COMMITTEE AGENDA: 11/08/18
ITEM: d(1)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: NEIGHBORHOOD SERVICES AND EDUCATION COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: **ANNUAL HOMELESS REPORT AND HOMELESS EMERGENCY ASSISTANCE PROGRAM**

DATE: October 22, 2018

Approved

Date 10-31-2018

RECOMMENDATION

Accept the annual homeless report and discuss the proposed community-wide funding priorities and expenditure plan for the Homeless Emergency Aid Program (SB 850) and refer this item for full Council consideration at the November 27, 2018 Council meeting.

BACKGROUND

Homelessness, as well as the lack of available housing for extremely low income populations, continues to be a pressing issue for the City of San José, the County of Santa Clara and the region. According to the U.S. Department of Housing and Urban Development's (HUD) 2017 Annual Homeless Assessment Report, among the 48 Major City Continuums of Care, the County of Santa Clara has:

- the sixth largest homeless population;
- the fourth largest unsheltered homeless population;
- the sixth largest chronically homeless population;
- the sixth largest homeless veteran population; and
- the second largest unaccompanied homeless youth (under 25) population.

An end to homelessness means that every community will have a systemic response in place that ensures homelessness is prevented whenever possible or is otherwise a rare, brief, and non-recurring experience. Homelessness ends when everyone has a home.

To end homelessness, a community-wide coordinated approach to delivering services, housing, and programs is needed. In 2014, the Housing Department and its partners worked towards a comprehensive, regional response to homelessness. With Destination: Home serving as the coordinating partner, leaders from the City, County, Santa Clara County Housing Authority (Housing Authority), Santa Clara Valley Water District, service providers, philanthropic institutions, community groups, and business organizations, created the Community Plan to End

Homelessness in the County of Santa Clara, which was endorsed by the City Council in February 2015. The Community Plan to End Homelessness is a five-year, community-wide roadmap to ending homelessness. This plan contains three strategies:

- Develop innovative strategies and transform systems to house homeless persons.
- Build housing for homeless persons and those at risk of homelessness.
- Create client-centered strategies with different responses for different levels of need and different populations.

In alignment with the Community Plan to End Homelessness, this annual homeless report provides a comprehensive update on the Housing Department's prioritized programs to address the homeless crisis effectively, efficiently and collaboratively. It is important to note, this report only summarizes the City-funded homeless programs and does not entail the complimentary work the County is doing in these same priority program areas, unless otherwise noted. The report highlights progress on the Housing Department's three main strategies to addressing homelessness in San José:

1. *Housing Based Solutions:* Affordable housing opportunities either through rental subsidies, the development of permanent affordable housing, and/or supportive services to attain and maintain permanent housing.
2. *Interim Housing*: Temporary sheltering solutions with a bridge to permanent housing.
3. *Crisis Response Interventions:* Street-based services to homeless persons, such as outreach and engagement and case management, emergency shelter, mobile laundry and showers, and a Homeless Concerns Hotline.

This report will also provide a brief update on the City-wide encampment abatement program coordinated by the Housing Department.

Finally, this report highlights a new homeless funding opportunity for 2018 through the Homeless Emergency Aid Program (HEAP). In June 2018, Governor Jerry Brown signed Senate Bill 850 (SB850) establishing the HEAP, a $500 million one-time flexible block grant program. HEAP is designed to provide direct assistance to cities, counties and Continuums of Care to address the homeless crisis throughout California. It is structured to provide immediate, one-time, flexible funding. The City of San José's allocation is $11.4 million.

