined in subdivision (i) of Section 12927 of the Government Code.

(j) (1) Notwithstanding any other law, except as otherwise provided in subdivision (i), assistance provided to an eligible household for a payment as provided in this chapter or as provided as a direct allocation to grantees from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) or Section 3201 of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2) shall not be deemed to be income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or used to determine the eligibility of an eligible household, or any member of an eligible household, for any state program or local program financed wholly or in part by state funds.

(2) Notwithstanding any other law, for taxable years beginning on or after January 1, 2020, and before January 1, 2025, gross income shall not include a tenant's rent liability that is forgiven by a landlord as provided in this chapter or as rent forgiveness provided through funds grantees received as a direct allocation from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) or Section 3201 of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2).

(k) (1) The department may adopt, amend, and repeal rules, guidelines, or procedures necessary to carry out the purposes of this chapter, including guidelines regarding the administration of federal rental assistance funds received under Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) or the administration of federal rental assistance funds received under Section 3201 of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2) that are consistent with the requirements of that federal law and any regulations promulgated pursuant to that federal law.

(2) The adoption, amendment, or repeal of rules, guidelines, or procedures authorized by this subdivision is exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(l) Any interest that the state, a grantee, or, if applicable, the program implementer derives from the deposit of funds made available pursuant to this chapter or pursuant to subdivision (e) of Section 925.6 of the Government Code shall be used to provide additional assistance under this chapter.

(m) Upon notification from the Director of Finance to the Joint Legislative Budget Committee that additional federal rental assistance resources have been obtained, that assistance may be deployed in a manner consistent with this chapter. Any statutory provision established by subsequent federal law specific to the administration of those additional resources shall supersede the provisions contained in this chapter to the extent that there is a conflict between those federal statutory provisions and this chapter. To implement future federal rental assistance, the department shall make corresponding programmatic changes to effectuate the program in compliance with federal law.

(n) Notwithstanding any other law, a third party shall be prohibited from receiving compensation for services provided to an eligible household in applying for or receiving assistance under this chapter, except that this prohibition shall not apply to any contracted entity that renders those services upon the express authorization by the department, the program implementer, or a grantee.

(o) Assistance provided under this chapter shall include a receipt that provides confirmation of payment that has been made. The receipt shall include, but not be limited to, the amount of payment or forgiveness, as applicable, and the time period for which assistance was provided. The receipt shall be provided to both the eligible household and the landlord.

(p) (1) The department, program implementer, or grantee, as applicable, that has completed rental assistance payments subject to the provisions of this section, as amended by Chapter 5 of the Statutes of 2021, shall provide additional assistance to previous recipients so that total assistance provided is equivalent to 100 percent of an eligible household's rental arrears or prospective rent for the period originally requested, as applicable.

(2) To make payments pursuant to this subdivision in a timely manner, additional assistance shall be executed without the counter signature from the eligible household or landlord.

(q) A grantee may request a change to its administrative option as provided in Round 1 or Round 2, as applicable, subject to the approval of the department.

(r) (1) A grantee that receives funds and administer rental assistance programs pursuant to this chapter shall meet the requirements of Chapter 6 (commencing with Section 1179.08) of Title 3 of Part 3 of the Code of Civil Procedure.

(2) A grantee shall provide notification to the landlord and tenant when either the landlord or the tenant submits a completed application for rental assistance.

(3) A grantee shall provide notification to the landlord and tenant once a final decision has been rendered. The notification shall include the total amount of assistance paid and the time period for which assistance was provided, as applicable.

(4) Failure to comply with the requirements of this subdivision may result in the grantee's share of funds received from the state pursuant to Section 50897.2 or 50897.2.1 reverted to the department for reallocation at the department's discretion.

(s) For purposes of this section:

(1) "Rental debt" includes rent, fees, interest, or any other financial obligation under a lease for use and occupancy of the leased premises, but does not include liability for torts or damage to the property beyond ordinary wear and tear.

(2) "Specified time period" means the period of time for which payment is provided, as specified in the agreement entered into with the landlord.

