



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ragan Henninger

SUBJECT: SEE BELOW

DATE: January 7, 2021

Approved

Date

1/7/21

**SUBJECT: PROPOSED EXPENDITURE PLAN FOR THE HOMELESS HOUSING
ASSISTANCE AND PREVENTION PROGRAM**

RECOMMENDATION

Adopt a resolution accepting the proposed expenditure plan for the Homeless Housing, Assistance, and Prevention Program (HHAP) - Round 2 that will allow the Director of Housing to apply to the State of California's (State) HHAP for a one-time award of approximately \$11,266,278.

OUTCOME

The City Council's approval will allow the administration to apply to the State HHAP – Round 2 for a one-time award of approximately \$11,266,278 and to use the awarded funds in accordance with the proposed expenditure plan.

BACKGROUND

California is facing a homeless problem of epic proportions. According to the State's Homeless Coordinating and Financing Council, there were 129,972 homeless people counted in California in 2018 of which 69% (nearly 90,000) were unsheltered. California continues to be first in the nation when it comes to the number of people experiencing homelessness, with 33 of every 10,000 people experiencing homelessness.

Locally, the City of San Jose's 2019 homeless census and survey counted 6,097 persons experiencing homelessness in San Jose, which was an increase of 40% from the 2017 homeless census. Of the 6,097 people counted, 5,117 were unsheltered. This means that 84% of San Jose's homeless population sleeps outdoors on the street, in parks, tents, encampments, vehicles, abandoned properties and/or bus and train stations.

Community Plan to End Homelessness

The Housing Department aligns funding with its homelessness strategic plan, called the Community Plan to End Homelessness. In August 2020, the City Council adopted a resolution endorsing the Community Plan to End Homelessness (Community Plan). The five-year Community Plan is a County-wide roadmap intended to guide government, private sector, nonprofit organizations, and other community members as they make decisions about funding, priorities, and needs. The framework for the new Community Plan includes three strategies:

1. Addressing the root causes of homelessness through system and policy change;
2. Increasing the capacity and effectiveness of housing programs; and
3. Improving quality of life for unsheltered individuals and creating healthy neighborhoods for all.

The plan's first two strategies focus on ending and preventing homelessness. The City is the lead agency for the planning and development of the third strategy, which focuses on meeting the needs of unsheltered people. To address this immediate crisis, investments must be made in basic health, safety and shelter services.

Pandemic Response

The unprecedented harm that COVID-19 poses to people experiencing homelessness in San José created a catalyst that demanded immediate actions at a large scale for our homeless neighbors. The COVID-19 pandemic served as the impetus to immediately begin implementing a variety of strategies within the Community Plan. To address the public health crisis and the homelessness crisis, the Administration pursued an emergency response through three EOC Branches—one focused on meeting homeless housing needs, supportive services, and deep coordination with the County EOC; a second branch focused on emergency interim housing solutions that not only advanced State and County objectives to expand non-congregate shelter options (Emergency Interim Housing), but also responded to Council direction seeking to address the intersecting crises and a third EOC branch focused on providing encampments trash service and large debris clean up.

Working collaboratively with the Santa Clara County Office of Supportive Housing, the Housing Department expanded temporary housing and shelter capacity in response to public health orders. To date, over 790 motel/hotel rooms are reserved across eight cities in the County (312 motel rooms are located in San José), over 385 temporary shelter beds were added across several sites including South Hall in downtown San José (Council District 3), Camden Community Center (Council District 9) and the County Fairgrounds (Council District 7), hours of operation were expanded at 10 shelters and safe parking sites, and bed capacity is being used at existing Bridge Housing Communities, Plaza Hotel and Casa de Novo. Additionally, the County established a centralized shelter hotline to provide medical assessments for vulnerable individuals for placement in hotels and for those seeking shelter in the temporary shelters and the existing shelters throughout the County. The City completed construction of Emergency Interim Housing at Monterey and Bernal (Council District 2) and the 78 bed site is fully occupied.

Additionally, the City has nearly completed construction of two other Emergency Interim Housing sites that will provide 228 beds and 40 beds at a Bridge Housing site that will collectively provide emergency shelter in response to COVID-19 and will be converted to interim housing once the pandemic is over. And finally, the City has acquired, through Project Homekey, a 76 unit hotel that has already been providing shelter for at-risk persons who need non-congregate shelter. This site will be converted to permanent housing.