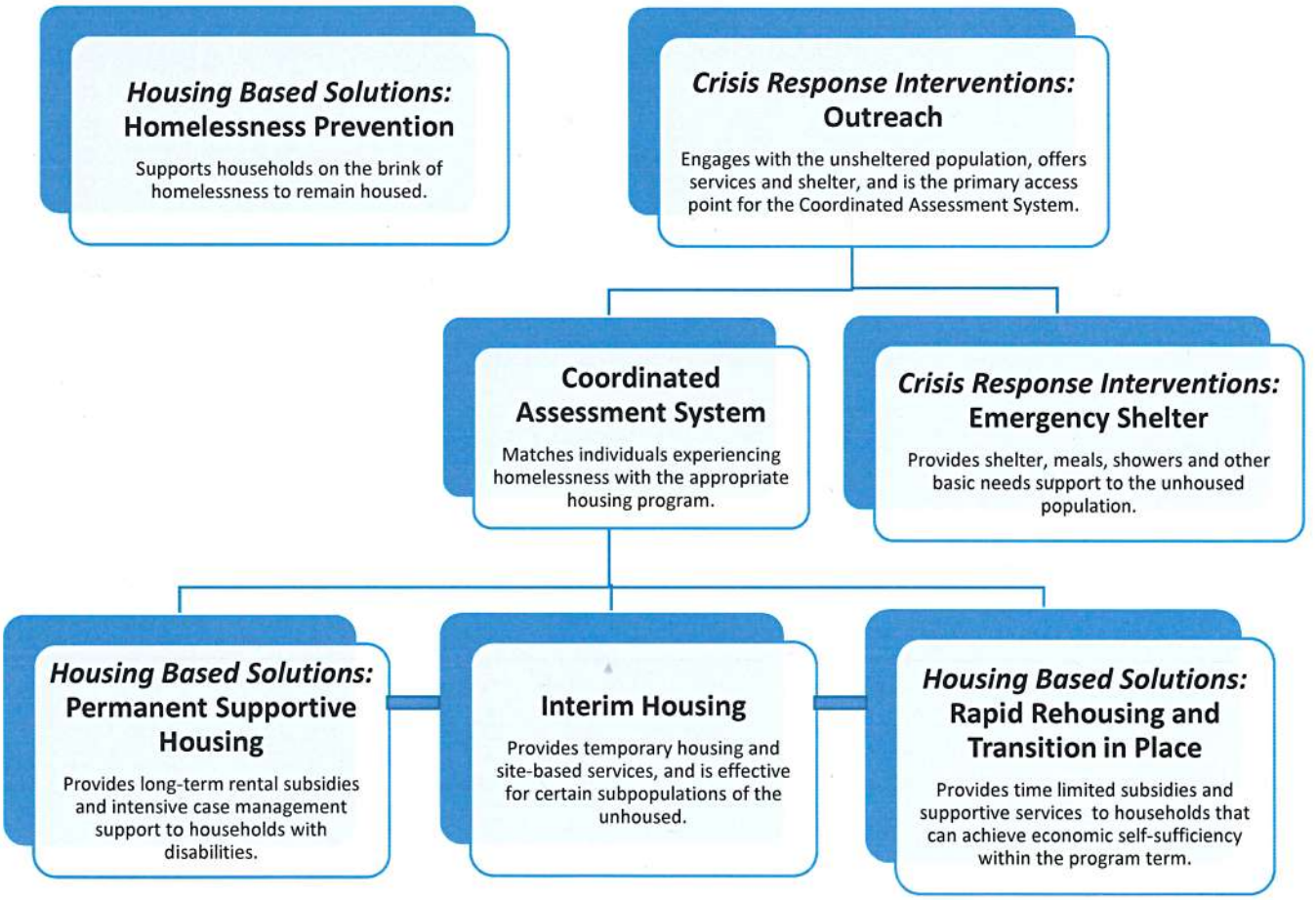
ANALYSIS

Permanent housing that is affordable is the solution to ending homelessness, which is the prioritized strategy in the Community Plan to End Homelessness. The Housing Department's system of care through the three main strategies provides a continuum of services to meet the needs of San José's homeless population.

