



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** June 12, 2018

Approved

Date

6/14/18

**COUNCIL DISTRICT:** 3, 7

**SUBJECT: AWARD OF A GRANT FROM CALIFORNIA DEPARTMENT OF SOCIAL SERVICES TO CATHOLIC CHARITIES TO SUPPORT FAMILIES DISPLACED FROM THE 2017 COYOTE CREEK FLOOD**

## RECOMMENDATION

- a) Accept the Staff report on the use of the State Flood Grant Funds; and
- b) Adopt a resolution authorizing the Director of Housing to negotiate and execute an Agreement with Catholic Charities without conducting a competitive procurement, to continue providing housing assistance payments to the remaining 2017 Coyote Creek flood survivors that remain in temporary housing, and to provide financial assistance to the low-income families that were displaced from the flood, retroactive from April 1, 2018 through June 30, 2019, at a cost of \$2,718,000, with the option to extend the agreement for two successive six month terms, at the discretion of the City.

## OUTCOME

Approval of these recommendations will authorize the City to distribute the \$5.4 Million State Flood Grant to displaced households and authorize the City to provide Catholic Charities with funding to continue providing housing relocation assistance to the 12 families that have not yet obtained permanent housing. In addition, Catholic Charities will provide financial assistance to fund the unmet needs for the approximately 226 low-income households that were displaced by the Coyote Creek flood.

## **BACKGROUND**

On Tuesday, February 21, 2017, parts of San José along the Coyote Creek were flooded, and the City Council declared the Existence of a Local Emergency on February 28, 2017. Hundreds of individuals were displaced from their homes and lost valuable personal property including vehicles, home furnishing, tools, and medical equipment.

### City Efforts to Assist Flood Victims

To respond to this disaster, the City initiated several actions to provide immediate and ongoing support for impacted residents. Key efforts included:

- Worked with the Mayor's Office and the Silicon Valley Community Foundation to create the Coyote Creek Flood Fund, which raised and distributed nearly \$7,000,000 to support non-profit partners engaged in recovery and relief efforts
- Created a Landlord Incentive Program that has provided \$123,000 in small grants to 20 landlords to help renovate 103 flood-impacted apartments to allow displaced tenants to return to their homes
- Established a disaster recovery services program with Catholic Charities, which has provided case management to 238 households and helped 226 households return home or find new permanent housing
- Supported 93 households with vehicle replacement or repairs
- Implemented a Flood Loan Restoration program, providing \$486,000 in low interest loans to help 4 property owners in need of additional assistance to repair their homes
- Facilitated 31 SBA loans for 28 homeowners and three businesses who received approximately \$1.3 million in assistance
- Repaired the exterior damage to 78 mobile homes with \$414,485 in Minor Repair Grants
- Finalizing 86 building permits in impacted neighborhoods, ensuring the safety and habitability of hundreds of apartments for displaced residents

Catholic Charities of Santa Clara County (Catholic Charities) was selected by the Silicon Valley Community Foundation (Community Foundation) to provide immediate relief and case management to evaluate the needs of households displaced by the flood and to help them return to their home or find new permanent housing. Catholic Charities was selected by the Community Foundation because they are the designated lead community based organization in long term case management and recovery services as part of the Collaborating Agencies' Disaster Relief Effort (CADRE). Through solutions such as masterleasing, shared housing, and landlord incentives, 100% (238) of the households who requested housing assistance were placed in temporary housing. 95% of the households have transitioned back into permanent housing. Catholic Charities also oversaw the car program providing 90 individuals with funds to repair or purchase a car. Six individuals were placed in new jobs. To date, 238 households received a total of \$2,865,467 in financial assistance for furniture, clothing, food, work tools and supplies and temporary motel and apartment rental assistance through Catholic Charities. All households received case management assistance and support services valued at \$833,833. Case

management services have assisted households in getting their lives back to normal, addressing financial stability, benefits access, employment needs, difficult family situations, transportation, landlord relationships, physical and behavior health needs, and the special needs of seniors and children with disabilities. These services have been provided in English, Spanish, and Vietnamese. In addition to the funds provided by the Community Foundation for disaster relief, Catholic Charities contributed its own in-kind resources of \$554,895, covering 100% of the administrative costs plus volunteer support. No funds received through the Community Foundation were used to cover the administration of the program.