(Amended by Stats. 2022, Ch. 28, Sec. 102. (SB 1380) Effective January 1, 2023.)

50897.2. (a) (1) A grantee that has a population of 500,000 or greater shall be eligible to receive a block grant allocation from the department.

(2) A grantee with a population of 499,999 or less, but greater than 200,000, may request an allocation of block grant funds pursuant to this section, in the form and manner prescribed by the department. The department shall grant a request for an allocation of block grant funds pursuant to this paragraph if the grantee attests and, in the department's judgment, demonstrates that it has established a program consistent with the requirements of this chapter and has the capability to implement the resources provided in accordance with applicable state and federal law, including this chapter and Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

(3) A grantee that is not eligible for, or does not receive, an allocation of block grant funds pursuant to this section shall receive its proportionate share of funds in accordance with the state reservation table, as provided in Section 50897.3.

(4) A grantee that receives a block grant pursuant to this section shall attest to the department, in the form and manner prescribed by the department, that it will distribute assistance equitably and consistent with demonstrated need within the jurisdiction.

(5) To receive funds pursuant to this section, an applicant shall agree to utilize its direct allocation of assistance from the Secretary of the Treasury pursuant to Section 501 of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) in a manner consistent with this chapter. Refusal to comply with this paragraph shall result in the applicant being prohibited from receiving state block grant funds and may result in the department recouping block grant funds that are spent in a manner inconsistent with this chapter.

(6) A grantee that receives funds pursuant to this section shall not institute additional programmatic requirements that may inhibit participation in the rental assistance program.

(7) A grantee that applies for assistance under this section may apply for an award allocation through an authorized representative, without its legislative body expressly adopting an ordinance or resolution authorizing that application, provided that

it later authorizes a representative of the eligible grantee with legal authority to bind the eligible grantee to the terms and conditions of the award before executing the agreement with the department.

(8) The department shall allocate all funds made available for purposes of this section, in consultation with the Department of Finance. The initial allocation shall be completed and shared no later than February 19, 2021.

(b) Block grant funds allocated pursuant to this section shall be used for those eligible uses and compensation requirements specified in, and subject to the applicable requirements of, Section 50897.1.

(c) The deadlines for the allocation and use of block grant funds pursuant to this section shall be as follows:

(1) A grantee shall request that allocation from the department no later than February 12, 2021. If a grantee fails to request the allocation by that date, the moneys that would have otherwise been allocated to that grantee shall instead be used to provide assistance in accordance with Section 50897.3.

(2) A grantee that receives block grant funds under this section shall contractually obligate at least 65 percent of those funds by August 1, 2021.

(d) (1) (A) Subject to subparagraph (B), if a grantee that receives block grant funds under this section fails to contractually obligate the minimum amount of those funds by the deadline specified in paragraph (2) of subdivision (c), the grantee shall repay to the department any unused amount of block grant funds allocated to it not contractually obligated or expended.

(B) The department may waive the requirement to repay funds pursuant to subparagraph (A) if the grantee demonstrates, to the satisfaction of the department, that it will contractually obligate and expend any unused block grant funds allocated to it within the timeframes specified in federal law.

(2) The department may reallocate any funds repaid pursuant to paragraph (1) for purposes of this section. In reallocating those funds, the department shall prioritize allocating additional funding to grantees based on factors that include unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(e) A grantee participating in the program pursuant to this section shall enter into a standard regulatory agreement with the department that includes terms and conditions consistent with the requirements set forth in this section.

(f) A grantee that receives an allocation of block grant funds pursuant to this section shall be solely responsible for compliance with all applicable management, implementation, and reporting requirements established under state and federal law.

(g) The requirements of this section shall apply only to the administration of Round 1 funds.

(Amended by Stats. 2021, Ch. 27, Sec. 23. (AB 832) Effective June 28, 2021.)

50897.2.1. (a) (1) A grantee that has a population of 500,000 or greater shall be eligible to receive a block grant allocation from the department.

