

Agenda Report

August 15, 2016

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: APPROVAL OF SUBMISSION OF THE 2016 CONTINUUM OF CARE HOMELESS ASSISTANCE APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b)(3), the "General Rule" that CEQA only applies to projects that may have an effect on the environment;
- 2) Authorize the filing with the U. S. Department of Housing and Urban Development (HUD), the 2016 Continuum of Care (CoC) Homeless Assistance Application for a funding request in the amount of \$3,330,756 for sixteen projects; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the 2016 CoC Homeless Assistance Application and all other related documents, agreements and amendments.

BACKGROUND:

On June 28, 2016, HUD released its annual Notice of Funding Availability (NOFA) for CoC Homeless Assistance. The purpose of this NOFA is to fund programs which end homelessness by assisting homeless individuals and families to move to self-sufficiency and permanent housing. The NOFA makes available renewal and limited new funding for CoC programs. The deadline for the City to submit an application in response to the NOFA is September 14, 2016. Nationwide, approximately \$1.9 billion is available in competitive grant funding for new and renewal grants under this NOFA.

HUD Continuum of Care Strategy

HUD CoC funding is awarded to local CoC entities on an annual competitive basis rather than on an entitlement, formula basis (e.g., Community Development Block Grant and HOME program funds). The CoC is the designated entity in a defined local geographic area that plans for and administers programs to prevent and end homelessness, and submits an annual application to HUD for new and renewal funding. The City is the Collaborative Applicant/Lead Agency for the Pasadena CoC, which also consists of community stakeholders, including homeless services providers; the faith community; medical and mental health providers; and law enforcement. The Pasadena CoC is governed by a CoC Board, which approves policies and procedures, sets performance standards, and reviews and recommends new and renewal funding applications prior to them being submitted to City Council for approval.

The purpose of the CoC assistance programs is to reduce homelessness by assisting homeless individuals and families to move to permanent housing. CoCs that are successful in lowering the number of homeless persons in their communities, increasing the income of those who become homeless, and moving homeless persons quickly into housing will be scored higher in the national competition. Higher scoring CoCs are more likely to be approved for funding for any new project requests.

HUD prioritizes funding to programs that national data and research have shown are most effective, both in cost and outcomes, in ending homelessness. The most recent data shows that programs that move homeless persons to permanent housing as quickly as possible are the most effective interventions. Therefore, HUD is prioritizing CoC funding to permanent housing programs over short-term programs that provide time-limited housing for homeless persons, or supportive services programs that provide services to homeless persons without a housing component. CoCs are encouraged to review their inventory of programs and, if appropriate to the community's needs, reallocate funding from supportive service programs to programs that provide permanent housing. The City has adopted this guidance, and currently allocates CoC funds only to permanent housing programs and the HUD-required Homeless Management Information System and Coordinated Entry System.

The following table represents new and renewal funding received by the Pasadena CoC over the last five years:

Funding Year	HUD CoC Award
2011	\$2,995,159
2012	\$2,977,736
2013	\$2,958,659
2014	\$2,876,396
2015	\$3,112,997

The City's CoC Homeless Assistance Application to HUD for Funding Year 2016 consists of an overview of the Pasadena CoC's past year performance results and planning activities, and a funding request in the total amount of \$3,330,756 for sixteen renewal and new projects as discussed below and summarized in Attachment "A".

Renewal Project Funding

HUD's CoC NOFA process allows jurisdictions to submit renewal applications for currently funded projects that are ongoing and are performing well, as verified by annual performance outcomes. Renewal projects are existing projects for which HUD funding will expire during the 2017 calendar year. The Pasadena CoC has fourteen projects which are eligible for renewal funding in the total amount of \$3,084,033. Project sponsors of eligible projects were notified of their ability to apply for renewal funding, and all eligible project sponsors submitted Letters of Intent to renew funding in May, 2016. These Letters of Intent were reviewed by the CoC Board, and it was determined that all renewal projects were high performing and will be included in the CoC application to HUD. If awarded CoC funds by HUD, the City will enter into sub-recipient agreements with the sponsor agencies of the renewal projects.

