

Agenda Report

August 27, 2018

TO: Honorable Mayor and City Council
FROM: Housing and Career Services Department
SUBJECT: APPROVAL OF SUBMISSION OF THE 2018 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 2018 Continuum of Care (CoC) Homeless Assistance Application for a funding request in the amount of \$3,592,457 for fourteen projects; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the 2018 CoC Homeless Assistance Application and all other related documents, agreements and amendments.

BACKGROUND:

On June 20, 2018, 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 18, 2018. Nationwide, approximately \$2.1 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 into permanent housing. CoCs that are successful in lowering the number of persons experiencing homelessness 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 programs that move people experiencing homelessness 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 underperforming programs. The City currently allocates CoC funds only to permanent housing programs, 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 six years:

Funding Year	HUD CoC Award
2012	\$2,977,736
2013	\$2,958,659
2014	\$2,876,396
2015	\$3,112,997
2016	\$3,176,554
2017	\$3,255,774

The City's CoC Homeless Assistance Application to HUD for Funding Year 2018 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 \$3,592,457 for fourteen renewal and new projects as discussed below and summarized in Attachment "A."

Renewal Project and Consolidated 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 2019 calendar year. The CoC must determine whether these renewal projects are high performing and thus should be included in the application to HUD for continued funding, or if they are not high performing, whether funding should be reallocated to a new project.

The Pasadena CoC had ten projects eligible for renewal funding in the total amount of \$3,078,253. 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 June 2018. These Letters of Intent were reviewed by an evaluation committee and the CoC Board, and it was determined that all of the projects will be included in the CoC application to HUD. Among these projects, a permanent supportive housing, master leasing project operated by Alliance for Housing & Healing was determined to be underperforming, based on number of persons served and expenditure rates, and was recommended for a partial funding reallocation. 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 three of the ten renewal projects for which renewal applications will be submitted. Of these three renewal projects administered by the City, one consists of four previously standalone Shelter Plus Care rental assistance programs (0506, 08, 0910, and 11) that will be consolidated into one project during this year's application process in an effort to better utilize the funding and serve more households. 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. For each renewal grant, seven percent (7%) of the total grant is available for administration. HUD also requires a match on administrative funds. 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 total amount of \$14,342. As in previous program years, the City will satisfy this match requirement using General Funds which are currently appropriated in the Housing and Career Services Department FY 2019 operating budget.

New and Reallocated Project Funding

The CoC application will include four new projects with a total funding amount of \$514,204. The first new project will be a City application to fund CoC planning activities, for the maximum amount of \$94,898. 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 \$23,725. As proposed, the match would consist of General Funds, and an amendment to the Housing and Career Services Department (“Department”) FY 2019 operating budget to appropriate funds for the match would be brought to City Council for approval.

The other three new applications are for reallocated funding, Bonus funding, and Domestic Violence Bonus funding. The reallocated funds are the funds previously received for the underutilized CHOISS leasing project. These funds can be allocated to a new project, but are still considered by HUD to be renewal funding. In addition to the reallocated funding, CoCs are eligible to apply for Bonus Funding totaling up to 6% of their annual renewal amount as part of the 2018 NOFA for a project to provide permanent housing and services to chronically homeless persons. New to this year’s CoC competition, HUD has prioritized rapid re-housing projects and supportive services projects providing coordinated entry that specifically serve survivors of domestic violence, dating violence, and stalking. CoCs are able to apply for DV-Bonus funding for permanent housing-rapid rehousing projects and supportive services only projects for coordinated entry. The available reallocated funding is \$85,000, the available Bonus funding is \$189,795, and the available DV-Bonus funding is \$144,511.

On July 13, 2018 the City released an RFP to agencies to apply for the Bonus, DV-Bonus, and reallocated funding. Six applications were received: three from Union Station Homeless Services, one from Step Up, one from Foothill Unity Center, and one from the City. On August 8, 2018 the Grants Evaluation Committee selected two of the three applications from Union Station Homeless Services to apply for the Bonus and DV Bonus funding, and the City’s application to apply for the reallocated funding. The scores of the applications submitted in response to the RFP are as follows:

Project	Score
Union Station Homeless Services Coordinated Entry (DV Bonus)	97
Union Station Homeless Services PSH (Bonus)	97
Step Up PSH (Bonus)	80
Foothill Unity Center RRH (Bonus)	72
City of Pasadena HMIS Expansion (Reallocation)	106
Union Station Homeless Services PSH (Reallocation)	97

COUNCIL POLICY CONSIDERATION:

Approval of the subject recommendation has the potential to provide housing and supportive services for over 1,000 homeless individuals/families, and will allow for strengthened data-driven policy decisions and funding determinations that will best serve the community. 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.

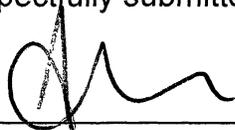
ENVIRONMENTAL ANALYSIS:

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.

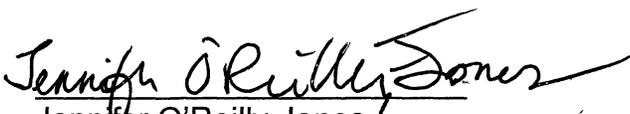
FISCAL IMPACT:

Approval of the recommended action will have no fiscal impact as the award of CoC grant funds was anticipated and included in the Department's adopted FY 2019 operating budget. HUD will require a 25% match of local funds totaling \$80,070 consisting of \$35,095 for City-sponsored renewal projects and \$44,975 for City-sponsored new projects. As proposed, the match requirement will be satisfied with City General Funds. For the renewal projects, the General Funds match are currently appropriated in the Department's FY 2019 operating budget. For the new projects, an amendment to the Department's FY 2019 operating budget to appropriate funds for the match would be brought to City Council for approval.

Respectfully submitted,


for _____
WILLIAM K. HUANG
Director of Housing and Career Services

Prepared by:


Jennifer O'Reilly-Jones
Program Coordinator II

Approved by:


STEVE MERMELL
City Manager