



COUNCIL AGENDA: 12/11/18  
FILE: 18-1643  
ITEM: 2.15

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** November 19, 2018

Approved

*D. D. Syl*

Date

11/29/18

**SUBJECT: AWARD \$1,000,000 TO THE COUNTY OF SANTA CLARA TO PROVIDE RENTAL SUBSIDIES FOR THE VETERANS RAPID REHOUSING PROGRAM**

## RECOMMENDATION

1. Approve the award of \$1,000,000 in Housing Authority Litigation Award funding currently designated for the City's Housing for Homeless Veterans Housing Rehabilitation Pilot Program (a.k.a. Rebuilding for Heroes) to the County of Santa Clara for the Veterans Rapid Rehousing Program; and,
2. Adopt 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 Veterans' Rapid Rehousing Program.

## OUTCOME

The City Council's approval of the funding award will assist up to 111 homeless veterans to obtain permanent housing in San José.

## EXECUTIVE SUMMARY

As part of the "All the Way Home" campaign to end veterans' homelessness in San José and Santa Clara County, the City of San José, County of Santa Clara, and the Santa Clara County Housing Authority continue to search for ways to achieve this goal. The City of San José and County of Santa Clara identified the Veterans Rapid Rehousing Program as a valuable tool to house homeless veterans. The Housing Department recommends awarding \$1,000,000 from the Housing for Homeless Veterans Housing Rehabilitation Pilot Program fund to the County of Santa Clara to assist up to 111 homeless veterans to obtain housing in the private market.

**BACKGROUND**

On Veterans Day 2015, Mayor Liccardo and Supervisor Cortese launched the "All the Way Home" campaign to end veterans' homelessness in San José and Santa Clara County. The City of San José, County of Santa Clara, and Housing Authority of Santa Clara County have committed significant resources toward various effort to achieve this goal.

On December 2, 2015, the Rules and Open Government Committee approved a memorandum from Mayor Liccardo, Vice Mayor Herrera, and Councilmember Peralez directing the Housing Department to develop a housing rehabilitation program incentivizing landlords to participate in existing housing voucher or coupon programs. The program was established specifically to help homeless veterans access apartments in the private market. The item was referred to the City Council's Priority Setting Session. On December 15, 2015, the City Council approved the development of a Homeless Veterans Housing Rehabilitation Pilot Program.

On June 28, 2016, the City Council approved the Housing Department's establishment of a three-year, \$5,000,000 pilot program to fund housing rehabilitation assistance to property owners who will rent to homeless veterans of the U.S. armed forces who have housing vouchers, coupons or are receiving other forms of rental assistance. The sources of funding were Community Development Block Grant, Housing Trust Fund and Housing Authority Litigation Award. The marketing name of the program is Rebuilding for Heroes.

Since 2016, the Housing Department has conducted outreach to encourage landlords to apply to the Rebuilding for Heroes pilot program, and currently has multifamily and shared units in the pipeline for rehabilitation. The Department has also coordinated with the County of Santa Clara's Office of Supportive Housing and Destination: Home to connect eligible veterans with vouchers to these units. Below is a table detailing the number and status of the applications received under the Rebuilding for Heroes program:

Rebuilding for Heroes Application			
	Loans	Grants	Total
Received	4	4	8
Withdrawn	1	4	5
Declined	0	0	0
In Process (Pending Approval)	2	0	2
Approved	1	4	6
Total funding approved			\$815,000

As the Table indicates, one loan is currently approved and is in the process of scope development and contractor bidding. Two additional loan applications are in process pending approval. These three loans total \$600,000 and will eventually create housing for at least six homeless veterans.

On September 12, 2017, the City Council approved actions that enabled the City to accept one-time Housing Authority Litigation Award funds from the San Jose Housing Authority. That

approval defined eligible uses for the funds. These funds are the current source for the Homeless Veterans Housing Rehabilitation Pilot Program.

## **ANALYSIS**

San José's 2017 Homeless Census and Survey identified 468 homeless veterans, 59% of whom were living unsheltered. These statistics are similar to the City's 2015 Homeless Census and Survey, which identified 498 homeless veterans, 48% of whom were living unsheltered. The need to house homeless veterans in our community continues.

The Housing Department's goal is to ensure that homeless veterans have access to affordable housing opportunities in the near-term. Since the City's Rebuilding for Heroes program has not yet used all of its funding, the Department recommends moving funds to a rapid rehousing program to better utilize funding. In addition, rapid rehousing programs can house residents relatively quickly compared to rehabilitation programs.

