



## City Council Report

915 I Street, 1<sup>st</sup> Floor

Sacramento, CA 95814

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**File ID:** 2018-01394

October 16, 2018

**Discussion Item 11**

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**Title:** Initial Approvals to Apply for the Homeless Emergency Aid Program (HEAP) Grant

**Location:** Citywide

**Recommendation:** Pass a Motion: 1) endorsing the collaborative investment plan detailed in Attachment 2 to this report; 2) authorizing the City Manager or City Manager's designee to take all necessary actions to prepare to receive and administer funding from Sacramento Steps Forward (SSF), the lead agency for the United States Department of Housing and Urban Development's Continuum of Care program (CoC) in the County of Sacramento, as administrative entity of the State funding, including negotiating contracts with SSF, recruiting limited-term staff or consultants to aid in implementation, negotiating contracts with existing or new providers and expanding and modifying existing service contracts with shelter providers; and 3) authorizing the City Manager or City Manager's designee to submit an application to the State of California Business, Consumer Services and Housing Agency by no later than December 31, 2018 for funding available through the Homeless Emergency Aid Program (HEAP) for programs and services outlined in this report.

**Contact:** Emily Halcon, Homeless Services Coordinator, (916) 808-7896, Office of the City Manager

**Presenter:** Emily Halcon, Homeless Services Coordinator, (916) 808-7896, Office of the City Manager

**Attachments:**

1-Description/Analysis

2-HEAP/CESH Funding Estimates

## Description/Analysis

**Issue Detail:** In June of 2018, the Governor signed SB 850, which allocated over \$553 million in one-time State funding for two new programs: the Homeless Emergency Aid Program (HEAP) and the California Emergency Solutions Program (CESH). While similar in many ways, HEAP and CESH are administered by two different state entities and differ in several ways, including formulas used to allocate funding, funding timelines and eligible uses. Both programs operate as block grants, intended to get funding to localities quickly and efficiently for one-time emergency programs.

|                       |                       | HEAP (City)   | HEAP (CoC)   | CESH  |
|-----------------------|-----------------------|---|--------------|---|
| Local Amount          |                       | \$5,600,000   | \$12,729,412 | \$1,619,424   |
| State Agency          |                       | Business, Consumer Services, Housing  |              | Housing & Community Development   |
| Administrative Entity |                       | City  | CoC (SSF)    | CoC (SSF)   |
| Eligible Uses         |                       | <ul style="list-style-type: none"> <li>• Services (<i>shelter, prevention, outreach, criminal justice diversion</i>)</li> <li>• Rental assistance/subsidies</li> <li>• Capital improvements (<i>shelter, permanent supportive housing, public sanitation facilities</i>)</li> </ul> |              | <ul style="list-style-type: none"> <li>• Rental assistance</li> <li>• Capitalized reserves for permanent housing</li> <li>• Flexible housing funds</li> <li>• System support</li> </ul> |
| Timelines             | Application Open      | September 15, 2018  |              | August 15, 2018   |
|                       | Application Due       | December 31, 2018   |              | October 15, 2018  |
|                       | Program Start         | (estimated) March 2019  |              | (estimated) February 2019   |
|                       | Expenditures Complete | June 30, 2021   |              | five years  |

### Shelter Crisis Declaration Required in HEAP

To receive HEAP funding, the statute requires that the jurisdiction(s) “that the administrative entity represents” must declare a shelter crisis, pursuant to State law (commencing with Government Code 8698), by the time funding is awarded. At a future meeting, City staff will ask the Council to consider declaration of shelter crisis; completion of City’s application for HEAP funding will be contingent on this declaration.