Facilities Operated by the City of San José COVID Response

Facility	Existing/ New	Target Population	Council District	Beds
South Hall	New	Individuals	3	285
Camden Community Center (will close when Evans Lane opens)	New	Families	9	40
Emergency Interim Housing Site – Bernal Monterey	New	Individuals	2	80
Emergency Interim Housing Site – Evans Lane (opening in January)	New	Families	6	121
Emergency Interim Housing Site – Rue Ferrari (opening in January)	New	Individuals	2	118
Bridge Housing – Felipe (opening in January)	New	Individuals	7	40
HomeKey Motel	New	Individuals	3	76
Plaza Hotel	Existing	Individuals	3	20
Bridge Housing – Mabury	Existing	Individuals	3	10
Total beds				790

It is important to note that the Housing Department plans to continue operating the majority of these facilities after the pandemic and is adding over adding 400 long-term beds between the new Emergency Interim Housing sites and Project HomeKey motel. This is consistent with the Community Plan to End Homelessness goal to double the capacity of the shelter and interim housing system.

State Funding Opportunity

On June 29, 2020, Governor Gavin Newsom signed Assembly Bill 83 (Committee on Budget, Chapter 15, Statutes of 2020) into law, establishing a one-time source of funds called the Homeless Housing, Assistance and Prevention Program (HHAP) - Round 2, a \$300 million block grant program. This is the second year of HHAP funding provided to jurisdictions with flexibility to use funds to meet their emergency needs. In 2019, Governor Newsom signed Assembly Bill 101 (AB101) into law, establishing a \$650 million block grant program.

This memorandum provides the City Council with details on the HHAP – Round 2 proposed expenditure plan. The Housing Department seeks City Council’s approval of this expenditure plan for the new funding opportunity so that the administration can meet the application deadline of January 23, 2021.

ANALYSIS

This year, the HHAP -Round 2 is a \$300 million grant that provides support to local jurisdictions to continue to build on regional collaboration developed through previous rounds of State funding and to develop a unified regional response to homelessness.

Local Allocation & Eligible Uses

The City of San Jose’s allocation in this second round of funding is \$11,266,278. The County of Santa Clara’s allocation is \$4,842,296 and the allocation for the Santa Clara County Continuum of Care (CoC) is \$5,410,022. In total, this one-time funding opportunity provides over \$21 million in new dollars combined with Santa Clara County and the City for programs to address and prevent homelessness.

The State strongly encourages applicants to prioritize the use of HHAP funds to assist people who are currently experiencing homelessness so that they can move into safe, stable housing, with a focus on rehousing individuals currently living in Project Roomkey sites. HHAP funding should be housing-focused -- either funding permanent housing interventions directly or, if used for shelter or street outreach, have clear pathways to connect people to permanent housing options. The State priorities for funding are the following:

- Build a regional response to end homelessness;
- Housing focused programs that connect people to permanent housing destinations;
- Create lived experience boards and expand them and support them;
- Create new programs using racial equity lens; and
- Create new programs for groups not served before and enhance services to groups may not typically get a lot of support.

The HHAP eligible funding activities are:

<ul style="list-style-type: none">• Rental assistance/rapid rehousing• Operating subsidies (new/existing affordable housing, interim housing, shelters or navigation centers)• Street outreach to assist persons to access permanent housing and services• Service coordination, access to workforce, education and training	<ul style="list-style-type: none">• Systems support• Delivery of permanent housing and innovative solutions, such as hotel and motel conversions• Prevention and shelter diversion• New navigation centers and emergency shelters, with clients obtaining housing as the primary goal
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Funds not expended must be returned to the State. The State requires the City to contractually obligate no less than 50% of program allocations by May 31, 2023 and 100% of funds must be fully expended by June 30, 2026. The State is encouraging jurisdictions to expend the funds as quickly as possible. In addition, the City is required to use at least 8% of the program allocation for services that meet the specific needs for homeless youth populations. No more than 7% of the allocation may be used on administrative costs.

Community Outreach

Last year, Santa Clara County's Community Plan Steering Committee undertook an extensive community outreach process from May 2019 to January 2020 to obtain feedback and reflect on what is currently working or not working in the homeless system of care. This process reached over 8,000 community members and convened more than 20 opportunities to engage with subject matter experts, community members and people with a lived experience of homelessness. This feedback was incorporated in the new Community Plan. Since the City Manager's Office and the Housing Department were actively engaged in this outreach, the feedback is also being used to determine the priority programs for the HHAP expenditure plan.

