CED AGENDA: 6/27/2016
ITEM: D (3)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: **UPDATE ON HOMELESS HOUSING INITIATIVES**

DATE: June 13, 2016

Approved Kim Walesh

Date June 20, 2016

RECOMMENDATION

It is recommended that the Community and Economic Development Committee accept the status report and discuss efforts to create a range of interim and supportive housing solutions for homeless individuals and families.

BACKGROUND

Homelessness and the lack of available housing for Extremely Low Income populations continues to be a pressing issue for the City of San José and Santa Clara County as a whole. According to the U.S. Department of Housing and Urban Development's 2015 Annual Homeless Assessment Report, among the 48 Major City Continuums of Care, Santa Clara County has:

- The highest rate of unsheltered homelessness;
- The third largest number of chronically homeless persons;
- The fifth largest number of unaccompanied homeless youth; and
- The fifth largest number of homeless veterans;
- The ninth largest number of homeless persons on any given night.

To respond to this significant challenge, the City and its partners have been working towards a comprehensive, regional response to homelessness for over a decade. With Destination: Home serving as the coordinating partner, leaders from the City, County, Housing Authority of the County of Santa Clara (Housing Authority), Santa Clara Valley Water District, service providers, philanthropic institutions, community groups, and business organizations, created the Community Plan to End Homelessness in Santa Clara County. In February 2015, the City Council adopted a resolution to endorse the Community Plan, making San José the first city in the County to formally extend its support for this critical effort.

ANALYSIS

Using the Community Plan as a guide, the City and its partners, such as the County of Santa Clara and the Housing Authority, have made significant strides in reducing homelessness in our community. Since the 2013 Homeless Census and Survey, homelessness in San José decreased by 15%. However, meeting the immediate housing needs of homeless men, women, and children remains a challenge. The 2015 Homeless Census and Survey found that there were still 4,063 homeless individuals in San José on a given night. Over sixty-nine percent (69%) of the homeless individuals, or 2,810, were unsheltered and 35% of the population were identified as being chronically homeless. One of the most expensive housing markets in the country only serves to further exacerbate the challenge of homelessness locally. According to the National Low Income Housing Coalition's Out of Reach 2015 report, Santa Clara County is the fifth most expensive county in the United States, requiring a wage of $34.79/hour to afford fair market rental rates for housing. Rental vacancy rates are low and there is not nearly enough affordable housing to meet the need.

Listed below are approaches that represent a spectrum of programming and support that address both the immediate and long-term homeless housing needs for the City.

Crisis Response System

Street Outreach and Supportive Services

Since 2012, the City-wide Homeless Outreach and Engagement Program has provided a coordinated response to community concerns about homeless persons living on the streets and in encampments throughout San José. The Program has a centralized Homeless Outreach and Engagement Helpline (408-510-7600) and email address (outreach@homefirstscc.org). When a call or email comes in a team of outreach workers are deployed to the site to connect the homeless individuals to housing, offer emergency shelter, transportation, and other comprehensive supportive services. Every visit is recorded in a database, which helps the City to better understand the needs and impact of homelessness throughout the City.

The City partners with HomeFirst as the Outreach coordinating agency. In FY 2015-16, HomeFirst has served 258 unduplicated homeless persons, provided 616 outreach contacts, offered 4,369 nights of shelter, and provided 83 case management sessions. HomeFirst reported at the end of the second quarter in December that 25% of HomeFirst clients contacted via street outreach moved from the street to permanent housing destinations.

The City also entered into a new partnership with PATH in 2015 to operate the Downtown Outreach Program with a goal of increasing community stakeholder engagement around homelessness and decreasing homelessness in the downtown core. In FY 2015-16, PATH served 155 unduplicated homeless persons, provided 1,194 outreach contacts as a response to constituent concerns, and 508 case management sessions. PATH further reported that 100% of PATH's engaged clients completed a vulnerability assessment to identify housing and services

prioritization and that 28% of clients contacted via street outreach moved from unsheltered locations to either interim or permanent housing.

