



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jim Shannon

SUBJECT: SEE BELOW

DATE: November 16, 2020

Approved

Date

11/20/20

SUBJECT: APPROVE GRANT AGREEMENT AND GRANT EXTENSIONS FOR MULTIPLE HOMELESS PROGRAMS

RECOMMENDATION

- (a) Adopt a resolution authorizing the Director of Housing to negotiate and execute one grant agreement and six grant amendments serving homeless populations:
 - (1) Grant agreement with the County of Santa Clara in the amount of \$2,000,000 to implement the Housing for Homeless Veterans Program retroactive to July 1, 2019 through June 30, 2023.
 - (2) Fifth Amendment to the grant agreement with the County of Santa Clara increasing the maximum total amount of compensation by \$1,025,000, from \$5,337,000 to \$6,362,000, to continue to implement the Care Coordination Project and the UPLIFT Transit Pass program retroactive to July 1, 2020 through June 30, 2021.
 - (3) Sixth Amendment to the grant agreement with Project WeHope increasing the maximum total amount of compensation by \$500,000, from \$1,265,350 to \$1,765,350, to continue to implement the Dignity on Wheels Program retroactive to July 1, 2020 through June 30, 2021.
 - (4) Four grant agreement amendments for Rapid Rehousing Rental Subsidy Administrator and Rehousing Supportive Services Administrator, retroactive to July 1, 2020 to operate through December 31, 2020, while a Request for Proposals for new contracts is completed:
 - i. Fifth Amendment to the grant agreement with The Health Trust increasing the maximum total amount of compensation by \$450,000 from \$7,752,235 to \$8,202,235 to continue to serve as the Rental Subsidy Administrator.
 - ii. Third Amendment to the grant agreement with The Health Trust without increasing compensation to continue to serve as a Supportive Service Administrator.

- iii. Third Amendment to the grant agreement with Bill Wilson Center without increasing compensation to continue to serve as a Supportive Service Administrator.
 - iv. Third Amendment to the grant agreement with People Assisting the Homeless (PATH) without increasing compensation to continue to serve as a Supportive Service Administrator.
- (b) Adopt the following Appropriation Ordinance Amendments in the Multi-Source Housing Fund:
- (1) Decrease the City Housing Authority Reserve by \$2,000,000; and
 - (2) Increase the VA Rental Subsidy Program appropriation to the Housing Department by \$2,000,000.

OUTCOME

City Council approval of this item will allow staff to provide \$3,975,000, funded by the Housing Trust Fund, Multi-Source Housing Fund (Housing Authority Litigation Award Fund), and General Fund to partners to aid San José's most vulnerable homeless residents by providing basic needs services and permanent supportive housing. Approval will also extend the current Rapid Rehousing Program while the Housing Department competitively procures services for this program.

EXECUTIVE SUMMARY

The Housing Department Housing Trust Fund, Housing Authority Litigation Award Fund, and General Fund monies are flexible sources of funding used to support programs for homeless households. This report provides an overview of how these local funds are allocated to help San José's most vulnerable homeless residents.

The table below shows the proposed disbursement of \$3,975,000 in Housing Trust Fund, Housing Authority Litigation Award (HALA) Fund, and General Fund monies, as well as no-cost grant extensions.

Program	Partner	Amount	Funding Source
Veteran rental subsidies	County of Santa Clara	\$2,000,000	HALA
Coordinated Care Project and UPLIFT passes	County of Santa Clara	\$1,025,000	HALA & HTF
Dignity on Wheels mobile showers	Project WeHope	\$500,000	HTF
Rapid Rehousing rental subsidy administrator	The Health Trust	\$450,000	General Fund
Rapid Rehousing support services administrator	The Health Trust	No cost extension	N/A
Rapid Rehousing support services administrator	Bill Wilson Center	No cost extension	N/A
Rapid Rehousing support services administrator	PATH	No cost extension	N/A
TOTAL			\$3,975,000

BACKGROUND

During the 2019 biennial Homeless Census and Survey, census workers counted 6,097 homeless individuals in San José. Over eighty-four percent (84%) were unsheltered, which means that they were counted on the streets, in encampments, in vehicles, or other areas not meant for human habitation. Of the total 6,097 people counted, 1,553 individuals were considered chronically homeless (i.e., without a permanent home for more than a year and have a disabling condition).

