



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Margaret McCahan

SUBJECT: SEE BELOW

DATE: March 13, 2019

Approved

Date

3/14/19

SUBJECT: FUNDING AWARD WITH DESTINATION: HOME SV TO CONTINUE IMPLEMENTING THE EMPLOYMENT INITIATIVE AND HOMELESSNESS PREVENTION SYSTEM

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager to negotiate and execute a first amendment to the grant agreement that was transferred to Destination: Home SV by Asset Transfer Agreement dated November 28, 2017, in the amount of \$4,250,000, to continue implementing the Employment Initiative and Homelessness Prevention System for homeless individuals and families through June 30, 2021.
- (b) Adopt the following 2018-2019 Appropriation Ordinance and Funding Sources Resolution Amendments in the Multi-Source Housing Fund:
 - (1) Establish a Revenue from the State of California estimate in the amount of \$10,989,988 to recognize Homeless Emergency Aid Program (HEAP) grant revenue; and
 - (2) Establish a Homeless Emergency Aid Program Reserve to the Housing Department in the amount of \$6,989,988; and
 - (3) Establish a Homelessness Prevention System appropriation to the Housing Department in the amount of \$4,000,000.
- (c) Adopt the following 2018-2019 Appropriation Ordinance Amendments in the Housing Trust Fund:
 - (1) Establish an Employment Initiative Program appropriation to the Housing Department in the amount of \$250,000; and
 - (2) Decrease the Unrestricted Ending Fund Balance by \$250,000.

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OUTCOME

The City Council's approval of the recommendation will allow the continuation of the Employment Initiative and Homelessness Prevention System and will serve approximately 400 households at risk of homelessness and place 200 individuals into a full-time job over two years.

BACKGROUND

Destination: Home served as the coordinating partner along with leaders from the City, the County, and a diverse group of community organizations, which created the Community Plan to End Homelessness in Santa Clara County (Community Plan). In February 2015, the City Council adopted a resolution to endorse the Community Plan, making San José the first City in the County to formally extend its support for this critical effort. The Community Plan creates a community-wide roadmap to ending homelessness over the course of five years (2015 – 2020). It is intended to guide government, private sector, non-profit organizations, and other community members as they make decisions about funding, priorities, and needs.

Homelessness prevention is a key component of the Community Plan because it can help communities reduce their homeless population. In partnership with the City, the County, private philanthropy, corporate partners, and non-profit agencies, Destination: Home sought to rethink the way family homelessness is prevented in Santa Clara County through a 27-month pilot program. The intent of the pilot program was to implement a countywide homelessness prevention system and prevent all instances of family homelessness.

On March 21, 2017, the City Council approved a \$1,050,000 grant agreement with The Health Trust as fiscal agent of Destination: Home to provide funding to support homelessness prevention and employment engagement initiatives for homeless individuals and families. The Homelessness Prevention System provides the support needed for low-income households at risk of homelessness to remain stably housed. The Program provides support to households at risk of homelessness, which may include rental assistance, move-in costs or rental arrears, housing search, employment and benefits assistance, landlord mediation/dispute resolution, and information regarding tenant rights.

The Program works in conjunction with and/or enhances existing County homeless prevention programs, including the Emergency Assistance Network (EAN). Prior to July 1, 2017, households at risk of homelessness were served through Santa Clara County's CALWORKS program and/or through the Emergency Assistance Network (EAN). The goal of the Homelessness Prevention System is to expand households' ability to become quickly connected to prevention services with multiple points of entry, streamline and standardize service delivery, and measure the collective impact of homelessness prevention.

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A recent one-time grant of \$11.4 million from the State, called the Homeless Emergency Aid Program (HEAP), provides an opportunity to fund homeless response strategies such as additional emergency shelter beds, rental subsidies, homeless prevention and essential services. On November 8, 2018, the Housing Department presented a HEAP preliminary expenditure plan to the Neighborhood Services and Education Committee. The Committee recommended the City prioritize HEAP spending on prevention, essential services and temporary shelter opportunities. Additionally, the committee recommended prioritization of programs that could quickly accommodate the greatest number of participants. Based on the feedback, the Housing Department developed a proposed expenditure plan for the HEAP funds that was approved by the City Council on November 27, 2018. The expenditure plan proposed using \$4 million in HEAP to continue the Homelessness Prevention System Pilot. The addition of \$250,000 in funding from the Housing Trust Fund would also ensure that the employment initiative piece of the program would continue forward in conjunction with the homelessness prevention system.