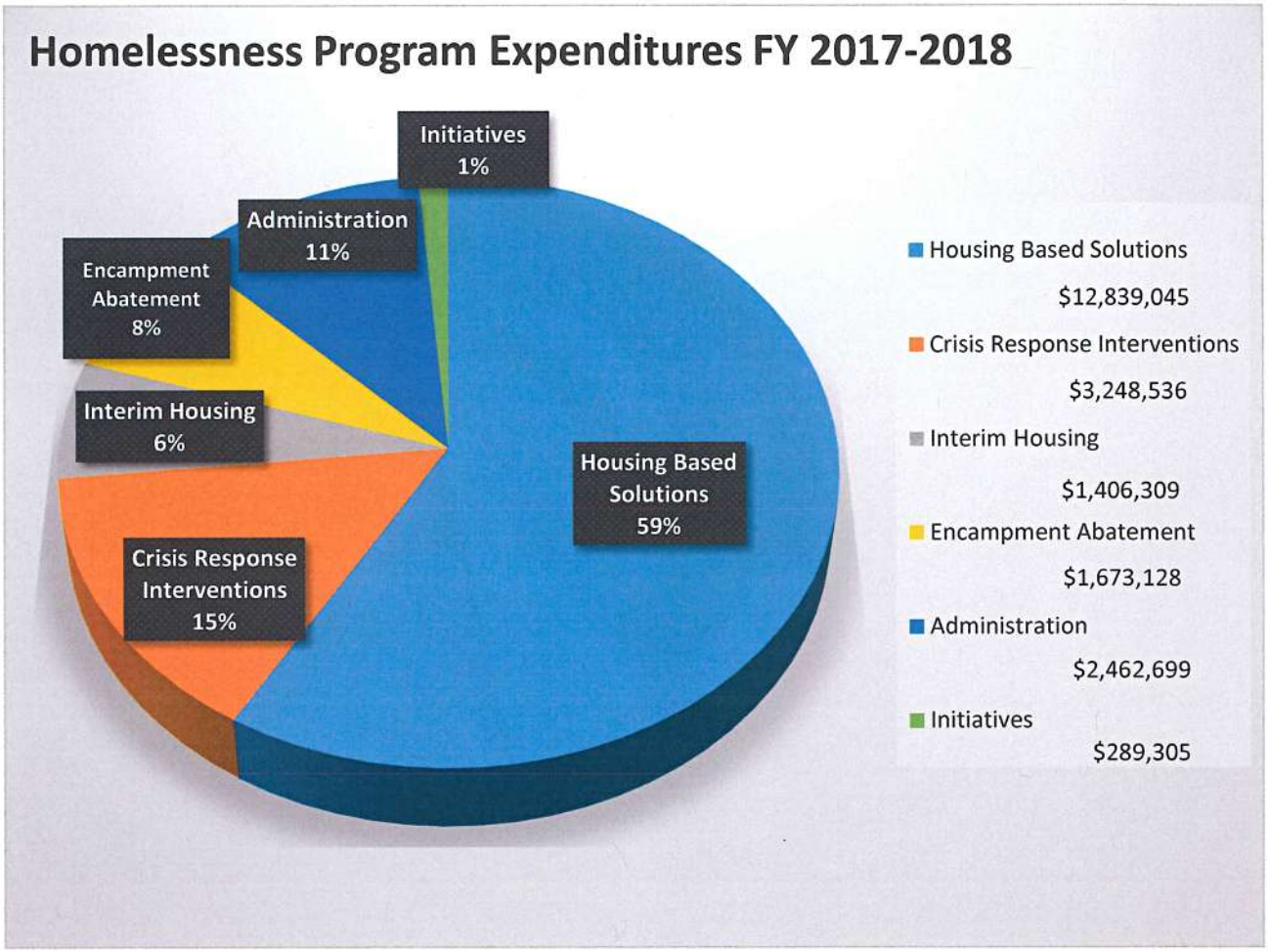
While there has been considerable progress in investing in new housing opportunities and support for homeless individuals and families in San José, meeting the immediate housing needs of homeless men, women, and children remains a challenge. The 2017 Homeless Census found

that there were 4,350 homeless individuals in San José on a given night. Over 74% were unsheltered, which means that they were counted on the streets, in encampments, in vehicles, or other areas not meant for human habitation.

The diagram below illustrates the coordinated response implemented, with the support of the County of Santa Clara, to provide housing opportunities to homeless persons in San José.



The graph and chart below provide a summary of the FY 2017-2018 budget for the homeless programs in the Housing Department. This illustrates how funding was expended and how the Department prioritized programs.



