



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: April 9, 2012

Approved

Date

4-18-12

SUBJECT: AUTHORIZATION FOR THE HOUSING DEPARTMENT TO ACCEPT A SECOND ALLOTMENT OF FEDERAL FY 2011-2012 EMERGENCY SOLUTIONS GRANT (ESG) FUNDS AND RELATED ACTIONS

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving the Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan (ConPlan) and authorizing the Director of Housing, on behalf of the City, to:

- (a) Submit the Substantial Amendment to the U.S. Department of Housing and Urban Development (HUD);
- (b) Accept a second allotment of FY 2011-2012 federal Emergency Solutions Grant (ESG) funds in the amount of \$248,315;
- (c) Negotiate and execute with HUD all agreements and documents for the expenditure of these funds;
- (d) Utilize \$26,644 of unallocated funds from the City's first allotment of FY 2011-2012 ESG Funds; and
- (e) Negotiate and execute with subrecipient agencies all non-capital agreements and contracts not requiring CEQA/NEPA review.

OUTCOME

Approval of the recommended action will allow the City to accept additional federal funds and utilize its existing Emergency Solutions Grant (ESG) funds for actions related to its efforts to end homelessness.

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BACKGROUND

In November 2011, the federal Department of Housing and Urban Development (HUD) announced that eligible entitlement jurisdictions would receive a second allotment of FY 2011-2012 ESG funds (ESG II); San José was allocated \$248,315 from this second allotment. Earlier this year HUD released guidelines defining how jurisdictions could access and utilize this second allotment of funds, as well as any unallocated or reallocated funds from the first allotment of FY 2011-2012 ESG funds (ESG I). San José has \$26,644 in ESG I funds that were not allocated at the time it received its first installment.

To qualify to receive and utilize these funds, localities must submit to HUD a Substantial Amendment to its FY 2011-2012 ConPlan by May 15, 2012. Required elements of the Substantial Amendment include a description of the public process including consultations with the local Continuum of Care; proposed fund uses and how they were determined; and the anticipated performance of funded projects. The complete document can be found as Attachment A to this memorandum and will be added to the FY 2011-2012 ConPlan as Appendix F.

ANALYSIS

On January 10, 2012, the Council approved the use of \$467,000 in Community Development Block Grant (CDBG) funds and the majority of its FY 2012-2013 ESG funds for a full-service multi-disciplinary homeless outreach program(s) and a full-service program(s) for homeless families and youth. In order to complement other City priority projects and limit the expending of City staffing and resources, the ESG II and reallocated ESG I funding allocation and public process is occurring in concert with the City's FY 2012-2013 ConPlan process, including federal funding decisions.

In this regard, it is recommended that the ESG II and reallocated ESG I funds be incorporated into the above described homeless programs to be implemented in FY 2012-2013. In order to facilitate the coordinated use of the funds, the new and reallocated FY 2011-2012 ESG funds were added to the FY 2012-2013 CDBG and ESG funds made available in the City's published Request for Proposal and related funding recommendations. Details of the funding recommendations are provided in the City's FY 2012-2013 ConPlan.

EVALUATION AND FOLLOW-UP

The Housing Department will update the Council on the performance of the funded projects in the FY 2012-2013 Consolidated Annual Performance Evaluation Report (CAPER) along with its other federally funded programs.

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POLICY ALTERNATIVES

In reaching the above recommendations, the following alternative was also considered:

Alternative #1: The City could choose not to accept the additional funds.

Pros: Rather than administering the funds, City staff time and resources could be utilized for alternative uses.

Cons: The City would be turning down funds that could be used towards its goal of ending homelessness.

Reason for not recommending: The funds can be used to support the City's goal of ending homelessness.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criterion 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)
- Criterion 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 newspapers)

This memo does not meet any of the above criteria, however it will be posted on the City's website for the May 1, 2012 City Council agenda. Additionally, in accordance with the City's Citizen Participation Plan, the following public meetings will allow for community input on the document:

- March 15, 2012 - Santa Clara County Collaborative on Affordable Housing and Homeless Issues' Steering Committee (the local Continuum of Care)
- April 12, 2012 – the City's Housing and Community Development Advisory Commission
- May 1, 2012 - San José City Council meeting

The City sent individual announcements of these public hearings to over 400 organizations and individuals concerned about affordable housing and community development issues, as well as placing an announcement in the San Jose Mercury News. These notices were also translated into Spanish, Vietnamese, and Chinese and published in La Oferta, Thoi Bao and China Press newspapers.