Activation of City-owned overnight warming facilities

Each winter, the possibility of severe weather coupled with potential flooding poses a significant threat to the health and well-being of thousands of unsheltered individuals in San José living along the waterways, on the streets, and in other exposed areas. Traditionally, the regional crisis response to these potentially life-threatening conditions has been somewhat limited. During cold weather months - from November 30 through March 31 - the County opens its Cold Weather Shelter Program in Sunnyvale, Gilroy, and San José. This program, managed by the non-profit HomeFirst, activates approximately 250 emergency shelter beds for unhoused residents, including 50 beds of shelter in San José.

These beds operate on a nightly basis, offering shelter and food to residents. When the facilities are anticipated to exceed capacity, beds are allocated through either a lottery system or a first-come, first-served basis. Even with the addition of these beds, however, there still remains a lack of viable, local options for homeless populations in San Jose to seek refuge when major storm systems pass through the region.

On December 8, 2015, the City Council declared a shelter crisis for the first time, pursuant to California Government Code Section 8698. The declaration of the crisis allows the City to use City-owned property improve the local crisis response system during periods of inclement weather by providing emergency shelter.

The Homelessness Response Team, in partnership with the City Departments of PRNS and Library, selected four City-owned facilities to be occupied as overnight warming facilities. These included the Bascom Community Center, Tully Community Library, Washington United Youth Center, and Biblioteca Branch Library facilities. HomeFirst was contracted to operate the Overnight Warming Locations for a combined 100 unsheltered persons in San José during periods of inclement weather. Activation is triggered by a forecast 48-72 hours in advance by the National Weather Service of following conditions:

- an overnight low of 38 degrees or lower with a probability of rain less than 50%; or,
- an overnight low of 42 degrees or lower with a probability of rain of 50% or greater; or,
- prolonged periods of rain with flooding in low-lying areas.

Working with an interdepartmental team that included employees from Library, PRNS, Housing, Planning, Public Works, Fire, and the City Attorney's Office, the program activated the sites five times for a total of 14 nights during the winter season to provide food, shelter, and support during periods of inclement weather.

The chart below summarizes the total services of the program. Though not the primary intent of the program, it should be noted that beyond the information reported below, HomeFirst staff

were also able to successfully transition one adult and two children into permanent housing as a direct result of interaction through this program.

Overnight Warming Locations				
Location	**Target Population**	**Total Number Sheltered**	**Total services provided (meals & bus tokens)**	**Council District**
Tully Community Library	Individuals	42	95	7
Bascom Community Center	Individuals	60	142	6
Biblioteca Latinoamericana	Individuals	50	87	3
Washington United Youth Center	Families	21 (64 total members of families)	138	3
	Total	**216**	**462**	

Staff from PRNS and Library reported no significant issues at any of the sites and that, as a contractor, HomeFirst served as a response partner in addressing and resolving site specific challenges quickly. Staff did note that enhanced custodial support and additional storage space for the belongings of clients would be considerable assets for future activations. Both PRNS and Library reported that the overall program was successful and well received by the community.

Underutilization, however, was initially somewhat of a challenge. As a new program in the community, there was relatively limited awareness of the program. However, there was an increase in participants over the course of the year as outreach workers and emergency responders were able to disseminate information about the sites throughout the homeless community. Better coordination with the County and other homeless service providers is still needed, as is a survey of participants to better understand any other barriers to accessing shelter. Staff is recommending to continue the program next year, but plans to conduct a more detailed analysis of the sites selected and the client outreach to end-users to ensure that a higher number of people access potentially life-saving shelter and refuge during inclement weather.

Faith-based institution temporary shelters

The City Council also approved an urgency ordinance to allow faith-based institutions to provide temporary shelter opportunities as a response to inclement weather conditions, to further support the City-funded inclement weather response. As described in part 17 of Title 20 of the San José Municipal Code, a church or religious institution may provide temporary shelter to homeless persons. However, the Code requires a special use or conditional use permit and limits the provision of overnight shelter up to 15 people per location - as permitted by maximum site occupancy - for up to 35 calendar days each year. In addition, Council Policy 6-30, which requires public notification and outreach for any pending land use and development proposals applies. The urgency ordinance waived the application process, all related fees, and any required public notification process, allowing places of worship to provide immediate lifesaving shelter. In total, 10 religious assembly sites voluntarily participated with the City for technical assistance from January to April 2016. Participation with the City included fire and safety inspections of the

site, development of a shelter operations plan, and training from non-profit staff on service interactions. The City only provided technical assistance to the participating groups. The various congregations assumed all of the costs associated with managing the shelter, providing shower and laundry services, serving meals, and offering other support.