Priority/Program	Expenditures
Housing Based Solutions Prevention, rental subsidies, supportive services, affordable housing developments (includes capital)	$12,839,045
Interim Housing Temporary housing to be served as a bridge to permanent housing for those connected to services, such as the Plaza Hotel	$1,406,309
Crisis Response Outreach and case management, emergency shelter, mobile hygiene, homeless concerns hotline	$3,248,536
Encampment Abatement	$1,673,128
Administration Salaries, benefits, non-personal	2,462,699
Initiatives Local community initiatives include the County-wide employment strategy, the Homeless Census and Survey, or administration of the Homeless Management Information System	$289,305
TOTAL	**$21,919,022**

Outlined below are the three categories that represent the range of programming administered by the Housing Department that address long-term housing and immediate needs for homeless persons in San José.

1. Housing Based Solutions

Housing based solutions provided financial support and supportive services to prevent households from becoming homeless (keeping households from entering the shelter system), as well as supportive services and/or rental subsidies for multiple homeless subpopulations. By moving people as quickly into permanent housing and supporting people in keeping their housing, homelessness in San José can be reduced. Below is a chart that provides a brief overview of the housing based solutions in operation in FY 2017-2018. There were 484 households that exited homelessness during the past year as a result of City-funded programs and 104 housing opportunities were created.

Service	Provider	Description	Housing created or households served
Homeless Prevention	Destination: Home	Financial assistance, such as rent payments and flexible funds, to keep households housed	71 households
Rental Subsidies	The Health Trust	Ongoing permanent supportive housing through the Housing for People with AIDS Program	73 households
	The Health Trust, PATH and Bill Wilson Center	Time-limited rental subsidies and supportive services for employed and/or employable homeless households	162 households
Supportive Services	County of Santa Clara	Intensive case management and support for chronically homeless persons in the Care Coordination Project, a county-wide permanent supportive housing program	178 households
Affordable Housing Developments	Abode Services	Permanent supportive housing development	17 beds
	Numerous Housing Providers (see page 7 for a complete list.)	Access to subsidized and affordable units in the City's housing portfolio for Rapid Rehousing Program participants through the Transition in Place Program	87 apartments

Homeless Prevention

The Community Plan to End Homelessness includes as a strategy preventing homelessness before it happens. The Housing Department partnered with Destination: Home, contributing $750,000 for a total of $4.2 million raised to launch a pilot Homeless Prevention Program. The goal of the Program was to implement a county-wide homelessness prevention system by providing financial assistance, and other needed services, to prevent families from being evicted, losing their homes, or becoming homeless. In its first year of operation in FY 2017-2018, the Homeless Prevention Program assisted 215 families (of which the Housing Department funds directly supported 71 households) from becoming homeless with 95.8% of families remaining stably housed while receiving financial assistance. Of the 96 households that had completed the program at the end of year one, the average length of time in the program was 69 days with an average of $3,027 provided in financial assistance.

Rental Subsidies

The provision of time-limited or ongoing rental subsidies, coupled with varying levels of supportive housing, is a national best practice and a proven solution to achieving housing stability and self-sufficiency for most homeless populations.

