



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Leslye Krutko

**SUBJECT:** SEE BELOW

**DATE:** June 1, 2009

Approved

Date

6-4-09

**COUNCIL DISTRICT:** City-wide  
**SNI AREA:** All

**SUBJECT: APPROVAL OF FUNDING FOR THE IMPLEMENTATION OF A ONE-YEAR TENANT BASED RENTAL ASSISTANCE PROGRAM FOR CHRONICALLY HOMELESS INDIVIDUALS AND FAMILIES**

## RECOMMENDATION

It is recommended that the City Council:

A. Adopt a resolution:

1. Approving \$1,500,000 for the implementation of the first year of a transitional housing Tenant-Based Rental Assistance (TBRA) program for approximately 100 chronically homeless individuals or families.
2. Approving an amendment to the City's 2009-2010 Consolidated Plan to allow a TBRA program under the HOME guidelines (See Attachment A).
3. Authorizing the Director of Housing to negotiate and execute all necessary documents.

## OUTCOME

Approval of the proposed funding for the TBRA transitional housing program will provide approximately 100 chronically homeless individuals and families with security deposits, rental

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subsidies, and supportive services, thereby reducing the number of chronically homeless mentally ill 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 (CHAP), a \$400,000 two-year pilot program designed to assist ten homeless families and four homeless adults with rental subsidies and supportive services. The program commenced on January 9, 1999, with a goal to stabilize the households and provide them with decent, safe housing and supportive services including drug and alcohol abuse counseling, mental health intervention, personal finance planning, and job training. When the pilot program ended in February 2001, six of the families and all four adults had become self-sufficient, supporting 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 CHAP to be called PROGRESS II. The City of San José contracted with the Housing Authority of the County of Santa Clara to administer the program modeled after the Section 8 Housing Voucher program. In April 2002, the PROGRESS II program enrolled 13 new families and individuals. As of June 30, 2004, twelve of the thirteen families (a total of 53 individuals) had completed the program and were permanently housed.

On October 25, 2006, the City Council approved an additional \$645,000 for a two-year extension of the PROGRESS Program (Phase III) for up to 15 chronically homeless individuals and families. The City of San José sought partnerships to provide the administrative and supportive services necessary for the program's success. The program was not launched due to a variety of challenges associated with obtaining appropriate partners.

In December 2007, the Blue Ribbon Commission on Ending Homelessness and Solving the Affordable Housing Crisis in Santa Clara County (BRC), led by Santa Clara County Supervisor Don Gage and San Jose Mayor Chuck Reed, adopted a set of goals to end homelessness and solve the affordable housing crisis. Destination: Home, a public-private collaborative, was formed to advance the Blue Ribbon Commission's recommendations and ensure progress is made on those goals. One of the BRC's recommendations was to shift to the Housing First model, which provides homeless households with permanent housing with supportive services. The proposed TBRA program responds to the Housing First recommendation.

According to the City of San Jose's 2007 Homeless Census, an estimated 4,309 unduplicated homeless people live within the City limits, with homeless families making up approximately 15% of this population. A profile of the chronically homeless population in San Jose was obtained from the data gathered from the homeless survey. According to the U.S. Department of Housing and Urban Development (HUD), a chronically homeless person is an unaccompanied disabled individual who has been continuously homeless for over one year or who has experienced four or more episodes of homelessness over a three year period. Contributing factors

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to their extended homelessness include physical disability, mental health issues, and drug or alcohol addiction. Of the 716 homeless survey respondents, approximately 28% (201 respondents) can be considered chronically homeless. Approximately 22% of the 716 survey respondents reported experiencing a mental illness at the time of the survey. While HUD does not recognize families as being chronically homeless due to the concern about families with children being homeless for extended periods of time, they will qualify as participants for the TBRA program.

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

### **ANALYSIS**

The proposed TBRA program will provide approximately 100 chronically homeless households with subsidized rents and supportive services for up to four years. Participating households will have their rents subsidized by City of San Jose HOME funds and matched with supportive services, in the form of case management and clinical services, by the Santa Clara County Mental Health Department. Participating households will pay 30% of their total monthly income toward rent. The remainder will be subsidized with the HOME funds. The participating households will have the opportunity to receive the security deposit at the time of the program exit as an incentive for maintaining their housing unit.