To date, staff has received full reports back from 6 of the 10 participating shelters. The chart below summarizes the reported information regarding the overall services, volunteer hours, and estimated costs incurred by the participating groups.

Religious Assembly Shelters: January – April 2016						
Location	**Target Population**	**Total number of nights in operation**	**Total number of individuals who accessed shelter**	**Total number of volunteers**	**Estimated Costs**	**Council District**
Holy Spirit	Single women	29	20	600+	$10,000	10
St. Francis of Assisi	Single men	28	11	140	$10,700	8
Trinity Cathedral	Single men	28	18	38	$6,257	3
Willow Glen United Methodist	Single women	35	19	200+	$20,000	6
Most Holy Trinity	Single men	21	16	75	$3,000	8
St. Julie Billiart Parish	Women with children	29	7	617	$8,000	2
		Totals	**91**	**1,670**	**$47,957**	

In addition to the organizations who worked directly with the City, the Winter Faith Collaborative – a new collaborative body consisting of 16 faith communities – partnered together to provide a variety of respite services, including shelter, daytime warming centers, and supportive services. From this effort, the Collaborative reported helping 255 people and providing over 38,000 meals this winter with over 1,000 volunteers and 54,000 volunteer hours.

On May 24, 2016, the Diocese of San José and Catholic Charities of Santa Clara County hosted a Social Ministry Leadership Gathering with Catholic Church leaders to discuss and evaluate the program more collectively. Feedback from the participating organizations included notes of excellent partnerships between the various groups and considerable education opportunities for volunteers and parishioners about homelessness. Some churches did report a need for more onsite services, better training for volunteers, connections to permanent housing for guests, a better community-wide referral system, and the desire to increase the number of guests sheltered and the length of time allowed at each site under the ordinance. The concept of a rotating, year-round shelter supported by a coalition of faith-based organizations was also widely discussed as a community goal going forward.

On June 28, staff will return to Council with a recommendation to consider extending the current urgency ordinance and revising the existing Church Shelter Ordinance to continue to utilize, strengthen, and support the considerable resources generated by the faith-based community through this initial effort.

Essential Services

Aside from the new inclement weather responses this past year, the City also recognized the importance of providing essential street-level services to support the basic daily needs of unsheltered people both to increase the safety of these households and potentially provide linkages to housing and long-term stability. In 2015, the Housing Department issued an Essential Services Request for Proposals (RFP) to fund both overnight warming locations and several direct services including: a drop-in services program, a mobile hygiene program, and a safe parking program.

Shower and Sanitation Program

Approved in December, the City contracted with HomeFirst to operate a Shower and Sanitation Program, which provides showers, meals, and laundry facilities to unsheltered individuals. Operating out of the Boccardo Reception Center, the program daily serves up to 30 clients five days per week on a drop-in basis during the day for referred clients who are not currently staying at the shelter. Priority is given to those referred by HomeFirst and PATH's citywide and downtown outreach teams. As of March 31, 2016, HomeFirst served 199 unduplicated participants with 438 clients accessing showers, 438 meals provided, and 283 clients accessing laundry services. The overwhelming majority (96%) of clients reported that the Shower & Sanitation Program met their basic needs. The current contract expires on June 30, 2016, but staff has budgeted funding to renew the services for the next fiscal year.

Mobile Hygiene Program

Beginning on March 1, 2016, the City's new Mobile Hygiene Program provided unsheltered persons throughout San José with access to mobile shower and laundry facilities. The City partners with Project WeHOPE to deploy its Dignity On Wheels mobile shower and laundry trailer to sites throughout San Jose. Dignity On Wheels provides up to 30 showers and 18 small loads of laundry daily six days per week at predesignated locations. The goal is to provide services to at least 100 unduplicated persons a year. Clients receive provisional towels, bath mats, footwear, and clothing (for laundry clients only), which must be returned after use. Shower clients will be offered hygiene kits, which include socks, shampoo, conditioner, soap/body wash, toothbrush, toothpaste, deodorant, and mouthwash. Clients also have the opportunity to work with Dignity on Wheels staff to assess unmet needs and access community resources. To support these connections, Housing staff is currently working to develop a more comprehensive plan to further connect those accessing mobile hygiene services with housing and case management from other partner agencies.

