

AB 2176: Emergency Bridge Housing Communities
Annual Report



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Annual Report to the State Legislature

January 1, 2019



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PURPOSE

The purpose of this report is to provide the State Legislature with an update on the progress of the City of San José’s Bridge Housing Communities (BHC) authorized under Assembly Bill 2176. In accordance with the provisions of AB 2176, the City must provide an annual report to the State Legislature to include:

1. The number of residents housed in every BHC;
2. The number of residents who have moved from a BHC into permanent affordable housing;
3. The average time required for a resident to receive a permanent affordable housing unit and;
4. The actual and projected number of permanent affordable housing units available through January 1, 2022.

Additionally, this report will provide some key data on San José’s homelessness population and the housing interventions and solutions underway, including the implementation of AB 2176.

STATUS

On December 18, 2018, the San José City Council approved staff recommendations to develop two BHC’s on sites that will be leased to the City from Caltrans and the Valley Transportation Authority (VTA). Prior to submitting recommendations to the City Council, staff completed the required environmental review under CEQA, a new City Ordinance detailing BHC specific development and construction standards, and site specific community designs. Staff anticipates that the first BHC will be ready for occupancy this summer with the second site projected to be complete in fall 2019. Detailed later in this report are the key timelines and benchmarks in the City’s progress toward the development of San José’s Bridge Housing Communities. The table below provides the most recent data required under AB2176.

BHC and housing data through December 31, 2018:

Measure	Current year	Year to Date
Number of residents Housed	0	0
Number of residents who have exited to permanent housing	0	0
Average time from BHC to permanent housing	N/A	N/A
Actual number of permanent units available:		
• Permanent Supportive Housing	16	
• Transition in Place in Affordable Housing Developments	78	78
• Rapid Rehousing	1,015	1,015
Projected number of permanent units available through 2022:		
• Permanent supportive housing units		823
• Transition in place units		203
• Annual rapid rehousing coupons available per year		500

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HOMELESSNESS IN SAN JOSE

Every two years, communities across the country conduct comprehensive Point-in-Time count of the local homeless populations to measure the prevalence of homelessness in their communities. The last Point-in-Time count conducted in Santa Clara County was the 2017 Homeless Census and Survey, which identified a total of 4,350 individuals residing in San José on any given night. This point-in-time figure represents a 7% increase from the number identified in the 2015 census, when 4,063 individuals were identified. Out of the total 4,350 persons, 74% of the population was unsheltered (residing on the street, in vehicles, in abandoned buildings, or in encampment areas). The next Point-in-Time Count will be conducted in late January, 2019.

SAN JOSE'S RESPONSE TO HOMELESSNESS

Short-term Solutions

There is insufficient temporary shelter capacity in San José. According to a 2017 report by the County's Office of Supportive Housing, Santa Clara County emergency shelters have the capacity to provide 1,253 shelter beds on any given night. Approximately 1,070 of those emergency shelter beds are in San José.

With an insufficient supply of shelter beds to meet the immediate needs of the local homeless population, the City has initiated several short-term solutions over the past several years to address this need. Some of these solutions include:

- Provide overnight warming locations within four City facilities to provide increased shelter capacity by up to 120 beds during periods of inclement weather.
- Enact the incidental and temporary shelter ordinance for the provision of shelter at any assembly use facility which resulted in over 100 additional overnight shelter beds in 2016-2017.
- Convert two hotels to provide interim housing for up to 102 households;
- Initiate a Safe Parking program in three locations to provide overnight respite for up to 77 homeless individuals and families per night.

In June, Governor Jerry Brown signed Senate Bill 850, establishing the Homeless Emergency Aid Program (HEAP), a \$50 million one-time flexible block grant program. The City of San Jose qualifies for \$11.4 million and the allocation for the Santa Clara County Continuum of Care is \$17.5 million. These funds are critical in providing much needed funding to address the immediate needs of our homeless residents as we work to develop long-term housing solutions.

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Long-Term Housing Solutions

The Housing Department uses two approaches to provide long-term housing to homeless households, permanent supportive housing for chronically homeless individuals/families and rapid rehousing which provides short-term rental subsidies and/or an apartment in an affordable development. One of the primary obstacle to ending homelessness in San José remains the shortage of permanent affordable housing. Housing costs in the region continue to be one of the highest in the nation; combined with consistently low vacancy rates, renting, a home remains out of reach for many individuals and families in San José. Because the City participates in the County-wide queue for all homeless programs, this report tracks the activities of both the County and the City as homeless residents will be eligible for programs across the County.

