



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: October 25, 2006

Approved Deanna Sabra Date 10/31/06

COUNCIL DISTRICT: City-Wide
SNI AREA: All

SUBJECT: APPROVAL OF FUNDING FOR THE IMPLEMENTATION OF A TWO-YEAR "PROMOTING GROWTH AND EARLY SELF-SUFFICIENCY" (PROGRESS) PROGRAM FOR CHRONICALLY HOMELESS INDIVIDUALS OR FAMILIES

RECOMMENDATION

It is recommended that the City Council:

1. Adopt a resolution approving funding for the implementation of the Promoting Growth and Early Self-Sufficiency (PROGRESS) Program, a Tenant-Based Rental Assistance (TBRA) program for up to 15 chronically homeless individuals or families. The program will be for a period of two years, and will begin in March 2007, at a cost not to exceed \$645,000, to be funded from the HOME Investment Partnership Funds (HOME funds - 445).
2. Adopt a resolution approving an amendment to the City's 2006-2007 Annual Action Plan to allow a TBRA program under the HOME guidelines (See Attachment A).

OUTCOME

Approval of the proposed funding for the PROGRESS program will help provide 15 families with rental assistance for permanent housing with supportive services, thereby reducing the number of chronically homeless individuals and families living on the streets or in emergency shelters.

BACKGROUND

On September 15, 1998, the City Council approved the Community Housing Alliance Program, a \$400,000 two-year pilot program designed to assist 10 homeless families and four adult individuals with rental subsidies and supportive services. The program commenced on January 9, 1999, with a goal to stabilize the individuals and families and provide them with decent, safe housing and supportive services including drug and alcohol abuse counseling, mental health intervention, personal finances, and job training. Working with case managers from nonprofit agencies serving the homeless, the families and individuals designed a plan that would help them to become self-sufficient. When the pilot program ended on February 28, 2001, six of the families and all four adults had become self-sufficient, confirming the effectiveness of the program.

On June 19, 2001, the City Council approved an additional \$400,000 for a two-year extension (Phase II) of the program, now called PROGRESS. The City of San José contracted with the Santa Clara County Housing Authority to administer the program modeled after the Section 8 Housing Voucher program. The PROGRESS II program assisted 13 new families and individuals who started the program in April 2002. As of June 30, 2004, twelve of the thirteen families (53 people) completed the program and were permanently housed.

Staff believes that this approach will continue to assist the City of San José in achieving its goal of ending homelessness.

ANALYSIS

According to the last homeless count conducted in the City of San Jose, an estimated 4,910 unduplicated homeless people live within the City limits, with homeless families making up approximately 15% of this population.

In September 2003, the City Council adopted a 10-Year Homeless Strategy (included in the 2005-2010 Consolidated Plan), which includes four major strategies designed to end chronic homelessness: 1) Prevention, 2) Rapid Re-Housing, 3) Wraparound Services, and 4) Pro-Active Efforts. The proposed PROGRESS Program responds to the Rapid Re-Housing action of the Plan. Quick relocation into stable settings allows families and individuals to assume control over their lives. The proposed PROGRESS Program will make it possible for 15 families to obtain permanent housing and receive the necessary services to regain self-sufficiency. If approved, this program will commence in March 2007 and will run for a period of two years.

Program Proposal and Design

This proposed PROGRESS program will assist homeless families and individuals in finding permanent supportive housing, which is identified in the 2005-2010 Consolidated Plan as an unmet need (Appendix A – Table 1A, Page 130).

The purpose of this program is threefold:

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- To provide the necessary funding to subsidize rents, property management, and case management services to permanently housed families and individuals for a period of two years;
- To stabilize the individuals and families while they repair credit deficiencies and obtain job skills;
- To work collaboratively with selected homeless service agencies, which provide services to meet the goal of re-housing and stabilizing families and individuals.

In addition, each family and individual will have an escrow account established by the Program Administrator. The escrow account is a savings account that gives the family or individual money that may be used as additional support once they graduate from the program. The participating families will make contributions to the escrow account based on their incomes throughout the duration of the program

POLICY ALTERNATIVES

Not Applicable

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspaper)**

The details of the PROGRESS program and its implementation have been discussed with the Santa Clara County Collaborative on Affordable Housing and Homeless Issues at its Steering Committee Meetings on May 18, 2006 and June 15, 2006. Once Council approval is obtained, an electronic announcement will go out to the entire membership of the Collaborative.

COORDINATION

Preparation of this memorandum was coordinated with the Office of the City Attorney and the Department of Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

This proposal is consistent with the Council-approved Homeless Strategy to meet the goal of re-housing and stabilizing families and individuals and reducing the number of chronically homeless individuals and families living on the streets or in emergency shelters.

