CITY COUNCIL AGENDA REPORT

MEETING DATE: September 1, 2009 ITEM NUMBER:

SUBJECT: APPROVAL OF HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM (HPRP): SUB-COMMITTEE RECOMMENDATIONS

DATE: SEPTEMBER 1, 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

RECOMMENDATIONS:

That the City Council:

1. Approve the Redevelopment and Residential Rehabilitation (3R) Committee's recommendation for distribution of the Homeless Prevention and Rapid Re-Housing Program (HPRP) funds.

2. Authorize the City Manager to act as the official representative of the City in order to negotiate and execute the Professional Services Agreement with the selected sub-grantees, and to provide such additional information as may be required.

BACKGROUND:

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 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 were experiencing homelessness to be quickly re-housed and stabilized. Emphasis was to be placed on those individuals who were likely to sustain housing after the HPRP subsidy ends.

In March, 2009, the City was notified that it had 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.

As stated above, the intent of HPRP assistance is to rapidly transition participants to stability. It focuses on two particular target populations facing housing instability: 1) individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance, and 2) individuals and families who are experiencing homelessness (residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it (rapid re-housing). Programs undertaken must either provide direct homeless prevention assistance to households who might otherwise become homeless or provide assistance to rapidly re-house persons who are homeless.

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 their administrative funds with sub-grantees.**

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. However, HUD has emphasized that grantees and sub-grantees should take this opportunity to develop strategies to not only identify eligible program participants, but create a plan that utilizes all resources available through the Recovery Act in order to provide a comprehensive menu of services to assist eligible program participants.

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.

Request For Proposals Process

On April 21, 2009, the City Council approved the City's application for the HPRP funds and directed Staff to issue a Request for Proposals (RFP) to local nonprofit organizations qualified to administer the HPRP assistance.

On June 4, 2009, the RFP was distributed to 18 local homeless providers, and was also sent to the County's Continuum of Care for inclusion in their blast newsletter. Applications were due back to the City by June 24, 2009.

The City received proposals from 8 Agencies for 11 programs. Non-profits had the option to apply for both Homeless Prevention and Rapid Re-housing or to apply for only one component.

Applications were reviewed by staff who found two applications for data collection/intake/referral services that appeared to be ineligible due to the fact that they did not provide direct HPRP assistance. Staff attempted to obtain clarification from HUD on the eligibility issue but has yet to receive a definitive answer, and therefore, has chosen to err on the side of caution. Additionally, staff felt it was inefficient to contract directly with these service providers since the City is planning to contract directly with non-profits who are experts in designing their own programs, and may have the ability to provide data collection/intake/referral in-house. If not, staff felt it best to allow them to decide who to use for these services versus having the City chose a service provider for them. Sub-contracting with a service provider for data collection/intake/referral in-house is an eligible HPRP expense.

ANALYSIS:

On June 14, 2009, a 4 member sub-committee of the 3R Committee was scheduled to interview the remaining 9 eligible programs. Hours prior to the interviews, 2 program applications were withdrawn by an applicant. Of the remaining 7 programs interviewed by the sub-committee, 3 programs in the 2 categories of homeless prevention and rapid re-housing were selected for funding. These being as follows:

Homeless Prevention Programs

- **Mercy House: Costa Mesa Homeless Prevention Program $157,000**
  The sub-committee's score reflect that Mercy House was the strongest candidate to provide Homeless Prevention due to the fact that Mercy House was the only applicant who has experience running an actual Homeless Prevention Program. Mercy House operates an existing homeless prevention program in Anaheim assisting the at-risk population and has been providing comprehensive homeless services for over 20 years. Additionally, Mercy House has a long history of administering government grants coupled with the financial capacity to handle a grant of this size. For these reasons, the sub-committee chose to fully fund Mercy House's request of $157,000 for the Costa Mesa Homeless Prevention Program.

Program Details

Mercy House is proposing to expand its current Homeless Prevention Program to Costa Mesa residents and will be providing financial assistance as well as case management to eligible residents. Financial activities proposed include short term rental assistance and/or utility payments. Clients may also receive eviction mediation and ongoing case management.

Mercy House's intended outcome for the Homeless Prevention Program is to allow families at-risk of homelessness to remain in their homes. During case management, follow-up meetings will occur four times within that first year during which time staff will track client progress and determine if their housing and financial needs continue to be met. Client success will be based on whether or not a client is able to meet their personal budgeting and financial goals and whether or not they remain in their permanent housing situation after funding has ended.

Mercy House is proposing to assist 45 families with rental assistance and 60 families with utility assistance. Mercy House expects that 95% of clients will meet their budgeting and financial goals and 95% of clients will remain housed after one year from the date of intervention.

