



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Ragan Henninger  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** March 20, 2020

Approved

Date

3/20/2020

**SUBJECT: AMENDMENT TO THE AGREEMENT WITH DESTINATION: HOME  
TO SUPPORT LOW INCOME HOUSEHOLDS IMPACTED BY COVID-  
19**

## **RECOMMENDATION**

- (a) Adopt a resolution authorizing the City Manager to negotiate and execute a second amendment to the Health Trust grant agreement previously transferred to Destination: Home SV in the amount of \$4,250,000, for the employment initiative and homelessness prevention system for homeless individuals and families through June 30, 2021 to provide housing assistance payments to low income households impacted by COVID-19, at a cost of \$2,000,000 and to provide an option to extend the agreement for one one-year term.
- (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) Establish the Destination: Home COVID-19 appropriation to the Housing Department in the amount of \$2,000,000.

## **OUTCOME**

The amendment to the agreement with Destination: Home provides additional funding to deliver emergency financial assistance to low income households impacted by COVID-19.

## **BACKGROUND**

On January 31, 2020, the first case of COVID-19 (novel coronavirus) was reported in Santa Clara County. The City Manager's Office of Emergency Management and Emergency

Operations Center leadership began preparing for impacts to City residents, employees, businesses, and community-based organizations.

On February 10, 2020, the County of Santa Clara declared a local emergency. This was followed by a statewide declaration by Governor Gavin Newsom on March 4, San José's declaration of local emergency on March 6 and a presidential emergency declaration on March 13, 2020. Additionally, on March 19, 2020, Governor Newsom issued a mandatory order limiting activity, travel, and business functions to only the most essential needs. Lastly, the Santa Clara County Superintendent of Schools ordered all schools, public and private, closed to students for three weeks beginning March 16, 2020.

The results of these actions mean many low income households are without work and childcare, which could cause an inability to pay rents and severe housing instability and economic uncertainty for many people. Emergency funding to increase the stability of families and individuals from going without basic necessities and/or losing their housing during this period is critically essential.

The current grant agreement between the City of San Jose and Destination: HOME funds the homelessness prevention system for low income individuals and families. The successful program has averted 1,338 households from experiencing homelessness, while ensuring that 95% of families have remained stably housed while receiving prevention services. Another highlight of the system is the response time that residents receive services, 64% of families receive financial aid support within 72 hours of their initial application. This is crucial as time is of the essence during this public health crisis. An amendment to the current contract is the most expedient way to provide emergency assistance to households impacted by COVID-19.

## **ANALYSIS**

The high cost of housing is extremely challenging for so many low-income households in San Jose, with so many households living paycheck to paycheck. This historic COVID-19 pandemic has shuttered small businesses, restaurants, leaving so many without an ability to pay rent, pay their bills, or afford food and medicine.

The San José metropolitan area is one of the costliest regions in the world. Despite our success as the Capital of Silicon Valley, many families and individuals can barely make ends meet. In Santa Clara County, approximately 9,706 people are without a home on any given night, 6,172 of them in San José. Many more are a single paycheck or medical emergency away from being unable to keep their housing. The COVID-19 coronavirus is already having devastating impacts on families and individuals without access to sick leave or quality health insurance.

With travel, conventions, and large events being postponed and cancelled to help contain pandemic, workers in hospitality and food and beverage industries have already seen reductions

in work hours and take-home pay. With the continued spread of the disease, it is becoming readily apparent that locally the economic impacts will be disproportionately felt by the poorest households. With schools closed over the next several weeks, restrictions on gatherings tightened even more significantly, and the “shelter-in-place” order in effect, the impacts for families living on the edge is already here. In San José, a large segment of these workers are already paying more than 50 percent of their wages towards rent and are either not able to stay home and/or work jobs that typically include high contact with the public. Any sustained period of unemployment could lead to dire consequences, further exacerbating a grim situation.

Destination: Home has quickly responded, already committing \$1 million in private funding to help the homelessness prevention system respond to an initial increase in families seeking assistance due to financial impacts related to the coronavirus. Destination: Home continues to fundraise from private philanthropy and other public sources. The successful program already provides temporary financial assistance (such as making a rent payment or paying a utility bill) for low-income families or individuals who are struggling to maintain their housing, this is the only comprehensive prevention system of its kind in the County, making it the natural choice to serve low income households during this COVID-19 crisis. The City of San José is already a significant funder for this program through its existing contract. However, more funds are needed to expand its reach to individuals and families negatively impacted by the coronavirus through loss of income, uncovered medical expenses, or other unforeseen financial emergencies.