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All public comments provided to the City either verbally or in writing will be included in an appendix to the Substantial Amendment when submitted to HUD.

COORDINATION

The funding recommendations were reviewed by the Santa Clara County Collaborative on Affordable Housing and Homeless Issues and will be considered at the April 12, 2012 Housing and Community Development Advisory Commission meeting.

This report has been prepared in coordination with the Office of the City Attorney.

FISCAL/POLICY ALIGNMENT

The timely submittal of the Substantial Amendment to HUD enables the City to become eligible to receive and distribute \$274,959 in new and unallocated FY 2011 ESG funds.

COST SUMMARY/IMPLICATIONS

With an approved Substantial Amendment the City will be eligible to utilize new and unallocated FY 2011 ESG funds.

CEQA

Not a Project, File No.PP10-069(a) Annual Report.

/s/
LESLYE CORSIGLIA
Director of Housing

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

Attachment

**Substantial Amendment to the Consolidated Plan 2011 Action Plan for the Second
Allocation of the Emergency Solutions Grant (ESG)
For the City of San Jose**

Grantees eligible to receive a second allocation of funds or interested in reallocating its first allotment of funds under the FY 2011 Emergency Solutions Grant (ESG) are required to complete a substantial amendment to their Consolidated Plan 2011 Action Plan. With the addition of a completed form SF-424, the following includes the required contents of such a substantial amendment per the federal Department of Housing and Urban Development's (HUD) *Notice of the FY 2011 Substantial Amendment Process and Other Related Information for Recipients of Emergency Solutions Grants Programs Funds*.

Edits to the FY 2011-2012 Consolidated Annual Action Plan

1. On page 20 of the approved 2011-2012 Consolidated Annual Action Plan, make the following changes to the table under the section Fiscal Year 2011-2012 Anticipated Funding Sources, Non-City funds (additions and/or deletions):

ESG \$~~613,349~~ \$861,664

2. On page 37 of the approved 2011-2012 Consolidated Annual Action Plan, make the following changes immediately prior to the section titled *Homeless Prevention Activities*:

Please see Appendix F for additional information on the second allocation and reallocation of FY 2011-2012 ESG funds.

Additional Information per HUD's Notice of the FY 2011 Substantial Amendment Process

1. SF-424

City Response: A signed copy of SF-424 will be submitted to HUD along with this document.

2. Summary of Consultation Process

- **Describe how the recipient consulted with the Continuum of Care on:**

City Response: City staff are members of the local Continuum of Care's (the Santa Clara County Collaborative on Affordable Housing and Homeless Issues – "the Collaborative") Executive and Steering Committees and participates on other ongoing and adhoc Committees including the Tech Committee and the Service Providers Network.

The City of San Jose provided the information in Attachment A to the Collaborative at its March 15, 2012 Steering Committee meeting. The Collaborative's comments on the requested items are included below.

- **Determining how to allocate ESG funds for eligible activities**

City Response: As described in Attachment A, the City recommended that the FY 2011 funds be used for 1) administration costs; and 2) rapid re-housing and tenant-based rental assistance activities as part of larger citywide outreach programs and full-service programs for homeless families and youth (including victims of domestic violence).

A member of the Collaborative commented that shelters are still needed and that funds should continue going to supporting these facilities.

- **Developing the performance standards for activities funded under ESG; and**

City Response: Over the next year, the Collaborative plans to develop performance measures for both its agencies and the Continuum of Care as a whole. The Collaborative members in attendance agreed with the City's recommendation that the performance measures for ESG funded activities be developed in concert with the Collaborative's performance measurement development process.

- **Developing funding, policies, and procedures for the operation and administration of the HMIS**

City Response: The Collaborative currently has policies and procedures for the operation and administration of the applicable HMIS, and supports funding of the system via its McKinney-Vento funding priority process. The Collaborative members supported the City's recommendation that any consideration or changes to the funding, policies, and procedures for the operation and administration of the HMIS be done in concert with the Collaborative.