The 2020-2025 Community Plan to End Homelessness in Santa Clara County was collaboratively developed by representatives of community-based service organizations, local government, philanthropy, business, healthcare, and people with lived experience. The Plan is organized around three core strategies:

- Strategy 1: Address the root causes of homelessness through system and policy change;
- Strategy 2: Expand homelessness prevention and housing programs; and
- Strategy 3: Improve quality of life for unsheltered individuals and create healthy neighborhoods for all.

The City is committed to implementing these strategies and aligning its funding and grants to the strategies. The City seeks to enter into and amend contracts with partners to respond to the basic needs of unsheltered and provide access to rapid rehousing programs and permanent housing, which align with strategies two and three of the Community Plan.

The contracts for Council approval are amendments of existing agreements:

- **Housing for Homeless Veterans:** In 2018 Council approved an agreement with County of Santa Clara to provide rental subsidies to homeless veterans. This contract was not executed. However, the program was implemented by the County.
- **Care Coordination Program and UPLIFT:** In 2015, Council approved an agreement with County of Santa Clara to fund the Care Coordination Program, providing case management and housing for chronically homeless. In 2008, Council approved an agreement with County of Santa Clara to provide bus passes to case managed homeless individuals through the UPLIFT program.
- **Dignity on Wheels:** In 2016, Council approved an agreement with Project WeHope to fund Dignity on Wheels mobile hygiene services.
- **Rapid Rehousing:** In 2017, Council approved agreements with The Health Trust, Bill Wilson Center and PATH for Rapid Rehousing rental assistance and supportive services.

ANALYSIS

The Housing Department Housing Trust Fund, Housing Authority Litigation Award, and General Fund moneys are flexible sources of funding used to support programs for homeless households. The City Council approval of this item will allow staff to move forward on providing \$3,975,000 in these local funds to non-profit partners to aid San José's most vulnerable homeless residents by providing basic needs services and permanent supportive housing. Approval will also extend the current Rapid Rehousing Program while the Housing Department competitively procures services for this program in the future.

Housing for Homeless Veterans (\$2,000,000)

On December 11, 2018, the City Council adopted a resolution authorizing the Director of Housing to negotiate and execute an agreement with the County of Santa Clara to provide rental subsidies to homeless veterans through the County's Veteran's Rapid Rehousing Program. The approval redirected \$1,000,000 from the three-year, \$5,000,000 Rebuilding for Heroes Program for personnel and subcontracting costs. This contract was not executed. However, the program was implemented by the County in 2019. The County is requesting that the term of the contract be retroactive to July 1, 2019 to reimburse them for program expenses since the program was implemented. Using Housing Authority Litigation Award funding, the Housing Department recommends reauthorizing the Director to negotiate and execute a contract amount of \$2,000,000 for the Housing for Homeless Veterans Program with a term of July 1, 2019 through June 30, 2023.

Funding will enhance the City's support of the community-wide "All the Way Home" campaign to ensure more housing resources are available for homeless veterans. City funding will support approximately 42 homeless veteran individuals and families to be served on an annual basis. This doubles the participant capacity of the veterans rapid rehousing program. The program prioritizes homeless veterans who do not qualify for the larger Supportive Services to Veterans and their Families (SSVF) Program.

SSVF is a short-term housing assistance program established to prevent and end homelessness for veteran families and single adults with funding from the U.S. Department of Veterans. The Department of Veterans Affairs (VA) estimates that between 80-90 homeless veterans in Santa Clara County are not eligible to receive these programs due to their discharge status or because they never served on active duty. Given the additional City commitment, there is sufficient funding in the program to meet the annual need.

