



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jacky Morales-Ferrand  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** June 18, 2021

Approved

Date

06/18/21

**SUBJECT: INCREASE FUNDING TO THE EXISTING HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) AGREEMENT WITH SACRED HEART COMMUNITY SERVICES TO CONTINUE ADMINISTERING THE COVID-19 RELATED TENANT BASED RENTAL ASSISTANCE PROGRAM**

## RECOMMENDATION

- (a) Adopt a Resolution authorizing the Director of Housing to negotiate and execute an amendment to an existing grant agreement with Sacred Heart Community Service to increase the HOME funded COVID-19 related Tenant Based Rental Assistance (TBRA) program grant amount by \$3,000,000 for a total contract amount not to exceed \$7,250,000 with the term of the agreement to remain through September 30, 2021.
- (b) Adopt the following Fiscal Year 2020-2021 Appropriation Ordinance Amendments in the Home Investment Partnership Program Fund:
  - (1) Decrease the Unrestricted Ending Fund Balance by \$747,765; and,
  - (2) Increase the Tenant Based Rental Assistance appropriation to the Housing Department by \$747,765.

## OUTCOME

Approval of this action will allow Sacred Heart Community Services to continue providing rental assistance and related services to households impacted by the Coronavirus.

## **BACKGROUND**

On June 11, 2019, the City Council approved the [Fiscal Year 2019-20 Annual Action Plan](#) which details the spending strategy for the City's annual appropriation of federal entitlement funding, including Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With Aids (HOPWA) Funds. At that time, the City Council approved the Housing Department's recommendations to extend HOME TBRA program funding in the amount of \$2,252,235 to the existing program administrator, The Health Trust.

On June 30, 2020, the City Council approved staff [recommendations](#) to redirect \$6.5 million in HOME funding to fund a TBRA program for low-income renters impacted by COVID-19 and the economic effects of the State-wide shelter-in-place orders. This new program coincided with a memorandum issued by the U.S. Department of Housing and Urban Development (HUD), on April 10, 2020, providing regulatory waivers on several HOME requirements. The memorandum provides guidance and the necessary statutory suspensions and regulatory waivers to enable HOME participating jurisdictions affected by the COVID-19 pandemic to use HOME funds to address immediate housing needs and to help prevent spread of the virus. The current HOME waiver has been extended through September 30, 2021.

### **COVID-19 TBRA Program**

On June 30, 2020, the City Council also approved recommendations to award funding to five different agencies to implement a range of TBRA services and subsidy distribution, including:

- Sacred Heart Community Services - \$2,650,000
- Catholic Charities of Santa Clara County - \$2,400,000
- Bill Wilson Center - \$1,000,000
- Next Door Solutions to Domestic Violence - \$346,485
- The YWCA - \$121,161

The City also worked with the Health Trust to redirect the \$1.8 million in HOME TBRA program resources to assist with the COVID-19 rental relief efforts.

From June 2020, when the program was approved by the City Council, through March 2021, these agencies have assisted 571 households. While the majority of funding has been used to support direct rent and utility payments, these programs have also provided emergency motel vouchers, housing search assistance, as well as landlord/tenant coordination. The HOME funded TBRA program has also been coordinated with other City and County rental assistance efforts to minimize duplication of services.

While this program serves low-income renters earning up to 80% of the Area Median Income (\$106,000 for family of four), 89% of the households served by the five agencies were extremely low-income, earning 30% or less that the Area Median Income (30% is \$49,700 for a family of

**Subject: Increase Funding to the Existing Home Investment Partnerships Program (HOME) Agreement with Sacred Heart Community Services to Continue Administering the COVID-19 Related Tenant Based Rental Assistance Program**

four). Additionally, 394 of the 561 were households with children. The table below provides demographic information including race and ethnicity data as well as the number of households with children served in this program from June 2020 to March 2021.