Safe Parking Program

Safe Parking – a site that provide safe places for homeless individuals living in vehicles to park and sleep – is most effective when the participants are connected to case management, rental subsidies, and housing placement. Currently, staff is working with Amigos de Guadalupe on a plan to operate a pilot safe parking. Once the various regulatory and safety issues are resolved, the planned program will utilize various forms of support, including individualized case management, tenant-based rental assistance coupons, and basic needs assistance such as security, water, food, storage, blankets, trash disposal, restroom facilities and showers through Dignity On Wheels. The proposed project will serve 15 - 20 vehicles on a nightly basis and will develop housing transition plans for all participants. The program is fully funded for FY 2016-17 and staff anticipates that the site will begin operations in the fall of 2016.

Interim and Bridge Housing Solutions

Tenant-Based Rental Assistance

The City partners with The Health Trust to administer time-limited tenant-based rental assistance to homeless households in San José. Tenant-based rental subsidies are one of the City's primary resources in helping non-chronic homeless households who are employable and capable of transitioning to self-sufficiency and exiting from homelessness into long-term stable housing. Funded through two sources, HOME and the General Fund, the City has funding committed for 220 households annually. Typically, the assistance lasts for a period of up to two years and is paired with case management, employment placement, and other individualized supportive services from partner agencies. The City maintains contracts and MOUs with a number of non-profit partners such as HomeFirst, Bill Wilson Center, LifeMoves, and Family Supportive Housing to provide these services for populations including youth, families, and single adults. These partnerships help to ensure that the participant is fully prepared to transition off the subsidy at the end of the program term.

To specifically target individuals living in encampments, the City partners with Downtown Streets Team to provide case management and employment services for up to 100 transitionally homeless households capable of self-sufficiency after a period of time-limited rental subsidy and support. For that program, 79 households are currently enrolled. 74 of the households are housed (82 adults, 30 minors) while five households (6 adults) are searching for housing. Since the program's inception in 2014:

- 14 households have graduated from the program to economic independence and stable housing;
- 90% of participants have retained their housing;
- 82% of households that became housed 12+ months ago are still housed; and
- 36 people have become stably employed.

Current market conditions, however, have limited the effectiveness of this and other local subsidy programs. With a current vacancy rate hovering at approximately 5%, San José's highly-competitive rental market makes it extremely difficult for individuals exiting homelessness to quickly enter into housing. Moreover, the lack of affordable housing options in the rental market also makes it extremely challenging for individuals to graduate from a subsidy to economic independence given the current cost of market rate housing. Participants must not only compete with San José residents who have stronger rental histories, but many participants also have additional barriers such as criminal histories or poor credit scores. Landlords are simply less inclined to rent to formerly homeless tenants when they can easily fill their apartments with people who carry less potential risk.

Even with a guaranteed rental payment from the City or other agency, program participants can remain on the streets for months unable to locate a place to live. As such, it has become necessary for the City to develop alternative interim housing options to provide stability and support for individuals while they search for permanent housing.

Transition in Place Housing Program

As a result of the challenges of identifying apartments for individuals already with rental subsidies and case management, staff has developed a Transition in Place (TIP) program that provides access to apartments in subsidized housing developments. Providing this access to deeply affordable apartments greatly increases the likelihood that participants from tenant-based rental assistance programs will be able to "transition in place" and remain stably housed once their rental coupon expires. Housing Department is utilizing a variety of strategies to gain access to existing restricted affordable apartments including paying for rehabilitation costs at properties, buying down rents of very low or low-income apartments, and subsidizing development costs of new construction. The cost of the program varies depending on the mechanism used to gain access to the apartments.

Through the TIP program, a property owner gives the City a right to refer into a specific number of apartments prospective tenants who hold a rent subsidy coupon from the City. The program serves individuals and families currently experiencing an episode of homelessness that can be quickly re-housed and stabilized through time-limited rental subsidies and support. Through employment and supportive services, the goal of the program is that individuals and households are expected to achieve independence, defined as the ability to pay a 30-40% AMI rent within a 2-year period. This equates to rents between $559 and $744 for a studio apartment. To date, staff has identified 71 apartments for the program.