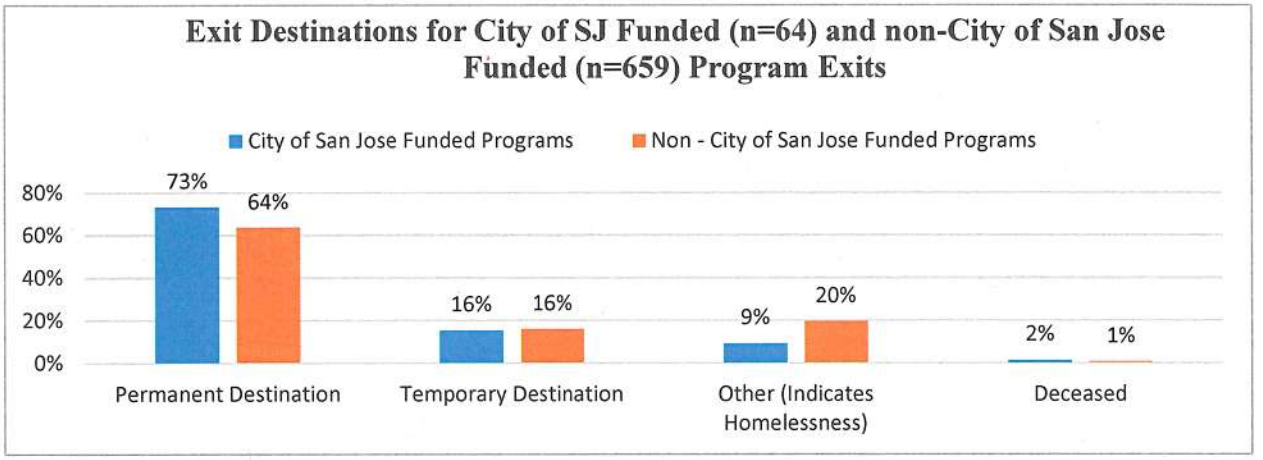
Rapid Rehousing programs quickly move homeless households into housing and provides financial assistance and services to help them stabilize, increase income, and eventually take over the cost of their rent. Rapid Rehousing is a critical strategy in the Community Plan to End Homelessness.

In FY 2017-2018, the Housing Department made changes to the Rapid Rehousing Program to be in alignment with the local Continuum of Care strategy, as well as national best practices. Continuums of Care are required by the federal government to implement a centralized or coordinated assessment system "with the goal of increasing the efficiency of local crisis response systems and improving fairness and ease of access to resources, including mainstream resources."

Prior to the program transition, six agencies supported the City's rapid rehousing efforts through the provision of case management services. Pre-transition, some of these agencies operated through memorandums of understanding with the City and received no funding for case management services rendered. By consolidating service providers, transitioning to contract based services, and allocating funds to selected agencies through a formal procurement process, the Housing Department strengthened its Rapid Rehousing Program. The FY 2017-2018 performance measures were based on a new subsidy structure and new participants enrolled in the program as referrals from coordinated assessment. The Housing Department did not anticipate all of the impacts on the outcomes from the program's transition, which included delays in successfully exiting current participants.

During FY 2017-2018, there were 162 participants enrolled in the City's Rapid Rehousing Program. While there were 200 available slots, The Health Trust, PATH and Bill Wilson Center

(along with their collaborative partners Family Supportive Housing and Next Door) focused on successfully exiting those participants who had been receiving supportive services and rental subsidies prior to the transition. Of the 64 participants who exited the Rapid Rehousing Program, 73% exited to a permanent housing destination. In addition to the City-funded program, there are 23 rapid rehousing programs within the local Continuum of Care. The chart below demonstrates how the City-funded Rapid Rehousing Program compares with the non-City-funded programs as far as exit destinations.



Finally, the Housing Department has a small on-going rental subsidy program that is administered by The Health Trust. In FY 2017-2018, The Health Trust served 73 unduplicated people in the program exceeding the 68 participant goal.

Supportive Services

The Care Coordination Project (CCP) is a community-wide effort centralizing the care of the County's most vulnerable and long-term homeless residents by bringing together all services and benefits that participants need to obtain and maintain housing, including drug and alcohol rehabilitation, mental health services, government benefits and housing resources. The City partnered with the County Office of Supportive Housing providing funding for salaries and related costs of nine intensive case managers and other supportive services. Each intensive case manager maintained active case loads of no more than 20 chronically homeless or newly housed participants, with a total capacity of 180 participants. At the end of the FY 2017-2018, 178 participants were enrolled in the program of which 153 were stably housed. The goal of 80% of housed participants would remain housed for at least 12 months was exceeded with an outcome of 93%.

Affordable Housing Developments

Transition in Place Program
Identifying suitable and affordable housing for homeless and formerly homeless participants in the City's Rapid Rehousing Programs is challenging. In response, the City developed a

Transition in Place (TIP) housing program that increases access to affordable apartments for extremely low-, very low-, and low-income households. The City utilizes a variety of strategies to create a dedicated pool of affordable apartments, including paying for rehabilitation costs on existing apartments, subsidizing the development costs of new construction, or incorporating the preference in deals as a consideration for renegotiation, re-syndication or refinancing.