<b>Race and Ethnicity</b>	<b>HH</b>
White	138
Black or African American	85
Asian	65
American Indian or Alaska Native	7
Native Hawaiian or Other Pacific Islander	6
American Indian or Alaska Native and White	2
Asian and White	1
Black or African American and White	3
American Indian or Alaska Native and Black or African American	1
Other	253
<b>TOTAL</b>	<b>561<sup>1</sup></b>
Hispanic	284
Non-Hispanic	277
<b>Household Data</b>	<b>HH</b>
Households with Children	394
Number of Children	788

**Program Funding**

Between the four entitlement programs, CDBG, HOME, ESG, and HOPWA, the City receives just over \$14 million annually in federal entitlement grants. HOME is the primary source of funding for TBRA agreements, of which the City receives approximately \$3.3 million per year. For FY 2019-20, total funding provided for the TBRA agreements through the 2019 Annual Action Plan totaled \$8.3 million. Subsequent amendments to the Annual Action Plan provided an additional \$3.2 million, split between Sacred Heart and Catholic Charities, and increasing the total allocated for the existing TBRA agreements to \$11.5 million. The recommendations in this memo would provide an additional \$3.0 million to the Sacred Heart agreement, increasing the total allocation to \$14.5 million.

With diminishing program funds and the original HOME Waiver set to expire in December 2020, the agencies began to transition out of the program by late 2020. Some agencies stopped accepting new applications and referring their clients to other resources. Additionally, as many of these agencies are supporting the county-wide rental assistance programs through Destination

---

<sup>1</sup> One of the five agencies is currently segregating the data for 10 participants combined with other programs

HONORABLE MAYOR AND CITY COUNCIL

June 18, 2021

**Subject: Increase Funding to the Existing Home Investment Partnerships Program (HOME) Agreement with Sacred Heart Community Services to Continue Administering the COVID-19 Related Tenant Based Rental Assistance Program**

Page 4

Home, their capacity to administer the HOME TBRA program as well as ramp-up for the large county-wide Program was challenging for some agencies. In January 2021, HUD approved the City's request to extend the HOME Waiver to September 2021. Subsequently, City staff met with each agency to assess their client caseload, agency capacity, and options to extend the program and increase HOME funding.

On March 23, 2021, City Council approved substantial [amendments](#) to the FY 2019-20 and FY 2020-21 Annual Action Plans, which included funding adjustments on the TBRA allocations. These adjustments included:

*The Health Trust* - While the agency did shift program services to focus on COVID-19 related TBRA, FY 2020-21 was the final year for The Health Trust to administer HOME TBRA and the City Rapid Rehousing Program. New program administrators have been selected through a competitive RFP. This agreement has been closed out and the remaining balances will be liquidated. Any remaining clients are being referred to other agencies.

*Sacred Heart* - The allocation remained unchanged at \$4,250,000. The agreement was extended to September 30, 2021 to coincide with the HOME waiver.

*Catholic Charities* - The agency chose to wind down their HOME TBRA program. This agreement has been closed out and the remaining balances will be liquidated. Any remaining clients are being referred to other agencies.

*Bill Wilson Center* - An additional \$512,000 was allocated to Bill Wilson Center in the last City Council approved Annual Action Plan substantial amendment to support the needs of families during COVID-19 through September 30, 2021 to coincide with the HOME Waiver.

*Next Door Solutions* – The agency received an increase in funding through the last City Council approved Annual Action Plan substantial amendment to bring their HOME program budget to \$891,742. This program was also extended to September 30, 2021.

*YWCA* – The agency received a small increase in funding through the last City Council approved Annual Action Plan substantial amendment to bring their HOME program budget to \$131,161. This program was also extended to September 30, 2021.

Midway through the term of the COVID-19 HOME TBRA agreement with Sacred Heart, the agency notified City staff that their current budget was insufficient to last through September 30, 2021 based on revised projections. With their ongoing community outreach and education efforts and receiving referrals from other agencies whose programs had been discontinued, Sacred Heart had significantly increased the number of households assisted. The agency had originally planned and budgeted to provide rental assistance to 171 households. Through March 2021, Sacred Heart had assisted over 270 households with rent and utilities. Additionally, Sacred Heart discovered that a large number of households were several months in arrears.

June 18, 2021

**Subject: Increase Funding to the Existing Home Investment Partnerships Program (HOME) Agreement with Sacred Heart Community Services to Continue Administering the COVID-19 Related Tenant Based Rental Assistance Program**

Page 5

**ANALYSIS**

The Housing Department is recommending that the City Council approve the funding increase of \$3,000,000 to Sacred Heart for a total of \$7,250,000. The term of the agreement will remain through September 30, 2021 to coincide with the HOME Waiver. This increase will be funded from the FY 2021-22 HOME allocation as well as previous years allocation of HOME TBRA funding.