Additionally, the Housing Department conducted two small focus group meetings to obtain feedback. One targeting homeless and formerly homeless individuals and homeless advocates and one targeting nonprofit service providers. Two reoccurring themes emerged that were considered when developing the proposed HHAP expenditure plan. One theme is the need for more diverse shelter options such as church shelters, motel vouchers or safe parking programs and the need for more shelters where people can take pets and personal belongings. The second theme identified is the need for more daytime service locations, with services such as case management and housing assessments, storage for personal belongings, laundry and basic hygiene.

Proposed Expenditure Plan

The Housing Department proposes the following expenditure plan for the City's HHAP allocation:

State Eligible Use/Category	Program	Target Population	Cost
Operating subsidy/ emergency shelter	Bill Wilson Center youth shelter Rapid rehousing	Youth 12-18 Youth and families	\$1,000,000
Operating subsidy/ interim housing	Plaza Hotel Emergency Interim Housing	Individuals	\$3,977,639
Operating subsidy/ emergency shelter	Motel voucher program for families and victims of domestic violence	Families with children	\$2,000,000

Prevention	Destination:Home homeless prevention system	Families with children	\$1,000,000
Systems Support	Shelter hotline	General	\$1,500,000
Construction	Emergency Interim Housing	Individuals	\$500,000
Street Outreach	Street Outreach/RV solutions	Individuals and families	\$500,000
Administration	Program and grant management by City		\$788,639
Total			\$11,266,278

Bill Wilson Youth Shelter & Rapid Rehousing

Bill Wilson Center provides services to more than 4,950 children, youth, young adults and families in Santa Clara County through various programs. HHAP will fund two programs, the emergency shelter for minors and the rapid rehousing program for youth and families. Bill Wilson Center's Safety Net Shelter provides short-term shelter for homeless and runaway youth ages 12-18. Through intensive individual, group and family counseling the shelter's program strives to reunite families whenever possible, prevent future problems and stabilize the lives of young people to keep them safe. The shelter operates 24/7 with onsite staff providing a range of services. The Rapid Re-housing program helps individuals and families avoid homelessness and helps those experiencing homelessness to be quickly re-housed and stabilized using the Housing First approach. Additionally, Bill Wilson Center has a partnership with Airbnb to provide temporary housing to youth experiencing homelessness and housing insecurity. The HHAP funds are for two years of shelter operations and one year of rapid rehousing.

Interim Housing Operations & Construction

The HHAP funds will provide a much needed source of operating funding for the City's growing interim housing sites. The City has completed construction of the first Emergency Interim Housing site at Monterey and Bernal (78 beds). And nearly completed construction of two more Emergency Interim Housing sites (239 beds) that will add immediate capacity to serve populations at higher risk of severe illness if they contract COVID-19, and which will add permanent interim housing capacity once the pandemic has receded. These three sites, located in Council Districts 2 and 6, will add 317 beds to the overall system. The first site at Monterey and Bernal is open, and it is anticipated that the two additional sites will open in January.

The Plaza Hotel program is currently in operation and provides interim housing for individuals who are searching for permanent housing. By providing stability and a safe temporary home, program participants can reach individual goals and focus on ending their homelessness by securing permanent housing. There are 47 single room occupancy units at Plaza (includes three ADA accessible units and one residential manager's unit). During the COVID response, there are 20 units set aside for COVID-19 vulnerable individuals (older adults with underlying health conditions). The Housing Department has received significant resources to respond to

COVID-19 needs that have different spending deadlines. In order to ensure that the Department can meet the required timelines, it is possible this funding may shift to support a bed at a Bridge Housing site – either the Maybury or Felipe site. These two sites are structured like the Plaza and provide both interim and COVID-19 beds.

It is also recommended to use \$500,000 towards the construction of future emergency interim housing. The Housing Department is working closely with the Mayor's Office on identification of a site and philanthropic contributions towards the construction. Using some HHAP funds towards the construction provides the City will benefit from the temporary relief under the Governor's Executive Order (N-32-20)¹ ensuring speedy project delivery. Any future site would be constructed under the City's BHC Ordinance authorized under Assembly Bill 2176.