Participants in the Rapid Rehousing Program benefitted from the existing portfolio of dedicated units. The City's designees referred eligible participants to available units. Those referred (based on unit turnover) came with a maximum of a 12-month rental subsidy, a case manager, employment history and some level of recent housing history. The goal of the TIP program was for those referred to become self-sufficient within a short period of time. The table below displays the program partners in FY 2017-2018.

Developer/ Owner	Property	Number of TIP Units
First Community Housing	Creekview Inn	10
Abode/Housing for Independent People	Scattered sites	31
Arbor Park Community	Arbor Park	7
Affirmed Housing Group	Fairways	9
Eden Housing	Eden Palms	8
Village at Willow Glen Housing Partners	Willow Glen Seniors	13
Total Housing Opportunities		**78**

The table below displays the Transition in Place Units that are under construction or in negotiations to acquire access to existing affordable units.

Developer/ Owner	Property	TIP Apartments	Timeframe
Charities Housing	Metropolitan South	9	2018
WNC & Associates	El Rancho Verde	21	N/A
Total Housing Opportunities		**30**	

Permanent Supportive Housing
Permanent supportive housing is a proven, cost effective solution to chronic homelessness. With nearly a third of the region's unsheltered population classified as chronically homeless, long-term support is critical to ensure the stability of this extremely vulnerable group. In FY 2017-2018, the Vermont House completed construction creating 16 affordable housing opportunities in a shared living environment for veterans.

The Housing Department prioritized developments that included supportive housing apartments in their projects. Given the priority to house homeless individuals, staff worked with developers to ensure the City-funded projects include supportive housing opportunities for vulnerable residents.

The table below summarizes the status, funding, and housing capacity of developments under construction or in predevelopment. It also includes developments that require no City commitment at this time because they are funded by other agencies, such as the County of Santa Clara or the Housing Authority.

Developer/ Owner	Property	PSH Apartments	City Funding	Timeframe
Santa Clara County Housing Authority	Laurel Grove Family	20	$0	2018
Second Street Studios	First Community Housing	134	$18,415,713	2018
Charities Housing	Renascent Place	160	$0	2019
PATH Ventures/Affirmed Housing Group	Villas on the Park	83	$8,760,000	2019
CORE/Santa Clara County Housing Authority	Park Avenue Seniors	20	$0	2019
First Community Housing	North San Pedro	109	$2,400,000	2020
First Community Housing	Leigh Avenue Seniors	63	$9,000,000	2020
Resources for Community Development	Quetzal Gardens	TBD	$9,984,212	TBD
Charities Housing	Page Street	TBD	TBD	TBD
	Total Housing Opportunities	**589**	$48,559,925	

2. Interim Housing

Interim Housing programs offer temporary housing options, while those connected to longer term housing opportunities through either individualized case management support or a rental subsidy coupon or voucher, were searching for permanent housing. Interim housing, a new strategy for the Housing Department, is intended to be a bridge to a permanent housing solution. One interim housing development, The Plaza, was completed in FY 2017-2018.

The Plaza
In FY 2017-2018, rehabilitation of The Plaza was completed and participants began occupying the units. In the first six months of operations and despite major sewer challenges, 27 of the 46 single room occupancy units were filled with Rapid Rehousing Program participants. The Housing Department coordinated with the operator, Abode Services, and the County to train their grantees to provide referrals for eligible county-wide Rapid Rehousing Program participants who were connected to a case manager, a subsidy, and were actively searching for permanent housing. As of mid-October 2018, 41 people reside at The Plaza so it is anticipated that the site will be fully occupied by mid-November. Importantly, nine individuals have already

exited The Plaza, of which eight successfully moved into permanent housing (one passed away while residing at The Plaza) demonstrating the model works.

3. Crisis Response Interventions

Nearly three quarters (3/4) of homeless persons in San José are unsheltered. As a result, the Housing Department funded, managed, and coordinated a variety of street-based crisis response programs, as well as a mechanism for constituents to report homeless concerns. Below is a chart providing a brief overview of City-funded or City-managed crisis response programs in operation in FY 2017-2018.