### Local Goals and Recommended Investments

City, Sacramento County, and SSF have been collaboratively working on the HEAP and CESH investment proposal over the past several weeks, vetting ideas through a wide variety of community stakeholders. Given the broad range of activities that can be funded, the short timeframe for expenditure, and the limited administrative funding available, the collaborative set five funding objectives:

- Address the immediate needs of unsheltered populations
- Fund activities that can be implemented quickly and flex down when funding ends

- Use existing administrative infrastructure(s) to deliver services
- Drive broader system change and improvements
- Measure, evaluate and communicate results

Investments are recommended in three primary areas: 1) expansion of emergency shelter services; 2) creation of a flexible re-housing program; and 3) homeless system improvements. HEAP funding requires a minimum of five percent of funding for youth specific activities which are incorporated into the proposal. HEAP funds also require that any housing or shelter related activities must be in compliance or otherwise aligned with the Core Components of Housing First.

Funding details, including proposed amount by activity and estimated capacity are included as Attachment 2 to this report.

### **1) *Expansion of Emergency Shelter Services***

Recognizing that emergency shelter can be a critical component of helping move people from unsheltered homelessness into stable housing, the proposal includes significant expansion of shelter capacity. Building off the success of the low-barrier shelters operated both by the City and County, staff recommend increasing shelter capacity in five ways:

- Stand up and operate additional triage shelter(s) for adult population(s)
  - Consider multiple operational models, including smaller, sub-population focused program
  - Aim to scatter shelter programs throughout the City
  - Consider supporting both capital and operations
- Fund a Downtown Streets Team to provide outreach, case management, and job training through a street clean-up program.
- Expand County scattered-site shelters increasing capacity by up to an additional 40 beds over the funding period;
- Increase youth respite and/or shelter capacity at the new Wind drop-in center, through implementation of a “host home” program for vulnerable youth, and/or through development and operation of a new youth triage shelter;
- Increase family shelter capacity for an up to an additional seven families through existing County contracted providers; and
- Stabilize operations, extend hours, and improve case management and re-housing services in shelters serving individuals.

All shelter expansion – those that add net new beds and those that intend to support existing shelter programs – will subscribe to low-barrier access through coordinated

entry and to providing housing centered services. The City, County and SSF will support shelters with technical assistance and training.

**2) Creation of a Flexible Re-Housing Program**

Using the existing programmatic framework of the County’s Flexible Supportive Re-Housing Program (FSRP), the new Flexible Re-Housing Program (FHP) will create new housing opportunities for unsheltered clients working with navigation and outreach programs and for clients in shelter. Referring navigation and shelter programs must conform with community standards related to lowering barriers, access and operating practices. FHP will fund limited-term case management and limited-term housing assistance, including:

- Flexible rent subsidies up to 24 months and other rental assistance;
- “Whatever it takes” case management;
- Landlord and housing support services;
- Legal services through an expungement clinic; and
- Assistance for housed HEAP participants experiencing a financial crisis to prevent them from becoming homeless again.

Access to these services will be phased in over time, with access to services in the unincorporated areas of the county and within jurisdictions that have declared a shelter crisis. Points of entry will include navigation, shelter and other programs that serve homeless populations and who meet operational standards and practices. Conforming programs would be able to refer clients into the FHP for time-limited rental assistance and, for some referring programs, case management services.

| <b>Referring Program/Service</b> | <b>Housing Assistance?</b> | <b>Case Management?</b> |
|----------------------------------|----------------------------|-------------------------|
| Shelters                         | Yes                        | May vary                |
| Adult Protective Services        | Yes                        | Yes                     |
| Youth Shelter/Navigation         | Yes                        | Yes                     |
| Jail Diversion Pilot             | Yes                        | Yes                     |
| Pathways (Whole Person Care)     | Yes                        | Already provided        |
| DHA Outreach Workers             | Yes                        | Yes                     |
| Community Navigation Programs    | Yes                        | Already provided        |

HEAP funding will create new capacity for clients to connect to case management and housing services through two County referral sources: a jail diversion pilot and Adult Protective Services (APS).

- A jail diversion pilot for approximately 40 to 50 low-level misdemeanants experiencing homelessness annually, offering case management and housing

services in lieu of jail. This program will be jointly overseen by the Public Defender’s Office and DHA.

- Adult Protective Services (APS) referrals will facilitate serving approximately 40 to 50 individuals annually. Currently, APS has limited ability to connect homeless clients with open cases of abuse and neglect to services that they need to stay safe and resolve their homelessness.