ANALYSIS

The Housing Department has identified existing programs that would accommodate the greatest number of participants and could utilize the HEAP funding to provide immediate emergency assistance to people experiencing homelessness. The Department also prioritized programming that does not require additional environmental review or a procurement process in order to implement strategies quickly. By utilizing HEAP funding to amend and continue the agreement with Destination: Home for the Homelessness Prevention System, 400 households will be served with homelessness prevention services with this funding through June 30, 2021. Additionally, Destination: Home is the only nonprofit in the County providing this unique homeless prevention system, so the Department chose not to issue a competitive Request for Proposals.

The City of San José funded \$1,050,000 for the 18-month employment initiative and homelessness prevention pilot program, which enabled Destination: Home to leverage more in public and private sources for the program. During its first year of operation from July 1, 2017 through June 30, 2018, the pilot program raised \$1.5 million in additional funding from the private sector. The program assisted 540 households County-wide over 18 months. While the City's contribution was 25% of the total cost of the program, 416 of the 540 households served were from San José. This represents 70% of the households served.

The initial results of the homelessness prevention pilot are promising. In 18 months, the program served 540 households, with over 97% of the participants remained stably housed while receiving services. The average length of participation in the program is 80 – 90 days and the average subsidy was \$3,982 per household to prevent homelessness. 47% of households report a change in income or expenses as the reason behind their need for assistance, the most frequent answer. The University of Notre Dame's Lab for Economic Opportunity is independently evaluating the system's performance and will track long-term whether families and individuals

who received assistance remain housed. A summary of initial program results can be found in **Attachment A**.

The initial results of the employment initiative are also hopeful. The initiative began with the goal of aligning system resources toward living-wage jobs for individuals who are homeless or formerly homeless and participating in supportive housing programs. Success is measured through system performance outcomes targeting job placements, wage levels, and retention. In 24 months, 285 direct pathways to employment were brokered using dedicated County funding with workforce development partners in the fields of advanced manufacturing, healthcare, building and construction, and others. Through December 31, 2018, 178 individuals from the coordinated entry system had enrolled in these pathways, receiving rapid skills training, career navigation, job placement, and retention services. One Hundred Nine people (61% percent of participants), who graduate training have been placed into full-time and permanent jobs, with about 99 of those people (91%), retaining their positions after one year. Fifty-three (30%) of employment pathway initiative participants were placed into living-wage jobs, which is more than double the result of the general client population.

Destination: Home looks to take the activities and learnings from the first two years of the employment initiative to solidify a system that provides access to employment for formerly homeless individuals in supportive housing programs. Some of the current efforts include targeted pathways for youth, veterans, and criminally-justice involved, creating a coordinated queue and assessment process for job-seekers, building service provider capacity and resources to adequately support their participants in employment goals, and establishing a direct pathway to County and City job opportunities. Destination: Home's initiatives team will be driving toward doubling the number of participants referred to the employment initiative, and doubling the rate of placements that meet the living-wage threshold.

The contract with Destination: Home is set to expire on March 31, 2019. Because the original agreement was executed with The Health Trust, this amendment will also acknowledge the transfer agreement dated November 28, 2017 transferring certain assets and liabilities, including this contract, to Destination: Home SV. The proposal to amend the current contract and increase funding will provide much needed support for continued implementation of the Employment Initiative and Homelessness Prevention System Pilot. The City's contribution will assist in continued scaling of the prevention model and leveraging of additional public and private funds.

Program Expansion and Improvements

Destination: Home continues to strengthen the Employment Initiative and Homelessness Prevention System in the next phase of expansion, particularly increasing capacity and bringing in new partners. The goal for expanded capacity is to serve 900 households per year. Destination: Home continues to leverage funding from other public and private sources as well. In the first 18 months of the program, the data from participants showed 30% of heads of households reported a history of domestic violence. Moving forward, Destination: Home will have the Domestic Violence service providers join the Homelessness Prevention System, bringing their specialized

services to families and individuals. Likewise, based on the 9,034 reported Notices of Termination of Tenancy (96% due to non-payment) issued in San José in 2016-17, Destination: Home is working with the Law Foundation to increase system access to legal services.