3. Summary of Citizen Participation Process

- **Summarize the citizen participation process used**

City Response: The City will follow the requirements under its Citizen Participation Plan, including:

- March 29, 2012 – Thirty-day public comment period begins. Substantial Amendment made available on the City of San Jose Housing Department website, and by requesting the document in person or by phone
- April 12, 2012 – Public hearing of the Substantial Amendment at the City of San Jose’s Housing and Community Development Advisory Commission meeting
- April 30, 2012 – End of 30-day Public Comment Period
- May 1, 2012 – Final approval of the Substantial Amendment by the San Jose City Council

- **Summarize the public comments or views received**

City Response: All of the public comments received on the Substantial Amendment will be included in a supplementary document after the completion of the 30-day public comment period.

- **Summarize the comments or view not accepted and include the reasons for not accepting those comments or view**

City Response: All of the public comments received on the Substantial Amendment will be included in a supplementary document after the completion of the 30-day public comment period.

4. Match

- **Describe:**
 - **Types of cash and/or non-cash resources used as match**

City Response: Cash and non-cash donations and grants from the following organizations may be used as a match to the funded projects:

- The federal Emergency Management Agency (FEMA)
- The federal Department of Health and Human Services
- The California Emergency Management Agency (CalEMA)
- Private Foundations
- The County of Santa Clara

- **Specific amounts of resources used as match**

City Response: All projects funded with the ESG funds will provide a match of at least 100% (i.e. \$1 of non-ESG funds for every \$1 of ESG funds).

- **Proposed use of match resources**

City Response: The match resources will be used to administer and implement the funded projects including direct and indirect costs.

5. Proposed Activities and Overall Budget

a. Proposed Activities: All recipients must include the following details for each propose activity:

1) corresponding priority needs from recipient's Annual Action Plan

City Response: The proposed ESG funded activities meet the following priorities of the City's 2010-2015 Consolidated Action Plan:

- Goal #2: Support activities to end homelessness, Strategy #2A: Provide housing and supportive services to homeless individuals and families and households at risk of homelessness
- - Action 2A.1: Support emergency rental assistance programs to help protect lower-income households from becoming homeless and re-house those households that are homeless.
 - Action 2A.5: Support Destination: Home and its goal of ending homelessness in Santa Clara County.

2) concise description of the activity, including the number and types of persons to be served

City Response: The funds will be used for the City's administration of the funds and Rapid Re-Housing – Rental Assistance for homeless residents. It is anticipated that the funds will provide rental assistance to no more than 60 unduplicated persons.

3) corresponding standard objective and outcome categories

City Response: Objective category: decent housing; outcome category: availability/accessibility

4) start date and completion date

City Response: The funded project(s) will run from July 1, 2012 to June 30, 2013.

5) ESG and other funding amounts

City Response: This Substantial Amendment is concerned with \$274,959 of FY 2011 ESG funds which consists of unallocated funds (\$26,644) and the year's second allocation (\$248,315).

6) One or more performance indicators

City Response: The percentage of homeless residents who are housed through the funded program who will remain housed for 6 months.

7) Projected accomplishments – made within one year

City Response: Seventy-percent of the homeless residents who are housed through the funded program will remain housed for 6 months.

8) Projected accomplishments - to be made over the period for which the grant will be used for that activity

City Response: Seventy-percent of the homeless residents who are housed through the funded program will remain housed for 6 months.

b. Discussion of Funding Priorities

- **Explain why the recipient chose to fund the proposed activities at the amounts specified.**

City Response: The City is proposing to use the ESG funds to provide rental assistance to homeless residents (Rapid Re-Housing – Tenant Based Rental Assistance). The funds will be combined with FY 2012 ESG and CDBG funds to administer and implement two programs aimed at ending homelessness in San Jose:

- Full-service multi-disciplinary outreach program(s) including outreach workers, shelter beds, case management services, and rental assistance to outreach and engage homeless individuals living on the streets and in encampments; and
- Full-service program(s) for homeless families – including victims of domestic violence – and youth including shelter beds, case management services, outreach, and rental assistance.