### 3) **Homeless System Improvements**

CESH funds would be invested primarily in homeless systems development and improvements implemented through a combination of consultant and staff resources led by SSF. The following areas of work have been initially identified and will be further developed through the HEAP partners, the CoC Advisory Board and community stakeholders.

|   |  |
|---|--|
| <p>Improve Coordinated Entry System (CES)</p>           | <ul style="list-style-type: none"> <li>• Evaluate and modify current system functioning, including access (incorporate progressive engagement), assessment, prioritization (incorporate dynamic prioritization) and matching/referral</li> <li>• Integrate CES system to other parts of homeless system to ensure client flow</li> <li>• Expand CES to emergency shelter, e.g., bed reservation system</li> <li>• Integrate diverse entry systems: general population, veterans, youth, families, behavioral health</li> <li>• Fully develop transparent written policies and procedures</li> <li>• Increase housing and program resources connected to CES</li> <li>• Standardize CES reporting, accountability, and evaluation and align with HMIS.</li> </ul> |
| <p>Develop Community Standards for Service Delivery</p> | <ul style="list-style-type: none"> <li>• Develop operating and reporting standards for             <ul style="list-style-type: none"> <li>○ Outreach/navigation programs</li> <li>○ Shelters</li> <li>○ Re-housing programs</li> </ul> </li> <li>• Facilitate learning communities and ongoing training</li> </ul>   |
| <p>Staff Funder’s Collaborative</p>                     | <ul style="list-style-type: none"> <li>• Coordinate HEAP/CESH implementation and oversight</li> <li>• Coordinate and improve outcomes of homeless investments</li> <li>• Improve outcome evaluation, using common metrics</li> </ul>   |
| <p>Continue Strategic Planning</p>                      | <ul style="list-style-type: none"> <li>• Facilitate “deeper dives” into select issues identified in the County Homeless Plan currently under development and required for No Place Like Home funding</li> <li>• Develop process for ongoing strategic planning</li> </ul>  |

Collaborative Implementation and Role of the City of Sacramento

As homelessness is an issue that affects all jurisdictions throughout Sacramento County, it requires a collaborative response and efforts from all cities and the County of Sacramento. HEAP offers a unique opportunity for the broader Sacramento community to collaborate and implement a true community wide response to homelessness. On September 12, 2018, the CoC Advisory Board, which represents the entire county and all the cities within, approved the HEAP and CESH investment strategies as described above. This proposal is being presented to the County Board of Supervisors and the Sacramento City Council in October for their consideration. All of the other cities in Sacramento County have been invited to participate in the planning process and asked to similarly seek approval from their Councils such that they can participate in the programs and services generated through HEAP/CESH funding.

The CoC Advisory Board also approved SSF as the CESH and HEAP (CoC portion) administrative entity responsible for submitting the application and contracting with the State to receive the funding. The City, is anticipated to play a significant administrative role in administering both funding sources, adding triage shelter capacity, and augmenting existing single shelter capacity. The Sacramento County Department of Human Assistance will administer funding to expand shelter sites under the scattered site Full Service Re-Housing Shelter program, expand capacity in existing family shelters, and modify services for the targeted populations under their existing FSRP.

Both funding sources allow up to five percent (5%) of the total funding for administrative costs. These administrative costs can be used for staffing to assist with capacity of operating the new or expanded programs. The County, SSF, and the City of Sacramento will share the administrative funds proportionate to program funding administered by each entity, as detailed in the chart below.

| Entity               | Funding                 | Administration   |
|----------------------|-------------------------|--|
| County of Sacramento | HEAP - CoC              | <ul style="list-style-type: none"><li>• FSP, including expungement services and new jai diversion pilot</li><li>• Family shelter beds and scattered site shelter expansion</li><li>• Lead development of case management and rehousing standards</li></ul> |
| City of Sacramento   | HEAP - CoC<br>HEAP City | <ul style="list-style-type: none"><li>• New triage shelter(s)</li><li>• Youth respite beds and host home program</li><li>• Lead individual shelter system redesign</li></ul>   |
| SSF                  | CESH                    | <ul style="list-style-type: none"><li>• CESH system development</li><li>• Lead navigation standards</li></ul>  |