(2) A grantee with a population of 499,999 or less, but greater than 200,000, may request an allocation of block grant funds pursuant to this section, in the form and manner prescribed by the department. The department shall grant a request for an allocation of block grant funds pursuant to this paragraph if the grantee attests and, in the department's judgment, demonstrates that it has established a program consistent with the requirements of this chapter and has the capability to implement the resources provided in accordance with applicable state and federal law, including this chapter and Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(3) A grantee that is not eligible for, or does not receive, an allocation of block grant funds pursuant to this section shall receive its proportionate share of funds in accordance with the state reservation table, and those funds shall be administered as provided in Section 50897.3.1.

(4) A grantee that receives a block grant pursuant to this section shall attest to the department, in the form and manner prescribed by the department, that it will distribute assistance equitably and consistent with demonstrated need within the jurisdiction.

(5) To receive funds pursuant to this section, an applicant shall agree to utilize its assistance made available from the Secretary of the Treasury pursuant to Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) in a manner consistent with this chapter. Refusal to comply with this paragraph shall result in the applicant being prohibited from receiving state block grant funds and may result in the department recouping block grant funds that are spent in a manner inconsistent with this chapter.

(6) A grantee that receives funds pursuant to this section shall not institute additional programmatic requirements that may inhibit participation in the rental assistance program.

(7) A grantee that applies for assistance under this section may apply for an award allocation through an authorized representative, without its legislative body expressly adopting an ordinance or resolution authorizing that application, if it later authorizes a representative of the eligible grantee with legal authority to bind the eligible grantee to the terms and conditions of the award before executing the agreement with the department.

(b) Block grant funds allocated pursuant to this section shall be used for those eligible uses and compensation requirements specified in, and subject to the applicable requirements of, Section 50897.1 and, upon approval by the department, other eligible uses provided in Section 3201(d)(1)(D) of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(c) The deadlines for the allocation and use of block grant funds pursuant to this section shall be as follows:

(1) A grantee shall request that allocation from the department no later than 30 calendar days after the operative date of this section. If a grantee fails to request the allocation by that date, the moneys that would have otherwise been allocated to that grantee shall instead be used to provide assistance in accordance with Section 50897.3.1.

(2) An Option B grantee that receives block grant funds under this section shall contractually obligate at least 75 percent of its first tranche of state funds by October 31, 2021.

(3) An Option B grantee that receives block grant funds under this section shall contractually obligate 50 percent of its total share of state funds by January 31, 2022.

(d) (1) (A) Subject to subparagraph (B), if a grantee that receives block grant funds under this section fails to contractually obligate the minimum amount of those funds by the deadline specified in paragraph (2) of subdivision (c), or to obligate the full amount of that allocation by the deadline specified in paragraph (3) of subdivision (c), the grantee shall repay to the department any unused amount of block grant funds allocated to it not contractually obligated or expended.

(B) The department may waive the requirement to repay funds pursuant to subparagraph (A) if the grantee demonstrates, to the satisfaction of the department, that it will contractually obligate and expend any unused block grant funds allocated to it within the timeframes specified in federal law.

(2) The department may reallocate any funds repaid pursuant to paragraph (1) for purposes of this section. In reallocating those funds, the department shall allocate funding to grantees based on factors that include unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(e) A grantee participating in the program pursuant to this section shall enter into a standard regulatory agreement with the department that includes terms and conditions consistent with the requirements of this section.

(f) An Option B grantee shall be solely responsible for compliance with all applicable management, implementation, and reporting requirements established under state and federal law.

(g) The requirements of this section shall apply only to the administration of Round 2 funds.

(Added by Stats. 2021, Ch. 27, Sec. 24. (AB 832) Effective June 28, 2021.)

50897.3. (a) (1) (A) The department may contract with a vendor to serve as the program implementer to manage and fund services and distribute emergency rental assistance resources pursuant to this section. A vendor selected to serve as program implementer shall demonstrate sufficient capacity and experience to administer a program of this scope and scale.

(B) The program implementer shall have existing relationships with community-level partners to ensure all regional geographies and target communities throughout the state have access to the program.

