



Agenda Report

September 16, 2019

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: APPROVAL OF SUBMISSION OF THE 2019 CONTINUUM OF CARE CONSOLIDATED APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR HOMELESS SERVICES FUNDING

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 Section 15061 (b)(3), the "General Rule" that CEQA only applies to projects that may have a significant effect on the environment; and
- 2) Authorize the filing of the 2019 Continuum of Care (CoC) Consolidated Application with the U.S. Department of Housing and Urban Development (HUD) for a funding request in the amount of \$3,889,606 for fourteen projects; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the 2019 CoC Consolidated Application and all other related documents, agreements and amendments; and
- 4) Authorize the City Manager to enter into contracts with the administering agencies of projects selected for funding in the FY2019 CoC Program Competition for up to 15% higher than the original application request; and
- 5) Authorize the City Manager to approve five amendments to the contracts specified under Recommendation 4 such that each amendment extends the contract term for twelve months with an additional year of funding equal to the amount awarded by HUD, but not greater than 115% of the prior year's award.

BACKGROUND:

On July 3, 2019, HUD released its annual Notice of Funding Availability (NOFA) for the 2019 Continuum of Care (CoC) Program Competition. The purpose of this NOFA is to fund projects that promote the goal of ending homelessness by assisting vulnerable individuals and families with moving into permanent housing and working towards self-sufficiency. The NOFA makes available funding for CoC renewal projects and new projects created through competitive Bonus funding. The deadline for the City to submit an application in response to the NOFA is September 30, 2019. Nationwide, approximately \$2.3 billion in competitive grant funding is available to Continuums of Care for new and renewal grants under this NOFA.

HUD Continuum of Care Strategy

HUD CoC Program Competition 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 geographic area that plans for and administers projects that prevent and end homelessness and that submits an annual application to HUD for new and renewal funding. The City's Department of Housing is the Collaborative Applicant/Lead Agency for the Pasadena CoC, which consists of community stakeholders including homeless services providers, faith-based organizations, medical and mental health providers, and law enforcement. The Pasadena CoC is governed by a CoC Board, which is the primary decision making body comprised of eight representatives from the community, that approves policies and procedures, sets funding priorities and performance standards, and recommends new and renewal project applications to be included in the Consolidated Application to HUD prior to them being submitted to City Council for approval.

The Continuum of Care Program Competition is designed to promote community-wide commitment to the goal of ending homelessness by providing funding for efforts led by state and local governments and non-profit providers to quickly rehouse individuals and families who no longer have a place to live while minimizing the trauma and dislocation resulting from the experience of homelessness. The CoC Program Competition also promotes access to and efficient utilization of mainstream programs for individuals and families experiencing homelessness to promote long-term self-sufficiency and sustainability. CoCs that are successful in improving outcomes on key system performance measures, such as reducing the number of people experiencing homelessness in their communities, increasing sources of income for project participants, successfully placing people in permanent homes, and reducing the number of returns to homelessness will be scored higher in the national competition. Higher scoring CoCs are more likely to be selected for available Bonus funding for new project requests.

HUD prioritizes funding for projects that national data and research have shown are highly effective, both in cost and outcomes, at permanently ending homelessness.

Recent data continues to demonstrate that projects which move people experiencing homelessness into permanent housing as quickly as possible without preconditions or barriers to entry are the most effective interventions at ending homelessness, even among high-needs participants with co-occurring disabilities. Therefore, HUD is prioritizing CoC Program Competition funding to permanent housing projects rather than short-term projects that provide time-limited housing interventions or supportive service projects that provide services to people experiencing homelessness without a housing component. CoCs are encouraged to regularly review their inventory of projects and, if appropriate to the community's needs, reallocate funding from underperforming projects to support the creation of new projects that will enhance system performance. The City currently allocates CoC Program Competition funds to permanent housing projects, the HUD-required Homeless Management Information System, planning activities, and the Coordinated Entry System. Similarly, Pasadena was awarded Bonus funding in the 2018 CoC Program Competition for a coordinated entry project that will serve people who are fleeing or survivors of domestic violence that are experiencing homelessness.

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

Funding Year	HUD CoC Award
2014	\$2,876,396
2015	\$3,112,997
2016	\$3,176,554
2017	\$3,255,774
2018	\$3,561,687

The City's CoC Consolidated Application to HUD for funding in the Fiscal Year 2019 Program Competition consists of information about the CoC planning body, governance structure, overall performance, and the strategic planning process, in addition to information on renewal and new project applications. The 2019 Consolidated Application will be for a funding request in the total amount of \$3,889,606 for fourteen renewal and new projects as discussed below and summarized in Attachment "A."

Renewal Project Funding

HUD's CoC Program Competition allows jurisdictions to submit renewal applications for currently funded projects that are ongoing and high performing, as verified by annual system performance reports and an annual evaluation process. Renewal projects were awarded funding in a previous competitive application process and have an expiration date during the 2020 calendar year. The CoC must determine whether these renewal projects are essential to meeting the needs of the community and are positively contributing to the homeless system of care. The CoC Board makes the final determination on which renewal projects should be included in the Consolidated Application to HUD for continued funding or if funding currently dedicated to low-

performing projects should be reallocated to create a new project based on any identified gaps and the needs of the system.