Service	Description	Grantee/Operator	Numbers
Outreach and case management	Street outreach, engagement, assessment and referral in downtown San José and in target areas, including City libraries	PATH	439 unduplicated individuals were engaged and/or assessed
	Street and encampment outreach, engagement, assessment and referral throughout San José, including the management of the Homeless Helpline	HomeFirst	612 unduplicated individuals were engaged and/or assessed; 2,701 calls to the Homeless Helpline
Emergency Shelter	Temporary shelter in City-owned facilities during inclement weather through the Overnight Warming Locations	HomeFirst	406 unduplicated individuals received shelter
	Temporary shelter in places of assembly through the Temporary and Incidental Shelter Program	N/A	13 faith-based organizations registered with the City to provide shelter
Mobile Hygiene	Mobile showers and laundry six days per week throughout San José	Project WeHope	956 unduplicated individuals served
Homeless Concerns Hotline	Coordinated response to community concerns regarding homeless persons and encampments	Housing Department	5,100 calls

Most of the Crisis Response programs managed by the Housing Department are unique to the City of San José. The Crisis Response programs exist to provide temporary housing and essential basic needs services for the unsheltered population in San José until the placement into affordable housing. The overall goal of the Crisis Response programs is to ensure engagement

and assessment, using the Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT), to connect people to the most appropriate housing opportunities. The City's Crisis Response programs have completed the most assessments and entered the results into the community-wide Homeless Management Information System, which is the database in which all referrals for housing originate. See Attachment A for more details on crisis response interventions.

Encampment Abatement

The removal of encampments requires significant coordination across a variety of agencies and City Departments to ensure that those living in encampments are offered appropriate assistance, that their possessions are properly managed, and that operations conducted are effective and efficient. The overall goal for the Housing Department as the lead on the Encampment Abatement Program is to connect individuals at encampment sites with assistance and resources. The City contracts with Tucker Construction to abate the sites and maintains a Memorandum of Agreement with the Santa Clara Valley Water District. In FY 2017-2018, 628 sites were abated throughout San José and 955 tons of debris were removed from those sites. Of the 628 abated sites, 499 were along waterways. Of the 955 tons of debris removed, 799 tons were along waterways.

New Funding Opportunity: Homeless Emergency Aid Program (HEAP)

In June, Governor Jerry Brown signed Senate Bill 850 (SB850), establishing the Homeless Emergency Aid Program (HEAP), a $500 million one-time flexible block grant program. The bill authors were Senators Jim Beall, Scott Wiener, Nancy Skinner and Assemblymember Phil Ting and also included advocacy by the Big 11 Mayors and the League of California Cities.

HEAP is designed to provide direct assistance to cities, counties and Continuums of Care to address the homeless crisis throughout California. It is structured to provide immediate, one-time, flexible funding and support until additional resources are available such as Building Homes and Jobs Act (Senate Bill 2), No Place Like Home and Veterans and Affordable Housing Bond Act of 2018 (Senate Bill 3). Applications to the HEAP program may only be submitted by the 11 large cities in the State and the 43 Continuums of Care in the State. The three categories for HEAP distribution are:

Category for Distribution	Funded Amount	Eligible Applicants
Continuum of Care *Based on Point in Time Count Ranges*	$250,000,000	Continuum of Care (CoC)
Continuum of Care *Based on Percentage of Homeless Population*	$100,000,000	Continuum of Care (CoC)
City/City that is Also County *Based on population*	$150,000,000	Large Cities with a population over 330,000

Local Allocation

San José's allocation is $11,389,987 and the allocation for Santa Clara County Continuum of Care (CoC) is $17,506,486. The HEAP statute requires a minimum investment of five percent of all awards be set aside for emergency assistance for homeless youth. The 11 large cities may receive a share of funding from their local CoC as well. Individuals, nonprofits, cities (not identified as one of the 11 large cities), and counties are not eligible to apply directly for HEAP funds. However, those interested in receiving HEAP funds can apply directly to their local CoC or City. See Attachment B for details on the large city and CoC allocations throughout the State.

