



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Social Services	(2) MEETING DATE 4/23/2019	(3) CONTACT/PHONE Laurel Weir 805-781-1833	
(4) SUBJECT Request to approve the recommendations of the Homeless Services Oversight Council, with the proposed minor staff amendments, for 1) allocation of the California Emergency Solutions and Housing (CESH) grant in the amount of \$727,047 and 2) allocation of the Homeless Emergency Aid Program (HEAP) in the amount of \$4,837,814. All Districts.			
(5) RECOMMENDED ACTION It is requested that the Board approve the recommendations of the Homeless Services Oversight Council, with the proposed minor staff amendments, for 1) allocation of the California Emergency Solutions and Housing (CESH) grant in the amount of \$727,047 and 2) allocation of the Homeless Emergency Aid Program (HEAP) in the amount of \$4,837,814.			
(6) FUNDING SOURCE(S) California Emergency Solutions and Housing Grant; and Homeless Emergency Aid Program Grant	(7) CURRENT YEAR FINANCIAL IMPACT CESH: \$0 HEAP: \$4,837,814.09	(8) ANNUAL FINANCIAL IMPACT CESH: \$363,523.50 in FY19-20 \$363,523.50 in FY20-21	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. _80min_)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A <u>5/18/19, 12/4/18, 11/6/18,</u> <u>10/2/18</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Social Services / Laurel Weir
805-781-1833

DATE: 4/23/2019

SUBJECT: Request to approve the recommendations of the Homeless Services Oversight Council, with the proposed minor staff amendments, for 1) allocation of the California Emergency Solutions and Housing (CESH) grant in the amount of \$727,047 and 2) allocation of the Homeless Emergency Aid Program (HEAP) in the amount of \$4,837,814. All Districts.

RECOMMENDATION

It is requested that the Board approve the recommendations of the Homeless Services Oversight Council, with the proposed minor staff amendments, for 1) allocation of the California Emergency Solutions and Housing (CESH) grant in the amount of \$727,047 and 2) allocation of the Homeless Emergency Aid Program (HEAP) in the amount of \$4,837,814.

DISCUSSION

Background

California Emergency Solutions and Housing Grant

In June 2018, the Governor of California signed into law two new grant programs to address homelessness. The California Emergency Solutions and Housing (CESH) grant was authorized by California Senate Bill 850 (SB-850) and provides funding for activities to assist persons who are experiencing homelessness or who are at risk of homelessness. Funding for the CESH grant comes from the Building Homes and Jobs Act Trust Fund and from remaining moneys from the California Emergency Solutions Grant program that would have been awarded in 2018 but were reallocated to the CESH grant.

CESH funding will be made available to the Administrative Entity for Continuums of Care (CoC) service areas. The CoC program is authorized by the U.S. Department of Housing and Urban Development. The San Luis Obispo County CoC's geographic service region is San Luis Obispo County. The County of San Luis Obispo serves as the Collaborative

Applicant for the HUD CoC program and is the Administrative Entity for the San Luis Obispo County CoC for purposes of the CESH grant.

CESH funding will be distributed to Administrative Entities in two rounds. The first Notice of Funding Availability (NOFA) was released by the State on August 15, 2018. Under the 2018 round, the San Luis Obispo County CoC is eligible to receive \$727,047, of which \$36,352 is available for the County's expenses to administer the grant, and \$690,695 is available for direct services. All CESH funds must be spent within five years of the start of the agreement between the State and the County. As of April 11, 2019, the County has not yet received the CESH agreement from the State.

The 2019 CESH NOFA was issued on March 22, 2019 and is due June 28, 2019. Under the 2019 NOFA, the County is eligible to receive \$412,861. The current staff report covers only the NOFA issued on August 15, 2018. A separate item will be brought to the Board at a later date for award of the 2019 CESH funding.

The following activities may be funded by the 2018 CESH grant:

- (1) Rental assistance and housing relocation and stabilization services to ensure housing affordability to people experiencing homelessness or at risk of homelessness.
- (2) Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families.
- (3) Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies in permanent housing to assist homeless individuals and families.
- (4) Operating support for emergency housing interventions, including, but not limited to, the following:
 - (A) Navigation centers that provide temporary room and board and case managers who work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter.
 - (B) Street outreach services to connect unsheltered homeless individuals and families to temporary or permanent housing.
 - (C) Shelter diversion, including, but not limited to, homelessness prevention activities, and other necessary service integration activities to connect individuals and families to alternate housing arrangements, services, and financial assistance.
- (5) Systems support for activities necessary to maintain a comprehensive homeless services and housing delivery system, including CES, data, and HMIS reporting, and homelessness planning activities.
- (6) To develop or update a Coordinated Entry System.