The funding for Housing for Homeless Veterans was redirected from the Rebuilding for Heroes (RFH) program. Originally approved by City Council in June 2016, the Rebuilding for Heroes program provides financial incentives for apartment owners in the form of rehabilitation loans, to provide housing for homeless veterans. Since implementation, the program received a total of nine applications. To garner more interest in the program, the administration made several funding and programmatic adjustments, including identifying more flexible funding, easing program restrictions, and increasing landlord outreach. Additionally, Housing Department staff regularly coordinated with the agencies administering the SSVF and Veteran Affairs Supportive Housing vouchers to help match owners and eligible prospective veteran tenants. In discussions with apartment owners, they generally cited concerns with their ability to recruit and maintain eligible veteran tenants, required to meet the conditions of the Rebuilding for Heroes loan restrictions. Owners also cited funding restrictions such as the requirement to obtain permits and hire licensed contractors. Given that this program has continually been undersubscribed, the administration is recommending reprogramming \$2 million to double resources to the veterans rapid rehousing program to continue supporting the "All the Way Home" campaign. Staff will continue to work with the existing pipeline of approved owners placed on hold due to the COVID-19 pandemic and report the final outcomes in future annual homelessness reports.

The Housing for Homeless Veterans program will provide housing placement services and rental subsidies for a minimum of 168 homeless veteran households and include housing search assistance and supportive services to promote housing stabilization. The program will follow a Housing First approach, rapidly moving participants into housing without preconditions and providing strengths-based, client-centered services to help homeless veterans obtain housing, maintain housing while enrolled in the program, and transition from the program into permanent housing without subsidies.

Care Coordination Project and UPLIFT (\$1,025,000)

The Care Coordination Project (CCP) provides ongoing case management, housing, and support to the most vulnerable chronically homeless individuals in the county. The CCP is made up of multiple non-profit homeless service agencies that provide intensive case management matched

with permanent housing. The CCP team connects with chronically homeless individuals through a county-wide assessment tool. The CCP team works to remove barriers to housing to ensure a quick and smooth transition from homelessness to permanent housing, while providing the support necessary for formerly chronically homeless men and women to maintain their housing and rebuild their lives. The County of Santa Clara's Office of Supportive Housing oversees the CCP and contracts with non-profit organizations to provide the supportive services. Finally, having the County implement the program reduces the number of agreements that community-based organizations have to respond to, ensures that programs are aligned, and reduces the City administrative burden.

The CCP will pay for nine intensive case managers currently employed by The Health Trust, Peninsula Health Connection, and PATH and includes salary, benefits, agency overhead, and other resources that may support the client and/or the intensive case manager. Intensive case managers will continue working with up to 180 of the City's most vulnerable homeless individuals to help them maintain permanent housing. Each intensive case manager will maintain active case loads of no more than 20 previously homeless clients. The funded intensive case managers will be responsible for assisting clients to obtain and move into permanent housing within 60 days of enrollment and helping clients retain their housing for at least 12 consecutive months. The CCP portion of the grant is expected to be in an amount not to exceed \$925,000 from the local Housing Authority Litigation Award. In FY 19-20, 100% of the 166 clients who were housed retained their housing throughout the year. Enrollment numbers hovered around 98% (176 out of 180) so the focus in FY 20-21 will be to house 14 new clients, while ensuring the existing 166 remain stably housed. This year is expected to be the last year of funding from the City to the County for the CCP.

The City has also supported the County of Santa Clara on the implementation of the Universal Pass for Life Improvement from Transportation (UPLIFT) Program since 2008 to provide homeless individuals more access to transportation. UPLIFT provides monthly transit passes to homeless individuals who are working with a case manager to meet goals aimed at moving them out of homelessness and into housing.

UPLIFT will provide quarterly, unrestricted transportation passes for homeless individuals on all Valley Transportation Authority (VTA) bus routes and light-rail lines. The County has a special agreement with VTA for the UPLIFT passes that allows them to purchase the quarterly passes for a reduced rate. Homeless individuals must be working with a case manager at one of the participating agencies to qualify for the program. The clients work with their case manager at least once a month to develop a case plan that reflects the client's goals, aimed at moving from homelessness to permanent housing. If the client continues to receive case management, and the referring case manager continues to believe that access to transportation would help achieve their client's goals, the UPLIFT Transit Pass may be renewed. The UPLIFT portion of the grant is expected to be in an amount not to exceed \$100,000 from the local Housing Trust Fund. This grant will double the funding amount from last year, therefore doubling the number of unduplicated homeless participants served from 1,000 to 2,000 assisted.

