



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: ANNUAL HOMELESS REPORT
AND HOMELESS EMERGENCY
AID PROGRAM

DATE: November 21, 2018

Approved

Date

11/21/18

SUPPLEMENTAL

REASON FOR THE SUPPLEMENTAL

This memorandum provides an update on the proposed expenditure plan for the Homeless Emergency Aid Program (HEAP) block grant and information on the Housing Department's funds.

BACKGROUND

On November 8, 2018, the Neighborhood Services and Education Committee discussed the annual report on homeless programs and information on the HEAP block grant. The Committee supported homeless prevention as a spending priority for HEAP funds, but recommended the City prioritize essential services and temporary shelter opportunities. Additionally, the committee recommended prioritization of programs that accommodate the greatest number of participants – to meet the urgent need of the City's unsheltered population. The Committee also requested information on how quickly HEAP funded programs could be implemented. Finally, the Committee requested additional information on the public outreach meetings for HEAP funds.

On October 16, 2018, the City Council directed the Housing Department to bring forward two additional City owned sites to include in the pilot safe parking program when the Council heard the expenditure priorities for the HEAP funds. The Department is recommending consideration of two additional sites and use of HEAP funds to expand the pilot program, subject to environmental review.

ANALYSIS

Safe Parking Pilot

After the October Council direction to add two additional sites to the pilot program, the Housing Department conducted an analysis of City owned parking lots around parks, libraries and community centers for the safe parking program. The Department’s evaluation criteria included; lot size, proximity to residential, access to restrooms, existing operations and programming on sites and existing need in the area. After consultation with Parks, Recreation and Neighborhood Services and the San José Public Library staff, the top two recommended sites are Southside Community Center and Roosevelt Community Center.

In evaluating sites, the San José Public Library and Parks, Recreation and Neighborhood Services Departments identified logistical, operational and safety issues with the safe parking pilot that would need to be addressed to move forward. The primary issues are:

- Clearing the parking lot in the mornings before a facility opens;
- Security at night;
- Screening participants and whether there’s an ability to remove participants if needed; and
- Maintaining cleanliness of the site, specifically trash removal and servicing portable restrooms.

The Housing Department recommends a minimal level of service to meet these needs. In order to move quickly on implementation, the Department intends to return to Council to seek authorization to amend the contract with LifeMoves for the pilot program, to expand to the additional sites. Once the authorization is provided and the environmental review is complete, the contract would be amended to require that LifeMoves provide a simplified program with minimal staffing to address the operational issues identified above. Finally, hearing the Neighborhood Services and Education Committee feedback that the programs serve the maximum number of participants, the Department intends to seek authorization for the sites be programed to serve either car or recreational vehicles. The Department will work with outreach teams to connect with persons in vehicles already parking nearby the two sites to offer the safe parking alternative.

Location	ADDED CAPACITY UNTIL JUNE 2021	Estimated Number of Households Served	Estimated Time to Implementation
Southside Community Center	30 vehicles	45	8 - 12 weeks
Roosevelt Community Center	50 vehicles	75	8 – 12 weeks
Total	80 vehicles	115 households	

Homeless Emergency Aid Program (HEAP) One Time Funds

The Homeless Emergency Aid Program is an opportunity to fund crisis response strategies, such as funding more interim beds and essential programs or services, since funding for these strategies has been traditionally limited. Earlier this month, the Neighborhood Services and Education Committee recommended the City prioritize HEAP spending on crisis response, essential services and temporary or transitional shelter opportunities. Additionally, the committee recommended prioritization of programs that accommodate the greatest number of participants – to meet the urgent need of the City’s unsheltered population. Based on the feedback, the Housing Department has developed a proposed expenditure plan for the HEAP funds. The expenditure plan will provide an estimated additional 640 emergency shelter or interim housing opportunities, will prevent 730 individuals or households from entering into homelessness, and will expand street based services for 2,000 (may be duplicated) people. The following chart provides additional detail on the proposed expenditure plan.