Permanent Supportive Housing

Permanent supportive housing (PSH) is a proven, cost effective solution to chronic homelessness. With nearly a third of the region's unsheltered population classified as chronically homeless, long-term support is critical to ensure the stability of this extremely vulnerable groups.

In 2017 & 2018, the County committed \$224 million to support construction of 1,437 new affordable housing units countywide and \$29 million to acquire and rehabilitate 484 units in three existing developments. This will create 821 new PSH units. In addition, the City has invested \$38.5 million that will support the development of 297 new PSH units (134 are unduplicated units). And finally, there are an additional 174 PSH units that were funded in previous years by the County or the County Housing Authority of Santa Clara County that are under construction. All total, there are 1,129 PSH units in the development pipeline that will be created countywide. City staff estimates approximately 823 will be completed between January 2019 and January 2022 when AB2176 ends. The vast majority of these units, (approximately 70%) will be located in the City of San Jose.

In August of 2018, the City of San José released a \$100 million Notice of Funding Availability (NOFA). At the closing of the NOFA, the City had received 13 viable development proposals for a total of 1,324 new affordable apartments, including 447 permanent supportive housing units. The City Council will need to take a funding action to approve these commitments.

Rental Subsidies

In addition to producing new affordable housing, both the County and City have developed Rapid Rehousing Programs (RRP) to support the efforts of ending homelessness. The provision of time-limited subsidies coupled with varying levels of services is a national best practice and a proven solution to achieving housing stability and self-sufficiency for most homeless populations.

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Rapid Rehousing Programs are designed to assist homeless individuals or families that can generate sufficient income over time to afford housing on their own over the long-term. Unlike permanent subsidies such as Section 8 vouchers, RRP subsidies provide rental support for periods of up to two years while recipients increase their self-sufficiency. While some will be housed in an affordable housing developments, many of those served through these programs will be housed in reasonably priced market rate housing; further expanding the pool of housing opportunities.

The City and County RRP programs have the capacity to house approximately 1,400 households but only have 1,015 participants enrolled. Of the enrolled participants, only 611 are housed leaving 400 who are still on the streets while they are looking for housing. It is anticipated that the BHC communities will provide interim housing for participants who are seeking housing in the rapid rehousing program. They may find housing either in a market rate home or a transition in place apartment in an affordable housing development.

Transition in Place Program

Identifying suitable and affordable housing for homeless and formerly homeless participants in the City's Rapid Rehousing Programs can sometimes be challenging. In response, the City developed a Transition in Place (TIP) housing program that increases access to affordable apartments for extremely low-, very low-, and low-income homeless households. The City utilizes a variety of strategies to create a dedicated pool of affordable apartments, including paying for rehabilitation costs on existing apartments, subsidizing the development costs of new construction, or incorporating the preference in deals as a consideration for renegotiation, re-syndication or refinancing. There are 108 TIP apartments in San Jose. In addition, the County funded 125 new TIP apartments in December of 2018.

PROGRESS ON EMERGENCY BRIDGE HOUSING COMMUNITIES

On December 12, 2017, the San José City Council approved staff's recommendations on site scoring criteria and further directed staff to 1) rank all candidate sites, 2) identify the most viable and development ready sites, and 3) return to City Council after completing several key tasks in preparation for BHC development. Since the last update in May 2018, the City of San José has made significant progress in completing the key tasks identified by City Council. On December 18, 2018, the San José City Council approved recommendations to develop two Bridge Housing Communities at sites owned by Caltrans and VTA. Both agencies have agreed to lease the sites to the City for the duration of AB 2176.

City Council's approval will result in the construction of two Emergency Bridge Housing Communities in San José, providing a total of 80 new Emergency Sleeping Cabins (cabins). This interim housing strategy provides unhoused individuals with a safe, healthy, and stable environment while they successfully transition from the street to permanent housing. Well-

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designed community support facilities, programs, and support services for the residents, which are critical to the success of interim housing will also be included. These facilities, along with the associated services, will result in an estimated 320 homeless individuals being served. At least 240 of these individuals are projected to exit to permanent housing over the next two and a half years. The City and its development partners anticipates that the first BHC will be ready for occupancy this summer with the second site projected to be complete in fall 2019.