(C) (i) The program implementer shall have the technological capacity to develop and to implement a central technology-driven application portal and system that serves landlords and tenants, has mobile and multilanguage capabilities, and allows an applicant track the status of their application. The application system shall have the capacity to handle the volume of expected use without disruption.

(ii) The system shall begin accepting applications no later than March 15, 2021 and be available 24 hours a day, seven days a week, with 99 percent planned uptime rating.

(iii) The system shall support, at minimum, a database of 1,000,000 application records.

(iv) The system shall support at minimum 20,000 concurrent full-access users, allowing users to create, read, update and delete transactions based upon their user role.

(D) (i) The program implementer shall demonstrate experience with developing and managing direct payment or grant programs, or direct payment and grant programs, including, but not limited to, program and application development, outreach

and marketing, translation and interpretation, fraud protections and approval processes, secure disbursement, prioritizing the use of direct deposit, customer service, compliance, and reporting.

(ii) The program interface shall include, but not be limited to, the following:

(I) Capability such that either the landlord or the tenant may initiate an application for assistance and that both parties are made aware of the opportunity to participate in the rental assistance program and accept the program parameters.

(II) Appropriate notifications to ensure that both parties understand that rental assistance is awarded in rounds of funding based on eligibility and that the eligible household is reminded that payment is ultimately being provided directly to the landlord, but the payment will directly address the eligible household's rental arrears or prospective rent, as applicable.

(III) Notification to both parties, including the landlord and the eligible household, respectively, of the initiation and completion of the application process, whether the process is initiated by the landlord or the eligible household. Upon payment, the program implementer shall provide an electronic record that payment has been made and keep all records available for the duration of the program, or as otherwise provided under state or federal law.

(E) The program implementer shall be able to manage a technology-driven duplication of benefits process in compliance with federal law.

(F) The program implementer shall comply with all state protections related to the use of personally identifiable information, including providing any necessary disclosures and assuring the secure storage of any personally identifiable information generated, as part of the application process.

(G) The program implementer shall coordinate its program activities with education and outreach contractors and any affiliated service or technical assistance providers, including those that reach non-English speaking and hard-to-reach households, with considerations for racial equity and traditionally underserved populations.

(2) The department may establish a contract with one or more education and outreach contractors to conduct a multilingual statewide campaign to promote program participation and accessibility.

(3) In accordance with paragraphs (1) and (2), the department shall seek contracted solutions that minimize total administrative costs, such that savings may be reallocated for use as direct assistance.

(4) The department may receive rental assistance program funding from localities or federally recognized tribes to administer on their behalf in a manner consistent with this chapter.

(b) (1) (A) A county with a population less than or equal to 200,000 and any grantee that is eligible for, but did not receive, a direct allocation of assistance from the Secretary of the Treasury pursuant to Section 501 of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) shall receive assistance pursuant to the state reservation table, to be administered in accordance with this section.

(B) A grantee that was eligible for, but did not receive, a direct allocation of assistance from the Secretary of the Treasury pursuant to Section 501 of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) and was eligible for, but did not receive, block grant assistance under Section 50897.2 shall receive its proportionate share of assistance, as determined by the state reservation table, to be administered in accordance with this section.

(2) (A) A grantee that was eligible for, but did not receive, block grant funds pursuant to Section 50897.2, and has elected to administer its direct share of assistance provided under Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260), shall have its proportionate share of block grant funds administered pursuant to this section.

(B) (i) To minimize legal liability and potential noncompliance with federal law, specifically those violations described in Section 501(k)(3)(B) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260), the department, or, if applicable, the program implementer, shall request that grantees described in this paragraph enter into a data sharing agreement for the purpose of preventing unlawful duplication of rental assistance to eligible households.

(ii) Notwithstanding any other law, a grantee that enters into a data sharing agreement required by this subparagraph may disclose personally identifying information of rental assistance applicants to the department or the program implementer for the purposes described in this subparagraph.

(iii) A grantee described by clause (ii) shall provide all applicable data, as determined by the department, before the department or program implementer begins administering funds within the grantee's jurisdiction.