COST SUMMARY/IMPLICATIONS

The program will fund the following costs over the two-year program period:

Expense Item	Cost	Comments
Project Costs:		
Rent Subsidies	\$ 517,236	
Security Deposits	\$ 22,500	\$1,500 per household
Utility Deposits	\$ 7,500	\$500 per household
Total Project Costs	\$ 547,236	
Administrative Costs		
Program Administrator (10% of Project Costs)	\$ 54,724	Housing Authority's staffing costs
Rent Contingency Amount	\$ 43,040	Amount set aside in case families cannot pay their portion of the rent during the duration of the program
TOTAL PROGRAM COST	\$ 645,000	
SOURCE OF FUNDS:	Fund 445 – HOME Investment Partnership Funds (HOME)	
FISCAL IMPACT:	No ongoing fiscal impact after initial funding approval	

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	2006-2007 Adopted Budget	Last Budget Action (Date, Ord.No.)
445	0070	Loans and Grants	\$8,700,000	p.XI-38	6/27/2006, 27801

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CEQA

Not a Project


LESLEYE KRUTKO
Director of Housing

For questions please contact Leslye Krutko, Director of Housing at (408) 535-3851.

Attachment

Attachment A

2006-2007 Annual Action Plan Amendment

HOME Funded Tenant-Based Rental Assistance Program Implementation

The Tenant-based Rental Assistance (TBRA) program was first authorized under section 212 of the Cranston-Gonzalez National Affordable Housing Act (NAHA). The U.S. Department of Housing and Urban Development (HUD), implemented the basic requirements for using HOME funds for TBRA programs through publication of interim regulations at 24 CFR Part 92 on December 16, 1991.

A TBRA program is a rental subsidy that jurisdictions can use to help individual households afford housing costs such as rent, utility costs, security deposits, and/or utility deposits. TBRA differ from other HOME programs in three ways:

- TBRA programs help individual households
- TBRA assistance moves with the tenant
- Level of TBRA subsidy varies and is based on income, unit selected, and rent standards in the jurisdiction.

The City of San Jose is proposing the following program guidelines to implement the Promoting Growth and Early Self-Sufficiency (PROGRESS III) Program funded through HOME Funds.

PROGRESS is a program designed to help chronic homeless families and individuals move into permanent housing and receive wraparound services. The rents will be subsidized by the City of San Jose.

Participant Eligibility Requirements

1. Participant must meet the HUD definition of homeless, i.e., a person who lacks a fixed, regular, and adequate nighttime residence. A family is considered to be homeless if, due to a lack of housing, they must reside in a shelter, motel, vehicle, or campground, on the street, in abandoned buildings or trailers, or doubled-up with relatives or friends.
2. Submit complete application including identification, income verification, and completed Case Manager referral form. If participants do not have a Case Manager, one will be assigned to them.
3. Participants must have the desire and the ability to become self-sufficient.

Selection Process

It is anticipated that the Housing Authority of the County of Santa Clara will take on the role of the Program Administrator.

The Program Service Providers will be the homeless service agencies whose clients are selected to participate in the program, per the selection process described below. The Housing Department will

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enter into a Memorandum of Understanding with the selected Program Service Providers. The Program Service Providers' contribution to the Program will be in the form of case management services.

The Program Participant selection process will commence when the Department announces the start of the PROGRESS III Program through the Santa Clara County Collaborative on Affordable Housing and Homeless Issues (Collaborative), a group of nonprofit agencies providing homeless services. Steps will be taken to ensure that people with disabilities have equal access to the selection process. As in the previous phases, the City will welcome client referrals from selected homeless service agency case managers. The referring agency and case manager will provide the necessary guidance to ensure client success in obtaining self-sufficiency as outlined above. Records will be maintained documenting that all eligible families had the opportunity to apply and were treated fairly in the application process. The PROGRESS III Committee will meet to review all referrals. All eligible referral applicants will participate in a lottery, whereby 15 homeless households will be selected for program participation. All applicants not selected will be notified by any means available to get in touch with them (regular mail, telephone call, personal contact, etc.).

Rent Analysis

The chart below shows current average market rents obtained from the December 2005 Realfacts Report and the Fair Market Rents for existing housing for FY 2006.

Unit Size	San Jose Market Rents	Year 1 Rents	Year 2 Rent (4% Increase)	Part. Share of Rent in Year 2*	Year 2 Total Rents	Est. # of Units	Estimated Subsidy for 2 Years
SRO	\$ 916	\$ 10,992	\$ 11,432	\$ 2,106	\$ 9,326	1	\$ 20,318
1 Bdr	\$ 1,116	\$ 13,392	\$ 13,928	\$ 2,106	\$ 11,822	2	\$ 50,427
2 Bdr	\$ 1,181	\$ 14,172	\$ 14,739	\$ 2,835	\$ 11,904	4	\$ 104,304
3 Bdr	\$ 1,817	\$ 21,804	\$ 22,676	\$ 2,835	\$ 19,841	6	\$ 49,871
4 Bdr	\$ 2,051	\$ 24,612	\$ 25,596	\$ 4,050	\$ 21,546	2	\$ 92,317
TOTAL						15	\$ 517,236

