



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: June 6, 2014

Approved

Date

6/6/14

**SUBJECT: CONTRACTS WITH THE HEALTH TRUST TO SERVE AS THE CITY'S
RENTAL SUBSIDY PROGRAM ADMINISTRATOR**

RECOMMENDATION

It is recommended that the City Council approve:

- a. A Grant Agreement with The Health Trust in the amount of \$2,000,000 for the administration of the Tenant-Based Rental Assistance Program for FY 2014-15; with 4 one-year options to extend, at the City's discretion and subject to future appropriation; and
- b. A Grant Agreement with The Health Trust in the amount of \$1,300,000 for the administration of the Place-Based Rapid Re-Housing Program for FY 2014-15; with 4 one-year options to extend, at the City's discretion and subject to future appropriation.

OUTCOME

Approval of the contract will allow the Health Trust (THT) to administer housing search, placement in permanent housing, and ongoing rental support for up to 200 homeless persons.

BACKGROUND

Tenant-Based Rental Assistance Program

On June 23, 2009, the City Council approved \$1,500,000 in Federal HOME funds for a Tenant-Based Rental Assistance (TBRA) Program to provide up to 100 chronically homeless individuals and families suffering from severe mental illness with housing and case management. The goal of the program was to reduce the number of chronically homeless persons living on the streets or in emergency shelters. The City Council awarded a grant to Program Responsible in Daring Excellence (PRIDE), a nonprofit affiliate group of the Housing Authority of the County of Santa

Clara, to administer the TBRA program. PRIDE used the City's federal HOME funds to provide security deposits and rental subsidies to participants and pay for the administration of the program. To leverage this funding, the City entered into an MOU with the County of Santa Clara's Mental Health Department to provide intensive case management to support the participating households in becoming self-sufficient by the end of the Program.

On May 1, 2012, the City Council approved two additional phases of the TBRA Program through the federal Consolidated Annual Action Plan process. The additional phases assisted 15 individuals known to regularly congregate and/or reside in St. James Park and 20 individuals known to reside in three targeted San José encampments. Similar to the first phase of the program, the City deployed HOME funding to provide security deposits, rental subsidies, and program administration costs, while leveraging case management support from the County of Santa Clara's Department of Alcohol and Drug Services for the St. James Park Project and several nonprofit partners for the encampment project.

The grant agreement with PRIDE expired on June 30, 2012. When PRIDE declined to renew the agreement, the Housing Department explored other options to continue administration of the Program and selected Abode Services, a local nonprofit housing and services agency, to administer the City's TBRA program. Since that time, Abode Services has served as the administrator of the TBRA program for the City.

The 2014-2015 Proposed Operating Budget includes \$2,000,000 in the Home Investment Partnership Program Trust Fund to support the TBRA program.

Place-Based Rapid Re-Housing Program

Building off of the experience from the TBRA program and in response to the growing need to directly serve encampment residents in San José, the 2013-2014 Adopted Operating Budget included \$2,000,000 in General Fund to help house homeless individuals. The Housing Department developed a Place-Based Rapid Re-Housing Program, targeting a specific, large encampment along the Coyote Creek in San José. Like the earlier TBRA programs, this new funding provides housing assistance, case management, and employment services for up to 100 homeless persons. On February 11, 2014, the City Council approved a \$650,000 contract with San José Streets Team, an affiliate of the Downtown Streets Team, to provide supportive services. The balance of the funds, \$1,350,000, was set aside for housing subsidies and programmatic operating expenses. The 2014-2015 Proposed Operating Budget includes an additional \$2,000,000 in the General Fund to continue these efforts.

Rental Subsidy Program Administrator

To maximize programmatic efficiency and streamline services, the Housing Department issued a Request for Proposals (RFP) on April 4, 2014, seeking an organization(s) to serve as the Rental Subsidy Program Administrator (RSP) for both the Tenant-Based Rental Assistance Program and the Place-Based Rapid Re-Housing Program, serving up to 200 homeless households.

ANALYSIS

Both of these Programs are geared towards finding permanent housing for homeless residents by providing rental subsidies. The difference between these two programs is that they have different sources of funding and different providers of the supportive services. Since the TBRA Program is funded by federal HOME funds, the eligibility and operating requirements are much more stringent than the Place-Based Rapid Re-Housing Program.

Populations served by both Programs include:

- Employable homeless persons of a City-targeted homeless encampment;
- Chronically homeless individuals with severe mental health conditions;
- Chronically homeless individuals with substance abuse issues who reside in and around St. James Park;
- Residents of City-targeted homeless encampments identified in the Phase I process;
- Employable homeless veterans;
- Employable homeless individuals from the City’s downtown; and
- Homeless families with children.