The Pasadena CoC has eleven projects eligible for renewal funding in the total amount of \$3,466,789. All agencies administering the eligible projects were notified of their ability to apply for renewal funding and were provided with a workshop that walked them through the Letter of Intent (LOI) process to submit an application indicating their intent to renew funding for the 2020-2021 performance year. These LOIs were reviewed and scored by an Evaluation Committee comprised of three CoC Board members and recommendations were brought to all members of the CoC Board for final action and approval. It was determined by the Board that all of the eleven renewal projects will be included in the CoC Consolidated Application to HUD and no projects were recommended for reallocation this year. If selected by HUD to receive funding, the City will enter into sub-recipient agreements with the administering agencies of the renewal projects for the total funding amount awarded by HUD in the 2019 CoC Program Competition. This dollar amount may be different than what was originally requested in the Consolidated Application because HUD is required to adjust awards based on changes to the Fair Markets Rents (FMR).

The City is the administering agency for three of the eleven projects for which renewal applications will be submitted. All grants have a 25% match requirement that the administering agency is required to meet. For the two City-sponsored Rental Assistance grants, in-kind match is provided through a third party as documented in a formal Memorandum of Understanding (MOU). For the City-sponsored Homeless Management Information System (HMIS) project, HUD will require a 25% match in the amount of \$56,345. As in previous years, the City will satisfy match requirements using General Funds currently appropriated in the Department of Housing FY 2020 operating budget.

New Project Funding

The CoC Consolidated Application will include three new projects for a total funding amount of \$422,817. The first new project will be a City application to fund CoC planning activities in the amount of \$104,004 for costs associated with the planning and monitoring of new and existing CoC projects. Although the City has administered the planning project annually since 2012, HUD requires the planning grant application be submitted as a new project each year. HUD will also require a 25% match in the amount of \$26,001 for this project. As proposed, the match would consist of General Funds, which is currently appropriated in the Department of Housing FY 2020 operating budget.

The other two new applications are for CoC Bonus funding for permanent supportive housing and Domestic Violence (DV) Bonus funding for supportive services only-coordinated entry. CoCs are eligible to apply for Bonus funding made available by HUD up to the total amounts listed in the 2019 CoC Estimated Annual Renewal Demand Report. HUD determines which new projects, if any, are awarded using the CoC Consolidated Application score, threshold requirements, and the quality of the project

application. The available permanent housing CoC Bonus funding for Pasadena is \$173,339 and the available DV Bonus funding is \$145,474.

On July 18, 2019 the City released a Request for Applications (RFA) to agencies to apply for CoC Bonus and DV Bonus funding. Three applications were received in total: one from Union Station Homeless Services, one from Housing Works, and one from Peace Over Violence. Each application was for the full funding amount available. On August 19, 2019 the Grants Evaluation Panel comprised of two City staff and one local youth homeless service provider recommended that Housing Work's CoC Bonus funding proposal and Peace Over Violence's DV Bonus funding proposal be included in the 2019 Consolidated Application to HUD. The CoC Board voted to approve the Grants Evaluation Panel's recommendations on August 26, 2019. The scores of the applications submitted in response to the RFA are as follows:

Project	Score
Union Station Homeless Services Holly Street Housing Expansion (CoC Bonus)	90
Housing Works Pasadena Home First (CoC Bonus)	93.3
Peace Over Violence Trauma Informed Outreach and Services (DV Bonus)	83.3

Funding Awards

While HUD determines which projects included in the 2019 CoC Consolidated Application are selected for funding, historically the CoC's renewal projects have been awarded more funding than what was originally requested at the time of application submission. HUD is required to adjust awards for projects that contain leasing, operating, and rental assistance budget requests after the Consolidated Application has been submitted based on changes to the Fair Market Rents (FMR), which can change the project's total contract amount. With the knowledge that many of the Pasadena CoC's project awards will undergo funding adjustments, staff recommends authorizing the City Manager to enter into sub-recipient agreements with administering agencies of the selected projects for up to 15% higher than the original application request in the FY 2019 Continuum of Care Program Competition but no greater than the amount awarded by HUD. Funding announcements are expected to be released by January 2020.

COUNCIL POLICY CONSIDERATION:

Approval of the subject recommendations have the potential to provide housing and supportive services for over 1,000 individuals and families who are or have experienced homelessness in Pasadena. 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 the CoC Consolidated Application to HUD for homeless services funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

FISCAL IMPACT:

Approval of the recommended action will have no fiscal impact as the award of CoC grant funds was anticipated and included in the Department's adopted FY 2020 operating budget. HUD will require a 25% match of local funds totaling \$82,346, consisting of \$56,345 for a City-sponsored renewal project and \$26,001 for a City-sponsored new project. As proposed, the match requirements for both projects will be satisfied with City General Funds and is currently appropriated in the Department's FY 2020 operating budget.

Respectfully submitted,


WILLIAM K. HUANG
Director of Housing

Prepared by:


Jennifer O'Reilly-Jones
Program Coordinator II

Approved by:


STEVE MERMELL
City Manager