

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván
Jim Shannon

SUBJECT: See Below

DATE: November 19, 2024

Approved



Date:

11/21/24

COUNCIL DISTRICT: Citywide

SUBJECT: Actions Related to the Encampment Resolution Funding Round Three Grant from the State of California Department of Housing and Community Development and Related Grant Agreements

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager, or her designee, to accept the Encampment Resolution Funding Round Three grant award of \$4,821,082.88 from the State of California Department of Housing and Community Development to fund unsheltered homelessness outreach and housing options and to negotiate and execute related documents to accept grant funds without requiring further City Council action.
- (b) Adopt a resolution authorizing the Housing Director, or his designee, to:
 - (1) Negotiate and execute an amendment to the current grant agreement with HomeFirst Services of Santa Clara County to replace Measure E or Homeless Housing, Assistance, and Prevention Program - Round 4 funds with Encampment Resolution Funding Round Three funds, in an amount not to exceed \$1,193,510 to provide targeted outreach and engagement services for unsheltered homelessness retroactive from October 4, 2024 to June 30, 2025.
- (c) Adopt the following Fiscal Year 2024-2025 Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund:
 - (1) Establish an estimate for Revenue from the State of California in the amount of \$2,410,542; and
 - (2) Establish the Encampment Resolution Funding Grant Round 3 appropriation to the Housing Department in the amount of \$2,410,542.

SUMMARY AND OUTCOME

Approval of the staff recommendation will allow the Housing Department to serve up to 150 individuals residing at the Cherry Avenue encampment and any additional encampments targeted by the Encampment Resolution Fund Round Three (ERF-3-R) Program. The goal of the ERF-3-R Program is to transition every individual within the target area into permanent housing destinations through a means of targeted engagement; housing problem-solving, and short-term rental assistance interventions; set-aside units at the Via del Oro Emergency Interim Housing site; and coordination with the County of Santa Clara's Office of Supportive Housing (OSH) for placement into permanent supportive housing options. Additionally, staff adjusted the planning for the build-out of the Cherry Avenue Emergency Interim Housing site to make complimentary clearings of encampments surrounding the Via del Oro Emergency Interim Housing site. Furthermore, a significant factor in the selection of the Via del Oro Emergency Interim Housing site for the ERF-3-R Program grant application was the timing of the ERF-3-R Program grant application, which was before any plans for the Cherry Avenue Emergency Interim Housing site were completed or confirmed by City staff.

BACKGROUND

On November 27, 2023, the California Interagency Council on Homelessness announced a Notice of Funding Availability for the ERF-3-R Program,¹ which seeks to fund actionable, person-centered local proposals that resolve the experience of unsheltered homelessness for individuals residing in encampments. The Housing Department, in coordination with multiple stakeholders, including the California Department of Transportation and Santa Clara Valley Water District, developed a comprehensive encampment resolution plan for the ERF-3-R Program grant application. The City submitted the resulting ERF-3-R Program proposal to the California Interagency Council on Homelessness on April 30, 2024.

On October 4, 2024, the Housing Department received confirmation from the California Department of Housing and Community Development of its intent to award the City's proposed ERF-3-R Program. The Housing Department anticipates receiving the ERF-3-R Program award, upon submitting a standard agreement to the California Department of Housing and Community Development, in the amount of \$4,821,082.88 to retroactively fund the City's proposed collaborative ERF-3-R Program from October 2024 through June 2027, which is discussed in further detail throughout this memorandum.

¹ ERF-3-R Program Notice of Funding Availability, California Department of Housing and Community Development, Web link: https://bcsh.ca.gov/calich/documents/erf_3r_nofa.pdf

ANALYSIS

This section outlines the Cherry Avenue Encampment Resolution (CAER) Program framework for engaging and redirecting unsheltered individuals into alternative housing solutions and needed services. This work segues into the broader City strategy, which, after clearing the encampment area, holds the land to prevent re-encampment and restores the area to its intended public use.

CAER Program

The CAER Program mobilizes collaborative partners and a multidisciplinary team of community organizations experienced in providing unsheltered homelessness outreach, housing problem-solving, housing placement, person-centered service delivery, and trauma-informed care services. HomeFirst Services of Santa Clara County teams from the Housing Department's Targeted Outreach and Engagement Program will provide case management with the goal of transitioning every program participant into interim shelter placement and then permanent housing. Program participants, once placed in an emergency interim housing (EIH) program site, will continue to receive intensive case management services, along with a full suite of supportive services, to support individuals on a pathway to permanent housing options. A formal coordination effort with the County of Santa Clara's OSH will take place to identify potential permanent supportive housing (PSH) opportunities for program participants originating from the targeted encampment. The CAER Program model seeks to map an array of interventions for a variety of acuity levels to respond to the needs of individuals in the targeted encampment. Furthermore, at the discretion of the Housing Department, additional encampments may be targeted as part of the ERF-3-R Program.

