

Agenda Report

November 2, 2015

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: APPROVAL OF SUBMISSION OF THE 2015 CONTINUUM OF CARE HOMELESS ASSISTANCE APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION:

It is recommended that the City Council adopt a resolution:

- 1) Authorizing the filing with the U. S. Department of Housing and Urban Development (HUD), the 2015 Continuum of Care (CoC) Homeless Assistance Application for a funding request in the amount of \$3,411,155 for sixteen projects; and
- 2) Authorizing the City Manager to execute, and the City Clerk to attest, the 2015 CoC Homeless Assistance Application and all other related documents, agreements and amendments.

BACKGROUND:

The purpose of this Agenda Report is solely to address a funding application to HUD for new and renewal Continuum of Care funding for homeless housing and services. It is not in response to the matters surrounding homelessness discussed at the October 19, 2015 Public Safety Committee. However, the funding addressed in this report could be at risk if HUD determines that the City is adopting laws or ordinances that criminalize homelessness.

On September 17, 2015, 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 November 20, 2015. Nationwide, approximately \$1.89 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 the designated CoC in a local area 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 entity in a 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, and the CoC consists of the City as lead agency as well as representatives from community stakeholders, including homeless services providers; the faith community; medical and mental health providers; and law enforcement.

The purpose of the CoC assistance programs is to reduce homelessness by assisting homeless individuals and families to move to self-sufficiency and 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 transitional 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 following table represents new and renewal funding received by the Pasadena CoC over the last five years:

Funding Year	HUD CoC Award
2010	\$3,069,817
2011	\$2,995,159
2012	\$2,977,736
2013	\$2,958,659
2014	\$2,876,396

The City's CoC Homeless Assistance Application to HUD consists of an overview of the Pasadena CoC's past year performance results and planning activities, and requests funding in the total amount of \$3,411,155 for 16 reallocated, renewal and new projects as discussed below and summarized in Attachment "A".

Funding Reallocation for Coordinated Entry

Based on the information regarding effectiveness and best practices, current CoC funding for one program, Union Station Adult Center, a 20 bed transitional housing program operated by Union Station Homeless Services, will be reallocated. Union Station has operated the Adult Center transitional housing beds since 1994. It received \$124,423 in Program Year 2014 HUD CoC funding. Guidance from HUD indicates that Adult Center funding is at risk for non-renewal as it funds transitional housing, which is considered a less cost-effective homeless intervention than other programs such as Rapid Re-housing or Permanent Supportive Housing. Therefore, the CoC made the determination to reallocate this funding to one new project which will provide an expansion of the Coordinated Entry System in Pasadena.

This funding was reallocated through a Request for Proposals (RFP) process that was initiated by the City on August 6, 2015. One application was received, from Union Station Homeless Services. Union Station operates the existing Coordinated Entry System in the Pasadena CoC, and HUD guidance requires that each CoC have only one system for coordinated entry. The reallocated funds will pay for two additional street outreach workers who will outreach to homeless persons living on the street and encourage them to move to permanent housing, as well as a housing navigator to assist the clients to locate and move into housing.

The 20 transitional housing beds at the Adult Center will continue to be funded through the end of the current grant year on January 31, 2016. Union Station will continue to operate the men's dormitory at the Adult Center, but will utilize the 20 beds in question as emergency shelter beds once the HUD CoC funding ends. There will be no reduction in short-term housing beds as a result of this reallocation.

Renewal Funding Process

The CoC NOFA process allows jurisdictions to submit renewal applications for currently funded recipients whose projects are ongoing and are performing well, as verified by annual performance outcomes. Renewal projects are existing projects whose HUD funding will expire during the 2016 calendar year. There are thirteen projects which are eligible for renewal funding in the total amount of \$2,757,453. Project sponsors of eligible projects were notified of their ability to apply for renewal funding. All eligible project sponsors responded and submitted applications prior to the October 20, 2015 deadline. 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 thirteen 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 match on administrative funds. For each grant, new and renewal, 7% of total is available for administration. These funds are split with the sub-recipient agencies, with the City utilizing half of the administrative fund total and incurring the responsibility for the match on that portion of the funds. This will require an expected \$22,661 in matching funds. As in previous program years, the City will satisfy this match requirement using General Funds which are currently in the Housing and Career Services Department FY 2016 operating budget.

New Project Funding

In addition to the thirteen renewal projects and one reallocated project, the CoC application will include two new projects. The first new project application will be a City application for funding for CoC planning activities, for the maximum amount of \$88,213. 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 \$22,053. As proposed, the match would consist of General Funds and an amendment to the Housing and Career Services Department operating budget to reflect the match would be brought to City Council for approval.

The second new project application will be for Permanent Supportive Housing Bonus funding. In the 2015 NOFA, CoCs are eligible to apply for up to 15% of their annual renewal amount for one project to provide permanent housing and services to chronically homeless persons. The Permanent Housing Bonus amount for the Pasadena CoC is \$441,066. The City issued an RFP for these funds to select a sub-recipient to apply through the CoC NOFA. Two applications were received, from Affordable Housing Services and from Union Station Homeless Services. The RFP review panel selected Union Station to submit an application for this funding.

COUNCIL POLICY CONSIDERATION:

Approval of the subject recommendation has the potential to provide housing and supportive services for over 1,000 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.

FISCAL IMPACT:

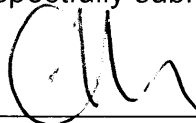
The City has the potential to gain \$3.4 million in grant funding for existing homeless services programs new projects, and planning costs should HUD award the full amount requested in the CoC application; this would represent a \$490,000 increase over the amount awarded to the City in CoC Program Year 2014. CoC funds awarded by HUD

will be recognized as new revenue and the Housing and Career Services Department FY 2016 operating budget will be brought to City Council to be amended accordingly.

HUD requires a 25% match of local funds for two City-sponsored projects and for City-utilized administrative funds:

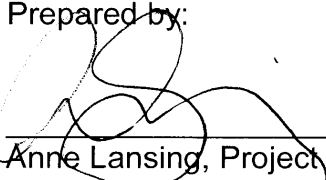
- HMIS project: A match in the amount of \$35,095 is required. As in previous program years, the City will satisfy this match requirement with General Funds which are currently in the Housing and Career Services Department FY 2016 operating budget.
- CoC Planning project: A match in the amount of \$22,053 is required should HUD approve the award. The match requirement would be satisfied with General Funds which are currently in the Housing and Career Services Department FY 2016 operating budget.
- City Administrative Funds: A match in the amount of \$22,661 is required. An estimated amount of \$6,000 in General Funds are currently budgeted in the Housing and Career Services Department FY 2016 operating budget which are available to satisfy the match requirement, resulting in a shortfall of \$16,661. Should HUD approve the award, a budget amendment will be brought to City Council to request additional General Funds to meet the match shortfall.

Respectfully submitted,



for WILLIAM K. HUANG
Director of Housing and Career Services

Prepared by:



Anne Lansing, Project Planner

Approved by:



MICHAEL J. BECK
City Manager