



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand  
Jennifer A. Maguire

**SUBJECT: AWARD OF CONTRACTS  
FOR THE RAPID REHOUSING  
PROGRAM**

**DATE:** July 26, 2017

Approved

*D. DSYL*

Date

*7/26/17*

## RECOMMENDATION

It is recommended that the City Council approve the following agreements for Rapid Rehousing Rental Subsidy Administrator (RSA) and Rehousing Supportive Services Administrator (SSA):

- (a) A Grant Agreement with The Health Trust in the amount of \$1,901,000 for Fiscal Year 2017-2018 with (2) two, one-year options to extend the Agreement in the amount of \$2,250,000 annually, to include:
  - (1) \$750,000 in Fiscal Year 2017-2018 to serve as a Supportive Services Administrator with funding from the Multi-Source Housing Fund for the Rapid Rehousing Program;
  - (2) \$1,151,000 in Fiscal Year 2017-2018 to serve as the Rental Subsidy Administrator with funding from the Multi-Source Housing Fund (\$1,125,000) and with funding from the General Fund (\$26,000);
- (b) A Grant Agreement with The Health Trust in the amount of \$1,800,000 for Fiscal Year 2017-2018 with (2) two, one-year options to extend the Agreement in the amount of \$2,400,000 annually (Fiscal Year 2018-2019 & Fiscal Year 2019-2020) to serve as the Rental Subsidy Administrator with funding from the HOME Investment Partnerships Program Trust Fund (HOME);
- (c) A Grant Agreement with Bill Wilson Center in the amount of \$560,000 as a Supportive Services Administrator with funding from the Multi-Source Housing Fund with (2) two, one-year options to extend the agreement in the amount of \$560,000 annually;
- (d) A Grant Agreement with People Assisting the Homeless (PATH) in the amount of \$200,000 as a Supportive Services Administrator with funding from the Multi-Source Housing Fund with two (2), one-year options to extend the agreement in the amount of \$200,000 annually; and

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 2

(e) Adopt the following Fiscal Year 2017-2018 Appropriation Ordinance amendments in the HOME Investment Partnerships Program Trust Fund:

- (1) Decrease Unrestricted Ending Fund Balance by \$500,000; and,
- (2) Increase the Tenant Based Rental Assistance appropriation to the Housing Department by \$500,000.

### **OUTCOME**

Approval of the Supportive Service Administrator Grant Agreements will allow The Health Trust, Bill Wilson Center and PATH to provide housing search, housing placement, case management, and employment services for up to 200 low income homeless households concurrently.

Approval of the Rental Subsidy Administrator Grant Agreement will allow The Health Trust to administer ongoing rental subsidies and other financial assistance such as security deposits, move-in assistance, and rental application fees for up to 200 low income homeless households concurrently.

### **BACKGROUND**

The Housing First approach to end homelessness is a nationally recognized best practice supported by the Department of Housing and Urban Development. Rapid rehousing is a subset of this approach. Rapid rehousing programs provide short-term rental assistance and supportive services. Services end once the household is able to maintain stable housing and the rental assistance terminates. The City's Rapid Rehousing Program targets homeless households with moderate service needs that have the ability to earn sufficient income, but have experienced events, such as the sudden loss of a job or unexpected medical costs, that have led to their homelessness. Service components of a rapid rehousing program include: 1) housing search and placement; 2) short term and/or decreasing rent subsidy 3) other temporary financial assistance; and 4) time-limited community-based case management. According to a National Alliance to End Homelessness study of 14 communities, only 9% of families and 7% of single adults return to homelessness after graduating from a rapid rehousing program.

On June 23, 2009, the City Council approved \$1,500,000 in Federal HOME funds for a Tenant-Based Rental Assistance (TBRA) Program to provide housing and case management for up to 100 chronically homeless individuals and families suffering from severe mental illness. Since then, TBRA has targeted several different homeless subpopulations for subsidies. These include individuals known to regularly congregate and/or reside in St. James Park, as well as employable individuals that utilize downtown outreach services.