The County provides funding for veterans' rapid rehousing to HomeFirst, a San José-based nonprofit providing short-term housing and services for the homeless. HomeFirst uses the County's funding for its Veterans Rapid Rehousing Program (VRRP), in which veterans are assessed as to their vulnerability, referred from the County's coordinated entry queue in order of vulnerability rating, and receive a housing voucher and assistance in locating an apartment. With a budget of \$1,000,000 over two years (\$500,000 each year), the VRRP has been a successful program since it started in 2016 with 35 veterans served, 26 veterans housed, 3 veterans transitioned in place, and only 2 veterans unenrolled. The VRRP has also been extremely effective in engaging veterans who did not think they qualified for Veterans Administration benefits, but were ultimately able to access those benefits. While the VRRP program has funding for the current fiscal year, it needs additional funding for future years given the remaining unmet needs of homeless veterans in the community.

Given the effectiveness of the HomeFirst's VRRP program in finding homes for homeless veterans, its need for ongoing program funding, and its existing program infrastructure, staff recommends redirecting \$1,000,000 in existing Rebuilding for Heroes funding to this program. The City's funds would pay for housing vouchers, while the County would use its funding for personnel and subcontracting costs to support the program.

This recommendation has several benefits. It would result in rapid deployment of the resources without the need to close rehabilitation financing and wait for apartments to become available. While improvement of the City's housing stock by providing incentives to house homeless veterans through the Rebuilding for Heroes is still a valid strategy, using some of the funds diversifies the City's approach. Funding the existing rapid rehousing program is also much faster than the City's holding a separate procurement and award for administration of its own veterans rapid rehousing voucher program, which would take several months. In addition, the target population, homeless veterans, is also consistent with the City Council's original approval of the Rebuilding for Heroes pilot program.

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County and City staff estimate that VRRP would be able to operate for an additional four years with the City's \$1,000,000. At its current rate of tenant placements and at current voucher payment amounts, the \$1,000,000 in City funding would house as many as 111 additional homeless veterans. The use of these funds for this rapid rehousing program also would reinforce the City's partnership with County and Destination: Home, and would support the agencies' shared goal of housing local homeless veterans as soon as possible.

The proposed funding source, Housing Authority Litigation Award funds, are eligible for this proposed use. Specifically, in the City Council's 2017 approval of a Cooperation Agreement for the establishment of this source, the following was identified as an eligible use: "Rental subsidy vouchers and administration of subsidy and related services for rapid rehousing program benefitting low income families and individuals experiencing homelessness."

### **EVALUATION AND FOLLOW-UP**

Staff will include this Veterans Rapid Rehousing Program to house homeless veterans in its periodic reports to City Council committees on the City's Homelessness Response Program.

### **PUBLIC OUTREACH**

This item will be posted to the City Council website for its December 11, 2018, meeting.

### **COMMISSION RECOMMENDATION/INPUT**

This specific request was not taken to the Housing and Community Development Commission. However, Housing Department staff presented the homeless programs update to the Housing and Community Development Commission on October 11, 2018. Staff identified the strategy of rapid rehousing as one of the City's funded homeless strategies. Feedback from the Commissioners included a statement that the City's giving incentives for homeless veterans housing was to be supported, and that a simple approach is recommended.

### **COORDINATION**

Preparation of this report was coordinated with the Office of the City Attorney and the City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

This recommendation is consistent with priorities and strategies identified in the City's *FY 2015-20 Consolidated Plan* and the *FY 2018-19 Annual Action Plan*. In addition, use of funds to house

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homeless veterans is aligned with the *Community Plan to End Homelessness*, endorsed by City Council in February 2015. The target population, homeless veterans, is also consistent with the City Council's original approval of the Rebuilding for Heroes pilot program.

### **COST SUMMARY/IMPLICATIONS**

This recommendation is to redirect \$1,000,000 in approved funding from the Housing Department's Homeless Veterans Housing Rehabilitation Pilot Program. Therefore, there is no new cost associated with this action.

The 2016 City Council approval for the Rebuilding for Heroes pilot program was to be funded with Community Development Block Grant and Housing Trust Fund funds. In the current budget, the program is funded with Housing Authority Litigation Award funds in Fund 448, the Multi-Source Housing Fund.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contract recommended as part of this memo.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2018-2019 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
448	202B	Rebuilding for Heroes	\$3,200,000	\$1,000,000	X-70	6/19/2018, Ord. No. 30124

### **CEQA**

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant impact to the environment.

/s/

JACKY MORALES-FERRAND  
Director, Housing Department

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