Occupancy guidelines:

1. Single person can rent a one-bedroom or an SRO, as appropriate.
 2. Families need to take into consideration the following:
 - a. Children under the age of five (5) of different sexes can share a room.
 - b. Children of different sexes over the age of five (5) should have separate rooms.
1. Housing Department responsibilities:
- a. Oversee logistics including, but not limited to, selecting service agency partners, materials, trainings, and holding monthly meetings with selected service providers and property manager

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- b. Outreach to service agencies working with the chronically homeless for referrals to the program
 - c. Perform internal control monitoring reviews of partnering agencies
 - d. Establish, coordinate and head the PROGRESS III Committee
 - e. Review all Program Administrator reports and financial information to ensure compliance with the HOME Program Guidelines
2. PROGRESS III Committee ("Committee"):
- a. Members will include Program Service Provider representatives/case managers, the Housing Authority as Program Administrator, and Housing Department, Homeless Coordinator.
 - b. Committee responsibilities will include:
 - i. Attend service provider client recommendation presentations
 - ii. Evaluate selected program applicants' eligibility
 - iii. Participate in the review of program participants' progress on a quarterly basis and make appropriate recommendations for client success
 - iv. Evaluate participants' readiness for self-sufficiency or disqualification
 - v. Participate in participant appeal process
 - vi. Review and evaluate program progress and effectiveness
3. Program Administrator responsibilities:
- a. Property eligibility and inspections (initial and closeout)
 - b. Rent collection from participant (months 1 through 18) and rent payment to owner
 - c. Escrow account establishment per client
 - d. Ongoing inspections of the property during PROGRESS III participants' tenancy
 - e. Periodic verification of income eligibility and household size, as required by HUD, under the HOME Investment Partnership Program.
 - f. Accounting and record keeping functions
 - i. Prepare and submit the TBRA Set-up Report to the City of San Jose, as required by HUD in form HUD-40095
 - ii. Submit rent reimbursement requests to City of San José
 - iii. Provide disbursement accounting for security deposit release at the beginning of tenancy
4. Program Service Provider's responsibilities:
- a. Perform intake assessment to identify the family's or individual's housing and supportive services needs and link them to the appropriate resources
 - b. Employ case managers to provide case management services to selected households including:
 - i. Verify that prospective participant meets the definition of homeless
 - ii. Thoroughly explain to prospective participant the PROGRESS III Program and their required commitment to succeed
 - iii. Assist prospective participant to complete the application, including certifications, identifications, income verifications, etc.

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- iv. Assist prospective participant in developing and implementing a Self-Sufficiency Plan
 - v. Present participant recommendations to PROGRESS III Committee
 - vi. Notify client of committee recommendation
 - vii. After approved, accompany participant to a mandatory program orientation
 - viii. Assist participant with completion of paperwork required by property manager
 - ix. Assist participant in obtaining an apartment that meets the rent and habitability standards of PROGRESS III
 - x. Refer participant to agencies that provide household items to assist in establishing their household
 - xi. Prepare participant visitation schedule to ensure success:
 1. First Month – visit on a weekly basis to ensure household is set up and functioning
 2. Visit on a monthly basis thereafter to monitor the condition of the apartment and provide support for maintaining an acceptable living situation
 3. Provide case management services to support participants in achieving their service plan goals
 - xii. Guide participants in the transition from making their portion of the rent payment to the Program Administrator (months 13-18), directly to the landlord (starting month 19), and maintaining rent payment program until program completion
 - xiii. Notify PROGRESS III Committee of the participant's progress in becoming self-sufficient
 - xiv. Perform Exit Interview and submit final report
 - xv. Perform contacts with Graduated Participant at 3, 6 and 12 months after completion. Submit status reports in a format approved by the City.
5. Participant responsibilities include:
- a. Must attend mandatory PROGRESS III orientation provided by the City of San José and the Program Administrator, before moving into approved housing
 - b. Scheduling meetings with Case Managers according to the schedule in Section 3.b.xi above
 - c. Keep all appointments with Case Manager, counselor, doctor, etc.
 - d. Adhere to service/treatment plan
 - e. Maintain an income, whether from employment or receiving assistance
 - f. Keep the housing unit clean and in good repair
 - g. Pay 30% of monthly income, as required by the Program
 - h. Inform Case Manager prior to any changes in family composition and/or family housing needs
 - i. Inform Case Manager of any changes in income
 - j. Inform Case Manager of any problems
 - k. Participant is encouraged to set up a saving account (which is separate from the Escrow account) and update Case Manager monthly as to balance

Participants who fail to fulfill their obligations under the terms and conditions of this program, can and will be terminated from the program.