In preparation for development, several key actions were required to address the City Council's direction regarding BHC site selection, development and other actions required to proceed with construction, is provided below.

Shelter Crisis Declaration

In order to implement the BHC under AB 2176, the City must document findings to declare a shelter crisis in the City of San José. Staff provided the City Council with the required findings in the memorandum **Attachment A**, which enumerates the homeless crisis that the community is currently facing and supported the need for the City Council to make the declaration and authorize development of the BHC sites.

Site Selection

The two sites recommended by staff and selected by City Council for development include:

1. The VTA construction staging site located at Mabury Road identified as Assessor Parcel Number 254-01-034; and
2. The Caltrans site located at the South West Quadrant of State Highways 101 and 680 adjacent to Felipe Avenue.

Based on selection criteria stated in the memorandum approved by City Council on December 12, 2017, both sites were preliminarily identified as the top locations from a list of 122 potential BHC sites for viability and development readiness. The two selected sites can easily support the development and ongoing operation of this type of temporary, interim housing development with no significant impacts to the environment.

San José's BHC Strategy

Each site will accommodate 40 cabins along with community support facilities including bathrooms, showers, laundry, common kitchen, and other community space for residents. The two sites will serve approximately 320 unhoused individuals through January 1, 2022. The projected goal is that 60% (240 individuals) will exit to permanent housing within six months or less of entering the BHC.

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The proposed BHC will also provide community facilities and site upgrades to include:

1. Common bathroom building – A single-wide pre-manufactured building adapted to accommodate:
 - a. One fully accessible bathroom, with shower in accordance with ADA standards;
 - b. Two standard restrooms with full showers;
 - c. Laundry facilities; and
 - d. Community storage.
2. Administrative Building - A double-wide pre-manufactured building adapted to accommodate:
 - a. Office space;
 - b. Common kitchen for residents to prepare and store food;
 - c. Private meeting space for residents to meet with case managers; and
 - d. A large common space for resident and staff to meet and lounge.
3. Site design – The site design includes the following features:
 - a. Perimeter fencing for the resident’s privacy;
 - b. Paved parking for 16 vehicles;
 - c. A trash enclosure;
 - d. A dog run;
 - e. Community garden space; and
 - f. Community gathering areas, including a partially covered accessible deck.

Under AB 2176, the site must meet ADA requirements.

Operation and Service Plan

In collaboration with the selected BHC operator, HomeFirst Services of Santa Clara (HomeFirst) and community stakeholders, the City has developed an Operations and Services Plan found in **Attachment B**, to provide overarching guidelines for the operation and service provisions of Bridge Housing Communities implemented in San José. Both BHC sites will be operated in conjunction with the City and County Rapid Rehousing Programs (RRP). Through the RRP programs, perspective BHC residents will have been referred from the community queue and will have case management support. To ensure BHC residents have the resources to meet their housing plan goals, HomeFirst will provide additional resident advocacy to augment case management and housing location services.

Support Services will be provided on site and will be structured under three categories, including:

1. On-site support services
2. Case Management Support
3. Workshops and Learning Opportunities

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These Services are described in greater detail in the City Council memorandum in **Attachment A** and the Operations and Services Plan in **Attachment B**. Residents will be required to pay rent while they reside in the BHC. Rent will increase incrementally over the first year until the 30% cap is met, per the requirements under AB2176.

Community Outreach

At the December 12, 2017 City Council meeting, the staff provided a recommended outline for the BHC community outreach process, which was approved by the City Council. The Housing Department completed the recommended outreach as well as four added community workshops. All meetings were noticed and translated in English, Spanish, and Vietnamese. Table 1 provides a summary of those meetings.

Table 1 - Bridge Housing Communities Outreach

Outreach	When and Where	Purpose
Town Hall Meeting	February 22, 2018 District 7	1) Housing and homeless overview 2) BHC Overview 3) Community questions and concerns
	February 26, 2018 District 3	
	December 13, 2018 District 4	
BHC Community Workshop	July 11, 2018 District 3	1) Engage the surrounding community 2) Solicit input on proposed BHC site design, operations, and services plan 3) Solicit input on future community engagement
	July 14, 2018 District 7	
	July 17, 2018 District 3	
	July 26, 2018 Vietnamese Community Center District 7	
Advisory Group Meetings	December 4, 2018	1) Provide operations and services plan overview 2) Solicit input on plan
	December 5, 2018	

City staff has committed to ongoing neighborhood coordination through the BHC Advisory Group.