Proposed HEAP Expenditure Plan

PRIORITY	PROPOSED PROGRAMMING	ESTIMATED COSTS	ADDED CAPACITY UNTIL JUNE 2021	ESTIMATED NUMBERS SERVED	ESTIMATED TIMELINE
Housing Based Solutions → \$5,400,000: Are designed to either prevent a person from becoming homeless or are designed to provide a permanent housing solution to end the person’s homelessness.					
Operating	<i>Homeless Prevention System expansion</i>	\$4,000,000	400 slots for homeless families	Average \$5,000 per family = serve 200 families annually in a serve-rich program	By March 2019 amend contract with Destination: Home
Operating	<i>Youth Homeless Prevention System</i>	\$1,000,000	330 slots for homeless youth	Average \$3,000 per youth = serve 165 youth annually in a serve-rich program	By March 2019 amend contract with Destination: Home
Operating	<i>Landlord Incentives</i>	\$400,000	400 NEW landlords	400 new landlords to house Rapid Rehousing participants	By July 2019 amend contract with The Health Trust
Interim Housing Solutions → \$2,200,000: Provides an immediate time-limited housing solution that provides a safe stable place to stay while the person is searching for a permanent housing placement. The person is eligible for either a Rapid Rehousing coupon OR a Permanent Supportive Housing development placement.					
Capital	<i>Bridge Housing Communities</i>	\$2,200,000	40 beds for homeless individuals	Annually serve 60 Rapid Rehousing participants searching for permanent housing in a serve-rich program	By March 2019 amend contract with Habitat for Humanity

Crisis Response Interventions → \$3,735,000: Provides a safe stable place to stay with limited services or provides basic needs.					
Operating	<i>Motel Program</i>	\$2,500,000	400 beds for vulnerable households to stay in a motel for 14 to 28 days	Annually serve 200 vulnerable households (domestic violence survivors, families and seniors) for 28 days and 11 households for 14 days at rates of \$200 per room per night in a serve-rich program OR master-lease a block of hotel rooms.	By June 2019 procure new provider
Operating	<i>Safe Parking Pilot Program expansion</i>	\$300,000	80 spaces for vehicle dwellers	Annually serve 100 households to safely park vehicles overnight with minimal services/staffing	By March 2019 amend contract with LifeMoves
Operating	<i>Overnight Warming Location expansion</i>	\$650,000	120 beds each evening	Annually serve 500 individuals with emergency shelter with limited services/staffing	By March 2019 amend contract with HomeFirst
Capital	<i>Purchase mobile hygiene trailer</i>	\$100,000	N/A	Annually serve 1,000 homeless individuals with basic needs of shower and laundry	By March 2019 amend contract with Project WeHope
Capital	<i>Purchase mobile rest stop trailer</i>	\$150,000	N/A	Annually serve 1,000 homeless individuals with essential services, including restrooms and WiFi	By March 2019 amend contract with Project WeHope
Capital	<i>Purchase outreach vehicle</i>	\$35,000	N/A	Annually assess and case manage 500 homeless individuals	By March 2019 Amend PATH contract

TOTAL ESTIMATED COSTS	\$11,335,000	640 housing-based opportunities, temporary or emergency shelter beds; Prevent 730 individuals or households from entering homelessness; expands essential services for 2,000 individuals; and provides a van for PATH to facilitate outreach.	Implement by December 2019
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The June 2018 Budget Message from the Mayor included a General Fund allocation of \$500,000 to incentivize cost-effective solutions for the development of unconventional housing solutions that can rapidly address homelessness. The Housing Department will invest \$250,000 of these in the General Fund to expand community based shelter responses, such as Safe Parking or Incidental Shelter, managed by nonprofits or faith-based organizations that need funding to

implement a new program. It is estimated that an additional 30-60 shelter slots will be provided as a result of this investment.

Finally, the Housing Department will prioritize programming that does not require additional environmental review or a procurement process in order to implement strategies quickly. Many of the programs and services in the proposed expenditure plan can be implemented by amending current contracts the Department has with service providers, those in excess of the City Manager's contract authority will require Council approval. Additionally, the Department is coordinating with the County Office of Supportive Housing to ensure funds are leveraged to the greatest extent possible.

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 selection of Destination: Home for the additional funding and will not participate in the making of any contract, grant agreement or amendment with Destination: Home SV.

Housing Department Funding

For years, the City has followed the best practice, evidence-based Housing First strategy that focuses on moving people in permanent housing as quickly as possible and then addressing individual needs in their new, stable living stable. Unfortunately, the demand for affordable housing solutions in San José continues to outpace the funding sources necessary to invest in an adequate number of permanent supportive housing, rapid rehousing, and homeless prevention programs.

Attachment A provides a detailed list of funds available to the Department and identifies how the funds can be used. The majority of the funds have statutory provisions that require they be spent on permanent housing solutions. These funds are insufficient to meet both the housing needs of our homeless residents and the broader 10,000 unit goal adopted by the City Council. As a result of Measure V falling short of the 2/3rds majority vote needed in the recent election, the Department has no viable source to bridge gap of \$541.5 million – the amount required to fund the balance of 4,332 units needed to meet the City's affordable housing goal. Measure V was a critical resource lost for both addressing the housing crisis and ending homelessness as these funds would have provided funding for the development of permanent supportive housing in addition to expanding the overall inventory of affordable housing in the City.

