



# ***CITY COUNCIL AGENDA REPORT***

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**MEETING DATE:** April 21, 2009

**ITEM NUMBER:**

**SUBJECT: APPROVAL OF SUBSTANTIAL AMENDMENT FOR HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (HPRP)**

**DATE: APRIL 21, 2009**

**FROM: CITY MANAGER'S OFFICE/HOUSING AND COMMUNITY DEVELOPMENT**

**PRESENTATION BY: ALMA PENALOSA, MANAGEMENT ANALYST  
MIKE LINARES, CDBG COORDINATOR**

**FOR FURTHER INFORMATION CONTACT: ALMA PENALOSA, 714/754-5692**

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## **RECOMMENDATIONS:**

That the City Council hold a Public Hearing to:

1. Approve attached Substantial Amendment to the Consolidated Plan 2008 Action Plan and Certifications (Exhibit A) to include Homeless Prevention and Rapid Re-Housing Program (HPRP) funds; and, to establish the City's selected method of distribution as partnering with the County of Orange for provision of HPRP services. This Amendment serves as the City of Costa Mesa's official application to the U.S. Department of Housing and Urban Development (HUD) for the HPRP funds.
2. Should the County of Orange decide not to partner with local jurisdictions, Staff will issue a Request for Proposal to local nonprofit organizations qualified to administer a Rapid Re-housing and a Homeless Prevention Program.
3. Approve resolution (Exhibit C) authorizing the City Manager to act as the official representative of the City in order to submit the Substantial Amendment to the Consolidated Plan 2008 Action Plan (Exhibit A) and all certifications and assurances contained therein, and directing and authorizing the City Manager to act in connection with the submission of the Substantial Amendment to the Consolidated Plan 2008 Action Plan, and to provide such additional information as may be required.

## **BACKGROUND:**

### **Homeless Prevention and Rapid Re-Housing Program**

The Homeless Prevention and Rapid Re-Housing Program (HPRP) was created by Congress under Title XII of the American Recovery and Reinvestment Act of 2009 ("Recovery Act"). Congress has designated \$1.5 billion for communities to provide financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized. Emphasis should be placed on those individuals who are likely to sustain housing after the HPRP subsidy ends.

As with other stimulus programs, HPRP is on a fast track with an abbreviated public comment period and short expenditure commitment timeframes. In point of fact, the City has been notified that it has been appropriated \$560,237 in HPRP funds which must be committed no later than September 30, 2009. Further, the Recovery Act requires grantees to expend 60 percent of HPRP funds within two years and 100 percent of HPRP within three years of the date of the grant agreement. This will be a challenging task for most municipalities since there are few service providers that have the infrastructure to implement a program of this type in such a short period of time.

HPRP funds must be used to undertake several or all of the following eligible activities:

- **Financial Assistance:** including short-term and medium-term rental assistance (not to exceed 18 months), security deposits, utility deposits, utility payments, moving cost assistance and motel/hotel vouchers.
- **Housing Relocation and Stabilization Services:** including services that assist program participants with housing stability and placement such as case management, outreach and engagement, housing search and placement, legal services and credit repair.
- **Data Collection and Evaluation:** The Recovery Act requires that data collection and reporting for HPRP be done through the Homeless Management Information Systems (HMIS); therefore, reasonable and appropriate costs associated with the operation of HMIS are eligible including purchase of software, leasing/purchase of computer equipment and staffing associated with the use of the system.
- **Administrative Costs:** including pre-award administrative costs, training of staff, preparation of reports, audits, monitoring and similar costs related to administering the grant; **however, no more than 5 percent of the total HPRP grant may be spent on administrative costs. Furthermore, Grantees are expected to share a reasonable and appropriate amount of these administrative funds with sub-grantees.**

The intent of HPRP assistance is to rapidly transition participants to stability. HPRP is not intended as long-term assistance for participants nor will it be able to address all of the financial and supportive services needs that affect long-term homelessness. Assistance should be focused on housing stabilization, linking participants to community resources and mainstream benefits, and helping them develop a plan for preventing

future housing instability. Grantees are not required to provide all eligible activities and are being given discretion in program design and operation while targeting those who are most in need of temporary homelessness prevention and rapid re-housing assistance.