Eligible Activities & Eligibility Criteria

The parameters of the program are intentionally broad. Cities and CoCs are encouraged to be creative and craft programs that meet the needs identified in their communities. The funds must be used to provide immediate emergency assistance to people experiencing homelessness or at imminent risk of homelessness. Eligible uses include:

- Services: Street outreach, health and safety education, criminal justice diversion, prevention services, navigation centers, operating support for short term or comprehensive homeless services.
- Rental assistance or subsidies: Housing vouchers, rapid re-housing programs, flexible housing subsidy funds, and eviction prevention strategies.
- Capital Improvements: Emergency shelter, navigation centers, transitional housing, drop-in centers, permanent supportive housing, small/tiny homes and improvements to current structures that serve homeless individuals and families.

Any funds not expended must be returned to the State. The State requires 50% of funds be contractually obligated by January 1, 2020 and 100% of funds by expended by June 2021. Additionally, a shelter declaration must be in place for each jurisdiction receiving HEAP funds at the time of the award. Finally, cities and CoCs must demonstrate a "local collaborative effort" has been conducted prior to application submission. A local collaborative process may include, but is not limited to, public meetings, an adopted homelessness plan, and/or letters of support.

Proposed Priority Areas

In partnership with the County, Housing Authority, and Destination: Home, four expenditure priority areas were developed. The proposed HEAP priority expenditure areas are:

- Housing Based Solutions:
    - Operating expenses for emergency and interim housing solutions
    - Capital expenses for emergency and interim housing solutions
    - Prevention and diversion from shelters
- Crisis Response Interventions:
    - Operating expenses for essential services
    - Capital expenses for essential services

Community Outreach

The Housing Department hosted three community outreach meetings targeting homeless and formerly homeless individuals, as well as various stakeholders including nonprofit service providers and homeless advocates, to educate on the new funding, eligibility, process, timeline and obtain feedback on the types of programs that should be funded. A total of over 70 individuals attended the meetings. The overwhelming feedback received was around interim housing options, including 1) motels for shelter, 2) implementing sanctioned encampments, and 3) safe parking programs. The community also voiced access to basic needs, including flexible funds and rest stops (showers, bathrooms, charging stations, food, clothes), as well as mental and physical health care services.

The Housing Department plans to host an additional community meeting to review the plan and receive additional feedback before taking the proposed expenditure plan to the City Council for approval on November 27, 2018.

Proposed Expenditure Plan

Priority	Proposed Programming	Estimated Costs
Housing Based Solutions		
	Operating for interim housing	$5,000,000
	Prevention	$5,300,000
Crisis Response Interventions		
	Operating for essential services	$500,000
	Capital for essential services	$500,000
	TOTAL	**$11,300,000**

Conclusion

Affordable housing is the solution to ending homelessness and the adopted Community Plan to End Homelessness is the prioritized strategy of the Housing Department and the San José City Council. The Housing Department's system of care through the three main homeless programs, 1) housing based solutions, 2) interim housing, and 3) crisis response interventions, provides a continuum of services to meet the needs of San José's homeless population.

While there has been considerable progress in investing in new housing opportunities and support for homeless individuals and families in San José, meeting the immediate housing needs of homeless men, women, and children remains a challenge. The new funding from the HEAP provides a valuable opportunity to address immediate needs of San José's homeless population.

EVALUATION AND FOLLOW-UP

This memorandum will be cross-referenced at City Council on November 27, 2018. The Housing Department will return to City Council with separate contracts for several of programs in the coming months as they apply to the Homeless Emergency Aid Program. The application for funding is due to the State at the end of December 2018.

PUBLIC OUTREACH

This item has been posted on the Neighborhood Services and Education Committee website for November 8, 2018.

COMMISSION RECOMMENDATION/INPUT

This item was presented to the Housing and Community Development Commission on October 11, 2018.

COST SUMMARY/IMPLICATIONS

This memorandum does not commit the City to any specific expenditures. As specific agreements become ready for funding commitments from the City, they will be brought forward to the City Council for approval and appropriation action on an individual basis.

COORDINATION

This item has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

CEQA

Not a Project, File No. PP10-069 (a), Staff Report.

/s/
JACKY MORALES-FERRAND
Director of Housing

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