The City, County, and SSF envision an ongoing collaborative role with each other and the CoC as programs are more fully developed and implemented. It is anticipated that funding levels of program components could be increased or decreased based on implementation experience. Collaborating with community stakeholders and providers, the City, County, and SSF will create learning communities that will deepen partnerships, share learnings and improve implementation. In addition, SSF will lead a Funder’s Collaborative that will include County, City and other public and private funders of homeless services to work collaboratively to improve the impact of HEAP, CESH, and other homeless investments.

Under the proposed collaboration, the City of Sacramento would receive approximately \$7.36 million from HEAP funding (\$5.6 million from HEAP City, and \$ 1.76 million from HEAP – CoC) in program and administrative funding as follows:

| Program Component   | Funding Component | Funding     |
|---|-------------------|-------------|
| New Triage Shelter(s)<br><ul style="list-style-type: none"> <li>• Capital expenses</li> <li>• Operations</li> </ul> | City HEAP         | \$4,246,352 |
| Downtown Streets Team   | City HEAP         | \$600,000   |
| Youth Respite/Shelter Programs  | City HEAP         | \$473,648   |
|   | CoC HEAP          | \$323,648   |
| Expand Existing Single Shelter Programs   | CoC HEAP          | \$1,436,400 |
| Program Funding Total   |                   | \$7,080,048 |
| Administration  | City HEAP         | \$280,000   |
| Total City Administered Funding   |                   | \$7,360,048 |

The amounts detailed above are estimates based on anticipated needs among existing programs and new programs, but will need to be refined by staff after operating partners are selected and depending on the timing for standing up these programs. The State will allow adjustments to the budget commitments throughout the program, to align with changing opportunities and to ensure that funds are being targeted to high performing programs.

**Policy Considerations:** All of the investments recommended require active coordination with the homeless CoC and participation in the community’s coordinated entry and assessment program as well as the City’s Pathways program. These programs align with the federal directive that funding for addressing homelessness follow a “housing first” approach and be part of a larger strategy to lowering barriers to services. Housing first principles ensure that emergency shelter be provided with few to no barriers to access and focus on linking clients with permanent housing as quickly as possible. In housing first programs, supportive services are offered (but not required as a condition of tenancy) in shelters and ongoing to help people keep their housing and avoid returning to homelessness. This evidence-based approach is

consistent with the strategies and funding priorities of the other public agencies working to end homelessness in Sacramento and is required for all HEAP funded programs

**Economic Impacts:** None.

**Environmental Considerations:** TBD.

**Sustainability:** Not applicable.

**Commission/Committee Action:** On September 12, 2018, the Coc Advisory Board unanimously approved the HEAP and CESH investment strategies detailed above. It is anticipated that at their October 16, 2018 meeting, the County Board of Supervisors will also approve the collaborative funding approach.

**Rationale for Recommendation:** Homelessness is one of the biggest issues facing the City, and the City Council has made significant investments over the past years to increase services, shelter capacity and housing supports for people experiencing homelessness. Despite these efforts, homelessness is on the rise, and is affecting communities throughout the City and the County of Sacramento. The HEAP and CESH programs offer a unique opportunity to access significant funding from the State of California to address local needs related to homelessness and to collaborate with Sacramento County, SSF, and other cities in the county to develop a true county-wide response to homelessness.

**Financial Considerations:** There is no immediate fiscal impact related to this recommendation. Staff will return to Council at a later date for budgetary authority for selected projects to be funded under these programs.