CESH funds may not be used for capital projects, except as capitalized operating reserves.

Homeless Emergency Aid Program Grant

The Homeless Emergency Aid Program (HEAP) grant was also authorized by SB-850 and signed into law in June 2018. The HEAP grant provides a total of \$500 million statewide to Continuums of Care and large cities to address homelessness.

On August 22, 2018, the California Homeless Coordinating and Financing Council (CHCFC) released Program Guidance for the HEAP funds and on September 5, 2018, the CHCFC released a Notice of Funding Availability (NOFA) for the program. The NOFA identified the following eligible activities:

- (1) Services – including street outreach, prevention criminal justice diversion programs, navigation services and operating support for short-term or comprehensive homeless services
- (2) Rental assistance or subsidies – includes housing vouchers, rapid re-housing programs, and eviction prevention strategies
- (3) Capital improvements

The NOFA indicated that San Luis Obispo County is eligible for \$4,837,814, of which 5% (\$241,891) may be available for administrative costs. In addition, at least 5% (\$241,891) of the total grant must be used to serve homeless youth. At least 50% (\$2,418,907) of the HEAP funds must be obligated by January 1, 2020, and all HEAP funds must be expended by June 30, 2021, including any interest earned on HEAP funds.

Public Input Process

Prior to applying for HEAP, Administrative Entities were required to demonstrate a collaborative process had been conducted. The HEAP NOFA emphasized that it was “important that a wide range of participants are consulted as part of this process.” Documentation of the public process was required to be submitted as part of the application.

To meet the collaborative requirement, staff initiated a public input process in the Fall of 2018. Through the input process, staff sought feedback on local needs and recommendations on how to prioritize use of the CESH and HEAP funds. The process included two stakeholder meetings which targeted nonprofit agencies that serve homeless persons and affordable housing developers. Due to the youth funding requirement, an additional stakeholder session was held specifically for organizations and entities that work with homeless youth. Staff also conducted a focus group with formerly homeless youth. To gain feedback from the community at large, staff held two public forums – one in North County and one in South County, and conducted a public survey online.

On November 28, 2018, the Homeless Services Oversight Council (HSOC) considered the results of the public input process as well as May 15, 2018 recommendations (May recommendations) from the HSOC to the Board of Supervisors regarding housing, services, and performance measurement needs. At the November 28, 2018 meeting, the HSOC voted to prioritize use of CESH funds for 1) Coordinated Entry and 2) data system upgrades; and for HEAP, to give preference to projects that 1) demonstrate collaboration with local government entities and other organizations; 2) demonstrate sustainability; 3) demonstrate capacity to operate; and 4) in the case of applications involving capital costs, consider factors that indicate a high probability that the project will be completed and operated, including quality of site control, financial resources, and support of the local jurisdiction in which the project is proposed to be operated; with careful consideration of staff and community input.

Shelter Crisis Declarations

To be eligible to receive the HEAP grant, any County with more than 1,000 persons experiencing homelessness during the 2017 Point in Time Count was required to declare a shelter crisis pursuant to California Government Code Sections 8698 et seq. prior to submission of the HEAP application to the State. In addition, for a capital project to be eligible

under HEAP, the jurisdiction in which it would be carried out must have declared a shelter crisis prior to the State's award of funds to the County.

To ensure local governments were aware of this requirement, County staff reached out to the City Managers of all seven incorporated cities, met with city staff, and attended City Council meetings in Arroyo Grande and Atascadero to answer questions regarding the shelter crisis declaration requirement. The County declared a shelter crisis on November 6, 2018 and all seven incorporated cities declared a shelter crisis prior to the submission of the HEAP application at the end of December 2018. Thus, capital projects are eligible for HEAP funding in all areas of the County, both unincorporated and incorporated.

Request for Proposals Process

On February 15, 2019, staff released a Request for Proposals (RFP), seeking applications from local service providers, housing providers, or local jurisdictions for eligible activities as defined in the RFP. On the same day, staff hosted an informational meeting for interested parties. The informational meeting summarized the May 2018 Recommendations and the Public Input Process and the November 28, 2018 HSOC recommendations, explained the eligible activities under CESH and HEAP, and reviewed the County's application questions and requirements.

