



CITY OF COSTA MESA

P. O. BOX 1200, CALIFORNIA 92628-1200

FROM THE OFFICE OF THE CHIEF EXECUTIVE OFFICER

November 21, 2014

Mr. Larry Haynes, Executive Director
Mercy House Living Centers
PO Box 1905
Santa Ana, CA 92702

Re: Mercy House's 2014 Emergency Solutions Grants (ESG) Application to State Housing and Community Development Department (HCD) for Rapid Rehousing Services to Costa Mesa Homeless Residents

Dear Mr. Haynes:

On behalf of the City of Costa Mesa (City), this letter is provided in connection with and in support of Mercy House Living Centers' (Mercy House) 2014 ESG application to HCD for an allocation of ESG funds. On behalf of the City, I authorize you to include this letter in Mercy House's application to State HCD for an allocation of ESG funds. For many decades, the City (and its former redevelopment agency, now the housing successor) has advocated and provided financial support to many affordable housing programs and projects. These include various programs directed to serve Costa Mesa's homeless population, as well as persons at-risk of becoming homeless. In the past five years, the City has expended more than \$220,000 in Community Development Block Grant (CDBG) funds for homeless services, including transitional housing, emergency shelter, homeless prevention and rapid rehousing rental assistance, which assisted 396 homeless persons in our community. Additionally, in 2009 the City received \$560,000 in Homeless Prevention and Rapid Rehousing (HPRP) funds for a City homeless prevention assistance program administered by Mercy House and SPIN; program funds were used to obtain funds for security deposits and short term rental assistance for 36 households at-risk of losing their homes or literally homeless and living on the streets in Costa Mesa.

In 2011, the City's Homeless Task Force (HTF) was formed in response to a series of incidents in the Lions Park vicinity. Based on a Point-in-Time Homeless Census, there are approximately 120-160 permanent "Costa Mesa Homeless Residents". The HTF's mission was to develop and create strategies to address and reduce homelessness in the community; the HTF's efforts culminated in a strategic plan that includes integration of faith-based organizations, community services and public assistance. The HTF promulgated nine goals and objectives that were incorporated into an implementation strategy including the following actions:

- Adopting a local definition of a Costa Mesa homeless resident while narrowing the scope of services to those homeless individuals who had serious ties to the City.

- Creating a team of City funded community outreach workers who have formed partnerships with local churches, nonprofits and County mental health personnel in an effort to create a coordinated system of mental health services for Costa Mesa Homeless Residents.
- Integrating mental health outreach and law enforcement with a legal strategy designed to assist those seeking mental health services and housing while prosecuting chronic offenders who are resistant to help.
- Centralizing homeless coordination including establishment of a comprehensive data management information system (DMIS) similar to the Continuum of Care Homeless Management Information System (HMIS) which is used to collect client-level data on the provision of housing and services to homeless individuals and those at risk of homelessness.
- Using this data as a “social service” registry in order to prioritize clients with both in house Community Outreach Workers as well as nonprofit agencies receiving CDBG public service funds.
- Working with faith based organizations to create a storage check in-center and encouraging them to work on solutions to homelessness versus food distribution.
- Developing a mentoring program designed to elicit community volunteers.

These actions have resulted in the formalization of a comprehensive network of social service providers, faith-based organizations and community volunteers working cooperatively; they are finding solutions and reducing homelessness in Costa Mesa.

The City also created a Neighborhood Improvement Task Force to evaluate issues in the community arising from problem motels, recovery homes and homelessness. This group has been re-purposed and renamed, the Network Housing Solutions (NHS) Task Force, which is headed by City Assistant Chief Executive Officer Rick Francis.