Ineligible activities include: Mortgage assistance as well as other services that are available through other Recovery Act programs, including childcare and employment training; construction/rehabilitation; payment of consumer debt; transportation/travel costs; food; pet care; medical/dental care; home/personal furnishings; entertainment activities and direct cash assistance to participants.

## **Consolidated Plan Substantial Amendment**

According to the Recovery Act, the HPRP is to be considered a HUD grant, and is therefore bound by HUD's Consolidated Plan regulations. The Consolidated Plan is a five (5) year planning document, which is required by HUD for all communities receiving entitlement community development funds. It is designed to be a collaborative process whereby a community establishes a unified vision for community development actions. It offers local jurisdictions the opportunity to integrate the various housing and community development programs into effective neighborhood strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context and to reduce duplication of effort at the local level.

The City of Costa Mesa submitted and HUD subsequently approved the current Consolidated Plan in April 2005. The Consolidated Plan also required the submission of an annual Action Plan which serves as the link between the goals and objectives listed in the Consolidated Plan with actual projects and activities to be carried out during a 12-month period or fiscal year. HUD approved the Action Plan for 2008-2009 in May 2008.

HUD has advised the City that it must execute a Substantial Amendment to the 2008-2009 Action Plan in order to utilize HPRP funds. The HUD-designed amendment form outlines the expected utilization of funding allocations authorized by the Recovery Act, specifically the Homeless Prevention and Rapid Re-Housing Program (HPRP) (see Exhibit A). HUD has allocated \$560,237 to the City of Costa Mesa in HPRP funds. Unfortunately, due to the short time frame allowed to prepare and publish the amendment, Staff is recommending broad HPRP options since additional programmatic details are not available at this time.

Under existing Consolidated Plan citizen participation regulations, substantial amendments to an approved Plan are required to undergo a 30-day comment period; however, in order to expedite the HPRP process, Congress has waived this regulation and required a reduced 12-day public comment period. Therefore, the public comment period for this substantial amendment began April 9, 2009 and ends April 21, 2009. Comments received during this period will be summarized and responses incorporated into the Substantial Amendment to the Consolidated Plan 2008 Action Plan for submission to HUD.

## **ANALYSIS:**

According to the Orange County Continuum of Care Partnership and the 2008 Point-in-Time Survey, Orange County is home to approximately 35,000 homeless persons, 70% of which are families with children. Specific information on individual cities is not available; however, a proportional population estimate for the City of Costa Mesa can be estimated at approximately 1,300 persons. The majority of the households in need are the at-risk homeless.

Experts estimate that 2 to 3 families are on the verge of homelessness for every family in a shelter. This figure may be even greater given the state of the current economy. The 'at-risk' population is comprised of families and individuals living in poverty who, upon loss of employment or other emergency requiring financial reserves, would lose their housing and become homeless. According to the Consolidated Plan data, 70 percent of the City's extremely low income renter-households and 61 percent of the City's extremely low income owner-households are paying more than half of their income toward housing. These households are at great risk of becoming homeless if housing costs increase or they experience any change in their financial situation such as the loss of a job or unanticipated medical costs.

In addition to addressing the needs of those at-risk homeless, HPRP funds can be used to assist those who are currently homeless and need to be re-housed.

As the HCD Division does not have the existing capacity to administer the HPRP funds without additional administrative resources, two options were considered. Since the Substantial Amendment requires that one option be recommended for implementation, after careful consideration, Staff is recommending Option 1 with a notation that should Option 1 prove to ultimately be infeasible, Option 2 be implemented:

**Option 1:** The option of partnering with the County of Orange and allowing the County to administer the City's HPRP funds was recently proposed for consideration by the County. The exact details of this partnership have not been negotiated as HUD is still in the process of releasing guidelines for interagency partnerships; however, it is anticipated that the County would combine funds from participating cities as well as its own HPRP funds and would in turn expend the funds in conjunction with local nonprofits using a regional approach. Homeless families and individuals in Costa Mesa would be able to access the HPRP funds through the County program. It is anticipated that the majority of the cities in the County who were awarded HPRP funds will also partner with the County.