The program will be administered by Program Responsible in Daring Excellence (P.R.I.D.E.), a non-profit affiliate group of the Housing Authority of the County of Santa Clara. P.R.I.D.E.'s administrative duties will include providing property owners with participating household's monthly rental payments, property management duties, which include inspecting the units, verifying the participating household's income, and collecting monthly rent payments from the tenants. The Housing Department will provide P.R.I.D.E. with an administration fee of 10% of the total program costs. P.R.I.D.E. will provide quarterly progress reports to the Housing Department and oversee contracted book keeping services. The Housing Authority of the County of Santa Clara will supervise the P.R.I.D.E. staff as a loan of services.

The Santa Clara County Mental Health Department will select case management providers to work with participating households via a Request for Proposals (RFP) process. The selected case management providers will work with the participating households to become self-sufficient, which may include assistance with housing location, move in costs, advocacy, household items, credit repair, individualized community resources, increasing income, and attaining an alternate permanent housing option upon program exit. The Santa Clara County Mental Health Department will also facilitate quarterly meetings with staff from P.R.I.D.E., the City's Housing Department, and the case management provider(s) to review participants' progress, address program issues, and make appropriate recommendations for participant success.

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### **EVALUATION AND FOLLOW-UP**

The Housing Department will provide a progress report on the TBRA program to the City Council's Community & Economic Development Committee during its annual homeless update.

### **POLICY ALTERNATIVES**

In reaching the recommendation spelled out above, the following alternative was also considered:

**Alternative #1:** The City could choose not to implement the proposed TBRA program.

**Pros:** The City could provide the funds for alternative uses.

**Cons:** San Jose's chronically homeless residents would not have access to critical services.

**Reason for not recommending:** Providing housing and supportive services to San Jose's chronically homeless residents is critical to the City's priority of ending homelessness.

### **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)**

This memo will be posted on the City Council Agenda Website for the June 23, 2009 meeting.

### **COORDINATION**

Preparation of this memorandum was coordinated with the Office of the City Attorney.

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**FISCAL/POLICY ALIGNMENT**

This proposal is consistent with the Blue Ribbon Commission on Ending Homelessness and Solving the Affordable Housing Crisis in Santa Clara County’s plan to end homelessness in Santa Clara County, as well as the City Council-approved Homeless Strategy, to meet the goals of re-housing and stabilizing homeless families and individuals, and reducing the number of chronically homeless individuals and families.

**COST SUMMARY/IMPLICATIONS**

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

Expense Item	Cost
<b>Project Costs:</b>	
Rent Subsidies	\$ 1,100,000
Security Deposits	\$ 200,000
Utility Deposits	\$ 50,000
<b>Total Project Costs</b>	<b>\$ 1,350,000</b>
<b>Administrative Costs:</b>	
Program Administrator: P.R.I.D.E. (10% of Project Costs)	\$ 150,000
<b>TOTAL PROGRAM COST</b>	<b>\$ 1,500,000</b>

<b>SOURCE OF FUNDS:</b>	HOME Investment Partnership Program Trust Fund
<b>FISCAL IMPACT:</b>	There is no fiscal impact on the General Fund.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation impacted by the grant award that is recommended as part of this memo.

Fund #	Appn. #	Appn. Name	Total Appn.	2009-10 Proposed Budget	Last Budget Action (Date, Ord.No.)
445	TBD*	Tenant-Based Rental Assistance program	\$1,500,000	XI - 44	TBD

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\*Funding contingent upon approval of the 2009/2010 proposed operating budget on June 23, 2009.

**CEQA**

Not a Project



LESLYE KRUTKO  
Director of Housing

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

Attachment

### **Tenant-Based Rental Assistance Program Guidelines**

A Tenant-Based Rental Assistance (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 differs from other HOME programs in three ways:

- TBRA programs help individual households.
- TBRA assistance moves with the tenant.
- The level of the 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 a Tenant-Based Rental Assistance program funded through the HOME Investment Partnership Program Trust Fund.