Dignity on Wheels (\$500,000)

The Housing Department has been in contract with Project WeHope to provide mobile hygiene services through the Dignity on Wheels Program since March 1, 2016. Dignity on Wheels provides mobile showers and laundry to unsheltered individuals up to six days per week at different locations throughout San José. Individuals also receive basic needs assessments, case management, and access to community resources.

In Fiscal Year 2019-2020, the City expanded Dignity on Wheels with Homeless Emergency Aid Program (HEAP) funds from the State of California, providing \$300,000 to purchase two new trailers. This added a second mobile shower and laundry trailer to the San José portfolio. The other, the "Hope Health Mobile," was a new mobile rest stop offering Wi-Fi, charging stations, case management, and virtual access to doctors who answer questions about COVID-19.

The Housing Department is proposing to increase the award and extend the contract with Project WeHope to operate the three mobile trailers under the Dignity on Wheels Program.

With the two mobile shower and laundry trailers, and the new mobile rest stop trailer, Dignity on Wheels provide a minimum of 1,200 unduplicated unsheltered individuals with access to services. These services include a shower, laundry, clothing, food, Wi-Fi, individualized case management, employment, and health information. The grant amendment is expected to be in an amount not to exceed \$500,000 from the local Housing Trust Fund. This grant will significantly increase the funding amount from last year to support increased costs associated with operations of three trailers instead of one. The program served 1,393 unduplicated individuals with 7,908 showers and 3,985 loads of laundry in Fiscal Year 2019-20.

Rapid Rehousing (\$450,000)

On August 8, 2017, City Council approved new contracts to The Health Trust, Bill Wilson Center, and PATH. The City's Rapid Rehousing Program provides short-term rental assistance and supportive services with services ending once the households were able to independently maintain stable housing. The City's Rapid Rehousing Program targets homeless individuals, families and youth with moderate service needs who have the ability to earn sufficient income, but may have experienced events such as the sudden loss of a job or unexpected medical costs, that led to their homelessness. Service components of the rapid rehousing program include; 1) housing search and placement; 2) short term and/or decreasing rent subsidy; 3) other temporary financial assistance; and 4) time-limited case management.

The contracts with the Rapid Rehousing grantees expired on June 30, 2020. The Housing Department intended to undergo a competitive procurement process for a redesigned Rapid Rehousing Program prior to the contract's expiration. However, when the U.S. President of the United States issued a proclamation declaring a national emergency concerning COVID-19 beginning March 1, 2020, plans for releasing a Request for Proposals (RFP) were delayed as the Department was activated to the City's emergency operations center. The Council approval will allow the Rapid Rehousing Program to continue with current providers for an additional six months, until December 2020, without a lapse in programming. Most importantly, the

households currently enrolled will have time with the case managers and housing specialists to whom they have built relationships, to focus on their self-sufficiency goals and successfully graduate from the program. Those who need more time in the Program after December 2020 (especially as a result of the pandemic) will be transferred to the City's new Rapid Rehousing Program or a County-funded Rapid Rehousing Program that better fits their specific needs. A new RFP was issued this fall and the process to select a provider will be completed by the end of this calendar year.

The goal of Rapid Rehousing is that participants will be self-sufficient and able to maintain their existing housing once the subsidy terminates. The success of the current program has been measured using community-wide benchmarks to serve as goals for the grantees as follows:

1. 75% of participants will secure permanent housing destinations within 60 days of enrollment in the Rapid Rehousing program.
2. 95% of participants who exit the Rapid Rehousing Program will exit to permanent housing.
3. 85% of participants will maintain permanent housing for at least 6 months after they exit the Rapid Rehousing Program.