In alignment with current Housing Department practice, an encampment count will be conducted 90 days in advance of abatement work, with a second count to conclude 30 days in advance of abatement work. Upon initiation of the CAER Program, future encampments will be prohibited. The CAER Program is designed to engage, shelter, clear, preserve, and restore the project area through shelter management system provisions and coordinated service delivery. The Housing Department, in close coordination with key stakeholders, including the California Department of Transportation and Santa Clara Valley Water District, will ensure that encamped individuals in the project area are proactively engaged before impact reduction work begins.

CAER Program Implementation

The CAER Program will synchronize the Housing Department's Targeted Outreach and Engagement program, EIH program, and the County of Santa Clara's PSH program in order to deliver a diverse range of resources and housing pathways for up to 150 encampment individuals. Through June 2027, the CAER Program will swiftly move

individuals from the project area into interim shelter and then permanent housing options while creating the space for our partnered jurisdictional entities, including the California Department of Transportation and Santa Clara Valley Water District, to hold and restore the land to its intended public use through outreach and impact reduction coordination. **Table 1** provides a summary of the CAER Program's key services and funding awards.

Table 1: Summary of CAER Program Services and Funding Awards

Service	ERF-3-R Program Award Amount	Funding Source
Unsheltered homelessness outreach, street-based case management, and basic needs services to individuals in the project area.	\$1,193,510.00	ERF-3-R and Leveraged
Intensive case management and wraparound supportive services at EIH site(s) to prepare transitions to permanent housing options.	\$3,397,997.50	ERF-3-R and Leveraged
Systems support by the County of Santa Clara's OSH.	Leveraged	Leveraged
Program management, reporting, and administrative costs by the Housing Department.	\$229,575.38	ERF-3-R
Hold land and restore to intended public use by jurisdictional entities, including by the California Department of Transportation and Santa Clara Valley Water District.	Leveraged	Leveraged
Total	\$4,821,082.88	

Outreach Services for Unsheltered Homelessness

The Housing Department's Targeted Outreach and Engagement Program provides enhanced services and coordinated resources to individuals and households experiencing homelessness in target areas across the City. Through the Targeted Outreach and Engagement Program, HomeFirst Services of Santa Clara County staff will:

- Utilize engagement tools to establish trust and build ongoing rapport with unsheltered homeless individuals residing in the project area;

- Provide intensive case management and establish unique, program participant-centered pathways to interim shelter and housing options;
- Work with the County of Santa Clara's OSH and the County of Santa Clara's Continuum of Care to get program participants document-ready for interim shelter and housing options and program eligibility;
- Identify low-acuity level individuals in the project area and offer housing problem-solving to facilitate exits to permanent housing options directly from the project area; and,
- Tactics include mediation with potential landlords, family/friend reunification, and facilitating shared housing and rental options.

The Housing Department's EIH Program

The City's development of a shelter management system through the Housing Department's EIH program is a primary component of the CAER Program. Units at existing and in production EIH sites will be prioritized to meet any further needs of CAER Program participants. Once enrolled at an EIH site, CAER Program participants will be assigned to a case manager, offered wraparound supportive services, and provided the tools to attain self-sufficiency. Housing problem-solving and short-term rental assistance will function as additional interventions to increase the number and timeframe in which program participants exit the EIH program into more permanent housing options.

The County of Santa Clara's OSH PSH Program

For individuals served through the CAER Program, including those transitioning from the EIH program, the County of Santa Clara's OSH PSH program will permanently house program participants who are eligible and in the appropriate acuity level range. The PSH program is equipped with housing and wellness support and services, including transportation, childcare, and skills training to complement and leverage the County of Santa Clara's OSH case management services provided through the PSH program. The Housing Department and the County of Santa Clara's OSH will closely coordinate along with HomeFirst Services of Santa Clara County to transfer individuals from encampments to interim shelter and then permanent housing placement options. The County of Santa Clara's OSH staff will follow through with the necessary paperwork, appointments, and documentation to qualify program participants for placement into the PSH program.

ERF-3-R Program Management and Reporting

The ERF-3-R Program state grant allows 5% of the grant amount to go toward administrative costs incurred by the Housing Department. These grant funds will support direct program coordination, implementation, and dedicated support by staff from the Housing Department's Homeless Response Division and Grants Management

team. Specifically, the administrative functions covered by the grant funding will include a portion of two staff members to manage the ERF-3-R Program and convene, lead, and coordinate stakeholders and partner agencies. Housing Department staff will provide on-site facilitation during all phases of the ERF-3-R Program and will submit quarterly programmatic reports to the California Department of Housing and Community Development.