Transition in Place Housing Program – Funded and Pipeline Developments					
Capacity	**Development**	**Funding**	**Source**	**Timeframe**	**Council District**
10	Creekview Apartments	$1.1M	Low and Moderate Income Housing Asset Fund (346)	Available	5
44	HIP Properties	$1.8M	Multi-Source Housing Fund (448)	2016/17	various

8	Eden Palms	N/A	N/A	Fall 2016	2
9	Metropolitan South	$6.5M	Low and Moderate Income Housing Asset Fund (346)	2017	7
Total TIP Opportunities : 71					

Hotel/Motel Supportive Housing Program and Underutilized City-Owned Property

On June 17, 2014, the City Council amended Title 20 of the San José Municipal Code to allow for "hotel supportive housing" at commercial hotel and motel sites in defined regions of San Jose, referred to as the Hotel/Motel Master Lease Program (MLP). In late 2014, staff released a Request for Qualifications (RFQ) to find an operator to manage hotels/motels as part of the MLP, but no agencies responded. Subsequently, only Abode Services indicated a potential interest in exploring the MLP. Due to the limited interest and availability of master leasing options, staff also directed Abode Services to include the option of acquiring motels in its inquiries with owners.

As a result, Abode worked with the City over the past two years to identify two hotels: the Plaza and Casa de Novo (formerly the Santa Clara Inn). In total, the two sites will provide 104 units of short-term and interim housing for homeless individuals while they search for permanent housing.

Hotel/Motel Housing Programs					
Capacity	**Development**	**Funding**	**Source**	**Timeframe**	**Council District**
56*	Casa de Novo	$6.9M	Multi-Source Housing Fund (448)	Available	6
48	The Plaza	$2.2M	Community Development Block Grant Fund (441)	June 2016	3
Total Hotel/Motel Opportunities : 104					

** 27 of the 56 units are pending conversion to long-term housing under the hotel/motel supportive housing program*

Interim Housing Community

At the September 22, 2015 City Council meeting, Council accepted a report from staff to explore implementation of a pilot interim housing community. Such communities can provide interim housing options for homeless program participants and serve to address the demand for a more economical way to house people quickly. In the memo, staff recommended that the pilot would serve a minimum of 100 individuals in manufactured housing units that contained private bedrooms and shared kitchen and bathroom facilities. To overcome the numerous legal, funding, and regulatory barriers, the structures would meet the California Building Code and would include energy efficiency features, insulation, heating, and weatherproofing to provide a comfortable living environment both in the winter and the summer. In this model, each room would have a locking door to ensure privacy and security. The interior space would include storage and convertible or modular furniture to accommodate multiple needs.
To further explore this model, in January of 2016 the Housing Department issued a separate RFP to solicit and identify proposals describing how such a program could be developed,

implemented, and operated. The Housing Department also included City-owned property at Evans Lane as a site that could be potentially utilized for such a project.

RFP responses were due on March 4, 2016. One proposal for the development component and two proposals for the operator component of the project were received. A review panel comprised of City and County representatives, as well as a community stakeholder, reviewed and evaluated each proposal individually. Abode Services received the highest scores for both the development and operator components described in the RFP.

During the RFP process, in recognition of the urgency in developing potential interim housing opportunities for homeless individuals as quickly as possible, the Housing Department also initiated the process of revising the land use designation of the Property from industrial back to its appropriate residential designation. The site had an existing affordable housing covenant, but the designation had been changed in error. In March 2016, the Housing Department submitted a General Plan Amendment to modify the Property's land use designation from Neighborhood/Community Commercial to Mixed Use Neighborhood. On May 4, 2016, the Planning Commission recommend supporting the General Plan Amendment to Council.

The City Council will hear this item on June 28th, 2016. If Council approves this action, staff will be able to continue working with the County and Abode to develop additional funding resources for both the development and ongoing services and operations of an interim housing community at Evans Lane. This work could then leverage the initial planning grant issued through the County RFP process, as well as allowing for a multi-agency partnership to fully implement the concept explored and approved by Council in 2015. In August, staff plans to return to Council with a developed project plan and potential funding request.