Environmental Review

While AB 2176 provides reprieve from certain state and local requirements, it does not waive the requirement to complete an environmental review of the project under the California Environmental Quality Act (CEQA). In early February 2018, staff initiated an Initial Study to be conducted on the two candidate sites. Prior to completion of the Initial Study, City staff was required to complete BHC development and construction standards by which potential environmental impacts and mitigation measures could be evaluated for each site. The draft

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Initial Study was completed and posted for public review and comment on November 9, 2018. After the required 30-day comment period, a Negative Declaration was approved by City Council on December 18, 2018.

BHC Ordinance

Per the requirements of AB 2176, the draft BHC Ordinance was completed and submitted to HCD for the required 30-day review on October 31, 2018. The draft BHC Ordinance outlines four key components of Bridge Housing listed below:

1. Purpose and Findings
2. Site Development Standards
3. Building Standards
4. Operations and Services

After completing their review on November, 21, 2018, HCD provided the City with a review summary letter and sent to the State Legislature. City Council approved the draft Ordinance on December 18, 2018 and will adopt the Ordinance at the second hearing in mid-January. The Ordinance will become effective 30 days after the second reading.

BHC Development Cost

Concurrent with completing the environmental review, creating development and construction standards, and drafting the BHC Ordinance, City staff worked with its developer, Habitat for Humanity (Habitat) to refine the initial conceptual designs of the emergency sleeping cabins and community space. During this design process, the development team was able to significantly reduce the cost of construction from the early estimates provided to City Council in December 2017. The biggest cost in developing BHC's remains the site development. While the two sites will easily accommodate the two BHC's and are located close to transit and services, both sites are currently undeveloped and will require utility installation to both sites. The cost of developing each site is projected to be just under \$2.2 million, which is a reduction of nearly \$1.1 million from early estimates. The award of State Homeless Emergency Aid Program (HEAP) funds will make the development of the second site possible.

Potential Program Expansion

The two BHC's will be initiated as pilot projects. During the first year of development and implementation, City staff will work with HomeFirst to evaluate cost including development and operation costs and potential cost reduction measures. The City will also track and evaluate the performance of HomeFirst and their ability to exit residents to permanent housing. At the end of the first year of operation, staff will report back to the San José City Council the successes and challenges of developing and operating the two pilot BHC's. At the December 18th

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meeting, City Council directed staff to continue exploring sites and funding for potential additional BHC's as well as to explore underutilized industrial land for potential future sites.

Development Timeline

With the City Council approval of staff recommendations and the key pre-development tasks complete, the City and Habitat for Humanity have begun the development phase of the BHC. The key next steps in the development and implementation of the both BHC's include:

Executing Lease Agreements – City staff has engaged both the VTA and Caltrans to discuss the terms, conditions, and timing of executing lease agreements for the sites on which the BHC projects will be developed. Prior to the City committing to a specific site, neither agency was willing to invest significant time to prepare an executable agreement. However, both agencies were open to discussing general terms and timing of executing an agreement. With approval of both sites, it is anticipated that the VTA lease agreement will be executed by the end of January 2019, and the Caltrans agreement in late February or early March.

Developer and Operator Agreements – Staff recommendations in the December 18, 2018 City Council memorandum included the draft terms for the agreements with Habitat and HomeFirst as well as the ability for City staff to negotiate and execute the final agreements. Staff anticipates the development agreement by the end of January 2019 and the operator agreement by the end of February 2019.

Mobilization and Construction - A pre-development agreement with Habitat has already been executed which provides the ability to mobilize and prepare for construction while the development agreement is being finalized and executed. In January 2019, Habitat will begin mobilizing staff and resources to the off-site facility where the emergency sleeping cabins will be constructed. In early February, Habitat will begin grading and preparing the first site. City staff and Habitat estimate that the first site will be completed and ready for occupancy by June 2019, with the second site will be completed in August 2019.

Operations – With the operator agreement estimated to be executed in February, HomeFirst will begin to ramp-up for operation of the two sites in mid-February. Ramp-up will include purchasing equipment, furniture, and supplies for the two sites, hiring staff, and finalizing policies and procedures for each site. HomeFirst will begin to screen prospective residents approximately 30 day prior to completion of the first site.

Attachment A – City Council Memorandum
Attachment B – BHC Operations and Services Plan