It was determined through staff analysis and conversations with Rapid Rehousing Supportive Service Administrator grantees that unspent funds from Fiscal Year 2019-2020 would allow the Supportive Service Administrators to continue with case management support through the end of December 2020. Hence, the Supportive Service Administrator contracts are no-cost extensions, while the Rapid Rehousing Rental Subsidy Administrator contract with The Health Trust added funds for the additional six months of operations to cover subsidy payments to property owners, and associated administration costs.

Rapid Rehousing Supportive Services Administrators: The Health Trust, Bill Wilson Center, and PATH

The Supportive Service Administrators provide case management and employment services for up to a total of 200 homeless individual and family households concurrently with the goal of keeping the participants housed and ensuring that they can afford their rent. Case managers work with participants to develop customized service plans to meet goals and become economically and socially self-sufficient. The Supportive Service Administrators provide housing search and placement assistance and resources and support for housing retention. The Supportive Service Administrators provide follow-up services to participants who have exited the program successfully to prevent returns to homelessness.

The Health Trust serves as the primary Supportive Service Administrator with a stated goal of assisting of 100 households. The Health Trust provides case management, housing search, and non-employment and employment income development services, along with food baskets. During Fiscal Year 2019-2020, The Health Trust assisted 35 households (not including households that graduated but were provided case management services for an additional six months after exit). The Health Trust reported that the low numbers were largely a result of staff

and executive leadership turnover. Of the two households that exited the program, 100% exited to permanent housing, were enrolled in health care at time of exit, and maintained permanent housing at their time of exit. In addition, in Fiscal Year 2019-2020, The Health Trust provided 647 case management sessions, 293 housing search sessions, 41 employment development sessions, and 142 food baskets.

Since 2017, the Bill Wilson Center (BWC) has led a consortium of agencies as a Supportive Service Administrator with a stated goal of assisting 70 households. With Family Supportive Housing and Next Door Solutions, BWC provides case management and employment services for homeless transition age youth, families, and victims of domestic violence. During Fiscal Year 2019-2020, the BWC consortium assisted 135 households (not including households that graduated but were provided case management services for an additional six months after exit). Of the 135 households, 65% secured permanent housing within 60 days of enrollment. Of the households that exited the program, 94% exited to permanent housing, 96% were enrolled in health care at the time of exit, and 85% maintained their housing for at least 6 months after exit. In addition, the BWC consortium provided 1539 case management sessions, 592 housing search sessions, and 216 income development sessions.

Since 2017, PATH has been a Supportive Service Administrators with a stated goal of assisting 30 households, primarily focused in San José's downtown core. PATH provides case management, housing search, and employment development services. During Fiscal Year 2019-2020, PATH assisted 37 households (not including households that graduated but were provided case management services for an additional six months after exit). Of the 37 households, 40% secured permanent housing within 60 days of enrollment. PATH reported that the combination of staff turnover, the competitive housing market, and the shelter in place order made it difficult to meet the outcome. Of the households that exited the program, 100% exited to permanent housing and were enrolled in health care at the time of exit, and 86% maintained their housing for at least 6 months after exit. In addition, PATH provided 249 case management sessions, 233 housing search sessions, and 114 income development sessions.

Rapid Rehousing Rental Subsidy Administrator: The Health Trust

The Health Trust provides both case management and financial support for the Rapid Rehousing Program, however the scope of services and funding sources are different, resulting in two separate agreements. The proposed increase of funds in the amount of \$450,000 to The Health Trust's Rapid Rehousing Rental Subsidy Administration agreement will ensure that property owners will receive rental subsidy payments for all existing Rapid Rehousing participants through December 2020 and participants will remain housed. The Health Trust provides rental subsidies for all Rapid Rehousing Program participants whether they are receiving supportive services from The Health, Bill Wilson Center, or PATH.

The Rental Subsidy Administrator administers tenant-based rental assistance and other financial assistance such as flex funds, security deposits, move in requests and/or emergency assistance programs. The Rental Subsidy Administrator is responsible for:

- Verifying participant eligibility/income and calculating rental subsidy;
- Conducting unit inspections and Rent Reasonableness Assessments;
- Processing and issuing security deposit payments and monthly rental assistance payments; and
- Maintaining adequate verbal and written communication with program partners.