(C) Except as otherwise provided in subparagraph (B), a grantee that is subject to assistance provided under this paragraph and received a direct allocation from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) shall not be eligible for administrative and technical assistance provided by the department, including, but not limited to, support for long-term monitoring and reporting.

(D) The state, the department, or the program implementer acting on behalf of the department, shall be indemnified from liability in the administration of assistance pursuant to this paragraph, specifically any violation described in Section 501(k)(3) (B) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

(3) To the extent permitted by federal law, a grantee that elects to participate in the program as provided in this section, and that received rental assistance funding directly from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260), shall add those funds received directly from the Secretary of the Treasury and any share of rental assistance funding provided pursuant to Section 50897.2 to the funds allocated to it pursuant to this section. Except as otherwise provided in paragraph (1) of subdivision (d), the total amount of funds described in this subparagraph shall be used by the grantee in accordance with this section. Participation shall be conditioned upon having an executed standard agreement with the Department.

(4) To the extent permitted by federal law, a federally recognized tribe that receives rental assistance funds directly from the Secretary of the Treasury pursuant to Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260) may add its direct federal allocation of funds to be administered pursuant to this section. Participation shall be conditioned upon having an executed standard agreement with the department.

(c) Funds allocated pursuant to this section shall be used for those eligible uses specified in, and subject to the applicable requirements of, Section 50897.1.

(d) (1) Except as otherwise provided in paragraph (3), a grantee that receives funds pursuant to this section shall contractually obligate 65 percent of those funds no later than August 1, 2021. The department may, in its discretion, reallocate any funds allocated to a grantee that are not contractually obligated by that date to other grantees based on factors that include unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(2) Funds administered on behalf of a federally recognized tribe as provided in paragraph (4) of subdivision (b) are not subject to the requirements of this subdivision.

(e) (1) In any legal action to recover rent or other financial obligations under the lease that accrued between April 1, 2020, and September 30, 2021, before entry of any judgment in the plaintiff's favor, the plaintiff shall verify both of the following under penalty of perjury:

(A) The landlord has not received rental assistance or other financial compensation from any other source corresponding to the amount claimed.

(B) The landlord does not have any pending application for rental assistance or other financial compensation from any other source corresponding to the amount claimed.

(2) In any unlawful detainer action seeking possession of residential rental property based on nonpayment of rent or any other financial obligation under the lease, the court shall not enter a judgment in favor of the landlord unless the landlord verifies all of the following under penalty of perjury:

(A) That the landlord has not received rental assistance or other financial compensation from any other source corresponding to the amount demanded in the notice underlying the complaint.

(B) That the landlord has not received rental assistance or other financial compensation from any other source for rent accruing after the date of the notice underlying the complaint.

(C) That the landlord does not have any pending application for rental assistance or other financial compensation from any other source corresponding to the amount demanded in the notice underlying the complaint.

(D) That the landlord does not have any pending application for rental assistance or other financial compensation from any other sources for rent accruing after the date of the notice underlying the complaint.

(f) Notwithstanding any other state or local law, policy, or ordinance, for purposes of ensuring the timely implementation of resources pursuant to this section a grantee that has a population greater than 200,000 may enter into an agreement with the department to have its share of funds administered pursuant to this section by the department and may redirect those funds to the department for that purpose.

(g) (1) Except as provided in paragraph (2), the requirements of this section shall apply only to the administration of Round 1 funds.

(2) Subdivision (e) shall apply to the administration of Round 1 and Round 2 funds.

(Amended by Stats. 2021, Ch. 27, Sec. 25. (AB 832) Effective June 28, 2021.)

50897.3.1. (a) (1) The department may contract with a vendor to serve as the program implementer to manage and fund services and distribute emergency rental assistance resources pursuant to this section and consistent with the requirements of Section 50897.3.

(2) The department may establish a contract with one or more education and outreach contractors to conduct a multilingual statewide campaign to promote program participation and accessibility.

(3) In accordance with paragraphs (1) and (2), the department shall seek contracted solutions that minimize total administrative costs so that savings may be reallocated for use as direct assistance.