### State Approves \$5.4 Million Grant for Coyote Creek Flood Victims

On September 16, 2017, with advocacy and support from the Office of California Assembly Member Ash Kalra, the State Legislature passed Assembly Bill 130. The bill appropriates \$5,400,000 to the State Department of Social Services to provide a one-time grant to the City of San José for purposes of assisting low-income individuals displaced by the Coyote Creek flooding that occurred in February 2017. As a condition of receiving these funds, the City of San José is required to provide quarterly reports to the department regarding the number of families served and the types of services they received, until all funds have been expended.

On March 6, 2018, the City Council adopted a resolution authorizing the Director of Housing to accept a grant from the California Department of Social Services in the amount of \$5,400,000 to support Coyote Creek flood recovery efforts and conduct all activities, execute and submit all documents, including, but not limited to, applications, agreements, amendments, and payment requests, which may be necessary in connection with this grant.

### ANALYSIS

Pursuant to the adoption of AB 130, the City received additional direction from the State Department of Social Services in terms of how the \$5.4 Million may be used. The State grant requires that the funds be used “for purposes of assisting homeless and low-income individuals displaced by the Coyote Creek flooding that occurred in February 2017.” The allowable uses of the grant funds are categorized below.

- Housing
- Household Goods
- Employment
- Transportation
- Education
- Disaster Preparedness
- Response Readiness
- Neighborhood Stabilization
- Community Building

The Administration has developed a plan as to how to use the grant in conformance with the requirements established by the State. The City is proposing to use the funds in the following manner.

**Direct Assistance to Displaced Low-income Flood Survivors - \$2,718,000**

The Administration recommends that the City continue to provide case management, housing assistance, and financial assistance to the 12 residents still searching for permanent housing and to the approximately 226 residents who were displaced by the flood. These funds will not be used for households who were evacuated as a result of the flood and were able to return to their homes, because there was no or limited damage to their home. The funds will be used for households who were displaced and could not return to their homes immediately after the flood. As with all beneficiaries of these funds, recipients must meet the low-income definition as required by the State, which is that incomes of the families can not exceed 80% of Area Median Income.

The scope of the allowable uses of the grant funds would be used for the following categories:

- **Housing:** Many of the displaced households have considerable barriers to finding new stable homes due to a variety of issues including fixed income, larger household sizes, language barriers, and disability requirements. These residents require a range of services to become rehoused. State funds will be used to provide intensive case management and housing support until all the tenants are either able to return to their previous homes or locate new housing. As mentioned, 12 households remain displaced from their home and are living in temporary housing, including apartments leased by Catholic Charities with subsidized rent.
- **Household Goods:** The majority of the approximately 238 displaced low-income households lost either all or a significant amount of their household goods such as clothing, furniture, and other personal belongings. Financial assistance will be provided to replace lost or damaged household essential goods.
- **Employment:** Some tenants may have had their employment impacted during the aftermath of the flood as they had to take days off work to support the other family members, relocate, or recover belongings. State funds will be used to help impacted tenants with services including vocational training and placement.
- **Transportation:** Many tenants lost their vehicles during the flood and are now challenged with transportation for everyday needs including going to work, school, or medical appointments. Funding will be used to help impacted tenants with various transportation means.
- **Education:** As a result of the flood, impacted tenants may have had to use extra expenditures that would have been allocated to education towards funding for items damaged or lost as a result of the flood or may need support to increase their skills which ultimately will assist in their long-term stability. State funds would be allocated for tuition assistances for impacted tenants needing assistance pursuing their education.

### Selection of Catholic Charities as Service Provider

The State law authorizing the grant to the City does not address the process by which the services provided should be procured. Therefore, the City's procurement process must be followed. The City's process allows the Administration to procure services without a competitive process when there is a justification to do so. The justification for a unique services agreement with Catholic Charities is provided below.

