



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia
Director of Housing

SUBJECT: SEE BELOW

DATE: May 29, 2012

Approved  Date 6/1/12

SUBJECT: APPROVAL OF GRANT FOR ADMINISTRATION OF TENANT BASED RENTAL ASSISTANCE PROGRAM

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the Director of Housing to negotiate and execute documents for a grant of up to \$1,470,000 to Abode Services for administration and housing costs associated with the City's Tenant Based Rental Assistance programs for homeless households for a period of two years.

OUTCOME

This memorandum seeks approval to award a grant to Abode Services to administer Tenant Based Rental Assistance (TBRA) programs financed with HOME Investment Partnership Program (HOME) funds towards the goal of ending homelessness in San José.

BACKGROUND

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 José 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 BRC's recommendations and ensure progress is made on those goals. One of those

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recommendations was to shift to the Housing First model, which provides homeless households with permanent housing with supportive services.

On June 23, 2009, the City Council approved funding for a TBRA program to provide approximately 100 chronically homeless individuals and families suffering from severe mental illness with housing and case management services with the goal of reducing the number of chronically homeless persons living on the streets or in emergency shelters. A grant was awarded to Program Responsible in Daring Excellence (PRIDE), a non-profit affiliate group of the Housing Authority of the County of Santa Clara, to administer the TBRA program. PRIDE was selected because the TBRA program is similar to the voucher program administered by the Housing Authority. The City's HOME funds were used to provide security deposits and rental subsidies to program participants and pay for the administration of the program. These funds were matched by intensive case management provided by the County's Mental Health Department to support the participating households in becoming self-sufficient by the end of the program.

The TBRA Program requires that participants pay 30% of their total monthly income toward rent. The remainder is subsidized with federal HOME funds. The participating households have the opportunity to receive the security deposit at the time of the Program exit as an incentive for maintaining their housing. The program is targeted for completion by July 2013; however, clients may be extended who are having difficulty transitioning into either an affordable or market rate apartment.

Two additional phases of the TBRA Program have been approved by the City Council through the Consolidated Plan process. The first additional phase will assist up to 15 individuals known to regularly congregate and/or reside in St. James Park. The second additional phase will assist up to forty individuals known to reside in encampment sites within San José city limits. The additional phases of the TBRA Program will begin in early Fiscal Year 2012-2013, and will provide participants with rental subsidies and security deposits for up to two years. The housing funds will be matched by case management services by the County and nonprofit partners.

The grant agreement with PRIDE expires June 30, 2012. PRIDE has declined to renew the agreement. The Housing Department has explored other options to continue the administration of the Program and has selected Abode Services, a nonprofit organization specializing in TBRA programs, to administer the City's TBRA Program.

ANALYSIS

Upon being informed that PRIDE would not be renewing their agreement with the City to administer its TBRA Program, Housing Department staff began exploring alternatives. Successful TBRA program administrators have experience dealing with both homeless individuals and financial processes that allow rapid response time and flexibility in issuing monthly subsidy checks. It was determined that bringing the administration of the TBRA Program to the Housing Department was unlikely to be successful, especially because the expiration of the existing contract with PRIDE was

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imminent and would not allow time for City staff training. A smooth transition of administration is critical to ensure that all rental subsidy payments to landlords are made on time.

There are very few organizations that offer TBRA administrative services. In early 2012, the County of Santa Clara conducted a search for an administrator for their own TBRA program. They selected Abode Services, a nonprofit organization with over 13 years experience creating and administering rental subsidy programs for homeless and special needs populations. In the last two years, Abode has placed more than 2,300 people into housing through its subsidy programs. Abode currently provides subsidy administration and housing services to 436 households in 12 housing programs.

Abode Services has agreed to duplicate the services that had been provided by PRIDE, and to assume responsibility for these services effective July 1, 2012. These services include, but are not limited to the following:

- Eligibility Determination – This includes initial income certification, calculation of rent standard, rent subsidy calculation, and tenant share calculation. Recertification of tenant eligibility, occupancy size changes, and rent changes will also be a part of this process.
- Housing & Lease Review Assistance – Assist clients in locating appropriate housing per the program's Occupancy Standards. For example, a one-person household does not rent a 3-bedroom unit. Further, review all leases making sure they are at least one year and do not contain provisions restricting the tenant's rights.
- Inspections – This includes initial and annual inspections of units to confirm they meet Section 8 Housing Quality Standards
- Security Deposit and Subsidy Payments – Issue monthly subsidy payments to landlords and initial security deposits.
- Miscellaneous – Work with clients' case managers to address potential tenant/landlord issues before they lead to eviction. Submit necessary reports to the City in order to properly enter clients into HUD's database (IDIS).

Compensation for these services is proposed to be \$166,207 for the two year term which includes start-up costs. This amount is allowable under HOME guidelines for TBRA programs. It is therefore recommended that a grant agreement be awarded to Abode Services, effective July 1, 2012, to administer the City's TBRA programs for a period of up to two years. This compensation, added to the \$1,296,910 in housing assistance, results in a total award of \$1,463,117.

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 recommendation outlined out above, the following alternative was also considered:

Alternative #1: The City could choose to administer the TBRA Program with City staff rather than award a grant to Abode Services.

Pros: The City would utilize administrative funding from the federal Home grant for City staff.

Cons: Administration of TBRA programs is very labor intensive and requires staff with specialized skills and experience that is not available from current City staff. Because the current contract with PRIDE expires June 30, 2012, there is not adequate time to train staff to assume responsibilities for the program by July 1, 2012. In addition, because of the special needs of the participant population, subsidy payments sometimes must be stopped and missing payments reissued with little or no advance notice. Delayed or missed payments can result in loss of housing for participants. The City's financial processes do not have the flexibility needed for this kind of rapid response.

Reason for not recommending: Utilizing the skills and experience of a specialized nonprofit to administer the TBRA program is more efficient and effective than bringing the program in-house.

PUBLIC OUTREACH

This action meets Public Outreach Criterion #1. This memo will be posted to the City Council Agenda for June 19, 2012, via the City's website.



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)**

COORDINATION

Preparation of this memorandum was coordinated with the Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>TOTAL</u>
1. AMOUNT OF RECOMMENDATION:	\$ 725,311	\$ 737,806	\$1,463,117
2. COST ELEMENTS:			
Rental Subsidies	\$ 637,000	\$ 659,910	\$1,296,910
Program Administration	<u>\$ 88,311</u>	<u>\$ 77,896</u>	<u>\$ 166,207</u>
3. TOTAL FUNDING	\$ 725,311	\$ 737,806	\$1,463,117
4. SOURCE OF FUNDING: Fund 445—HOME Investment Partnership Program Fund			
5. FISCAL IMPACT: This is a one-time action only. There is no ongoing fiscal impact to the General Fund as a result of this action.			

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2012-2013 Proposed Operating Budget (Page)	Last Budget Action (Date, Ord. No.)
445	3744	Tenant Based Rental Assistance	\$864,000	\$725,311	XI - 49	6-19-12

CEQA

Not a Project, File No. PP10-066, Agreements/Contracts.

/s/
 LESLYE CORSIGLIA
 Director of Housing

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