(4) The department may receive rental assistance program funding from localities or federally recognized tribes to administer on their behalf in a manner consistent with this chapter.

(b) (1) (A) A county with a population less than or equal to 200,000 and any grantee that is eligible for, but did not receive, a direct allocation of assistance from the Secretary of the Treasury pursuant to Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) shall receive assistance pursuant to the state reservation table to be administered pursuant to this section.

(B) A grantee that was eligible for, but did not receive, a direct allocation of assistance from the Secretary of the Treasury pursuant to Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) and was eligible for, but did not receive, block grant assistance under Section 50897.2.1 shall receive its proportionate share of assistance pursuant to the state reservation table to be administered pursuant to this section.

(2) (A) A grantee that was eligible for, but did not receive, block grant funds pursuant to Section 50897.2.1 and has elected to administer its direct share of assistance provided under Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) shall have its proportionate share of block grant funds administered pursuant to this section.

(B) (i) To minimize legal liability and potential noncompliance with federal law, specifically those violations described in Section 501(k)(3)(B) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260), the department, or, if applicable, the program implementer, shall request that Option C grantees enter into a data sharing agreement for the purpose of preventing unlawful duplication of rental assistance to eligible households.

(ii) Notwithstanding any other law, an Option C grantee that enters into a data sharing agreement as pursuant to this subparagraph may disclose personally identifying information of rental assistance applicants to the department or the program implementer for the purposes described in this subparagraph.

(iii) An Option C grantee described in clause (ii) shall provide all applicable data information, as determined by the department, before when the department, or program implementer, begins administering funds within the grantee jurisdiction.

(C) Except as otherwise provided in subparagraph (B), an Option C grantee shall not be eligible for administrative and technical assistance provided by the department, including, but not limited to, support for long-term monitoring and reporting.

(D) The state, the department, or the program implementer acting on behalf of the department shall be indemnified from liability in the administration of assistance pursuant to this paragraph, specifically with respect to a violation described in Section 501(k)(3)(B) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

(E) (i) An Option C grantee shall not be eligible to have assistance administered on its behalf if the department determines the structure of the grantee's local rental assistance program would put the state's share of funds at risk of being recouped by the United States Treasury pursuant to Section 3201(e) of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(ii) If, within 90 days of the effective date of this section, the department determines that an Option C grantee cannot satisfy the requirements of this subparagraph, the grantee's share of state funds shall be reallocated by the department to grantees based on factors that include unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(iii) Option C grantees that have funds reallocated pursuant to clause (i) may be eligible to receive funds, up to their total share of the state reservation table, upon demonstrating to the department the grantee has unmet need and funds would not be at risk of being recouped by the United States Treasury pursuant to Section 3201(e) of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(3) To the extent permitted by federal law, a grantee that elects to participate in the program as provided in this section and that received rental assistance funding directly from the Secretary of the Treasury pursuant to Section 3201 of Subtitle B of Title III of the American Rescue Plan Act of 2021 (Public Law 117-2) shall add those funds received directly from the Secretary of the Treasury and any share of rental assistance funding provided pursuant to Section 50897.2.1 to the funds allocated to it pursuant to this section. Except as provided in paragraph (1) of subdivision (d), the total amount of funds described in this paragraph shall be used by the grantee in accordance with this section. Participation shall be conditioned upon having an executed standard agreement with the department.

(4) To the extent permitted by federal law, a federally recognized tribe that receives rental assistance funds directly from the Secretary of the Treasury pursuant to Section 3201 of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2) may add its direct federal allocation of funds to be administered pursuant to this section. Participation shall be conditioned upon having an executed standard agreement with the department.

(c) Funds allocated pursuant to this section shall be used for those eligible uses specified in and subject to the applicable requirements of Section 50897.1 and other eligible uses provided in Section 3201(d)(1)(D) of Subtitle B of Title III of the federal American Rescue Plan Act of 2021 (Public Law 117-2).

(d) A grantee that receives funds administered pursuant to this section shall contractually obligate those funds as follows:

(1) (A) A grantee participating in the state rental assistance program pursuant to Option A shall contractually obligate at least 75 percent of its first tranche of state funds by October 31, 2021.

