

# Agenda Report

September 18, 2023

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT:** **AUTHORIZATION TO SUBMIT THE 2023 CONTINUUM OF CARE CONSOLIDATED APPLICATION TO THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR \$5,278,320 OF 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;
- 2) Authorize the filing of the 2023 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 \$5,278,320 for seventeen projects;
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the 2023 CoC Consolidated Application and all other related HUD documents, grant agreements and amendments;
- 4) Authorize the City Manager to enter into contracts with the administering agencies of four new projects, if selected for funding as detailed in page 2 of Attachment A, with grant terms beginning in the 2024 calendar year and in amounts equal to what is awarded by HUD through the approved FY 2023 Continuum of Care Program Competition. These contracts are exempt from competitive bidding per City Charter Section 1002(F) (contracts for professional or unique services); and
- 5) Authorize the City Manager to execute amendments to the contracts specified under Recommendation 4 for five consecutive years with additional funding annually, in amounts equal to what is awarded by HUD, as set forth in the agenda report. To the extent the amendments could be considered a separate procurement subject to the Competitive Selection Process, it is recommended

that the City Council grant the contracts an exemption pursuant to Pasadena Municipal Code (PMC) Section 4.08.049(6), contracts for which the City's best interests are served.

### **BACKGROUND:**

On July 5, 2023, the U.S. Department of Urban Development (HUD) released its annual Notice of Funding Opportunity (NOFO) for the 2023 Continuum of Care (CoC) 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 28, 2023. In accordance with HUD's NOFO, the CoC is required to design, operate, and follow a collaborative process for the development of an application as well as host a local competition for both renewal and new projects.

### **HUD Continuum of Care Application**

Federal CoC Program funding is awarded to local CoCs 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 (also known as the Pasadena Partnership to End Homelessness) and, as such, administers funding for projects that prevent and end homelessness in addition to submitting a comprehensive funding application to HUD annually. The Pasadena CoC is governed by a Board of Directors, which serves as the primary decision-making body for the CoC. The Board, comprised of seven representatives from the community and one non-voting City staff, approves policies and procedures, sets funding priorities and performance standards, and recommends project applications for inclusion in the Consolidated Application to HUD.

The City currently allocates CoC Program funding 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 advised 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 Pasadena CoC's 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 as well as a priority listing, which ranks all projects being submitted. The CoC's 2023 Consolidated Application will include a funding request in the total amount of \$5,278,320 for twelve renewal projects and five new projects as discussed below and summarized in Attachment "A." Funding announcements are expected to be released by HUD in spring 2024.

### **Renewal Project Funding**

The CoC Program Competition allows jurisdictions to submit renewal applications for currently funded projects that are high performing with expiration dates in the 2024 calendar year. All agencies administering renewal projects were notified of their ability to apply for renewal funding and completed an application which was used to evaluate the program. Renewal project applications were reviewed and scored by an evaluation committee comprised of two CoC Board members and one person with lived expertise of homelessness on August 16, 2023. The evaluation committee's scores were brought to the CoC Board for approval on August 22, 2023.

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. One project was fully reallocated in the amount of \$46,226 due to persistent non-compliance with the federal regulation to maintain active System for Award Management (SAM) clearance, and a second project was partially reallocated in the amount of \$200,000 due to spending less than 80% on average of the total funding available over the past two program years. In total, \$246,226 of reallocated funding from renewal projects was made available to create new projects in the local competition.

The Pasadena CoC has twelve projects eligible for renewal funding in the total amount of \$4,270,708 as summarized in page 1 of Attachment "A". 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 for performance period 2024-2025. 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 will not know the final funding amounts until the awards are issued by HUD.

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. 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, the required match amount is \$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 five new projects in the total amount of \$1,007,612 summarized in page 2 of Attachment "A." The first new project will be a City application in the amount of \$225,847 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 \$56,462 for this project. As proposed, the match would consist of General Funds, which is currently appropriated in the Department of Housing Operating Budget.

The four additional new projects will be funded from the Reallocation (\$200,000), Combined Reallocation and CoC Bonus (\$100,000), CoC Bonus (\$262,411) and Domestic Violence (DV) Bonus funding (\$219,354) 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 July 21, 2023 the City released a Request for Applications (RFA) to agencies to apply for Reallocation, CoC Bonus and/or Domestic Violence (DV) Bonus funding. In total, five applications were received by the August 25, 2023 deadline from four different agencies. All new project applications were reviewed and scored by two evaluation panels on September 5, 2023. The Permanent Housing evaluation panel, which reviewed the Reallocation and CoC Bonus applications, was comprised of two Housing Department staff and one person with lived expertise of homelessness. The DV Bonus evaluation panel consisted of one Housing Department fellow, one staff person from a local homeless services agency that serves victims of domestic violence, and one survivor with lived expertise of homelessness. The evaluation committee's scores were brought to the CoC Board for final action and approval on September 11, 2023, and all applicants were notified in writing the following day of the project's acceptance or rejection 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 recommend authorizing the City Manager to enter into contracts with the administering agencies as detailed in page 2 of Attachment A, with one-year grant terms beginning in the 2024 calendar year and in amounts equal to what is awarded by HUD.

### **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.

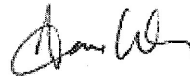
**ENVIRONMENTAL ANALYSIS:**

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 2023 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:**

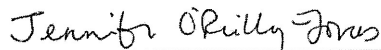
Approval of the recommended action will have no fiscal impact as the award of CoC grant funds was anticipated and included in the Department's adopted FY 2024 Operating Budget. HUD will require a 25% match of local funds totaling \$112,807, consisting of \$56,345 for a City-sponsored renewal project and \$56,462 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 2024 Operating Budget.

Respectfully submitted,



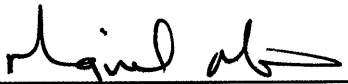
for WILLIAM K. HUANG  
Director of Housing

Prepared by:



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Approved by:



MIGUEL MARQUEZ  
City Manager