The City is the sponsor agency for six of the fourteen renewal projects. For one of the City-sponsored projects, the Homeless Management Information System (HMIS), HUD requires a 25% match of sponsor funds in the amount of \$35,095. Additionally, HUD requires a match on administrative funds. For each renewal grant, seven percent (7%) of the total is available for administration. The City is responsible for meeting the 25% match of the administrative funds for grants for which the City acts as sponsor agency. For those grants where the City is not the sponsor agency, the administrative funds are shared equally between the City and the sub-recipient agency. For the portion of the administrative funds utilized by the City, the City is required to provide an administrative funding match in the amount of \$22,661. As in previous program years, the City will satisfy the two match requirements (25% match and administrative match) using General Funds which are currently appropriated in the Housing and Career Services Department ("Department") FY 2017 operating budget.

New Project Funding

The CoC application will include two new projects with a total funding amount of \$246,723. The first new project will be a City application to fund CoC planning activities, for the maximum amount of \$92,521. If awarded, these funds would be available for costs associated with planning and monitoring new and existing CoC projects. For this project HUD also requires a 25% match of sponsor agency funds in the amount of \$23,130. A General Funds match in the amount of \$21,250 is currently appropriated in the Department FY 2017 operating budget. Should it be necessary, staff will request the balance of the required match, \$1,880, through an amendment to the Department FY 2017 operating budget.

The second new project application is for Permanent Supportive Housing Bonus funding. In the 2016 NOFA, CoCs are eligible to apply for up to 5% of their annual renewal amount for a project to provide permanent housing and services to chronically homeless persons. The Permanent Supportive Housing Bonus amount for the Pasadena CoC is \$154,202. The City will apply for these funds for tenant-based rental assistance for ten chronically homeless individuals, and if awarded, select a project sponsor to provide supportive services to the clients through an RFP process. This project also requires a 25% match of sponsor funds in the amount of \$38,551. As proposed, this match would consist of General Funds, and an amendment to the Department's FY 2017 operating budget to appropriate funds for the match would be brought to City Council for approval. However, all or a portion of the required match could be passed on to the project sponsor, thereby potentially lessening the need for the City to provide matching funds.

COUNCIL POLICY CONSIDERATION:

Approval of the subject recommendation has the potential to provide housing and supportive services for over 770 homeless individuals/families. The proposed projects are in accordance with the Pasadena Continuum of Care system, General Plan Housing Element, Five-Year Consolidated Plan, and Five-Year Public Housing Authority Plan.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The submittal of an application to HUD for CoC grant funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

FISCAL IMPACT:

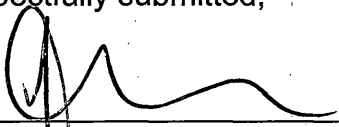
Approval of the recommended action, submittal of the CoC grant application to HUD, has no fiscal impact. However, the City has the potential to gain over \$3.3 million in grant funding for existing homeless services programs and new projects should HUD award the full amount requested in the application; this would represent an increase of \$217,759 compared to the CoC amount awarded to the City in Funding Year 2015. CoC funds awarded by HUD will be recognized as new revenue and the Department's FY 2017 operating budget will be brought to City Council to be amended accordingly.

Should the City be awarded CoC grant funds, HUD will require a 25% match of local funds totaling \$96,776 for three City-sponsored projects. Of the total required match amount, \$56,345 in General Funds are currently appropriated as matching funds in the

Department's FY 2017 operating budget. The balance of the required match amount, \$40,431 (\$38,551 for the Permanent Supportive Housing Bonus project and \$1,880 for the Planning project), is also proposed to utilize General Funds, and an amendment to the Department's FY 2017 operating budget to appropriate funds for the match would be brought to City Council for approval.


HUD will also require a City administrative funding match in the amount of \$22,661 for the six City-sponsored renewal projects. As in previous program years, the City will satisfy this match requirement with General Funds which are currently appropriated in the Department's FY 2017 operating budget.

Respectfully submitted,



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