AB 2176 – Modernization of the Shelter Crisis Act

Beyond the proposed interim community model at Evans Lane, the Mayor's Office, as well as several Councilmembers, have urged staff to continue to investigate other innovative solutions to address the immediate needs of thousands of unsheltered residents. Enacted in San José for the first time last year, the Shelter Crisis Act currently allows a city, county, or other political subdivision to declare a shelter crisis, and provides that upon such declaration the political subdivision's liability for the provision of emergency housing is limited. It also provides that the entity may allow homeless persons to occupy designated public facilities for the duration of the state of emergency and that state and local housing, health or safety standards are suspended for additional public facilities open to the homeless to the extent that strict compliance would in any way hinder the mitigation of the shelter crisis.

Emergency housing is typically provided as shelter beds allowing an overnight stay. The person must vacate the premises every morning and may need to re-apply for shelter each night. While this function served the City well to open overnight warming locations to respond to inclement weather this past winter, studies across the nation have shown that this transient shelter bed model is not effective for transitioning people into permanent housing. Because the current

version of the Shelter Crisis Act does not address protection from habitability rules and their impact on landlord tenant law, however, the City could potentially incur liability in providing anything beyond transient shelter beds in facilities designated under the current law. Further, current law limits jurisdictions to only work with existing structures, preventing the potential for the construction of any type of new facility.

Under AB 2176, the City of San José would have the authority to prepare local building, housing, health, habitability, or safety standards, in lieu of such state laws, for the development of emergency bridge housing. The opportunity to conduct a pilot program providing small private spaces served by communal facilities would give the City another tool to address the needs of thousands of unsheltered individuals in San José. Unlike models that propose to put people without dedicated resources into environments not meant for long-term habitation (such as campgrounds), this new proposed model is a viable alternative that would provide better protection than a tent. It would also potentially provide for heating, lighting, and ventilation which would allow for longer and safer stays at a potential site. A pilot program implemented under this revised law would potentially allow the City to try innovative, cost effective methods to provide bridge housing while the City moves forward with continuing to build a robust pipeline of permanent supportive housing developments.

On April 12, 2016, City Council moved to adopt a support position of this bill. The bill was heard before the California State Assembly Housing and Community Development Committee and was passed unanimously. On June 14, the Senate Transportation and Housing Committee also passed the bill unanimously. If the bill were to be signed into law, it would be in effect beginning January 2017, providing the City with a much greater range of options for developing and operating interim housing for homeless individuals considering the authority and flexibility authorized through the bill.

Permanent Supportive Housing

Since the early 1980s, the City has funded or facilitated the development of approximately 18,000 affordable rental apartments. Loans made by the Housing Department to finance these affordable properties comprise a loan portfolio of $750 million. This portfolio, however, currently contains less than 100 supportive housing apartments to serve the needs of San José's most vulnerable residents.

To support this critical effort, the Housing Department has concluded that it can make its largest impact by focusing its resources on rental housing development with the deepest level of affordability for extremely vulnerable residents. Traditionally, the City has funded affordable housing for working families and individuals or seniors on fixed incomes. Homeless shelters have been funded, but permanent supportive housing developments targeting homeless individuals have yet to be constructed in San José.

Permanent supportive housing (PSH) requires increased construction and operating subsidies from the public sector. It also requires funding for onsite support services to ensure ongoing

successful developments. While these resources have been extremely limited in the past, both the County of Santa Clara and the Housing Authority have recently made major funding commitments to incentivize developers to build permanent supportive housing now. The City has an opportunity to leverage these resources from its partners and ensure that desperately needed housing developments for the most vulnerable populations move forward expeditiously.

To accomplish this work, staff is moving forward with two key strategies to maximize the creation of supportive housing opportunities throughout the community: These include 1) Supportive Housing Prioritization and 2) Permanent Supportive Housing Notice of Funding Availability.

Supportive Housing Prioritization in the Existing Development Pipeline

The Housing Department has developed an Affordable Housing Investment Plan that includes: developments that had previously been approved for partial or full funding commitments, developments that the Department is currently working on, and future developments that will be brought to City Council for funding approval. Given the priority to house homeless individuals as quickly as possible, staff has been able to work with developers to ensure that the majority of the current pipeline projects with existing or planned commitments will include supportive housing opportunities for vulnerable residents.