On May 6, 2014, the City received proposals in response to the RFP from three applicants-- Sacred Heart Community Service, Abode Services, and The Health Trust. A review panel consisting of two City staff and two external stakeholders met on May 9, 2014 to evaluate the proposals against criteria set forth in the RFP. The criteria are stated below:

Criteria	Score
Experience implementing/administering rental subsidy programs	10 points
Experience coordinating with providers, govt, homeless clients	10 points
Collect and report financial/client data	5 points
Cultural competence and experience with HIPAA	5 points
Strengths of agency that benefit programs	5 points
Supervision, proposed changes to org chart for program implementation	5 points
Program structure in detail (from scope of work)	20 points
Administrative fee and billing schedule	10 points
Additional agency resources to enhance programs	10 points
Budget & Budget Narrative	10 points
Local Business Preference	5 points
Small Business Preference	5 points
TOTAL	100 points

While all proposals were deemed responsive, the panel selected THT as the preferred provider for both the TBRA program and the Place-Based Rapid Re-Housing Program. THT has over 16 years experience administering rental subsidy programs for homeless and special needs populations. It has been the administrator of the City’s Housing Opportunities for Persons with AIDS (HOPWA) program since 1998 and has placed thousands of people with HIV/AIDS into permanent supportive housing. THT has also demonstrated great success in dealing with both

special needs populations and financial processes that require both rapid response time and flexibility in issuing monthly subsidy checks.

On May 19, 2014, Abode Services appealed the selection decision based on its experience and capacity, as well as its local business status. On May 27, 2014, the Assistant Director of the Housing Department reviewed and rejected the appeal.

As the sole program administrator of both programs, THT will provide the following services beginning on July 1, 2014:

- *Eligibility Screening* – initial income review and certification, calculation of rent standard, rent subsidy calculation, and participant share calculation. Recertification of participant eligibility, occupancy size changes, and rent changes will also be a part of this process.
- *Housing Assistance, Lease Review and Landlord/Case Manager Liaison* – assisting participants in locating appropriate housing and reviewing all leases to make sure they do not contain provisions restricting the participant's rights. THT staff will also work with participants' case managers to address any lease violations before they lead to eviction.
- *Inspections* – This will include initial and annual inspections of units to confirm they meet HUD's Housing Quality Standards for habitability.
- *Security Deposits, Rental Subsidy Payments and Participant Support Funds* – processing and issuing security deposits and monthly rental subsidy payments to landlords, as well as move-in and housing maintenance funds, such as furniture and employment-related needs.
- *Miscellaneous Services* – monthly reimbursement requests to the City, as well as bi-monthly meetings with the City and homeless service agencies providing the services for the participants.

Compensation for administering these services for the Tenant-Based Rental Assistance Program is proposed to be \$148,625. This compensation, added to the \$1,851,375 in housing assistance, results in a total contract amount of \$2,000,000 in federal HOME Funds.

Compensation for administering these services for the Place-Based Rapid Re-Housing Program is proposed to be \$198,000. This compensation, added to the \$1,102,000 in housing assistance, results in a total contract amount of \$1,300,000 funded by the General Fund.

Each of the recommended contracts with THT will be for twelve-month terms, with options for four one-year extensions, at the City's discretion, and subject to appropriation of additional funds by the City Council. The Housing Department will grant extensions based on THT's performance and the availability of funding.

EVALUATION AND FOLLOW-UP

The Housing Department will report out on the results of the Tenant-Based Rental Assistance Program and the Place-Based Rapid Re-Housing Program through a regular update to the City's Neighborhood Services and Education Committee.

POLICY ALTERNATIVES

In reaching the recommendation spelled out above, the following alternative was also considered:

Alternative #1: The City could choose not to contract with The Health Trust.

Pros: The City could provide the funds for alternative uses.

Cons: The homeless persons from the targeted encampments, as well as other homeless and chronically homeless families and individuals served through the programs, would not have access to housing and the critical administrative services necessary to ensure housing maintenance.

Reason for recommending: Providing housing and supportive services to San José's homeless population is critical to the City's priority of ending homelessness. The Health Trust has significant experience providing this type of service in the community.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

This memo will be posted on the City Council Agenda Website for the June 17, 2014 meeting.

COORDINATION

This report has been prepared in coordination with the Office of the City Attorney.

June 6, 2014

Subject: Contract with The Health Trust to Serve as the Rental Subsidy Program Administrator

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BUDGET REFERENCE

The table below identifies the funds and appropriations to fund the contracts totaling \$3,300,000 recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn*	Amt. for Contract**	2014-2015 Proposed Budget	Last Budget Action (Date, Ord. No.)
001	8405	2014-2015 Homeless Rapid Rehousing	\$2,000,000	\$1,300,000	IX-9	N/A
445	3744	Tenant Based Rental Assistance	\$2,000,000	\$2,000,000	XI-47	N/A

* Subject to the approval and adoption of the 2014-2015 Proposed Operating Budget by the City Council on June 17, 2014.

** For 2014-2015. Any subsequent extensions are subject to the appropriation of additional funds.

CEQA

Not a Project, File No. PP10-066 (e), Services that involve no physical changes to the environment.

/s/
LESLYE CORSIGLIA
Director, Housing

For questions, please contact Ray Bramson, Homelessness Response Team Manager, at (408) 535-8234.