A total of \$540,695 was made available for application under CESH for Coordinated Entry System activities, with \$150,000 being proposed for data systems improvements. A separate RFP will be released later this year for the data systems improvement.

On March 19, staff collected three applications for CESH, three applications for small HEAP projects, and ten applications for large HEAP projects. Staff performed an initial threshold review of applications for activity eligibility, verifying that each applicant's proposed activity would be compliant with eligibility requirements set forth in CESH and HEAP State programs. A full list of CESH applicant projects can be found in Attachment 1. A full list of HEAP applications and project descriptions can be found in Attachment 2.

Application Review Criteria

Staff developed a Review Criteria Matrix for the Grant Review Committee to facilitate discussion of both CESH and HEAP proposals. The Review Criteria Matrix addressed organizational capacity, financial capacity, budget and program design, sustainability, impact, ability to meet HSOC's identified systemic needs and local priorities, ability to increase the County's capacity to assist homeless and at-risk persons, project readiness, project feasibility, collaboration, support from local jurisdictions and partners, and whether or not youth assistance was proposed.

In addition, the Department of Planning and Building reviewed all HEAP capital improvement proposals for site control, capital improvement budget, permit requirements, long-term project sustainability, labor law requirements, and project design. Planning staff provided their comments to be considered along with the other factors mentioned in the Review Criteria Matrix.

Ad-Hoc Application Review Committee

A non-conflicted grant review committee met on March 25, 2019 to discuss the proposals for CESH and HEAP and which of the proposals should be recommended to the HSOC for potential funding awards. Members of the committee included representatives from the County Departments of Social Services, Planning and Building, and Probation, and representatives from the San Luis Obispo County Office of Education, the United Way of San Luis Obispo County and the San Luis Obispo Community Foundation.

Based on discussion of the Review Criteria Matrix and the Planning staff comments on capital improvement proposals, the Grant Review Committee ranked proposals based on a) Readiness, b) Impact, and c) Risk. For the purpose of the proposal review process, Readiness, Impact, and Risk are defined as follows:

1. **Readiness:** Projects which are most “ready” to be executed exhibit financial stability, site control, minimal or mitigated environmental impact, acknowledgement of labor requirements, acquisition of local permits, and support from local government.
2. **Impact:** Projects with the greatest impact increase the County’s capacity to provide services, address multiple local priorities defined in the RFP, including factors such as providing services to underserved populations or in underserved areas of the County, ability to get clients permanently housed, and collaborative effort.
3. **Risk:** Projects with low risk exhibit an ability to successfully expend grant funds within defined parameters and time frame, provide the proposed activity, and adhere to administrative requirements. A proposal’s overall risk depends on a combination of the applicant’s organizational and financial capacity, project readiness, and long-term sustainability. Community support was also a consideration.

Ad-Hoc Grant Review Committee Recommendations to HSOC

Regarding CESH, the Ad-Hoc Grant Review Committee recommended that HSOC support an award of \$540,695 to CAPSLO (with partners ECHO and 5CHC). Committee members agreed unanimously on the importance of supporting and strengthening the existing Coordinated Entry System. Such an award of CESH funds would allow for CAPSLO to provide access to, and training on, their case management software to ECHO and 5CHC, improving the consistency of the Coordinated Entry intake system across the County. Furthermore, CAPSLO will hire one additional full-time case manager and a quarter-time data analyst, and increase outreach and engagement activities. Additionally, CAPSLO will subcontract grant funding with both ECHO and 5CHC allowing each agency to hire one additional full-time case manager at their respective Coordinated Entry sites. See Attachment 3 for the Committee’s CESH funding recommendation.

For HEAP project proposals, the Ad-Hoc Application Review Committee developed three alternative funding recommendation options for the full HSOC to consider on April 3. Options A, B, and C can be viewed in Attachment 4. No one option was favored over another. Options A and B recommended splitting the funding among a combination of seven HEAP proposals, which the committee determined had medium to high impact, medium to high readiness, and low to medium risk. A third funding alternative recommended funding two large HEAP proposals and one small HEAP proposal, of which the project receiving the largest award was determined have the highest impact of all the proposals. See Attachment 4 for the Grant Review Committee’s recommendations to the HSOC.