<b>Program Year</b>	<b>Amount</b>
FY 2020-21	\$747,765
FY 2021-22	\$2,252,235
<b>Total</b>	<b>\$3,000,000</b>

This funding change will not require an amendment to any of the previous or current federal Annual Action Plans. After closing out and liquidating TBRA agreements from previous years, staff was able to free up over \$800,000 in unexpended HOME funds. Combined with the 2021-22 TBRA allocation, there is adequate funding under the approved TBRA activity to cover this increase. Within the City's budget appropriations, \$747,765 will be moved from the Unrestricted Ending Fund Balance appropriation to the TBRA Appropriation.

If approved, Housing Department staff will work with the agency to amend the existing agreement. Consistent with the original agreement, over 90% of the funding will go towards direct rent and utility payments.

**PUBLIC OUTREACH**

This item will be posted on the City's website for approval by the City Council on June 29, 2021.

**CONCLUSION**

Approval of these recommendations will allow Sacred Heart to continue providing rental and utility assistance to the up to 271 low-income renters through September 30, 2021. The City and County will continue to prepare for the end of the eviction moratorium and ramp-up the rental assistance efforts through State Emergency Rental Assistance Program funding.

**EVALUATION AND FOLLOW-UP**

At the end of each Action Plan period, the City is required to submit its Consolidated Annual Plan Evaluation Report (CAPER) which summarizes the City's progress in meeting its goals as

HONORABLE MAYOR AND CITY COUNCIL

June 18, 2021

**Subject: Increase Funding to the Existing Home Investment Partnerships Program (HOME) Agreement with Sacred Heart Community Services to Continue Administering the COVID-19 Related Tenant Based Rental Assistance Program**

Page 6

indicated in the prior year Annual Action Plan. The Housing Department will present the FY 2021-2022 CAPER in fall 2022, including results of the HOME funds.

### **CLIMATE SMART SAN JOSÉ**

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

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's *2015-2020 and 2020-2025 Consolidated Plan* adopted by the City Council and with the City's Adopted *Housing Element 2014-2023*, in that the action provides services to very low-income households. It also furthers the advancement of the *Community Plan to End Homelessness* approved by the City Council in February 2020.

### **COST SUMMARY/IMPLICATIONS**

This action enables the City to increase an existing COVID-19 HOME TBRA services agreement with Sacred Heart by \$3,000,000, from \$4,250,000 to \$7,250,000. Of the \$3.0 million, \$747,765 will be expended in 2020-2021, which will be funded, as recommended in this memorandum, by decreasing Unrestricted Ending Fund Balance in the HOME Investment Partnership Program Fund by \$747,765. The remaining \$2,252,235 will be expended in 2021-2022 and is currently programmed in the HOME Investment Partnership Program Fund as part of the 2021-2022 Operating Budget. There is no impact on the General Fund as a result of this action.

### **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	2020-2021 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
445	8999	Unrestricted Ending Fund Balance	\$840,636	(\$747,765)	X-53	2/9/2021, Ord. 30531

HONORABLE MAYOR AND CITY COUNCIL

June 18, 2021

**Subject: Increase Funding to the Existing Home Investment Partnerships Program (HOME) Agreement with Sacred Heart Community Services to Continue Administering the COVID-19 Related Tenant Based Rental Assistance Program**

Page 7

445	3744	Tenant Based Rental Assistance	\$3,199,500	\$747,765	X-53	08/11/2020, Ord. 30457
-----	------	-----------------------------------	-------------	-----------	------	---------------------------

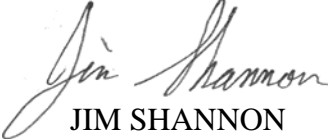
**COORDINATION**

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

**CEQA**

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

/s/  
JACKY MORALES FERRAND  
Director of Housing

  
JIM SHANNON  
Budget Director

For questions, please contact Ragan Henninger, Deputy Director, at [ragan.henninger@sanjoseca.gov](mailto:ragan.henninger@sanjoseca.gov).