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 3

In response to the growing need to provide more services to encampment residents in San José, the Fiscal Year 2013-2014 Adopted Operating Budget included \$2,000,000 in General Fund to help house homeless individuals. The Housing Department developed a Place-Based Rapid Re-Housing Program, targeting a specific, large encampment along the Coyote Creek in San José. Like the earlier TBRA programs, this new funding provided housing assistance, case management, and employment services for up to 100 homeless persons. On February 11, 2014, the City Council approved a \$650,000 agreement with San José Streets Team, an affiliate of the Downtown Streets Team, to provide supportive services. The source of funds was the \$2,000,000 General fund appropriation for homelessness. The \$1,350,000 balance was set aside for housing subsidies administered by The Health Trust. Subsequent annual Operating Budgets include an additional \$2,000,000 in the General Fund to continue efforts to house homeless people with time-limited subsidies. There are currently 48 households (108 individuals) housed in the Place Based Rapid Re-Housing Program for whom San José Streets Team is providing services. Since the inception of the Program in March 2014, 63 households have exited the Program. 44 of those households have successfully exited to permanent housing (70%), while 19 of the households were terminated for cause (30%).

In addition to grant agreements with The Health Trust and San Jose Streets Team, the Housing Department currently has contracts and Memorandums of Understandings with six different agencies to provide case management services for participants of the HOME TBRA program. Each agency serves a unique target population with distinct selection criteria. This is due to regulatory restrictions on the HOME funds which can only be used for subsidies, deposits, and program administration. The Place-Based Rapid Re-Housing Program funded with General Fund dollars are more flexible, and can provide a wide array of services to its participants.

The Housing Department recognized that there would be several benefits to combining the two programs and consolidating case management under a limited number of providers. First, the program would be able to serve the participants more effectively, utilize national rapid rehousing best practices, and reduce administrative costs. Additionally, the program will be more consistent in its procedures and outcomes. Most importantly, the program will better utilize the County of Santa Clara's coordinated assessment system.

With Santa Clara County's coordinated assessment system, homeless participants complete a standard triage assessment that considers the household's situation to assess vulnerability and identify the best type of housing intervention to address their situation; reducing the amount of time people spend moving from program to program. Permanent housing programs, including rapid rehousing, enroll clients in their programs from a community queue of eligible households generated from the standard assessment.

On March 15, 2017, the Housing Department issued a Request for Proposals (RFP) for a redesigned Rapid Rehousing Program that includes both a Supportive Service Administrator and a Rental Subsidy Administrator. An evaluation panel consisting of four Housing Department staff and one external stakeholder from the Counties Office of Supportive Services reviewed and rated the proposals based on standard evaluation criteria. Applicants were scored on the strength of their program description and design, organizational experience and capacity, budget, goals

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 4

and outcomes. The Health Trust, Bill Wilson Center and PATH were selected as the Supportive Services Administrators. The Health Trust was selected as the Rental Subsidy Administrator.

This program will receive funding from the Housing Authority Litigation Award (HALA). Housing staff has determined that this use of HALA funds is consistent with the Allowed Uses for Housing Authority Litigation Award in that the funds may be used to provide for safe and sanitary housing for low-income households within the jurisdiction of the Housing Authority. In order to comply with HALA fund requirements, grantees shall require that all program participants' household incomes not exceed 80% of area median income ("AMI") per the California Department of Housing and Community Development (HCD) 2017 income limits.

### **ANALYSIS**

The proposed Rapid Rehousing Program will serve homeless populations in San José who are identified through Santa Clara County's coordinated assessment system as needing rapid rehousing services. The Program will accept referrals from the community queue based on locally approved prioritization criteria for housing programs. This redesigned Program is more aligned with the Counties Coordinated Assessments System and the policy direction of the Santa Clara Counties Continuum of Care (COC). Since the Program will target homeless households experiencing episodic homelessness, it is expected that case management services will be less intensive than for the chronically homeless, and the length of subsidy will be short-term. This will result in more households being assisted. The goal is that participants will be self-sufficient and able to maintain their existing housing once the subsidy terminates. The success of the Program will be measured by the percentage of participants exiting the Program to permanent housing and their increase in household income.

### **Supportive Services Administrators**

The Supportive Service Administrator (SSA) will provide case management and employment services for up to 200 homeless individual and family households concurrently with the goal of keeping the participants housed and ensuring that they can afford their rent. Case managers will work with participants to develop customized service plans to meet goals and become economically and socially self-sufficient. The SSA will provide housing search and placement assistance and resources and support for housing retention. The SSA will provide follow-up services to participants who have exited the program successfully, which will include a 3-month, 6-month, and one-year follow-up, to prevent returns to homelessness.

#### *The Health Trust*

The Health Trust will serve as the primary SSA. They have over 20 years of experience serving homeless and special needs populations with participant-centered services. The Health Trust has been the administrator of subsidies and services for the City's Housing Opportunities for Persons with AIDS (HOPWA) program since 1996 and has provided case management for thousands of people with HIV/AIDS. The Health Trust has also been successful in providing intensive case

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 5

management to participants in the County's Care Coordination Project (CCP), and has relationships with over 300 landlords across its housing programs. Under the CCP, The Health Trust will provide individualized support and case management services for up to 100 homeless family and individual households at any given time. As part of the CCP, employment strategy and self-sufficiency coordinators will be included to ensure access to workforce development training and viable employment opportunities that ultimately lead to economic stability for participants.