Full HSOC Recommendation

On April 3, 2019, the full HSOC met to discuss the recommendations provided by the Ad-Hoc Grant Review Committee. The staff report may be found here: <https://www.slocounty.ca.gov/Departments/Social-Services/Homeless-Services-Oversight-Council/Forms-Documents/Full-HSOC-Agendas/FULL-2019-04-03-Agenda-Packet.aspx>. In addition to the Ad-Hoc Grant Review Committee recommendations, the HSOC also considered information regarding the Governor of California’s proposed new Homeless Aid for Planning and Shelter (HAPS) Program grant. HAPS would provide \$200 million statewide to large cities and Continuums of Care to provide grants for regional planning, expanding or developing shelter, and meeting milestones. The HAPS Program would provide an additional \$200 million to

Continuums of Care that meet their milestones, including numbers of persons sheltered and number of persons exiting to positive housing destinations.

After consideration of the options, the HSOC voted to create and support a hybrid recommendation, Option D, described in Table 1, in lieu of Options A-C. The HSOC then passed a motion recommending that the Board fund the proposals recommended in the item, as amended.

Table 1

Applicant	Project	Request	Suggested Award
5CHC & PSHH	Five Cities Housing Partnership	3,435,753	2,600,000
5CHC	Transitional Youth Program with Case Management and Housing Assistance	(included with request above)	130,165
City of Paso Robles	North County Coordinated Homeless Services	1,799,702	1,500,000
CAPSLO	Withdrawal Management Unit	357,500	400,000
Admin	5% of HEAP grant	241,891	207,814

5CHC and Peoples Self Help Housing proposal originally requested \$3,435,753 to acquire property, rehabilitate existing buildings, provide a seasonal warming shelter, develop a housing navigation center and offices for 5CHC, develop transitional housing in the form of dorms for transition-aged youth, and develop permanent housing units on site. In response to public comments at the full HSOC meeting, a representative for the applicants stated that they were willing to remove the warming center component from the proposal. The recommended award in Option D would primarily cover costs of property acquisition.

Since Option D did not recommend fully funding the 5CHC/PSHH project, Option D includes an additional proposed award of \$130,165 to 5CHC support a case management and housing services program targeting transition-aged youth, which was included in the original proposal request. Option D would result in a total award of \$2,730,165 to the 5CHC/PSHH project.

The City of Paso Robles' proposal originally requested \$1,799,702 to build a new warming center facility on city owned property and expand the ECHO shelter in Atascadero by renovating the ECHO facility and adding ten transitional beds. Additionally, case management services would be provided at the Paso Robles warming center in coordination with ECHO case management services. Option D recommends a total of \$1,500,000 to the City of Paso Robles.

CAPSLO's proposal originally requested \$357,500 for a withdrawal management unit. The proposal seeks to fill a regional gap in substance abuse treatment services through constructing a medical detox center that includes transitional housing for clients. The Withdrawal Management Unit will be located on the 40 Prado shelter site and operated by the County Department of Behavioral Health. Option D recommends a total award of \$400,000 to CAPSLO.

HSOC's funding recommendation requested that the difference in funding needed to fulfill the suggested award to 5CHC's Transitional Youth Program be withdrawn from the administrative reserves, therefore Option D reduces administrative funding for the County to a total of \$207,814.

Staff's Recommended Amendment

Because the HSOC recommendations for CAPSLO's Withdrawal Management Facility exceeded the amount requested by CAPSLO by \$43,000, staff recommend that the CAPSLO recommendation be reduced by that amount. This would fully fund the Withdrawal Management Facility, while restoring \$34,077 to the Administrative reserves. It is recommended that the remaining \$8,923 be distributed to the City of Paso Robles project.

OTHER AGENCY INVOLVEMENT/IMPACT

A broad variety of organizations were consulted during the Public Input Process, including local governments, public health and safety agencies, homeless services agencies, affordable housing developers, interested community members, and youth who have experienced homelessness. County staff have consulted with City of Grover Beach staff regarding the proposed 5CHC project. The County has also received communications from the public regarding the 5CHC project. As of April 10 at 9 a.m., a total of 150 writers have expressed opposition to the project and 54 have expressed support. A petition opposing the 5CHC project was also received. The petition had 381 signatories.

Staff have also consulted with City of Paso Robles staff regarding the proposed City of Paso Robles project. The County has also received communications from the public regarding the City of Paso Robles' proposed project. As of April 10 at 9 a.m., a total of 11 writers have expressed support for the project and none have expressed opposition.