Motel Voucher Program

The Motel Voucher Program was started with the 2018 HEAP State grant funds. In March 2019, Council approved an award of \$1,950,000 to LifeMoves to serve families and survivors of domestic violence. The program has been operating at capacity since it started. The Housing Department recommends using HHAP funds to continue the program for an additional year.

Prevention Program

The Homelessness Prevention System Program provides support for low-income households at risk of homelessness to remain stably housed. The Program provides financial assistance and support to households at risk of homelessness, which may include rental assistance, move-in costs or rental arrears, housing search, employment and benefits assistance, landlord mediation/ dispute resolution, and information regarding tenant rights. The goal of the Homelessness Prevention System Program is to expand households' ability to become quickly connected to prevention services with multiple points of entry, streamline and standardize service delivery, and measure the collective impact of homelessness prevention. The Housing Department has consistently allocated HEAP and HHAP funds to the Destination: Home prevention program. Requests for assistance in the prevention program have always exceeded the funds available, however, the COVID-19 pandemic only exacerbated the need. While recent federal legislation will provide approximately \$30M in much needed rental assistance, the HHAP funds are an important source of flexible funding for the program that will support other identified needs to keep our residents housed.

Shelter & Services Hotline

Last April, the County established a centralized hotline for referrals to motels and shelters. Since April, the hotline has responded to 10,964 calls. The hotline has provided a valuable service to homeless residents, rather than calling multiple locations seeking a shelter bed, an individual can now call a central number for all shelter bed availability. The City and County are proposing to continue this service beyond the COVID response, with additional improvements such as

¹ Governor's Executive Order N-32-20: <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.18.20-EO.pdf>

providing transportation to shelter. A centralized hotline will improve access to shelter and other services by providing one point of entry rather than having to call multiple entities. The hotline will be jointly funded by the County. The HHAP funds two years of hotline services.

Street Outreach & RV Solutions

A growing segment of homeless individuals and families are living in vehicles, including RV's. The 2019 homeless census showed that of the 5,117 unsheltered in San Jose, 17% were living in their car or RV. The City currently funds LifeMoves to operate two safe parking locations at City owned properties. RV's require tailored solutions because individuals and families who reside in their RV often do not consider themselves homeless, many having purchased their RV for full-time living. On August 11, 2020 the Council approved the Housing Department's expenditure plan for federal coronavirus Emergency Solutions Grant (ESG) funds. The ESG plan included funds to partner with the BeautifySJ on RV mobile sanitation services, and trash services. The HHAP funds will supplement that program to provide targeted outreach and services to people living in RV's. The program may include flexible funds to assist with items such as RV repairs and vehicle registration. The HHAP – Round 2 funds one year of services.

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.

CONCLUSION

The City and State continue to face a growing homeless crisis. While the City and local region have made significant strides in recent years, stably housing over 12,000 people since 2015, the problem worsens each year. For every one person housed, three more enter the local homeless system seeking assistance for the first time. The City, County and Destination: Home are collaboratively implementing a new five-year plan to address homelessness, with a new focus on emergency and crisis intervention services and root causes. New, one-time funding from the State offers an opportunity to align funding with the new Community Plan.

EVALUATION AND FOLLOW-UP

As a condition of receiving the State grant funds, the City is required to provide annual reports to the State regarding types of services, expenditures, and demographics of those served, until all funds have been expended or by June 30, 2026.

CLIMATE SMART SAN JOSE

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

PUBLIC OUTREACH

This item has been posted on the City's website for approval by the City Council on January 12, 2021. The Housing Department also conducted two small focus groups targeting homeless and formerly homeless individuals and homeless advocates as well as nonprofit service providers to obtain feedback.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

The timing of the State release of funding guidelines and application deadline did not allow time for input from the Housing and Community Development Commission.

COST IMPLICATION SUMMARY

All costs described in this memorandum will be funded by a \$11,266,278 Homeless Housing, Assistance and Prevention Program block grant from the State of California to enable local governments to respond to homelessness. By June 30, 2026, 100% of HHAP funds must be fully expended. After HHAP funds have been received, staff will bring forward recommended budget adjustments to recognize and appropriate the funds through a future budget process.

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 physical impact on the environment.

/s/

RAGAN HENNINGER

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