The CAER Program model design is informed by the success of proven unsheltered homelessness outreach and interim housing models, as well as person-centered interventions, such as housing problem-solving, intensive case management, housing planning, and short-term rental assistance services. Using this model, the CAER Program's goals are centered around the successful engagement and sheltering and housing placements of individuals from the Cherry Avenue encampment. **Table 2** below defines the goals corresponding to the three key service components of the CAER Program: 1) unsheltered homelessness outreach, 2) EIH, and 3) PSH.

Table 2: CAER Program Goals

Mode of Service	System Goal	CAER Program Projected Outcomes
Unsheltered Homelessness Outreach	Engagement, count, and placement.	Within three months of the start of the CAER Program, transition 10 individuals into permanent housing options directly from the project area. Place 75 individuals into set-aside and prioritized EIH units.
EIH	Support and increase the capacity of EIH to shelter individuals safely and quickly in the project area.	50% of program participants placed into the EIH program will exit to permanent housing destinations within one year of move-in and 75% within one and a half years.
PSH	Create a streamlined process, in coordination with the County of Santa Clara's OSH, to identify eligible program participants identified from the County of Santa Clara's Coordinated Entry System's Community Queue for immediate placement into PSH options.	Match 60 eligible individuals to the PSH program through coordinated entry and exit of at least 30 program participants into PSH options by June 2027.

EVALUATION AND FOLLOW-UP

The Housing Department's Grant Management team monitors and reviews grant agreement outcomes and performance metrics on a quarterly basis. Therefore, the program included in this memorandum will be monitored and reviewed following the Housing Department's Grant Management team's grant agreement monitoring and review protocols. Further, updates on homelessness program outcomes are provided in the City's Consolidated Homelessness Annual Report, scheduled to be heard annually in the fall by the Neighborhood Services and Education Committee.

Additionally, as discussed below, \$2.4 million for ERF-3 is recommended for allocation in FY 2024-2025. The Administration will come forward as part of a future budget action to recognize and appropriate the remaining \$2.4 million.

COST SUMMARY/IMPLICATIONS

Staff anticipates funding of approximately \$4.8 million from the ERF-3 grant will be spent over three fiscal years with the full amount expended by June 2027. During this grant period, the City may request spending plan amendments to allocate funds toward homeless services and housing options not included in the original grant application. These amendments will require State approval. If the State denies any proposed amendments, the City will retain the ability to use the grant funds as specified in the original grant application.

The grant's statutory expenditure deadline for 50% of the funds is June 30, 2025. Therefore, \$2,410,542 from the ERF-3 grant will be allocated and spent in the current fiscal year, with \$1.2 million designated to pay the contract with HomeFirst Services of Santa Clara County to provide targeted outreach and engagement services for unsheltered homelessness retroactive from October 4, 2024 to June 30, 2025, and the remaining \$1.2 million to primarily support EIH operations. The remaining funds will be recognized in a future budget action.

TOTAL COST OF GRANT AGREEMENT	
CARE Programmatic Spending	\$4,591,508
City of San José Administrative Expenses	\$229,575
TOTAL GRANT AGREEMENT AMOUNT	\$4,821,083

BUDGET REFERENCE

Fund No.	Appn. No.	Appropriation Name	Total Appropriation	Rec. Budget Action	2024-2025 Adopted Operating Page	Last Budget Action (Date, Ord. No.)
448	R100	Revenue from State of California	\$0	\$2,410,542	995	N/A
448	New	Encampment Resolution Funding Grant Round 3	\$0	\$2,410,542	995	N/A

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 3, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Determination of Consistency with the Mitigated Negative Declaration for Emergency Interim Housing Programs (File No. ER22-198; Resolution No. RES2023-380), File No. ER24-015.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

HONORABLE MAYOR AND CITY COUNCIL

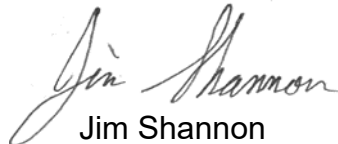
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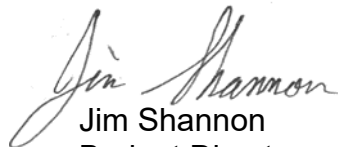
/s/

Erik L. Soliván
Housing Director



Jim Shannon
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2024-2025 moneys in excess of those heretofore appropriated wherefrom, said excess being at least \$2,410,542.



Jim Shannon
Budget Director

The principal author of this memorandum is Ryan Sanders, Senior Development Officer, Housing Department. For questions, please contact Cupid Alexander, Deputy Director, Housing Department at cupid.alexander@sanjoseca.gov.