The County Behavioral Health Agency is a key partner in CAPSLO's proposed withdrawal management project and on April 9, 2019, the Board of Supervisors voted to provide \$500,000 in additional funding from Public Safety Realignment (AB109) funding to support the construction of the facility.

FINANCIAL CONSIDERATIONS

Approving this recommendation will result in up to \$4,638,923 to be made available under the HEAP grant to the selected agencies. Additionally, approving the recommendations will result in \$540,695 being made available to CAPSLO and its partners for the Coordinated Entry System project \$36,352 being made available in Administrative reserves for the County, and up to \$150,000 will be made available for improvements to the data systems through a Request for Proposal process in FY19-20. Any remaining CESH funds not used for data improvements would be awarded to CAPSLO and its partners for the Coordinated Entry System project.

Staff is currently working with County Administration to assess staffing needs for the grants and will return to the Board to request a budget adjustment and any needing staffing requests.

Program Revenue

The County received the HEAP funds from the State on March 5, 2019 and has deposited them in the County's Treasury account. Interest earned on the funds will be treated as program revenue and must be spent by June 30, 2021 as with other HEAP funds. Of the program revenue earned, 5% may be set aside for administrative costs and the rest must be used to provide direct assistance to the HEAP eligible population. Staff recommend that 5% of any program revenue earned be set aside for administrative costs and the remaining 95% be awarded to the City of Paso Robles and 5CHC projects in FY20-21.

Other Concerns

The County received over \$15 million in requests under the local HEAP RFP process. Because the demand exceeded the total funding available, two out of the four recommended projects were not proposed for full funding and many other needed projects will not receive any funding. Pending legislation, if enacted, may offer additional opportunities in FY19-20 or FY20-21 to fully fund the projects recommended in this application or to fund other, important projects not selected in the current round.

The Governor of California recently released a draft trailer bill that, if enacted, would provide an additional \$500 million in funding to large cities and Continuums of Care (CoCs) under a new program called the Homeless Aid for Planning and Shelter (HAPS) grant. Of this proposed funding, approximately \$200 million would be distributed to CoCs in the first round of funding under a "regional planning allocation." The funding would be noncompetitive, however, CoCs would be required to submit a regional plan to address homelessness prior to being awarded funding. As currently drafted, the following activities would be eligible under the first round of funding:

- (1) "Emergency shelters, including costs to develop or construct new shelters, expand existing facilities, rehabilitate or maintain existing facilities, and extend operations.
- (2) "Navigation centers, including costs to develop or construct new centers, expand existing facilities, rehabilitate or maintain existing facilities, and extend operations, including needed on-site staffing to connect individuals experiencing homeless (sic) with services and longer-term housing opportunities
- (3) "Up to ten percent of the regional planning allocation may be used by the applicant for capacity building to create rapid rehousing or prevention programs to further positive housing exits."

Under the proposed HAPS legislation, applications would be due by December 1, 2019, CoCs would be required to adopt and submit a Regional Plan to address homelessness by February 21, 2020, and the State would make awards no later than March 1, 2020.

A second pending bill, SB-573, proposes to make HEAP appropriations annually in the amount of \$250 million statewide, which would be equal to half of the current statewide HEAP allocation. The bill has passed the Senate Housing Committee and has been referred to the Senate Appropriations Committee, with a hearing scheduled for April 22, 2019.

The status of these bills is currently uncertain. Should either of these bills be enacted in the future, they could provide additional opportunities to support or strengthen local homeless assistance efforts.

RESULTS

Funds from this grant will support eligible services, rental assistance and subsidies, and capital improvements related to homelessness. These activities will help homeless persons find stable permanent housing, and access to emergency food, shelter, medical assistance, and transportation resources. By enabling homeless persons to obtain the services they need to survive and stay healthy, this request would contribute towards the communitywide goal of *A Healthy Community*.

ATTACHMENTS

Attachment 1 – CESH Applicants and Project Descriptions

Attachment 2 – HEAP Applicants and Project Descriptions

Attachment 3 – Ad Hoc Committee CESH Recommendation

Attachment 4 – Ad Hoc Committee HEAP Recommendation Options A, B, C

Attachment 5 – Power Point

Attachment 6 – City of Paso Robles Letters of Support

Attachment 7 – Transitional Food and Shelter Letters of Support

Attachment 8 – Five Cities Homeless Coalition Letters of Opposition

Attachment 9 – Five Cities Homeless Coalition Letters of Support