Through providing additional funds to Destination: Home’s homelessness prevention system, San José will enable a rapid response to the disproportionate impacts that low-income households will face due to COVID-19 and the shelter-in-place order. These protocols are necessary to combat the virus, but it also creates another dilemma for households earning lower incomes. Due to the lack of protected sick leave and job flexibility, individuals are staying home and losing income as a result of the current public health crisis and may not be able to pay their bills. Similarly, many families will be constrained by the school closures and a lack the disposable income to pay for childcare while they go into work. Without childcare subsidies readily available, this is a financial impact that will have a detrimental ripple effect throughout the poorest communities.

This amendment to the grant agreement between the City of San José and Destination: Home will proactively address the forthcoming community demand of responding to an imminent risk of eviction or loss of housing, displacement, and other financial emergencies due to COVID-19. The homeless prevention system’s existing structure is ideal for expanding direct services to serve low income households during this acute pandemic. Communities directly impacted by COVID-19 will have multiple entry points to receive financial assistance, services, and other support. This partnership with Destination: Home is an established and recognized citywide. Communities are already relying on the program and ideally it would be a good practice to not disrupt this existing system. To create another system and process during this public health crisis is not efficient use of resources.

Destination: Home is rapidly working to ensure the proper protocols are in place to serve households impacted by COVID-19. The program will continue to serve low income households, but will require documented loss of income related to COVID-19, whether related income loss is for health, employment, or school/childcare closures. Eligible households will receive direct financial assistance, based on documented loss of income as a result of COVID-19 impacts. Assistance may be requested once per month for the duration of the public health emergency, as long as the household continues to experience an economic impact. Basic information and referral to area services will also be available for households.

Additionally, a single phone number and email address will be established specifically for this emergency COVID-19 program, guaranteeing a response within 48 hours. The application, eligibility, and fund disbursement process will be simple, and available online, by phone, or in-person upon arrangement. Households will need to submit basic documentation to verify eligibility, including ID, income verification, and documentation of the COVID-19 related loss of income.

## **CONCLUSION**

The COVID-19 coronavirus pandemic is seriously impacting San José's low-income families and individuals who can least afford a medical or financial crisis. The amendment to the Destination: Home agreement will provide critically needed financial assistance to some of San Jose's most vulnerable households. Additionally, the funding will be leveraged with other public and private sources to reach even more vulnerable households.

### *Conflict of Interest*

*Jacky Morales-Ferrand, Director of the Housing Department, serves as an uncompensated member of the board of directors for Destination: Home SV, a California non-profit corporation. She has not participated in the selection of Destination: Home for the additional funding and will not participate in the making of any amended contract or grant agreement.*

## **EVALUATION AND FOLLOW-UP**

The results of the emergency program will be reported to Council as appropriate during COVID-19 response updates and/or via information memo.

## **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 memorandum will be posted on the City's Council Agenda website for the March 24, 2020 Council Meeting.

## **COORDINATION**

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

## **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

## **COST SUMMARY/IMPLICATIONS**

The actions recommended in this memorandum will reallocate funds from the City Housing Authority Reserve to establish a \$2.0 million appropriation for Destination: Home to fund the amendment to the agreement. The amended agreement will provide emergency financial assistance funding to low income households impacted by COVID-19. Funds received from the Housing Authority Litigation Award was set aside in a City Housing Authority Reserve in the Multi-Source Housing Fund for uses as authorized under State Housing Authority law, including offering rental subsidies to low-income households.

## **BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the actions recommended as part of this memorandum.

Fund#	Appn#	Appn. Name	Total Appn.	Rec. Budget Action	2019-2020 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	8497	City Housing Authority Reserve	\$12,254,418	(\$2,000,000)	X-72	02/11/20 Ord. 30361
448	New	Destination: Home COVID-19	\$0	\$2,000,000	N/A	N/A

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Impacted by COVID-19**

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**CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (new or Amended) resulting in no physical changes to the environment.

/s/

RAGAN HENNINGER

Deputy Director, Housing Department

A handwritten signature in black ink, appearing to read "Jim Shannon". The signature is fluid and cursive, with the first name "Jim" and last name "Shannon" clearly distinguishable.

JIM SHANNON

Budget Director

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