



# ***CITY COUNCIL AGENDA REPORT***

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**MEETING DATE: SEPTEMBER 15, 2009 ITEM NUMBER:**

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

**DATE: SEPTEMBER 15, 2009**

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

**PRESENTATION BY: MURIEL ULLMAN, NEIGHBORHOOD IMPROVEMENT MANAGER  
MIKE LINARES, CDBG COORDINATOR**

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

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## **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:**

At the City Council meeting of September 1, 2009, the 3R Committee's recommendation for distribution of the HPRP funds was brought to the City Council for approval. At that meeting, staff presented a report (Attachment 1) to the City Council on the eligible uses of the HPRP funds as well as the RFP process and subsequent selection of Mercy House and SPIN to administer the funds. During the meeting concern was expressed that HPRP funds would not be used to address chronic homeless issues or assist homeowners in need of financial assistance. Additionally, part of that meeting's discussion included the consideration of applicant screening for legal residency as well as a question about neighboring cities' participation in HPRP. Also raised was an inquiry as to what would happen to the HPRP funds if the City chose not to accept it's allocation. In order to allow for a response, the City Council passed a motion to continue the item to the September 15, 2009 meeting.

## **ANALYSIS**

### Use of HPRP Funds for Chronic Homeless and Homeowners

HPRP program regulations state that resources should be used to assist those that find themselves at risk of becoming homeless or that are homeless primarily due to current economic conditions. HUD also directs HPRP recipients to focus resources on those households that demonstrate the best chance of remaining self-sufficient once HPRP assistance ends. While regulations do not preclude using HPRP funding to assist the chronic homeless, this population is traditionally very hard to house and to stabilize. Other resources (such as Community Development Block Grant (CDBG)) may be better suited to assist the chronic homeless.

HPRP regulations specifically prohibit mortgage assistance. One of the primary reasons for this prohibition is that the Neighborhood Stabilization Program (NSP) was also created and implemented as part of the Recovery Act to address some of the impacts of the housing market slump and sub-prime mortgage crisis. The primary purpose of NSP funding is to deal with properties that have gone into foreclosure and to ensure these properties do not have a blighting impact on neighboring properties. Furthermore, Congress has provided incentives to lenders to work with delinquent homeowners to restructure mortgages in an effort to avoid foreclosures.

### Applicant Screening for Legal Residency/HUD Guidance

Per direction provided by HUD on the HPRP Helpdesk (Attachment 2) on April 22, 2009, the law requires all state and local governments that directly administer HPRP assistance to first verify that an alien is a qualified alien before using HPRP funds to assist him or her." It also states, "no entity that receives funds under HPRP may knowingly provide HPRP assistance to an alien who is not a qualified alien." However, "Nonprofit organizations that administer HPRP assistance are not required, but may, verify that an alien is a qualified alien in order to provide him or her with HPRP assistance. However, if a nonprofit organization pursues verification, it must follow the requirements set forth in the interim guidance published by the Department of Justice."

Additionally, in response to previous inquiries by the City on this issue (CDBG funds for public services), HUD provided similar direction. The City cannot knowingly assist illegal aliens; moreover, State and local governments may not impose any verification requirements upon nonprofit charitable organizations pursuant to Title IV of PRWORA for Federal, State or local public benefits.

In the case of HPRP funding, Staff has contacted the two agencies recommended for funding to inquire if they presently verify qualified alien status of clients. Both Mercy House and SPIN have indicated that they either already verify legal residency via extensive background checks of potential clients and/or will comply with applicable guidelines to check immigration status as provided by the City and per the interim guidance published by the Department of Justice. This representation will be included in the subrecipient agreement. HUD is presently finalizing the various report forms and systems for the HPRP program. It is anticipated that this verification process will be incorporated into the on-site monitoring that will be conducted by Staff as part of the HPRP agreement. All HPRP grant recipients and sub-recipients are required to report accomplishments and expenditures to HUD on a quarterly basis – at a minimum staff will conduct two on-site reviews of program documents and procedures.

### Neighboring Cities' Participation

As mentioned at the meeting, only ten jurisdictions in the County of Orange met the grant formula criteria established by HUD to receive HPRP funds (the County of Orange and nine cities). Of Costa Mesa's surrounding neighbors, only Huntington Beach, Santa Ana and Irvine were eligible recipients of HPRP funds. All three of these cities have applied for and received their allocated HPRP funds. Attachment 2 provides a comprehensive list of all Orange County HPRP recipients and the current status of their HPRP funds. It is important to note that all but two jurisdictions are utilizing nonprofit agencies to carry out HPRP activities. The primary reason for contracting the program services is expertise and capacity. HPRP requires intensive case management, with a recertification of applicant eligibility every three months (if applicable). Staff does not have homeless case management experience to ensure program success. Of the two jurisdictions that will operate the HPRP program in-house, both conduct extensive homeless outreach and only one plans to provide the counseling directly. The other (City of Anaheim) has contracted case management services with two agencies – one of which is Mercy House.

### Rejection of HPRP Funds

According to the HPRP regulations, if the City chooses to not accept its HPRP allocation and/or does not have the funds under contract by September 30, 2009 then the funds will be reallocated to the State of California for distribution within the state. Of note, there is nothing to prohibit the State from awarding reallocated HPRP funds to a sub-recipient that serves the City even if the City chooses not to accept its HPRP allocation.

### **ALTERNATIVES CONSIDERED:**

1. The City Council could revise the recommended funding allocations and reallocate the HPRP funds. However, the funds must be under contract no later than September 30, 2009 which means September 15, 2009 is the last opportunity at which to provide revised allocations, in the absence of a special meeting.
2. The City Council can chose to not select any sub-recipients and to return the HPRP funds to HUD, which will in turn allocate them to the State of California for further distribution.

### **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:**

The City Attorney has reviewed and revised the Subrecipient Agreement to indicate that both Subrecipients have indicated they will voluntarily comply with federal regulations to ensure that those assisted are citizens or qualified aliens. The City may not require this compliance. The Subrecipients will be required by HUD to comply with HUD regulations in distributing funds and reporting on their activities.

**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, with the additional assurance that the selected homeless services providers have voluntarily agreed to screen all HPRP applicants for legal residency.
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.

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Tom Hatch  
Assistant City Manager

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Muriel Ullman  
Neighborhood Improvement Manager

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Alma Penalosa  
Management Analyst

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Mike Linares  
CDBG/HOME Coordinator

- Attachment 1 - [September 1, 2009 Staff Report](#)  
Attachment 2 - [HUD Guidance on Qualified Alien Screening](#)  
Attachment 3 - [Orange County Cities' HPRP Allocation and Status](#)