A small amount of funding received by the Department can be used to fund crisis interventions such as shelters and services. Additional on-going funding is needed to address the immediate needs of people experiencing homelessness. The HEAP funds provide a one-time opportunity to provide these solutions. While the discussion has focused on what solution should be funded, permanent or crisis interventions, both are needed to provide a whole system response. While it is critical that all programs should be designed with the end goal of helping people permanently exit homelessness, staff recognizes that providing immediate relief and care must also be a core consideration of all programming for our most vulnerable residents. To continue to direct the

system towards long-term solutions, City-funded programs should contain opportunities to assess participants for housing-based solutions, while also providing a response to the nightly crisis and impact of homelessness. This dual-pronged approach allows the City to fund relief for those on the street right now, while also leaving open the that the people served may be able to obtain a permanent housing placement when and if it becomes available.

PUBLIC OUTREACH

The Housing Department conducted the following outreach meetings targeting people who are experiencing homelessness, formally homeless people, and service providers. A summary of the feedback received is included in Attachment B.

- 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: TBD – targeting people who are experiencing homelessness

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.

/s/

Ragan Henninger for
JACKY MORALES-FERRAND
Director, Housing

For questions please contact Ragan Henninger, Deputy Director at (408) 535-3854.

Attachments

Attachment A: Housing Department's Funding Sources

Funding Source	Annual Funding	Permanent Supportive Housing	Rapid Rehousing & Homeless Prevention (Rental Subsidies)	Interim Housing Solutions	Shelter	Crisis Services such as outreach, operating funds,
Low and Moderate Income Housing Fund	Fluctuates: \$6 million on-going repayments with one time repayments	Yes	No	No	No	No
Housing Impact Fees	Projected: \$12 million total	Yes	No	No	No	No
Inclusionary Housing Policy and Ordinance	Fluctuates: \$3 million to \$10 million projected in the next 3 years	Yes	No	No	No	No
Housing Litigation Fund HALA	One time – remaining funds have been allocated to the NOFA and BHC	Yes	Yes - \$11 million has been funded, of which \$8 million was an alternative to the General Fund	Yes	No	Outreach services to support permanent housing
HOME	\$2.5 million	Yes	Yes	No	No	No
SB2 State Housing Funding City Allocation – 2019	Projected: \$2 million	Yes	Need clarification	Need clarification	No	Need Clarification
CDBG	\$8.2 million	Limited – land only and infrastructure costs	No	Yes	Yes	15% (\$1.7 million) can be used for services – currently 42% of service funds (\$724k) are dedicated to homeless services
HOPWA	\$1 million	No	Yes	No	No	No
ESG	\$755k	No	Yes	Yes	Yes	Outreach services and HMIS
Housing Trust Fund	\$1 million	Yes	Yes	Yes	Yes	Yes
HEAP	One-time funding of \$11.3 million	Yes	Yes	Yes	Yes	Yes

Attachment B HEAP Outreach Meetings

Meeting Date	Meeting Location	Attendance	Audience
August 21, 2018	Kelley Park - Leininger Center	12	Homeless (6), Service providers (6)
August 22, 2018	Roosevelt Community Center	37	Homeless (7), Service providers (30)
September 20, 2018	Plaza Hotel	10	Formerly homeless (10)
November 14, 2018	Service Provider Network/County Probation Office	29	Homeless (1) service providers (28)
November 14, 2018	Grace Baptist/Downtown Streets Team	75	Homeless (42) and formerly homeless (33)
November 21, 2018	Grace Baptist Church	TBD	Service-providers, Faith-Based, homeless

Total Participants: 163

**does not include attendees from Nov. 21st mtg*

Process Note: In addition to the community meetings cited above – the City of San Jose Housing Department coordinated with the 1) County’s Office of Supportive Housing AND 2) CEO’s of local non-profit homeless service agencies

Summary of Feedback Received

Crisis Response Interventions

Operations of Essential Services	Capital for Essential Services
<ul style="list-style-type: none">• Expand opportunities for women, families, DV victims• Winter shelters should operate year round, more locations• Safe parking for cars and RV's• Sanctioned encampments• More mental health resources• Transportation needs (gas vouchers, passes)• Employment training	<ul style="list-style-type: none">• Increase beds at rehab and mental health facilities• Rest Stop trailers/Resource hub• Expand Mobile Hygiene• Purchase vans for outreach

Housing Based Solutions

Operations	Capital
<ul style="list-style-type: none">• Motel/Hotel Voucher Program• Expand Prevention programming• More rental assistance opportunities• Landlord incentives/engagement	<ul style="list-style-type: none">• Hotel/Motel Conversion• Bridge Housing• Purchase vacant buildings for housing