

# Agenda Report

September 12, 2022

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT: AUTHORIZATION TO SUBMIT THE 2022 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 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 2022 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 \$4,832,321 for sixteen projects.

**BACKGROUND:**

On August 1, 2022, the U.S. Department of Urban Development released its annual Notice of Funding Opportunity (NOFO) for the 2022 Continuum of Care Program Competition. The NOFO makes available funding to address homelessness 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 September 30, 2022, which is over one month earlier than in previous years. In accordance with HUD's NOFO, the CoC is required to design, operate, and follow a collaborative process for the development of an application.

**HUD Continuum of Care Application**

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 City's Department of Housing is the Collaborative Applicant/Lead Agency for the Pasadena CoC and, as such, plans for and administers projects that prevent and end homelessness and

submits an application to HUD for new and renewal funding annually. The Pasadena CoC is governed by a CoC Board, 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.

HUD prioritizes funding for projects that are highly effective, both in cost and outcomes, at permanently ending homelessness. The City currently allocates CoC Program Competition funds to permanent housing projects, including permanent supportive housing and rapid rehousing, the HUD-required Homeless Management Information System (HMIS) and Coordinated Entry System (CES), and planning activities. 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. The City's CoC Consolidated Application to HUD will consist of information about the CoC planning body, governance structure, overall performance, and the strategic planning process. CoCs that score higher in this section of the national competition are more likely to be selected for available bonus funding for new projects. The CoC application will also include renewal and new project applications and a priority listing which ranks all projects based on performance. The Pasadena CoC 2022 Consolidated Application will be for a funding request in the total amount of \$4,832,321 for twelve renewal projects and four new projects as discussed below and summarized in Attachment "A." Funding announcements are expected to be released by HUD in spring 2023.

### **Renewal Project Funding**

HUD's CoC Program Competition allows jurisdictions to submit renewal applications for currently funded projects that are high performing. All renewal projects were awarded funding in the most recent competitive application process and have an expiration date in the 2023 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. The CoC Board also determines if funding currently dedicated to projects that are underspending or low-performing should be reallocated to create new projects.

The Pasadena CoC has twelve projects eligible for renewal funding in the total amount of \$4,108,485 as summarized in page one of Attachment "A.". All agencies administering the renewal projects were notified of their ability to apply for renewal funding and completed an application which was used to evaluate the program. The Alliance for Housing and Healing, which administered an existing CHOISS project that provided rental assistance and supportive services to formerly homeless households, made the decision to terminate the project and transfer the existing participants to a similar program funded through the Los Angeles CoC to better meet the agency's needs. Thus, \$204,697 was made available through voluntary reallocation to fund new projects. All renewal project applications were reviewed and scored by an evaluation

committee comprised of one CoC Board member and two people with lived expertise of homelessness on August 31, 2022. The evaluation committee's scores were brought to all members of the CoC Board for final action and approval on September 8, 2022. If the renewal projects are awarded funding by HUD, the City will execute amendments to existing sub-recipient agreements (originally approved by City Council on November 1, 2021) to increase the total not-to-exceed contract value by the total amount awarded by HUD. The 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) after the competition closes.

The City is the administering agency for three of the twelve 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 in the total amount of \$723,836 summarized in page two of Attachment "A." The first new project will be a City application in the amount of \$129,395 for costs associated with CoC planning and coordination. Although the City has administered the planning project annually since 2012, HUD requires the grant application be submitted as a new project each year. HUD will also require a 25% match in the amount of \$32,349 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 will be funded from the Reallocation (\$204,697), CoC Bonus (\$215,659) and Domestic Violence (DV) Bonus funding (\$174,085) categories. Allocations for CoC Bonus and DV Bonus funding are determined by HUD. HUD also determines which new projects, if any, are awarded funding using the CoC Consolidated Application score, the quality of the project application, and threshold requirements.

On August 12, 2022 the City released a Request for Applications (RFA) to agencies to apply for Reallocation, CoC Bonus and/or DV Bonus funding. Five agencies submitted their intent to apply for funding before August 19, 2022 as required by the Department and a total of seven applications were received by the August 31, 2022 deadline. All new project applications were reviewed and scored by an evaluation committee comprised of one Housing Department staff person, one staff person from a local homeless services agency, and one person with lived expertise of homelessness on September 8, 2022. The evaluation committee's scores will be brought to the CoC

Board for final action and approval on September 14, 2022, and all applicants will be notified if their project was accepted for inclusion in the Consolidated Application with the corresponding project ranking no later than September 15, 2022, to comply with HUD's local competition guidelines. If the Reallocation, CoC Bonus and/or DV Bonus projects are selected by HUD to receive funding, staff will return to Council and request authorization to enter into a contract agreement with the selected agency(s).

**COUNCIL POLICY CONSIDERATION:**

Approval of the subject recommendations will provide permanent housing and supportive services to individuals, families and youth who 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 the 2022 Continuum of Care Consolidated Application to HUD for homeless services grant funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

**FISCAL IMPACT:**

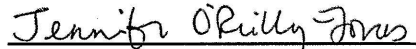
Approval of the recommended action will have no fiscal impact as the award of CoC grant funds was anticipated and included in the Department's adopted FY 2023 Operating Budget. HUD will require a 25% match of local funds totaling \$88,694, consisting of \$56,345 for a City-sponsored renewal project and \$32,349 for a City-sponsored new project. As proposed, the match requirements for both projects will be satisfied with City General Funds which are currently appropriated in the Department's FY 2023 Operating Budget.

Respectfully submitted,




for WILLIAM K. HUANG  
Director of Housing

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Approved by:

  
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City Manager

Attachment A: 2022 CoC Consolidated Application – Renewal and New Projects