**Local Business Enterprise (LBE):** Not applicable.

## HEAP/CESH Modeling Estimates

|                                  |    | CoC HEAP     | City HEAP   | CESH        | Total        |
|----------------------------------|----|--------------|-------------|-------------|--------------|
| Total Funds                      |    | \$12,729,412 | \$5,600,000 | \$1,619,424 | \$19,948,836 |
| Administration                   | 5% | \$636,471    | \$280,000   | \$80,971.20 | \$997,442    |
| Youth Set Aside                  | 5% | \$636,471    | \$280,000   | \$0         | \$916,471    |
| General Population Program Funds |    | \$11,456,471 | \$5,040,000 | \$1,538,453 | \$18,034,924 |

### Program Components

|   |       | Funding Estimates   |                    |                    |                     | est. total capacity   | administrative partner |
|---|-------|---------------------|--------------------|--------------------|---------------------|-----------------------|------------------------|
|   |       | CoC HEAP            | City HEAP          | CESH               | Total               |                       |                        |
| Flexible Housing Pool (% of total)                | 43.3% | \$8,643,066         | \$0                | \$0                | \$8,643,066         | 673                   | County DHA             |
| <i>One time expenses (% of component)</i>         |       | <i>\$1,346,000</i>  | <i>\$0</i>         | <i>\$0</i>         | <i>\$1,346,000</i>  |                       |                        |
| <i>Rent subsidies (% of component)</i>            |       | <i>\$3,606,966</i>  | <i>\$0</i>         | <i>\$0</i>         | <i>\$3,606,966</i>  |                       |                        |
| <i>Case Management (% of component)</i>           |       | <i>\$2,174,625</i>  | <i>\$0</i>         | <i>\$0</i>         | <i>\$2,174,625</i>  |                       |                        |
| <i>Housing Services (% of component)</i>          |       | <i>\$1,335,475</i>  | <i>\$0</i>         | <i>\$0</i>         | <i>\$1,335,475</i>  | est. max PIT capacity |                        |
| <i>Legal Services (% of component)</i>            |       | <i>\$180,000</i>    | <i>\$0</i>         | <i>\$0</i>         | <i>\$180,000</i>    |                       |                        |
| Existing Shelter Extension/Expansion (% of total) | 10.4% | \$2,080,680         | \$0                | \$0                | \$2,080,680         | 47                    |                        |
| <i>Family shelters (% of component)</i>           |       | <i>\$644,280</i>    | <i>\$0</i>         | <i>\$0</i>         | <i>\$644,280</i>    | 7 units/~ 28 people   | County DHA             |
| <i>Adult shelters (% of component)</i>            |       | <i>\$1,436,400</i>  | <i>\$0</i>         | <i>\$0</i>         | <i>\$1,436,400</i>  | 40                    | City                   |
| New Scattered Site Shelter(s) (% of total)        | 7.9%  | \$1,045,547         | \$0                | \$538,453          | \$1,584,000         | 40                    | County DHA             |
| New Shelter Activities (% of total)               | 28.3% | \$323,648           | \$5,320,000        | \$0                | \$5,643,648         | 225                   |                        |
| <i>Youth Respite/Shelter (% of component)</i>     |       | <i>\$323,648</i>    | <i>\$473,648</i>   | <i>\$0</i>         | <i>\$797,296</i>    | 25                    | City                   |
| <i>Triage Shelter(s) (% of component)</i>         |       | <i>\$0</i>          | <i>\$4,246,352</i> | <i>\$0</i>         | <i>\$4,246,352</i>  | 200                   | City                   |
| <i>Downtown Streets Team (% of component)</i>     |       | <i>\$0</i>          | <i>\$600,000</i>   | <i>\$0</i>         | <i>\$600,000</i>    | 25                    | City                   |
| System Development                                | 5.0%  | \$0                 | \$0                | \$1,000,000        | \$1,000,000         |                       | SSF                    |
| Administration                                    | 5.0%  | \$636,471           | \$280,000          | \$80,971           | \$997,442           |                       |                        |
| <b>Total</b>                                      |       | <b>\$12,729,412</b> | <b>\$5,600,000</b> | <b>\$1,619,424</b> | <b>\$19,948,836</b> |                       |                        |

\* note that the anticipated 2 year cost for operations of a 200 bed Triage Shelter is more than the amount allocated through HEAP. The City will need to identify additional funding for operations to support the two year service goals, depending on the one-time capital costs needed to establish the shelter(s).