



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: September 6, 2018

Approved

Date

9/7/18

**SUBJECT: FUNDING AWARD FOR HOMELESS OUTREACH, CASE
MANAGEMENT AND PREVENTION SERVICES**

RECOMMENDATION

Adopt a resolution authorizing the Director of Housing to negotiate and execute contracts funded by Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and Housing Authority Litigation Award (HALA) totaling \$1,657,255 for implementation of the City's Homeless Outreach, Case Management and Prevention Program from October 1, 2018 through June 30, 2019, to the following agencies and amounts:

- a) \$829,494 to People Assisting the Homeless (PATH) for homeless outreach services and mobile case management;
- b) \$580,000 to HomeFirst Services of Santa Clara County (HomeFirst) for homeless outreach services; and
- c) \$247,761 to Bill Wilson Center (BWC) for homeless prevention services.

OUTCOME

Approval of the recommended actions will ensure that outreach, mobile case management, and homelessness prevention services for unhoused residents of San José are provided for the current fiscal year.

BACKGROUND

Annually, the City of San José receives entitlement funds from the U.S. Department of Housing and Urban Development (HUD) for a variety of housing and community development activities. The Community Development Block Grant (CDBG) program funds various nonprofit agencies and City departments to implement services that benefit low- and moderate-income persons, to respond to concerns of blight, or to address community development needs. The Emergency

Solutions Grant (ESG) program funds various nonprofit agencies that work with homeless adults, families, youth and victims of domestic abuse in the City by providing emergency shelter, rapid re-housing, homeless prevention, and street outreach.

On May 5, 2015, the City Council adopted the FY 2015-20 Consolidated Plan, which includes priorities for the expenditure of CDBG and ESG funds over the next five years. On May 19, 2018, the City Council adopted the more detailed FY 2018-19 Annual Action Plan. One of the four goals in the Annual Action Plan is to “Respond to Homelessness and Its Impacts on the Community.”

On September 12, 2017, the City Council approved an agreement and uses for the expenditure of Housing Authority Litigation Award (HALA) funds. Eligible uses for HALA funds include the provision of programs supporting the health and welfare of lower-income individuals eligible for restricted affordable housing. Outreach to homeless residents is one such eligible use.

In a services typical funding cycle, contracts with homeless service providers for the upcoming year would be approved by City Council before the end of the prior fiscal year. The vehicle for the approval for CDBG and ESG awards is in the Annual Action Plan for the use of federal housing funds. However, staff issued the Homeless Services Request for Proposals (RFP) while the Annual Action Plan was already under development, so the award was finalized after the deadline for the Annual Action Plan submission to HUD in June 2018. An Amendment to the Annual Action Plan is not required as the federal funds already were appropriated and approved for homeless services, although recipients were not named in the Annual Action Plan. Further, these contract awards involve the use of HALA funds, which are local one-time funds that are outside the scope of the Annual Action Plan. For these reasons, these awards warrant a separate City Council approval action.

ANALYSIS

Following are descriptions and rationales for the proposed services, a summary of the RFP competition results, and details about the proposed contracts.

Outreach, Engagement, and Mobile Case Management Program

The Citywide Outreach, Engagement, and Mobile Case Management Program provides street-based outreach and case management, emergency shelter, transportation, a homeless helpline, referrals and service connections, and assessment and services to attain permanent housing.

The three main purposes of the Outreach and Shelter Program are to provide:

- 1) Consistent **proactive and reactive presence** on the streets and other outdoor locations throughout San José and the Downtown area to build rapport and trust with unsheltered homeless residents with the goal of moving them into and keeping them in permanent housing;

2) **Mobile street-based case management** to the homeless; and

3) Collect and address **resident and local business concerns** about encampments and homeless residents living in their neighborhoods or other areas of San José.

The City is committed to providing a constant and robust citywide outreach and engagement presence to make contact with homeless residents.

Homeless Prevention Program

The Homeless Prevention Program provides the support needed for low-income households and individuals to remain permanently housed. The Program provides deposit and rental support, as well as relocation assistance and stabilization services. The Program will work in conjunction with and/or enhance existing County homeless prevention programs, including the Emergency Assistance Network (EAN).

Previously, the Housing Department used ESG to fund Rapid Rehousing services. However, in light of the City's new revamped Rapid Rehousing program using Housing Authority Litigation Award (HALA) and HOME Investment Partnership (HOME) funding, staff determined that ESG funding would be better used for homelessness prevention efforts. This use is consistent with the City Council's authorization on the use of HALA funds.

Request for Proposals

The Housing Department issued the RFP for outreach and homeless prevention services for homeless persons on April 18, 2018. The services included in the RFP were aligned with the Consolidated Plan and Action Plan Priority Needs, which is required given the use of federal CDBG and ESG funds. The following agencies submitted proposals to provide services by the application response deadline of 12:00 PM on May 25, 2018.