Conflict of Interest

Jacky Morales-Ferrand, Director of the Housing Department, serves as an uncompensated member of the board of directors for Destination: Home SV, a California non-profit corporation. She has not participated in the selection of Destination: Home for the additional funding and will not participate in the making of any amended contract or grant agreement.

EVALUATION AND FOLLOW-UP

The results of the program will be reported twice a year during a report on HEAP activities to the City's Neighborhood Services and Education Committee.

As a condition of receiving the State grant funds, the City is required to provide reports to the State regarding the number of families served and the types of services they received, until all funds have been expended by the June 30, 2021 deadline. These reports will be posted to the Department's website.

POLICY ALTERNATIVES

In reaching the recommendation spelled out above, the following alternative was also considered:

Alternative #1: The City could choose not to award HEAP funding to extend the contract to Destination: Home SV to operate the Employment Initiative and Homelessness Prevention System.

Pros: The City could provide the funds for alternative uses.

Cons: The individuals and households who are at-risk of homelessness would not have access to homelessness prevention services and may fall into homelessness.

Reason for not recommending: Providing homelessness prevention services for at-risk individuals and families in San José is critical to ensuring that vulnerable residents are served at this critical juncture to not fall into homelessness.

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PUBLIC OUTREACH

The Housing Department conducted the following outreach meetings targeting people who are experiencing homelessness, formally homeless people, and service providers.

- August 21, 2018, Kelley Park/Leininger Center: 12 attended
 - *(6 homeless, 6 service providers)*
- August 22, 2018, Roosevelt Community Center: 37 attended
 - *(7 homeless, 30 service providers)*
- September 20, 2018, Plaza Hotel: 10 attended
 - *(10 formerly homeless)*
- November 14, 2018, County Probation Office: 29 attended
 - *(1 homeless, 29 service providers)*
- November 14, 2018, Grace Baptist/Downtown Streets Team: 75 attended
 - *(42 homeless, 33 formerly homeless)*
- November 21, 2018, Grace Baptist Church: 83 attended
 - *(70 homeless, 13 community members)*

The most common requests from people experiencing homelessness or formerly homeless people were for crisis response interventions, specifically safe parking, hotel/motel vouchers, expand mobile hygiene, operate winter shelters every night and/or all year long, sanctioned encampments and rest stops. Also, people experiencing homelessness requested housing based solutions such as more rental assistance, convert hotels into housing and more prevention services.

The most common requests from service providers were expanding crisis intervention housing for women, families and victims of domestic violence, hotel/motel vouchers, landlord engagement, mobile rest stops, vacant buildings for shelter and operate overnight warming locations year-round.

This memorandum will be posted on the City's Council Agenda website for the March 26, 2019 City Council Meeting.

COORDINATION

The memorandum was coordinated with the City Attorney's Office.

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COMMISSION RECOMMENDATION/INPUT

The Homeless Emergency Aid Program funding opportunity was presenting to the Housing and Community Development Commission on October 11, 2018. The Commission supported using the funds on the primary categories of 1) temporary and interim housing operations, 2) temporary and interim housing capital needs, 3) essential services and basic needs, and 4) prevention and shelter diversion.

COST SUMMARY/IMPLICATIONS

A total of \$4.0 million of the costs described in this memorandum will be funded by a \$11.4 million HEAP block grant received from the State of California to enable local governments to respond to homelessness. By June 30, 2021, 100 percent of HEAP funds must be fully exhausted. The remaining \$250,000 for the employment initiative will be funded through the Housing Trust Fund due to the funding restrictions on HEAP. The employment initiative is not an eligible use of the HEAP funds.

This memorandum recognizes \$11.0 million of the \$11.4 million HEAP grant funds received by the City. A separate Safe Parking Pilot Program memorandum recognizes the remaining \$400,000 and is also scheduled to be heard by City Council on March 26, 2019. The remaining HEAP grant funds of \$7.0 million are recommended to be placed in a Homeless Emergency Aid Program Reserve for future distribution.

BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	Total Appn	Recom. Budget Action	2018-2019 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	R100	Revenue from the State of California	N/A	\$11,389,988	N/A	N/A
448	New	Homeless Emergency Aid Program Reserve	N/A	7,389,988	N/A	N/A
448	New	Homelessness Prevention System	N/A	\$4,000,000	N/A	N/A
440	New	Employment Initiative Program	N/A	\$250,000	N/A	N/A
440	8999	Unrestricted Ending Fund Balance	\$1,505,291	(\$250,000)	X-50	2/12/2019 30223

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CEQA

Not a Project, File Nos. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment; and PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

/s/

Ragan Henninger for
JACKY MORALES-FERRAND
Director, Housing Department



MARGARET MCCAHAN
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2018-2019 moneys in excess of those heretofore appropriated there from, said excess being at least \$10,989,988.



MARGARET MCCAHAN
Budget Director

For questions, please contact Kelly Hemphill, Homelessness Response Manager, at kelly.hemphill@sanjoseca.gov or (408) 975-4483.

Attachments:

Attachment A – Destination: Home Homeless Prevention Initial Results

HOMELESSNESS PREVENTION

JULY 1, 2017 — DEC 31, 2018

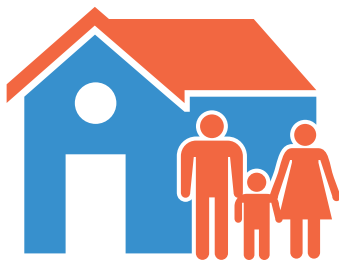


DESTINATION: **HOME**



We have helped **540**

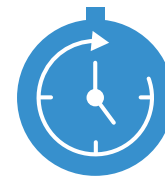
Families & Individuals
at imminent risk of
homelessness



97% of families
have remained
stably housed while
receiving prevention
services

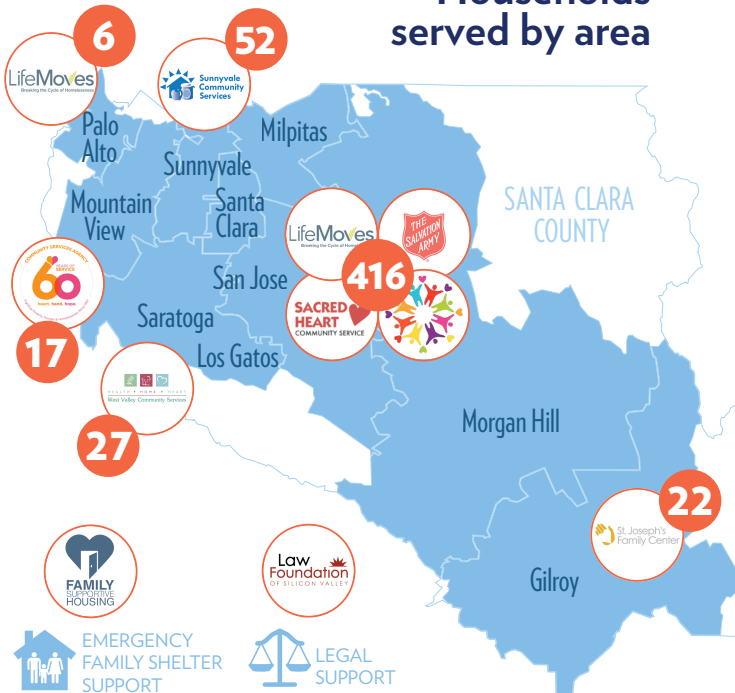


\$3,982
Average amount of
assistance per family

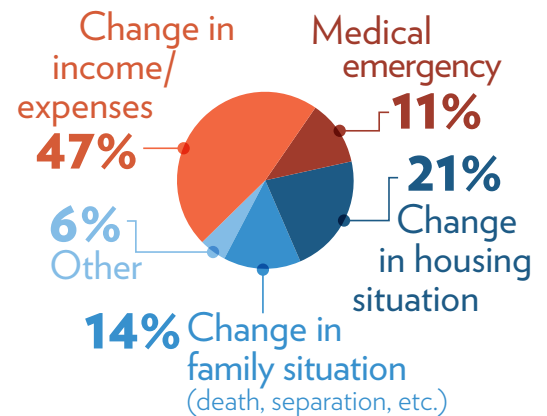


73% of families
received financial aid
within 72 hours of
application

Households served by area



Reasons for Assistance



GENEROUSLY FUNDED BY:



DestinationHomeSV.org/homelessness-prevention