The City’s determination to fund these activities was based on the following:

- Alignment with *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* including:
 - Objective 3: Provide affordable housing to people experiencing homelessness
 - Signature Initiative #2: Families and Children
 - Signature Initiative #3: Chronic homelessness
 - Signature Initiative #4: Youth
 - Objective 10, Strategy - Promote collaborative street outreach efforts that help people living on the streets directly access housing
- The demographics of the City’s homeless population per its 2011 Census and Survey:
 - 76% of those counted were on the street
 - 37% of the City’s homeless population were chronically homeless compared with 32% in 2009 and 17% nationwide in 2010
 - 8% of San Jose’s homeless population were in families
 - 15% of the City’s homeless population were children and youth
 - 69% of those surveyed said that their inability to afford rent was keeping them from securing permanent housing, compared to 62% in 2009
 - 12% of those surveyed reported experiencing domestic violence or abuse at the time of the survey, an increase from the 10% reported in 2009
- Alignment with local initiatives including Destination: Home, a public-private initiative to end chronic homelessness and Housing 1000, an initiative to permanently house 1,000 of Santa Clara County’s most vulnerable chronically homeless residents in two years

- **Identify any obstacles to addressing underserved needs in the community.**

City Response: With a daily homeless population of over 4,000 individuals, an annual homeless population of over 10,000, one of the most expensive housing markets in the country, and a 9% unemployment rate (January 2012), addressing the needs of San Jose's homeless and at-risk residents will take an unprecedented collaboration between the public and private sectors, an influx of new funds, realignment of existing processes, and ingenuity and creativity by everyone. Adding to these challenges is the demographics of the City's homeless residents: in 2011 approximately 1,474 of the City's homeless residents were considered chronically homeless including 36% of whom suffered from mental illness; 35% from a physical disability; 31% from chronic health problems; and 14% from PTSD.

C. Detailed Budget

City Response: Please see the attached table for a detailed budget of planned activities and funding levels.

6. Written Standards for Provision of ESG Assistance

City Response: As part of its contract development process with the ESG subrecipients, the City will ensure that the agencies have all of required written standards as described in HUD's Notice of the FY 2011 Substantial Amendment Process.

7. Describe Process for Making Sub-Awards

City Response: The following provides the City's process for making awards of the ESG FY 2011 funds to subgrantees:

- January 19, 2012 – General information on the City's upcoming RFP provided at the Collaborative Steering Committee meeting
- January 30, 2012 – Request for Proposals (RFP) for funding for homeless projects was released
- February 3, 2012 – Mandatory application workshop for all potential funding applicants
- January 30, 2012 – February 13, 2012 – written questions on completing the application accepted by City staff
- February 27, 2012 – RFP responses due to the City
- March 13, 2012 – Application evaluation panel meeting
 - Panel included staff from the Housing Department's Homeless Team, County of Santa Clara Department of Mental Health, HomeBase – a nonprofit homeless policy organization and HUD technical assistance provider, and a retired employee of a local nonprofit homeless shelter and service agency
 - Applicants were allowed to give a five minute presentation to the panel on their application followed by up to 30 minutes of questions from the panelists
 - The evaluation panelists scored the applications based on a series of questions/criteria. The value of each question was weighted based on its importance.

- The panelists' weighted scores combined with points based on the applicant's past performance were calculated.
- Housing Department staff used the scores to determine funding allocations.

8. Homeless Participation Requirement

City Response: Over the next year, the City will develop and implement a method to receive input from homeless and formerly homeless residents on its ESG policies and decisions. Potential avenues for receiving this information include:

- Surveying clients receiving assistance through ESG funded programs
- Incorporating survey questions into the January 2013 homeless census and survey and the ongoing Housing 1000 surveys

9. Performance Standards

City Response: As mentioned above, over the next year, the Collaborative plans to develop performance measures for both its individual agencies and the Continuum of Care as a whole. The performance standards for evaluating ESG funded activities will be developed in concert with this process.

City of San Jose ESG Information for Collaborative
FY 2011 2nd Allocation and FY 2012 Allocation
March 15, 2012

Allowable Uses of ESG Funds

Allowable components:

- Street outreach
- Emergency shelter
- Homelessness prevention
- Rapid re-housing assistance
- Housing relocation and stabilization services
- Short-term and medium-term rental assistance
- HMIS
- Admin (City)

- Total amount of fiscal year grant expended on street outreach and emergency shelter cannot exceed the greater of:
 - 60% of current fiscal year grant (total FY 2011 allocation) OR
 - Amount of FY 2010 grant funds spent on “homeless assistance” activities
- Otherwise funds must be spent on newly eligible activities (Rapid Re-Housing, Prevention, HMIS, Administration)
- Over 91% of the FY 2011 1st allocation went to shelter programs. Therefore, all of the available FY 2011 funds must be used for newly eligible activities (see above)
- Up to 7.5% of the total year’s allocation may be spent on admin costs (City)