The Health Trust serves as the sole Rental Subsidy Administrator with a stated goal of assisting 200 homeless individual and family households at any given time. During Fiscal Year 2019-2020, The Health Trust administered subsidies for 130 households. Of the enrollment packets submitted by clients, 100% were reviewed within two days and, of those eligible, 96% were distributed their coupon within two weeks. In further efforts of timely processing and payment distribution, 100% of the checks provided to landlords were timely and accurate and 100% of inspections were scheduled within 72 hours of receiving necessary documentation. In addition, The Health Trust completed 40 housing inspections, assisted 46 households with move-in and leasing, and issued 848 subsidy checks. As stated earlier, this is a contract extension until the RFP process is completed.

Request for Proposals

The Housing Department generally solicits proposals for each set of services through a competitive RFP every three to five years. This best practice provides agencies with consistent funding to hire and maintain appropriate program staff, build expertise, and continually improve efficient and effective service delivery. The RFP for Employment Development & Housing Stability Program and Rapid Rehousing Program was released on September 15, 2020.

The Employment Development & Housing Stability Program will provide job training and placement for low-income individuals enrolled in Rapid Rehousing programs and housed in San José. The Rapid Rehousing Program will provide clients with access to emergency interim housing (EIH) or provide services to Rapid Rehousing-eligible clients who are already residing at an EIH, time-limited rental assistance, and individualized case management services. Program administration, now being provided by The Health Trust is included in this RFP. Proposals were due on October 14, 2020. New contracts, with a start date in January 2021, will come to the City Council for approval in December 2020.

CONCLUSION

The actions recommended in this memorandum will continue basic needs services and permanent housing support to the City's most vulnerable residents.

EVALUATION AND FOLLOW-UP

Updates on the four programs will be provided in the Housing Department’s annual report on homeless programs. Additionally, since the program includes federal HOME funds, outcomes will be included in the Consolidated Annual Performance Evaluation Report (CAPER), which is presented to the City Council for approval in September of each year.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This item has been posted on the City’s website for approval by the City Council on December 1, 2020.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

In response to the Stage 5 Pandemic Management Plan related to COVID-19, the Housing and Community Development Commission (Commission) meetings were cancelled from March through July. The Housing Department updated the Commission on homeless responses during COVID at a special meeting on August 13, 2020.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION:	
	Housing for Homeless Veterans	\$2,000,000
	Care Coordination Project	\$925,000
	Dignity on Wheels	\$500,000
	Rapid Rehousing Subsidy Administrator	\$450,000
	UPLIFT Transit Pass	\$100,000
	TOTAL PROJECT COSTS	<u>\$3,975,000</u>

2. SOURCE OF FUNDING: General Fund (\$450,000); Housing Trust Fund (\$600,000); Multi-Source Housing Fund/Housing Authority Litigation Award Memo Fund (\$2,925,000)
3. FISCAL IMPACT: The actions in this memorandum will provide FY 2020-2021 funding for five homeless grant programs. There are no ongoing fiscal impacts resulting from the recommendation.

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	Amt. for Contract	Rec. Budget Action	2020-2021 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	2062	Homeless Rapid Rehousing	\$2,400,000	\$450,000		IX-24	10/20/2020 Ord. No. 30494
440	2453	Housing and Homeless Projects	\$1,537,000	\$600,000		X-54	10/20/2020 Ord. No. 30494
448	2062	Homeless Rapid Rehousing	\$4,925,000	\$925,000		X-76	06/23/2020 Ord. No. 30437
448	8497	City Housing Authority Reserve	\$7,878,502		(\$2,000,000)	X-77	10/20/2020 Ord. No. 30494
448	2041	VA Rental Subsidy Program	\$200,000	\$2,000,000	\$2,000,000	X-76	06/23/2020 Ord. No. 30437

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) for services that involve no physical changes to the environment.

/s/
JACKY MORALES-FERRAND
 Director, Housing Department


JIM SHANNON
 Budget Director

For questions, please contact Kelly Hemphill, Homelessness Response Manager, at kelly.hemphill@sanjoseca.gov.