Table 1: FY 18-19 Homeless Services Proposals

Program Type	Outreach, Engagement, and Mobile Case Management	Homeless Prevention Services
Agencies	<ul style="list-style-type: none">• Midtown Family Services• HomeFirst Services of Santa Clara County• People Assisting the Homeless (PATH)• LifeMoves• Gardner Family Health	<ul style="list-style-type: none">• Bill Wilson Center• HomeFirst Services of Santa Clara County

The selection criteria were as follows:

- Project Eligibility – Pass/Fail
- Audit Review – Pass/Fail
- Program Description – 25%

- Organizational and Financial Capacity and Experience – 30%
- Goals and Outcomes – 35%
- Budget and Fee Structure – 10%

Detailed scoring criteria were developed and used by a proposal review panel consisting of four City staff and one external stakeholder knowledgeable in homeless programs delivery. Local and small preference points are not included because grants are exempted under local ordinance. The panel met on June 21, 2018, to discuss the applications and to score the applications for both the Homeless Prevention Services Program and the Outreach, Mobile Case Management, and Engagement Services Program. After scoring and ranking all proposals according to the criteria, the panel identified Bill Wilson Center as the awardee for the Homeless Prevention Services Program.

The Department then held an additional interview panel for the two agencies with the top two scoring proposals for the Outreach, Mobile Case Management, and Engagement Services Program in order to further discuss and gain more information regarding their proposals. This second panel met on July 19, 2018, and consisted of four City staff and one external stakeholder (a homeless advocate) knowledgeable in homeless programs delivery. This rigorous evaluation process identified both HomeFirst and PATH as awardees for the Outreach, Mobile Case Management, and Engagement Services Program. HomeFirst was selected to provide Citywide reactive outreach services, reflecting its proposal to serve as the call center for services throughout San José. PATH proposed a more reactive, targeted, clinical, and intensive outreach model to serve the diverse needs of clients residing throughout the City.

All three service providers bring with them years of experience in providing services to homeless residents, as well as experience in receiving and managing federal funding. These reasons, along with strong customer service and meaningful performance goals and outcome metrics, make these providers highly qualified for the awards.

A total of \$1,461,925 in CDBG and ESG resources were allocated to the homeless services category in the FY 18-19 Annual Action Plan. To accommodate the award timeframe, the Annual Action Plan included \$224,097 in additional funds to extend existing homeless services contracts for three months of the fiscal year, through September 30, 2018. These extensions will prevent a gap in services while agreements with new program service providers are being developed per the City Council's approval of this action.

The contracts for new services totaling \$1,032,491 in CDBG and ESG funds will have one nine-month term (10/1/18 – 6/30/19) with options for two one-year extensions, at the City's discretion. Extensions will be granted based on grantee performance and availability of funding. The remaining federal funding includes \$150,000 for the Homeless Management Information System (HMIS) and \$55,337 for City administration, previously approved in the Action Plan.

The table below summarizes the \$1,032,491 in CDBG and ESG funds for the new services with the addition of \$500,000 in HALA funding. Bill Wilson Center was also awarded \$124,764 in left over FY17-18 ESG funding for the Homeless Prevention program to accommodate the 24-

month HUD spending timeframe that ends on June 30, 2019 for a grand total of \$1,657,255 for the new services.

Table 2: Selected Programs and Recommended Funding

Agency	Program Type	9-month Award for FY 2018-19			
		ESG	CDBG	HALA	Total
Bill Wilson Center	Rapid Re-housing and Supportive Services	\$247,761			\$247,761
HomeFirst	Outreach and Shelter		\$500,000	\$80,000	\$580,000
PATH	Outreach and Shelter	\$409,494		\$420,000	\$829,494
Total		\$657,255	\$500,000	\$500,000	\$1,657,255

All programs are required to implement community-wide standards and to report on community-wide performance measures, developed by the Santa Clara County Continuum of Care. Contract performance measures are aligned with the county-wide measures. Examples of performance measures are included below. Specific targets are developed as part of the contract negotiation process, as they are unique to each type of program and population served.

Both HomeFirst and PATH’s Outreach, Engagement, and Mobile Case Management Programs will be evaluated on the following:

- Their coordination with the Continuum of Care, a local County-wide stakeholder group ensuring community-wide implementation of efforts to end homelessness, whose duties are outlined in the federal Homeless and Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, and its strategies;
- Their coordination and communication with the City, local businesses, San José residents, and police officers;
- Their general ability to provide consistent outreach, engagement, case management and shelter activities to unhoused individuals throughout San José with the goal of helping them access services, housing, and other resources that will assist them to end their current housing crisis. Examples of performance measures include:
 - % of clients reporting they have access to sufficient resources to meet their basic needs;
 - % of individuals receiving case management who exit to supportive housing, transitional housing, or permanent housing; and
 - % of clients maintaining permanent housing for 6 months.