*Bill Wilson Center*

The Bill Wilson Center will lead a consortium of agencies as an SSA. With Family Supportive Housing and Next Door Solutions, Bill Wilson Center will provide case management and employment services for 70 homeless transition age youth, families, and victims of domestic violence at any given time. Each agency has a long record of serving homeless and at-risk populations in San José, specializing in case management and job development. Bill Wilson Center will work with 32 youth and young parent families (18-24 years), Family Supportive Housing will serve 32 families from older age groups, and Next Door Solutions will work with 6 victims of domestic violence (all ages).

Bill Wilson currently administers three rapid rehousing programs serving youth and families in Santa Clara County, providing intensive case management, client centered support services, assistance with housing search, and, in most cases, subsidized rental assistance. Bill Wilson Center is the lead agency in a City-funded collaborative of five non-profits to provide intensive case management, support services, and rental search and assistance to individuals and families in San José. Additionally, both Bill Wilson Center and Family Supportive Housing are current service providers for the City's HOME TBRA Program.

*PATH*

PATH will be an SSA to rapid rehousing recipients identified in San José's downtown core. They will provide individualized case management and employment services to 30 homeless individuals from downtown at any given time. PATH has a long and successful history administering rapid rehousing programs. In 2009, they administered and oversaw the first rapid rehousing program out of Los Angeles, known as Homeless Prevention and Rapid Rehousing Program (HPRP). The HPRP offered rapid rehousing services and rental assistance to 100 individuals. PATH has received an annual commitment in Supportive Services to Veteran's Families (SSVF) funds through the Department of Veterans Affairs (VA) since 2011 and will continue to receive these funds through 2018. This funding provides supportive services and rapid rehousing for over 200 veterans experiencing homelessness each year. Over the past five years PATH's SSVF program has served over 3,750 veterans. PATH currently oversees the City-funded Outreach and Engagement Program in San José's downtown and serves as a service provider for the City's HOME TBRA Program.

### **Rental Subsidy Administrator (RSA)**

The Rental Subsidy Administrator (RSA) will administer tenant-based rental assistance and other financial assistance such as flex funds, security deposits, move in requests and/or emergency assistance programs for up to 200 homeless individual and family households at any given time. The RSA will be responsible for administering subsidies funded with the City's federal HOME grant and the Multi-Source Housing funds. Many participants will already be housed as they transition from the existing TBRA and Place-based Rapid Rehousing programs. This will require collaboration between the SSA(s). For new participants, the RSA will:

- Document and verify participants' eligibility for the program and determine each participant's rental subsidy;
- Conduct unit inspections and conduct Rent Reasonableness Assessments;
- Process and issue security deposit payments and monthly rental assistance payments
- Maintain adequate verbal and written communication with program partners; and Develop program policies.

#### *The Health Trust*

The Health Trust will serve as the sole RSA. Approximately 90% of the RSA agreement funding will be utilized for direct subsidies, rental deposits, and utilities, with approximately 10% of the grant being directed to administration. With an annual budget of over \$18M, The Health Trust is a financially stable agency with sufficient reserves to cover the cost of the program. The Health Trust has demonstrated strong organizational capacity as the administrator of the HOME-funded TBRA Program and the Place-Based Rapid Re-Housing Program over the past few years. They have placed hundreds of homeless households into permanent housing, including many who lived in the encampment known as "the Jungle." The Health Trust conducts outreach and engages with potential landlords about the Landlord Incentive Program for the All the Way Home Campaign. The outreach efforts have increased landlord participation in housing homeless veterans throughout the County.

The Health Trust has strong knowledge of federal HOME program regulations. This non-profit agency has demonstrated great success in dealing with both special needs populations and financial processes that require rapid response and flexibility in issuing monthly subsidy checks. The Health Trust has assisted 204 households in these programs in Fiscal Year 2016-2017. In both programs, they have worked with partners to provide landlord advocacy, housing search and landlord/tenant mediation. This fiscal year, The Health Trust has processed an average of 136 subsidies per month in the two programs, including 56 payments for deposits and 22 payments for furniture.