The City's TBRA program is designed to help chronic homeless families and individuals to become permanently housed with supportive services. Specifically, the TBRA program will provide housing with wraparound services for two years with the possibility of a two year extension. Priority will be given to those with a diagnosed mental illness. The housing must be located within the City of San Jose. The rents will be subsidized by the City of San Jose (HOME funds) and the case management services will be matched by the Santa Clara County Mental Health Department (MHSA funds).

#### **Agency Responsibilities**

##### **1. Housing Department:**

- a. Oversee program logistics including, materials and trainings.
- b. Attend quarterly meetings with the Santa Clara County Mental Health Department, P.R.I.D.E. (Program Administrator), and the selected case management agencies.
- c. Review P.R.I.D.E.'s quarterly reports on participants' income and tenancy.
- d. Review P.R.I.D.E.'s financial information to ensure compliance with the HOME Program Guidelines.
- e. Review and evaluate program progress and recommend changes as needed.

##### **2. Santa Clara County Mental Health Department:**

- a. Develop and manage Request for Proposals for case management services for TBRA program.
- b. Select appropriate case management agencies to serve program clients.
- c. Assist case management agencies with development of program materials, policies and procedures.
- d. Take referrals from homeless services providers and other agencies regarding potential participants.
- e. Evaluate the recommendations made by the case management agencies in regards to the potential participants and make the final decision on participant selection.
- f. Facilitate quarterly meetings with the staff from the case management agencies, P.R.I.D.E., and the Housing Department to review participant progress, address program concerns, and make recommendations to facilitate participant success.

## Attachment A

### TBRA Program Guidelines

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- g. Review and evaluate program progress and communicate effectiveness and recommendations for change to the Housing Department.

#### 3. P.R.I.D.E. (Program Administrator):

- a. Ensure that each property meets HUD Housing Quality Standards.
- b. Review and enforce occupancy standards to determine participating household's unit size.
- c. Ensure the payment (rent) standard is similar to the Fair Market Rent (FMR) that is established by HUD for the Section 8 program.
- d. Verify that participating households' annual income as defined in 24 CFR 5.609 (referred to as "Part 5 annual income"), does not exceed 30% of the area median income.
- e. Ensure that the term of each lease is at least one year and does not contain language that is not in accordance with the HOME Investment Partnership Program Trust Fund.
- f. Conduct property inspections upon entry and exit.
- g. Conduct ongoing inspections of the property during TBRA participants' tenancy, as needed.
- h. Collect a flat monthly rent of \$25, with no deductions, from each participating household.
- i. Provide rental check in its entirety to property owner each month.
- j. Perform annual income recertification and adjust rent and assistance accordingly.
- k. Review and approve rent increases.
- l. Supervise the accounting and record keeping functions to be contracted to another agency, including:
  - i. Preparation and submittal of the TBRA Set-up Report to the City of San Jose Housing Department, as required by HUD.
  - ii. Submittal of reimbursement requests to the City of San José Housing Department with appropriate documentation.
  - iii. Disburse security deposits at the end of tenancy.
- m. Submit quarterly reports to the City of San Jose Housing Department on participating households' income, tenancy status, and accounting of funds spent to date.

#### 4. Selected Case Management Agency:

- a. Explain the TBRA program to all participating households.
- b. Perform intake assessments on participating households to identify housing and supportive services needs and link them to appropriate resources.
- c. Employ case managers, clinical psychologists, and psychiatrists to provide case management and other supportive services to participating households, which will include:
  - i. Verifying participant eligibility, including income and homelessness.
  - ii. Assisting participants with the development of a self-sufficiency action plan.
  - iii. Accompanying participants to a mandatory program orientation facilitated by P.R.I.D.E., the Santa Clara County Mental Health Department, and the City of San José Housing Department.
  - iv. Assisting participants with the completion of paperwork required by P.R.I.D.E., including their rent portion calculation.