Bill Wilson Center's Homeless Prevention Program will be evaluated on the following:

- Coordination with the Continuum of Care and its strategies;
- Ability to provide interim housing, case management, housing search, financial assistance outreach, and permanent housing placement to non-chronic homeless families, youth, and victims of domestic violence throughout San José. Examples of performance measures include:
 - % of clients maintaining permanent housing for 6 months; and
 - % of clients reporting a change in income.

In addition to monitoring progress on meeting performance targets, Housing Department staff continually monitor agencies' financial performance and capacity. Recognizing that service providers face unique challenges with very limited resources, the Department provides as much technical assistance and guidance as possible to ensure the agencies are in compliance with grant requirements and are able to continue to serve the critical needs of unhoused populations.

EVALUATION AND FOLLOW-UP

The performance of the federally-funded programs will be evaluated as part of the required annual reporting process known as the Consolidated Annual Performance and Evaluation Report (CAPER). The FY 2018-19 CAPER will contain the results of agencies' performance and is required to be approved by the City Council in fall 2019.

POLICY ALTERNATIVES

The following alternative was considered as part of this recommendation:

Alternative #1: Reject proposals and continue funding current homeless services for an additional year(s).

Pros: This option provides a continuity of service providers.

Cons: The City has not issued an RFP for ESG and CDBG funded Homeless Services in the past three years. Extending current contracts does not follow the recommended practice of periodically implementing a competitive process for selecting programs. A competitive process allowed the Housing Department to compare applications and programs on a broad range of selection criteria, assessing the capacity of the organizations and ensuring the appropriate mix of services based on the needs outlined in the Request for Proposals. The agencies recommended for award responded with strong qualifying proposals in a competitive award process, and should be awarded the contracts.

Reason for not recommending: Periodically implementing a competitive process for the use of federal funds allows the City to ensure that the agencies funded have the organizational capacity to effectively implement the selected programs.

PUBLIC OUTREACH

The FY 2018-19 Annual Action Plan process included several community meetings so that staff could gather input on needs and service priorities for those experiencing or at risk of homelessness in San José. In addition, three public hearings for the Annual Action Plan were held in Spring 2018, which informed the decision to fund these programs to address the identified goals and priorities. The RFP was advertised on the Department's website and sent via e-blast to Housing Department mailing lists. In addition, this memorandum will be posted on the City's Council Agenda website for the September 11, 2018, City Council Meeting

COORDINATION

This report has been prepared in coordination with the Office of the City Attorney and the City Manager's Budget Office.

COMMISSION RECOMMENDATION

On June 14, 2018, the Housing and Community Development Commission voted to approve the final draft FY 2018-19 Annual Action Plan. While the agencies to award had not yet been identified, the existence of the RFP, the intended use of the funds, and the amounts designated for award were part of the approved Annual Action Plan. The Commission approved that action unanimously, 8-0.

FISCAL/POLICY ALIGNMENT

The recommended programs are consistent with the City's FY 2015-20 Consolidated Plan and the FY 2018-19 Annual Action Plan. In addition, the recommended programs are aligned with the Community Plan to End Homelessness, endorsed by City Council on January 21, 2015. Specifically, the Community Plan to End Homelessness includes three points of emphasis, one of which is to *Serve the Person*. Each of the recommended programs is focused on client-centered approaches with services targeted to meeting individual needs.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:

Bill Wilson Center	\$247,761
HomeFirst	\$580,000
PATH	\$829,494
TOTAL PROJECT COSTS	\$1,657,255

2. COST ELEMENTS OF CONTRACT:

Homeless Prevention	\$247,761
Outreach	\$1,409,494
TOTAL AGREEMENT/CONTRACT AMOUNT	\$1,657,255

3. SOURCE OF FUNDING:
 - 441 - Community Development Block Grant Fund
 - 448 - Multi-Source Housing Fund

4. OPERATING COSTS: The proposed operating and maintenance costs of this recommendation have been reviewed and will have no significant adverse impact on the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriations recommended as part of this memorandum:

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Contract	2018-2019 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
448	204G	Homeless Outreach Services	\$500,000	\$500,000	X-71	06/19/18, 30124
441	0055	Contractual Community Services	\$1,714,097	\$500,000	X-16	06/19/18, 30124
448	2236	Emergency Shelter Grants	\$737,828	\$657,255	X-71	06/19/18, 30124

*The 2018-2019 Proposed Operating Budget was adopted by the City Council on June 19, 2018.

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CEQA

Not a Project, File No. PP17-003 Agreements and contracts (new or amended) resulting in no new physical changes to the environment.

/s/

JACKY MORALES-FERRAND

Director, Housing

For questions, please contact Kelly Hemphill, Homelessness Response Manager, at (408) 975-4483.