It should be noted that, the Health Trust will also be administering monthly rental subsidies for two Americorps VISTA volunteers for one year (Fiscal Year 2017-2018) on behalf of the City's Office of Immigrant Affairs in the amount of \$26,000 to include \$24,000 of rental subsidies and \$2,000 in administrative service fees. The VISTA subsidies will be funded through the City Manager's Office Non-Personal/Equipment appropriation in the General Fund. The cost for

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 7

administering the VISTA subsidies is included in the Health Trust RSA agreement. The Health Trust administers monthly rental subsidies for other agencies on behalf of their Americorps VISTA volunteers.

### **Contract Management**

The Housing Department generally solicits proposals for each set of services through a competitive Request for Proposal (RFP) every three to five years. This best practice provides agencies with consistent funding to hire and maintain appropriate program staff, build expertise, and continually improve efficient and effective service delivery. Historically, the Housing Department has awarded service contracts on a year-to-year basis requiring a cumbersome amendment and renewal process each year. The Housing Department is recommending multiyear contracts this cycle to fund the three Rapid Rehousing agencies to ensure continuity, limit annual funding delays, and reduce the administrative burden on City Staff.

Each agency is required to provide quarterly performance reports to the Housing Department. The Housing Department will monitor agency performance to ensure agencies continue to perform as required in each agreement. Agencies that are performing will continue to receive funding in the subsequent year. Should an agency fall short of performance goals, the Department will work with underperforming agencies to develop a six-month corrective action plan to improve performance to meet expected goals. Agreements with agencies that continue to underperform will be terminated.

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

All awarded grantees are required to report on the amount of services provided and the outcomes of the program to the Housing Department on a quarterly basis. The results of the City's Rapid Rehousing Program will be reported through the City's Neighborhood Services and Education Committee. Additionally, since the program includes federal HOME funds, outcomes will be included in the Consolidated Annual Performance Evaluation Report (CAPER), which is presented to the City Council for approval in September of each year.

### **PUBLIC OUTREACH/INTEREST**

This memorandum will be posted on the City's Council Agenda website for the August 8, 2017 Council Meeting.

### **COORDINATION**

This report has been prepared in coordination with the Office of the City Attorney, and the City Manager's Office.

July 26, 2017

Subject: Award of Contracts for the Rapid Rehousing Program

Page 8

**COMMISSION RECOMMENDATION/INPUT**

These expenditures were reported to the Housing Community and Development Commission as part of the Annual Action Plan, as well as other updates on Homelessness.

**COST IMPLICATIONS**

The recommended actions in this memorandum fund The Health Trust for Rental Subsidy Administration (\$2,951,000) and Supportive Services Administration (\$750,000) via a grant totaling \$3,701,000 in Fiscal Year 2017-2018. In addition, \$560,000 will be granted to the Bill Wilson Center and \$200,000 to PATH for Supportive Services Administration in Fiscal Year 2017-2018.

**1. AMOUNT OF RECOMMENDATION** \$4,461,000

**2. COST ELEMENTS:**

Rental Subsidy Administration	\$2,951,000
Supportive Services Administration	<u>\$1,510,000</u>
	<b>\$4,461,000</b>

**3. SOURCE OF FUNDING:** \$1,800,000 in the HOME Investment Partnership Program Trust Fund, \$2,635,000 in the Multi-Source Housing Fund, and \$26,000 in the City Manager’s Office Non-Personal/Equipment appropriation in the General Fund. The specific revenue source for the items funded out of Multi-Source Housing Fund are from the Housing Authority Litigation Award. This is a one-time funding source that must be utilized for housing purposes.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Rec. Budget Action	Amt. for Contract	17-18 Proposed Budget (Page)	Last Budget Action (Date, Ord. No.)
445	8999	Unrestricted Ending Fund Balance	\$4,572,266	(\$500,000)		843	6/20/17, Ord. 29962
445	3744	Tenant Based Rental Assistance	\$1,300,000	\$500,000	\$1,800,000	843	6/20/17, Ord. 29962
448	2062	Homeless Rapid Rehousing	\$4,000,000		\$2,635,000	868	6/20/17, Ord. 29962
001	0112	Non-Personal/ Equipment	\$2,126,961		\$26,000	440	6/20/17, Ord. 29962

HONORABLE MAYOR AND CITY COUNCIL

July 26, 2017

**Subject: Award of Contracts for the Rapid Rehousing Program**

Page 9

**CEQA**

Not a Project, File No. PP10-066, Agreements & Contracts and File No. PP10-067(b),  
Appropriation Ordinance.

/s/

JACKY MORALES-FERRAND  
Director, Housing Department



JENNIFER A. MAGUIRE  
Senior Deputy City Manager/  
Budget Director

For questions, please contact Ray Bramson, Acting Deputy Director at (408) 535-8234.