- v. Assisting participants in obtaining an apartment that meets the rent and habitability standards of the TBRA program.
- vi. Communicating with potential landlords and P.R.I.D.E. about the unit's inspection, monthly rent, security deposit, and possible utility deposit.
- vii. Scheduling home visits with all participating households.
- viii. Assisting participants with meeting their goals as set in their self-sufficiency action plan(s).
- ix. Guiding participants with budgeting and money management.
- x. Acting as a liaison between P.R.I.D.E., participating households, and landlords, as needed.
- xi. Developing and maintaining confidential participant case files.
- xii. Notifying the Santa Clara County Mental Health Department quarterly of participant progress towards self-sufficiency.
- xiii. Ensuring participants have a permanent affordable housing option at completion of program.
- xiv. Performing Exit Interviews and submitting final reports.

5. Participating Households:

- a. Attend mandatory TBRA program orientation provided by P.R.I.D.E., the Santa Clara County Mental Health Department, and the City of San José Housing Department before moving into approved housing.
- b. Schedule meetings with case managers.
- c. Maintain regular contact with case manager, clinical psychologist, psychiatrist, doctor, or other appropriate staff person, and notify them if unable to attend a scheduled appointment.
- d. Allow case manager and/or P.R.I.D.E. staff to periodically inspect the housing unit.
- e. Adhere to self-sufficiency action plan and/or treatment plan.
- f. Maintain or obtain a regular income.
- g. Pay a flat monthly rent of \$25 to P.R.I.D.E. (Program Administrator).
- h. Develop skills to be a good tenant, such as keeping unit clean, participating in tenant training programs and/or classes, and following the terms of the landlord's lease.
- i. Contact case manager or landlord should the unit need service or repair.
- j. Inform case manager of potential changes in household composition, changes in income, or any concerns that may affect program compliance and/or stability.
- k. Work with case manager to develop a housing relocation plan, which may include placement on Section 8 waiting list, placement on affordable housing wait lists, and/or market rate housing options.
- l. Failure to perform any of the above responsibilities can and will result in termination of participation in the TBRA program.

**Participant Eligibility Requirements**

1. Participants must meet the HUD definition of chronic homeless, which refers to an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless, persons must lack a fixed, regular, and adequate nighttime residence, such as a place not meant for human habitation and/or an emergency shelter, during that time. For the purpose of the TBRA program, a family will also be considered chronically homeless if they otherwise meet the above definition.
2. Submit complete application including identification, income verification, homelessness verification, and proof of a household member's diagnosed mental illness.
3. Participants must have the desire and the ability to become permanently housed and self-sufficient.

**Participant Selection Process**

Once the Santa Clara County Mental Health Department has selected the homeless service agencies to provide case management services, members of the Santa Clara County Collaborative on Affordable Housing and Homeless Issues (Collaborative) will be asked to refer eligible clients to the program. Final decisions on participating households will be made by the Santa Clara County Mental Health Department. Records will be maintained by the Santa Clara County Mental Health Department documenting that all eligible families and individuals had the opportunity to apply and were treated fairly in the application process. All applicants not selected will be notified by mail, telephone, personal contact, or other appropriate method.

**Rent Analysis**

The chart below shows fair market rents obtained from the 2009 U.S. Department of HUD Fair Market Rents (FMR) for Santa Clara County. The chart will be used to project the total annual rent for participating households.

<b>Unit Size</b>	<b>San Jose Fair Market Rents</b>	<b>Estimated # of Units</b>	<b>Year 1 TOTAL Rents (includes one-time security deposits)</b>	<b>Year 1 Estimated Participant Rental Portion</b>
Shared	\$ 720	15	\$ 140,400	\$ 10,000
0 Bdr	\$ 961	30	\$ 374,790	\$ 25,000
1 Bdr	\$ 1,113	35	\$ 506,415	\$ 40,000
2 Bdr	\$ 1,338	15	\$ 260,910	\$ 20,000
3 Bdr	\$ 1,924	5	\$ 125,060	\$ 2,500
<b>TOTAL</b>		<b>100</b>	<b>\$ 1,407,575</b>	<b>\$ 97,500</b>

Occupancy guidelines:

1. A single person can rent a room in a multiple-bedroom unit, a zero-bedroom or a one-bedroom unit.
2. A household of two (couple) can rent a room in a multiple-bedroom unit, a zero-bedroom or a one-bedroom unit.
3. A family needs 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.