(B) A grantee participating in the state rental assistance program pursuant to Option A shall contractually obligate at least 50 percent of its total share of state funds by January 31, 2022.

(2) (A) A grantee participating in the state rental assistance program pursuant to Option C shall contractually obligate at least 75 percent of its first tranche of state funds by October 31, 2021.

(B) A grantee participating in the state rental assistance program pursuant to Option C shall contractually obligate at least 50 percent of its total share of state funds by January 31, 2022.

(3) In reallocating funds pursuant to this subdivision, the department or, if applicable, the program implementer acting on behalf of the department, shall allocate unused funds to eligible grantees based on factors that include unmet need, rate of application submissions, rate of attrition, and rate of expenditures.

(4) Funds administered on behalf of a federally recognized tribe, pursuant to paragraph (4) of subdivision (b), are not subject to the requirements of this subdivision.

(e) Notwithstanding any other law, for purposes of ensuring the timely implementation of resources pursuant to this section, a grantee that has a population greater than 200,000 may enter into an agreement with the department to have its share of funds administered pursuant to this section by the department and may redirect those funds to the department for that purpose.

(f) The requirements of this section shall apply only to the administration of Round 2 funds.

(Added by Stats. 2021, Ch. 27, Sec. 26. (AB 832) Effective June 28, 2021.)

50897.4. (a) Each Round 1 and Round 2 grantee shall provide to the department information relating to all applicable performance metrics, as determined by the department.

(b) Funds provided to a grantee under this chapter shall be subject to the same reporting and verification requirements specified in Section 501(g) of Subtitle A of Title V of Division N of the federal Consolidated Appropriations Act, 2021 (Public Law 116-260). The grantee shall, in addition, provide any other information that the department deems necessary for purposes of this chapter, including, but not limited to, weekly funding obligation, expenditure, and projection reports.

(c) To the extent feasible, each grantee shall ensure that any assistance provided to an eligible household under this chapter is not duplicative of any other state-funded rental assistance provided to that eligible household.

(d) (1) The department shall submit to the Joint Legislative Budget Committee, on a monthly basis for the duration of the program, a report that provides programmatic performance metrics for funds administered pursuant to this chapter. The report shall include, at minimum, the following information:

(A) Obligation of funds for assistance provided under this chapter.

(B) Expenditure of funds for assistance provided under this chapter.

(C) Expenditure by eligible uses for assistance provided pursuant to this chapter.

(D) Reallocation of funds, if any, for assistance provided pursuant to this chapter.

(E) Geographic distribution of funds provided pursuant to Section 50897.3.

(F) For the first monthly report submitted pursuant to this section only, an overview of which jurisdictions have elected to participate in the state rental assistance programs as provided in Sections 50897.2 and 50897.3, respectively.

(2) A report required to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(Amended by Stats. 2021, Ch. 27, Sec. 27. (AB 832) Effective June 28, 2021.)

50897.5. (a) (1) Item 2240-102-0890 of the Budget Act of 2020, appropriated to the Department of Housing and Community Development, is hereby augmented by appropriating the sum of one billion five hundred million dollars (\$1,500,000,000) from the Federal Trust Fund for the purposes of implementing the state rental assistance program provided under this chapter.

(2) The amount appropriated in paragraph (1) may be adjusted in accordance with additional funding the state receives for the rental assistance program in accordance with paragraphs (3) and (4) of subdivision (b) of Section 50897.3.

(b) The department may expend up to 10 percent of the funds appropriated pursuant to this section for the costs of administering the state rental assistance program in accordance with this chapter.

(Added by Stats. 2021, Ch. 2, Sec. 24. (SB 91) Effective January 29, 2021.)

50897.6. It is the intent of the Legislature that the state closely monitor the usage of funding pursuant to this chapter to ensure that the program is stabilizing households and preventing evictions.

(Added by Stats. 2021, Ch. 2, Sec. 24. (SB 91) Effective January 29, 2021.)