Despite the efforts of Catholic Charities, the City, and other nonprofit agencies, there are still 12 families who are living in temporary housing. Many more of the 236 households, who were displaced by the flood, still need financial support to rebuild their lives and financial stability. While many organizations and volunteers provided assistance immediately after the flood, Catholic Charities is the only remaining organization helping flood survivors to rebuild their lives, especially in the Rock Springs neighborhood where the majority of displacement took place.

Catholic Charities has been supporting the 12 households that remain displaced since the February 2017 Coyote Creek Flood. Catholic Charities has the organizational capacity necessary to provide direct services to flood victims in the most timely manner. More importantly, maintaining the same agency respects the privacy of the victims. Bringing on another agency would require the families to share their financial and personal information with people with whom they are not familiar. This would be unnecessarily invasive and distressing for families who have had to deal with very adverse situations over the last year.

More importantly, the highest likelihood for the resident's success in finding sustained housing and becoming financially stable entails the uninterrupted provision of services by the same case managers. The time it may take another agency to ramp up to provide these services, may result in a gap of services that could negatively impact residents. Additional time may be required for the families to gain the trust and confidence of their new case manager. These factors could postpone the clients' success and unnecessarily extend the length of time the City would have to pay for services.

Finally, the City does not have records nor contact information for the 236 households that were displaced by the flood and were rehoused. As described in the background, Catholic Charities was the lead agency that provided long-term recovery services for households who needed assistance with housing. The majority of families choose not to release their contact information to the City. It would be difficult to locate households who qualify for the funding especially those who have relocated into a new home. Catholic Charities has the contact information of and the capacity to locate the families who qualify for the grant and will be able to determine what their unmet needs are.

### Services to be Provided by Catholic Charities

The total agreement with Catholic Charities will be \$2,718,000. This is comprised of up to \$500,000 for housing assistance payments for the 12 families still in temporary housing, and up to \$1,185,000 for financial stability assistance for the 238 households that were displaced by the

flood. Catholic Charities will provide the same services, that they provided during the flood, that will help survivors continue in their long-term recovery process. This may include direct financial assistance for items lost in the flood and financial assistance with job training or tuition assistance, transportation assistance, physical and mental health benefits.

In addition to direct financial assistance, Catholic Charities staff will survey survivors to identify unmet needs to help shape the disbursement of the remaining funds. Per the State flood grant requirements, all funds must be spent on low-income families that were displaced by the flood. Catholic Charities will be required to verify the incomes of individuals receiving services to ensure compliance with the State grant.

A summary of how the funds will be used by Catholic Charities is provided below.

Direct Personal Services Delivery Costs (direct costs such as staffing, case management, transportation, printing, materials, and supplies)	621,509
Direct Financial Assistance	1,685,000
<b>Total Direct Services</b>	<b>\$ 2,306,509</b>
Agency Overhead and Operational Costs (indirect costs such as IT, allocated occupancy costs, insurance, and a HUD approved indirect cost rate.)	411,491
<b>Total Expenses</b>	<b>\$ 2,718,000</b>

**Total Projected Use of State Flood Grant funds**

In addition to the funds recommended for Catholic Charities, the Administration has completed a budget for the use of the entire \$5.4 Million grant. A summary of the total proposed uses of the \$5.4 Million Grant is provided below and summarized in the table.

Catholic Charities Housing and Recovery Services	2,718,000
Long-term Recovery Services	2,329,572
Neighborhood Engagement	275,000
Senior Executive Analyst	77,428
<b>Total</b>	<b>\$ 5,400,000</b>

**Expenditure Plan**

Long-Term Recovery Services Request for Proposal - \$2,304,764

Due to City procurement rules, Catholic Charities is only allowed to provide the case management services and financial assistance programs that they have been providing to the survivors and they could not expand their services. In order to implement new services for the

displaced households, the City must issue a Request for Proposal (RFP). The City will work with Catholic Charities to survey the displaced residents to determine what additional unmet needs are needed to aid in the long-term recovery. An RFP will be released that includes additional services or direct financial programs. In addition to direct financial assistance, grant funds would be used for the following categories:

- **Disaster Preparedness:** Many impacted families were not prepared for the flood and lost significant amount of possessions. State funds would be used towards developing and implementing multi-lingual disaster preparedness trainings, in collaboration with other agencies and non-profits to ensure impacted residents are more prepared.
- **Response Readiness:** When the residents hear a newly developed flood warning, they need to take the preparedness and put it into action. Readiness activities include drills and exercises and having practical tools and medications ready for evacuation.
- **Neighborhood Stabilization:** Following the flood, the Rock Springs neighborhood experienced challenges in the recovery period, impacting the stability of the neighborhood. Many family members displaced have moved out. State funds will be used towards neighborhood stabilization efforts.
- **Community Building:** The Rock Springs neighborhood has a significant population of Vietnamese and Latino families. State funds will be used towards community building in multiple languages targeting these communities and organizing community events for the neighborhood.

The State Grant also authorizes funds to be used for homeless individuals impacted by the flood. Per the Grant, the applicable allowable uses would be for housing, employment, transportation, and education. HomeFirst managed the temporary shelter that was set up at the Seven Trees Community Center to assist people needing emergency housing in the immediate aftermath of the Flood. The Housing Department will work with HomeFirst to identify the homeless individuals impacted by the Flood and determine how best to use the funds to assist these individuals. Based on this consultation, an RFP may be released that includes services for homeless individuals impacted by the Flood.

#### Neighborhood Engagement Services - \$275,000

The City Council action on March 6, 2018, also authorized the addition of two Community Coordinator positions through June 30, 2020. The positions were intended to increase flood impacted resident connectivity and communication with existing resources. The Department has revised its proposal and will instead issue a RFP to obtain the services of a nonprofit agency(s) that can assist with community outreach and engagement in the flood-impacted neighborhoods where displacement occurred. This will help to build nonprofit capacity in disaster recovery. The nonprofit agency would provide community coordination in the three flood-impacted neighborhoods to strengthen the resiliency of low income residents in their continued efforts to recover from the impacts of the 2017 flood and to identify unmet needs.

Senior Executive Analyst (\$77,428) - The 2017 Coyote Creek Flood Recovery Efforts memorandum approved by the City Council March 6, 2018 authorized the use of the grant for

1.0 Senior Executive Analyst position in the Office of Emergency Management to support the two community coordinators (noted above) and to coordinate other services to deliver public emergency preparedness, readiness, and response training as part of the Community Emergency Response Team (CERT) program in impacted neighborhoods. As authorized in the memo, the grant was to fund half of the position for two years. This position was revised in the 2018-2019 Proposed Operating Budget to be half funded by the grant for one year.

### **EVALUATION AND FOLLOW UP**

The Housing Department will provide City Council with status reports on the use of the funds to be administered by Catholic Charities. The Department will also return to City Council with a recommendation of award of the remaining funds to service providers selected via the RFP for the Long Term Recovery Services.

As a condition of receiving the State Grant funds, the City is required to provide quarterly reports to the State regarding the number of families served and the types of services they received, until all funds have been expended. These reports will be posted to the Department's website.

### **COST IMPLICATIONS**

All costs described in this memorandum will be funded from the \$5,400,000 California Department of Social Services grant that is required to be spent assisting homeless and low-income individuals displaced by the February 2017 Coyote Creek Flood. The two Community Coordinator positions will be deleted from the 2018-2019 Operating Budget in the Annual Report process. No additional funds will be added to the contract if the contract is extended.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the actions recommended as part of this memorandum.

Fund#	Appn#	Appn. Name	Total Appn.	Rec. Budget Action	2017-2018 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	202T	2017 Coyote Creek Flood Recovery Efforts	\$5,400,000	\$2,718,000	N/A	3/6/2018 Ord No. 30077



HONORABLE MAYOR AND CITY COUNCIL  
June 12, 2018  
**Subject: State Flood Recovery Grant Funding**  
Page 9

**PUBLIC OUTREACH**

This memorandum will be posted on the City Council's Agenda website prior to the June 26, 2018 City Council meeting.

**COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the Office of Emergency Management, and the City Manager's Budget Office.

**COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

**CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (new or Amended) resulting in no physical changes to the environment.

/s/  
JACKY MORALES-FERRAND  
Director, Housing Department

For questions, please contact Jacky Morales-Ferrand, Director, at (408) 535-3855.