Required Consultation with Continuum of Care

- Determining how to allocate ESG funds for eligible activities;
- Developing the performance standards for activities funded under ESG; and
- Developing funding, policies, and procedures for the operation and administration of the HMIS

FY 2011 ESG - Available Funds and Recommended Uses

FY 2011 ESG FUNDS	
ESG Resource	Amount
2 nd Allocation	\$248,315
Unallocated funds from 1st allocation*	\$ 26,644
Total amount available	\$274,959

*The FY 2011 fund allocation was the 2nd year of a two-year grant cycle. One agency stopped providing their funded program during the first year, resulting in unallocated funds in FY 2011.

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FY 2011 – Recommended Use of Available Funds	
Use	Maximum Funding Allocation
Admin (City)	\$ 29,659
Rapid Re-Housing/Tenant-Based Rental Assistance (as part of the Outreach and Families & Youth Programs - see information below):	\$245,299
Total	\$274,959

FY 2012 ESG - Available Funds and Recommended Uses

Use	Maximum Funding Allocation
Admin (City)	\$ 59,434
Citywide Outreach Program*	\$1,354,771
Full-Service Program for Homeless Families and Youth (including victims of domestic violence)*	
HMIS	\$90,000
Total	\$1,504,205
* Will be combined with CDBG funding	

Required Program Standards:

The following standards must be created in consultation with the Continuum of Care. These standards go beyond performance indicators to provide a measure to evaluate subrecipients success at, for example:

- Targeting those who need assistance most
- Reducing number of people living on streets or in shelters
- Shortening time spent homeless
- Ensuring assistance provided is effective at reducing housing barriers and housing stability risks

(We can choose to use just one of these measures)

HMIS

The Collaborative has existing policies, and procedures for the operation and administration of the HMIS

Appendix F

Substantial Amendment to the 201-2011-2012 Consolidated Annual Action Plan for the Second Allocation of the Emergency Solutions Grant (ESG)
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Substantial Amendment to the 2011-2012 Consolidated Annual Action Plan for the Second Allocation of the Emergency Solutions Grant (ESG)

Table 1 - FY 2011 ESG Detailed Budget Table

First Allocation		\$441,448	FY 2011		
Second Allocation		\$248,315	Emergency Shelter Grants/Emergency Solutions Grants		
Grant Amount		\$689,763	Program Allocations		
Total Administration		\$51,732			
		First Allocation	Second Allocation	Total Fiscal Year 2011	
Eligible Activities		Activity Amount	Reprogrammed Amount	Activity Amount	Activity Amount
Emergency Shelter Grants Program	Homeless Assistance	\$394,000	\$0		\$394,000
	Rehab/Conversion	\$0	\$0		\$0
	Operations	\$359,000	\$0		\$359,000
	Essential Services	\$35,000	\$0		\$35,000
	Homeless Prevention	\$0	\$0		\$0
	Administration	\$20,804	\$0		\$20,804
	Emergency Shelter Grants Subtotal*	\$414,804	\$0		\$414,804
Emergency Solutions Grants Program	Emergency Shelter Renovation			\$0	\$0
	Operation			\$0	\$0
	Essential Services			\$0	\$0
	URA Assistance			\$0	\$0
	Street Outreach - Essential Services			\$0	\$0
	HMIS		\$0	\$0	\$0
	Rapid Re-Housing		\$0	\$0	\$0
	Housing Relocation & Stabilization Services		\$0	\$0	\$0
	Tenant-Based Rental Assistance		\$26,644	\$218,655	\$245,299
	Project-Based Rental Assistance		\$0	\$0	\$0
	Homelessness Prevention		\$0	\$0	\$0
	Housing Relocation & Stabilization Services		\$0	\$0	\$0
	Tenant-Based Rental Assistance		\$0	\$0	\$0
	Project-Based Rental Assistance		\$0	\$0	\$0
	Administration		\$0	\$29,660	\$29,660
	Emergency Solutions Grants Subtotal		\$26,644	\$248,315	\$274,959
			Total Grant Amount: \$414,804 + \$274,959 =		

* The full FY 2011 First ESG allocation was not fully granted. This was the second year of a two-year funding cycle. One of the agencies originally funded dropped out, resulting in unallocated ESG funds in the amount of \$26,644. This amount is being reprogrammed and granted along with the 2nd ESG Allocation.