Rapid Re-housing Programs

- **SPIN: GAPP Program $109,330**

  The sub-committee scored SPIN a strong candidate due to their long term engagement in the community as a successful homeless provider. SPIN has been providing homeless services for over 20 years, including the placement of the homeless into permanent housing. SPIN also has a strong background of managing government grants and is fully experienced in the HMIS reporting system. The sub-committee was also impressed by the fact that SPIN had previously run a successful homeless prevention (rental assistance) program for the City. For these reasons, the sub-committee chose to fully fund SPIN's request of $109,330 for the SPIN: GAPP Program.

  Program Details

  SPIN is proposing to use the HPRP funds to help Costa Mesa residents via their existing GAPP program which assists clients by providing housing stability placement. Services provided will include case management, monitoring, services related to housing needs of the clients including, but not limited to, housing locator assistance, evaluation of client progress, developing a client service and housing plan, outreach to potential clients, legal services, credit repair and money management/budget assistance if needed.

  SPIN has proposed four intended outcomes for the GAPP Program: 1) the family will be permanently housed, 2) the family will have an improved credit score at the end of the program, 3) the family will be able to live within their budget, and 4) the family will have reduced their debt and will have an emergency savings account. SPIN is proposing to assist 12 families with Housing Placement, 12 families with rental assistance and 12 families with utility assistance. SPIN is proposing that 100% of clients are to be permanently housed within 3 months of initial intake and within 9 months,

80% will be stabilized with an improved credit score, a reduction of debt and the ability to manage a budget.

- **Mercy House: Costa Mesa Rapid Re-housing Program $279,932**
  Mercy House's commitment to putting forth a comprehensive program resulted in a high rating by the sub-committee. Additionally, the sub-committee took into account that Mercy House was a strong candidate due to the fact that they have experience with an existing rapid re-housing program model.

  Mercy House's proposal requested $367,005 for the Rapid Re-housing Program. However, due the sub-committee's desire to fully fund SPIN and to provide an equitable amount of funding for Homeless Prevention, there were insufficient funds for Mercy House's total request of $367,005. For these reasons, the sub-committee chose to partially fund Mercy House's request for $279,931 for the Costa Mesa Rapid Re-housing Program.

  Staff has informed Mercy House of the reduced award for the Rapid Re-housing Program and Mercy House has stated that they can run the Program with this reduced amount of funding.

  <u>Program Details</u>
  Mercy House is proposing to establish a Rapid Re-housing Program for Costa Mesa residents that would provide short or medium term rental assistance, as well as security deposit and utility payments to help move clients into permanent housing. Other activities to be provided include outreach, ongoing case management including assistance with budgeting and employment with the goal being to ensure client's housing stabilization and self-sufficiency.

  Mercy House's intended outcomes for the Rapid Re-housing Program are that barriers to housing will be reduced allowing the client to more easily find and maintain employment, allowing them to reduce debt, save money and be placed into stabilized permanent housing. Case management will occur each month in order for staff to track client progress. Success will be measured by whether clients are able to meet their employment, debt, personal budgeting and financial goals and whether or not they can locate and maintain permanent housing once HPRP funding is expended. Mercy House is aiming for 75% of the clients to have employment with income to meet their expenses, meet their savings goals, meet their debt reduction goals, and move into permanent housing. Other goals include 70% of clients to maintain housing stability after one year and 95% of clients to be connected to supportive services and remain housed after one year from intervention.

  Mercy House had originally proposed to assist 36 individuals with the amount of HPRP assistance requested but since they did not receive their full grant amount, this number is in the process of being revised.

Overall for all programs, $157,000 was appropriated towards Homeless Prevention and $389,261 was appropriated towards Rapid Re-housing. Exhibit A further outlines the sub-committee's ratings, along with requested and recommended funding levels for all the applicants.

At it's July 21st meeting, the full membership of the 3R Committee passed a motion endorsing the sub-committee's recommended distribution of HPRP funds.

ALTERNATIVES CONSIDERED:

The City Council could revise the recommended funding allocations and reallocate the HPRP funds as it desires.

FISCAL REVIEW:

A total of $560,237 in federal grant funds will be allocated for the Homeless Prevention and Rapid Re-Housing Program (HPRP). There is no fiscal impact to the City's general fund.

LEGAL REVIEW:

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

CONCLUSION:

It is recommended that the City Council:

1. Approve the Redevelopment and Residential Rehabilitation (3R) Committee's recommendation for distribution of the Homeless Prevention and Rapid Re-Housing Program (HPRP) funds.

2. Authorize the City Manager to act as the official representative of the City in order to negotiate and execute the Professional Services Agreement with the selected sub-grantees, and to provide such additional information as may be required.

Tom Hatch Assistant City Manager	Muriel Ullman Neighborhood Improvement Manager
Alma Penalosa Management Analyst	Mike Linares CDBG/HOME Coordinator

Attachments: Exhibit A - 3R Sub-committee Ranking of Non-Profit Applicants