The table below summarizes the status, funding, and housing capacity of all pipeline projects in the City that will provide supportive housing. It includes developments that require no City commitment at this time as they are funded by other agencies such as the County or Housing Authority.

Permanent Supportive Housing Development – Pipeline					
Capacity	**Development**	**Funding**	**Source**	**Timeframe**	**Council District**
134	Second Street Studios	$6.5M	HOME Fund (445)	2018	3
162	Renascent Place	N/A	N/A	2018/19*	7
55	North San Pedro	$2.5M	Low and Moderate Income Housing Asset Fund (346)	2018	3
20	Donner Lofts	$4.9M	HOME Fund (445)	Fall 2016	3
25	777 Park Avenue	N/A	N/A	2017	6
16	Vermont House	$2.1M	Multi-Source Housing Fund (448)	Available	6
Total PSH Opportunities: 412					

**Please note that City Council will hear an appeal of the CUP for this development on June 28. The proposed timeframe could be impacted depending on the outcome of that decision.*

Permanent Supportive Housing Notice of Funding Availability (PSH NOFA)

Based on the City's priority to address the homeless crisis and the unique opportunity for services and subsidy funding partnerships with the County and Housing Authority that currently exists, the Housing Department will be issuing a $40 Million PSH NOFA for loans or conditional grants to fund new permanent supportive housing projects. The PSH NOFA will prioritize the developments that meet the following criteria:

1. Developments in which 100% of the development apartments are supportive housing for homeless and vulnerable populations. Developments must be able to qualify for Housing Authority vouchers and County of Santa Clara services. Priority occupancy will be targeted to Chronically Homeless and/or Homeless Veterans, or
2. Affordable developments with a minimum of a 20% supportive housing apartments, or 20 supportive housing apartments, whichever is greater.
3. Funding of developments as stated above will also be evaluated on the following criteria.
    a. Developments are in areas that are currently underserved. The Housing Department seeks to disperse supportive housing throughout the City.
    b. Developments are located in opportunity areas identified by the City as meeting the requirements for the Affordable Housing Sustainable Communities (AHSC) program under the Cap and Trade funding. These opportunities help fund affordable development and leverage much needed transportation infrastructure in the City Developments demonstrate reduced costs by utilizing innovate construction techniques including modular housing, sustainable features and/or provide an alternative funding mechanism for supportive services.
    c. Developments are located within walking distance of public transit.
    d. Developments incorporate green building features and universal design concepts to facilitate the concept of "aging in place" by the residents of the facility.
    e. Developments are "project ready" and can be advanced as quickly as possible.

The Department intends to release the PSH NOFA by the end of June. Once completed, the NOFA will be posted on the City's website and a notice will be sent to all developers on the Department's list of contacts.

Additional Efforts

Beyond the initiatives described above, the Housing Department is reviewing all other assets – including its pipeline projects, multi-family loan portfolio, and available vacant land – for potential supportive housing units and future supportive housing developments. The goal is to provide a range of development models – from integration in mixed-income affordable projects to stand-alone supportive housing developments – in order to meet the diverse needs of homeless populations living in San José. To further support this work, the Department will explore policy recommendations to prioritize limited City funding to developments that include supportive housing apartments.

On a regional level, the Department will continue to coordinate with the County, the Housing Authority, and Destination: Home to implement efforts to end homelessness. This month, the County Board of Supervisors voted to include an affordable housing bond measure on the November 2016 ballot. If approved by the voters, this bond could bring over $750,000,000 to support the development of affordable and supportive housing throughout the county. With the potential for this funding, and critical work of other campaigns such as the "All the Way Home" initiative to end veterans' homelessness by 2018, staff remains focused on a range of opportunities to substantially address this community-wide challenge in the coming years.

Housing Department staff will be at the Community and Economic Development Committee meeting on June 27, 2016 to provide a brief presentation and answer any questions related to this memo and to provide a brief verbal update on each of the key homeless housing initiatives.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Ray Bramson, Division Manager, at
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Attachment