The advantage to participating in the County's Program is that a regional approach would enable the assistance to be spread throughout the region and not targeted to one specific area or jurisdiction. Additionally, partnering with the County would result in a decrease of duplication of services as the County is planning to implement a centralized intake center as well as a centralized housing locator service. The ability to participate in centralized services would greatly reduce the chance of duplication of services as well, as provide a safeguard against possible "double dipping" by participants. Another advantage of contracting with the County is that the County would provide the required

oversight and monitoring of the nonprofits. (It is anticipated that the City would still need to provide quarterly reports to HUD and monitor the County program.) Finally, partnering with the County would be less of a strain on the few nonprofits which are capable of providing HPRP services. Instead of being monitored by several agencies, they would only be monitored by the County.

The County has prepared a Draft Summary of Recommended Uses (Exhibit B) for their HPRP funds which outlines their proposed allocation of funds by program. It is anticipated that if the City's HPRP funds are combined with the County's funds that the distribution would be similar. These programs include Tenant Based Rental Assistance, Rapid Re-housing, Hospital Discharge Recuperative Beds Pilot Program, Centralized Housing Locater service, Centralized Intake and Data collection and Evaluation.

**Option 2:** Should Option 1 prove to be infeasible, Staff will prepare and disseminate a Request for Proposal to local nonprofits soliciting the provision of Homelessness Prevention, Rapid Re-housing and Homeless Outreach services. Nonprofits will be encouraged to apply for any of the three areas in which they have current expertise. Staff will pre-screen all applicants for experience and select the top two candidates in each area of expertise. These candidates will be presented to the 3R Committee for review and recommendation, which will subsequently be presented to the City Council for final selection.

At this time, Staff is requesting approval of Option 1 as the method of distribution to be outlined in the Substantial Amendment. In Staff's opinion, a regional approach would provide a more comprehensive approach and provide for more oversight of the HPRP funds as a whole while putting less of a strain on the County's homeless providers.

Once the guidelines for interagency partnership have been released and additional information is known about the County partnership, Staff will return to the City Council with full Program details and an Interagency Partnership Agreement for approval.

### **ALTERNATIVES CONSIDERED:**

The City also has the option to refuse all or a portion of the HPRP funds. If the City chose to return the funds, the funds would be redistributed by HUD within the state.

### **FISCAL REVIEW:**

No fiscal review is required for this matter.

### **LEGAL REVIEW:**

No legal review is required for this matter at this time.

## **CONCLUSION:**

As required by HUD, a notice was published on April 9, 2009 inviting the public to comment during the reduced twelve-day (12) comment period and advising of the public hearing scheduled for April 21, 2009. The Comment period began on April 10, 2009 and will conclude on April 21, 2009.

It is recommended that the City Council:

1. Approve attached Substantial Amendment to the Consolidated Plan 2008 Action Plan (Exhibit A) and Certifications to include Homeless Prevention and Rapid Re-Housing Program (HPRP) funds; and, to establish the City's selected method of distribution as partnering with the County of Orange for provision of HPRP services. This Amendment serves as the City of Costa Mesa's official application to the U.S. Department of Housing and Urban Development (HUD) for the HPRP funds.
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Tom Hatch  
Assistant City Manager

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Muriel Ullman  
Neighborhood Improvement Manager

### Attachments:

[Exhibit A - Substantial Amendment to the Consolidated Plan 2008 Action Plan](#)

[Exhibit A1](#)

[Exhibit A2](#)

[Exhibit B - County of Orange: Summary of Recommended Uses for Economic Stimulus](#)

[Funding \(Draft\)](#)

[Exhibit C - Resolution](#)