

Agenda Report

November 1, 2021

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: **AUTHORIZATION TO SUBMIT THE 2021 CONTINUUM OF CARE CONSOLIDATED APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR HOMELESS SERVICES FUNDING; AMENDMENT TO CONTRACT NO. 31864 FOR ADDITIONAL 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 per Section 15061 (b) (3), the "common sense" provision that CEQA only applies to projects that may have an effect on the environment; and
- 2) Authorize the filing of the 2021 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 \$4,627,414 for fifteen projects; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the 2021 CoC Consolidated Application and all other related HUD documents, grant agreements and amendments; and
- 4) Authorize the City Manager to amend Contract No. 31864 with Step Up on Second Street, Inc. to add an additional year of CoC funding for a total not-to-exceed contract amount of \$190,085.
- 5) Authorize the City Manager to enter into contracts with the administering agencies of projects selected for funding in the FY2021 CoC Program Competition as detailed in Attachment A with one-year grant terms beginning in the 2022 calendar year in amounts equal to what is awarded by HUD; and

- 6) Authorize the City Manager to execute amendments to the contracts specified under Recommendation 5 for five consecutive years as set forth in the agenda report.

EXECUTIVE SUMMARY:

The Housing Department, as the Collaborative Applicant for the Pasadena Continuum of Care (CoC), will be submitting a funding application to the U.S. Department of Urban Development (HUD) in response to the annual Notice of Funding Opportunity (NOFO). The CoC's application will include eleven renewal projects and four new projects for a total amount of \$4,627,414.

BACKGROUND:

On August 18, 2021, the U.S. Department of Urban Development released its annual Notice of Funding Opportunity (NOFO) for the 2021 Continuum of Care Program Competition. The CoC competition was cancelled in 2020 due to the pandemic and all existing programs were renewed through an isolated streamlined process. The NOFO makes available funding for CoC renewal projects and new projects created through reallocation or competitive bonus funding. The deadline for the City to submit an application in response to the NOFO is November 16, 2021. Nationwide, approximately \$2.65 billion in competitive grant funding is available to Continuums of Care for new and renewal projects.

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 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 such as homeless service 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 combatting 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. CoCs that are successful in demonstrating coordination with other systems of care that serve people experiencing homelessness, implementing a coordinated, inclusive, and outcome-oriented community process for selecting project applications for inclusion in the application to HUD, and improving outcomes on key system performance measures may 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.

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

Funding Year	HUD CoC Award
2016	\$3,176,554
2017	\$3,255,774
2018	\$3,561,687
2019	\$3,749,042
2020	\$4,143,148

The City's CoC Consolidated Application to HUD will consist information about the CoC planning body, governance structure, overall performance, and the strategic planning process. The CoC application will also include information specific to renewal and new project applications. The 2021 Consolidated Application will be for a funding request in the total amount of \$4,627,414 for eleven renewal and four 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. Renewal projects were awarded funding in the most recent noncompetitive application process and have an expiration date in the 2022 calendar year. 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 \$3,883,797. All agencies administering the eligible projects were notified of their ability to apply for renewal funding and completed an application which was used to evaluate the program. All renewal project application 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. One City-sponsored rental assistance project elected to voluntarily reallocate \$150,000 in underutilized grant funding to support the creation of a new permanent supportive housing program. If awarded funding by HUD, 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 CoC Program Competition. This final grant award for some projects 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 and 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 Operating Budget.

New Project Funding

The CoC Consolidated Application will include four new projects for a total funding amount of \$743,617. The first new project will be a City application to fund CoC planning activities in the amount of \$121,014 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 \$30,254 for this project. As proposed, the match would consist of General Funds, which is currently appropriated in the Department of Housing Operating Budget.

The three additional new projects are for Reallocation, CoC Bonus and Domestic Violence (DV) Bonus funding. The reallocation project was created by shifting a portion of underutilized grant funding (\$150,000) from an existing renewal project to support a new project that serves new participants. CoCs are eligible to apply for Bonus funding made available by HUD up to the total amounts listed in the 2021 CoC Estimated Annual Renewal Demand report. HUD determines which new projects, if any, are awarded funding 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 \$201,690 and the available DV Bonus funding is \$270,913.

On September 13, 2021 the City released a Request for Applications (RFA) to agencies to apply for Reallocation, CoC Bonus and/or DV Bonus funding. Ten applications were received in total: five for Reallocation funding, three for CoC Bonus funding and two for DV Bonus funding. Scores are summarized in Attachment "B". On October 6, 2021 the Grants Evaluation Panel comprised of two City staff and one regional homeless services consultant recommended that Housing Work's Reallocation funding application, Step Up's CoC Bonus funding application and Volunteers of America Los Angeles' DV Bonus funding application be included in the 2021 Consolidated Application to HUD. The CoC Board voted to approve the Grants Evaluation Panel's recommendations on October 12, 2021.

Funding Awards

While HUD determines which projects included in the CoC Consolidated Application are selected for funding, historically many of the CoC's renewal projects have been awarded more funding than originally requested at the time of application submission. HUD is required to adjust awards for projects that contain leasing, operating, and rental assistance budget line items after the Consolidated Application has been submitted based on changes to the Fair Market Rents (FMR), which can change the project's total grant award. 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 20% higher than the original application request in the FY 2021 Continuum of Care Program Competition but no greater than the amount awarded by HUD. Funding announcements are expected to be released in spring 2022. As recommended, the City Manager shall be authorized to execute amendments to the contracts for five consecutive years such that each amendment extends the contract term for twelve months with an additional year of funding in accordance with the funding allocation contained in the master grant agreement between HUD and the City. Staff is also recommending Council to authorize an amendment to Contract No. 31864 with Step Up on Second Street, Inc. to add an additional year of funding that was awarded in the

2020 non-competitive CoC competition for a total not-to-exceed contract amount of \$190,085 as the funding increase made by HUD exceeded the threshold Council previously approved for amendments.

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. This action is consistent with the City Council's goal to support and promote the quality of life and local economy. 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 actions proposed herein are exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" 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 intent to apply and the subsequent funding application to BCSH for HHAP grant funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

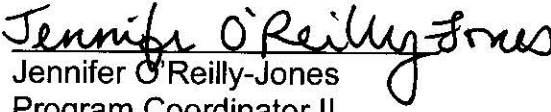
FISCAL IMPACT:

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 2022 Operating Budget. HUD will require a 25% match of local funds totaling \$86,599, consisting of \$56,345 for a City-sponsored renewal project and \$30,254 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 2022 operating budget. The action to amend Contract No. 31864 will have no fiscal impact as the additional CoC grant funds were anticipated and included in the Department's adopted FY 2022 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

Attachment A: 2021 CoC Consolidated Application – Renewal and New Projects
Attachment B: CoC New Projects Evaluation Matrix