On November 10, 2014, Mercy House informed the City of its intention to apply for funding through State HCD for an allocation of part of the \$9.9M in federal ESG funds available through the Notice of Funding Availability (NOFA) as posted by HCD on October 30 and updated on November 18, 2014. As stated in the NOFA, ESG funds will be allocated to eligible organizations to provide assistance to persons experiencing homelessness or at risk of homelessness, with priority given to rapid rehousing programs. Applicants may administer programs directly or partner with local entities to help the homeless in the community. As noted, Mercy House previously partnered with the City to administer the HPRP program; while the City received the HPRP funds directly, Mercy House was selected through an RFQ/RFP process by the City to administer the HPRP funding and services. Mercy House intends to apply directly to HCD for ESG funds to provide rapid rehousing to help homeless men, women and families in Costa Mesa find and keep permanent housing, through services such as landlord outreach, housing search assistance, temporary rental assistance, and other housing-focused services. Mercy House intends to implement rapid re-housing services in Costa Mesa so the homeless persons assisted

will experience a reduced time being homeless, while being connected to resources and support in their community.

Mercy House has requested the City to affirm its good standing in our community, to sponsor the project, and to provide a match source, in consideration for assisting Costa Mesa Homeless Residents.

The City has consistently sought and directed various federal, state, local and private funding sources in order to continue to assist Costa Mesa Homeless Residents find affordable housing. However, even though the City has provided street outreach workers, social workers who link Costa Mesa homeless residents to services, it has relied strictly on federal grants for rapid rehousing and homeless prevention assistance. Last year, the City Community Outreach Workers placed 22 Costa Mesa Homeless Residents into both temporary and permanent housing. Three of the 22 persons assisted were Mercy House clients. This year, Mercy House received a grant for \$20,000 for rapid rehousing; and, so far, eight Costa Mesa Homeless Residents have been assisted with all funds encumbered.

Based on our community's continued efforts as described in this letter, the Costa Mesa community needs are imminent; the City, Mercy House, and similar organizations require additional funding, such as an allocation by HCD to Mercy House from the \$9.9M in ESG funds made available by the recent NOFA. Additionally, due to the conversion of a number of local motels by private owners into rental and/or ownership housing, along with the City's recent changes to the Municipal Code restricting long-term occupancy at local motels, the City and Mercy House expect more Costa Mesa Homeless Residents will likely require rapid re-housing assistance.

As Executive Director, you are aware that the City and Mercy House have engaged in a successful partnerships for over 20 years; the City intends to collaborate with Mercy House and other qualified affordable housing organizations to provide quality affordable housing services to Costa Mesa Homeless Residents. I will be making a recommendation to the City Council to authorize \$40,000 in match funding, to be sourced from the Costa Mesa Housing Authority's (as housing successor) Low to Moderate Income Housing Asset Fund, as well as \$57,000 in non-cash match (donated services, such as part-time social workers and the City CDBG grant to Mercy House) in connection with Mercy House's application to HCD for an allocation of 2014 ESG funds to provide rapid rehousing assistance for Costa Mesa Homeless Residents.¹

¹ The ESG regulations, in particular 24 CFR 576.201 and 25 CCR 8410 provide:
"Applicants must make matching contributions in an amount that equals the amount of ESG funds applied for, and awarded, under this NOFA.
Matching contributions may be obtained from any source, including any federal source other than the ESG Program, as well as State, local, and private sources." (Emphasis added.)

Mr. Larry Haynes, Executive Director

Mercy House Living Centers

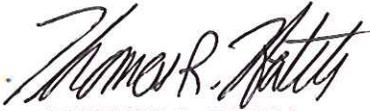
November 21, 2014

Page | 4

The City would anticipate, if Mercy House receives an allocation from HCD, that a portion of the ESG funds will be used to assist Costa Mesa Homeless Residents who likely will experience eviction from local motels by the private property owners.

Please contact me if you have any questions. We wish Mercy House every success in its application to HCD, and anticipate a positive outcome to HCD's good faith consideration of Mercy House's application for ESG funding.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas R. Hatch". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

THOMAS R. HATCH
Chief Executive Officer

cc: Mayor and Members of the City Council
City Attorney