



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: October 15, 2014
Board Meeting Date: October 21, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Iliana Rodriguez, Director of the Human Services Agency
William Lowell, Director of the Department of Housing
Freda Manuel, Real Property Manager

Subject: Report back on the action items from the July 1, 2014 Homeless Study Session

RECOMMENDATION:

Accept this report and direct staff to take the following next steps:

- A) Develop a Measure A budget proposal to fund years three and four of the San Mateo County Affordable Housing fund
- B) Real Property will continue to look for and bring forward as appropriate County owned or other sites suitable for affordable housing
- C) Present to the Board a comprehensive listing of housing affordability programs, policies and options for review with potential development of selected measures into an advocacy program
- D) Human Services will update the Board on all homelessness data and programs no later than March of 2015
- E) Bring a \$150,000 ATR to the Board for supplemental funding for the motel voucher program for homeless families
- F) Develop a pilot rapid-rehousing program for consideration by the Board during the FY 2015/16 budget process

BACKGROUND:

On July 1, 2014, the Board of Supervisors held a study session on Homelessness in San Mateo County. At the session, Human Services Agency Director Iliana Rodriguez and Department of Housing Director William Lowell reported on available data and current programs serving the homeless residents of the County and also affordable housing programs. They also discussed the expected change in Federal policy for homeless families, away from transitional housing toward a rapid re-housing model.

During the study session your Board directed staff to assess and report back on the County programs for the homeless and also report back on options for increasing the number of affordable housing units in the County. Also requested were updates on the Federal policy on homelessness and a communication plan. Responses to the Board's requests are provided in this memo which is divided into four sections: affordable housing, serving the homeless which has a number of subsections, federal policy and next steps.

DISCUSSION:

Affordable Housing: Funding

Since the demise of the local redevelopment agencies (RDAs), an even larger than normal gap in affordable housing funding exists due to the loss of RDA funds, exhaustion of other state sources of funding and the decrease in federal levels of support. To help bridge the gap on a time-limited basis while the state develops new resources to support affordable housing, your Board could consider extending the Affordable Housing Fund two more years with Measure A and some one-time Housing Authority funds.

While the county is not a regular source of affordable housing finance, outside of its federal pass-through funds, the county could fill a crucial interim funding role. The purpose of this two year commitment would be to help fill the funding gap while the state figures out next steps for a revised RDA or enacts some other permanent source of funding. For example, cap and trade funds are beginning to flow in this direction and the Legislature could enact a real estate transfer fee such as the one proposed in SB 391 or take some other action to help fund affordable housing.

The Board has already used a combination of one time RDA funds and Housing Authority money to create an Affordable Housing Fund (AHF) to assist projects in FY 2013-2014 and FY 2014-15. The source and amounts of funding for the past and current year are:

- **2013-14 – Affordable Housing Fund 1.0**
\$13.4 million in one-time recycled RDA funds allocated to affordable housing, transitional housing and homeless shelter projects. The \$8 million that was allocated to multifamily projects was crucial for the creation of 325 units in six developments. Two of these developments will break ground within the next year – the CORE homeless veterans housing in Menlo Park (60 units) and Foster Square in Foster City (47 units). A large part of the ability of these projects to successfully compete for tax credits was the addition of funds from the Affordable Housing Fund.
- **2014-15 – Affordable Housing Fund 2.0**
A total of \$5 million in Housing Authority Moving-to-Work (MTW) money was allocated for round two of the AHF. Four applications totaling \$8.0 million in requests were received by the response deadline of October 3, 2014.

We propose to continue funding the AHF for two more rounds with the following appropriations from the County:

- **2015-16 – Affordable Housing Fund 3.0**
A total of \$6 million is recommended for the third year of the AHF. Recommended funding sources are \$3 million in Measure A funds and \$3 million in Housing Authority (MTW) money which is the estimated amount of the remaining MTW one-time funds.
- **2016-17 – Affordable Housing Fund 4.0**
For the fourth round, we are recommending \$3 million in Measure A funds.

The 2013-14 and 2014-15 Notice of Funding Availability (NOFA) processes were very well received and we would use a very similar process to allocate rounds 3 and 4. As in rounds 1 and 2, to qualify for funding in rounds 3 and 4, projects would need to be located in cities that have an approved Housing Element with plans to provide specific affordable housing incentives such as density or transit-oriented bonuses. Linkage and impact fees would be another strong indicator of municipal support. Also, projects in cities providing funding and/or below market rate land would receive a significant preference as would projects that target client populations that are the focus of other county services.

The NOFA process used in 2013-14 and 2014-15 to award the available funds was highly successful in helping new affordable housing projects continue with their development. Using a reliable ball park number of \$50,000 per local subsidy per unit, the additional \$14 million mentioned rounds 2, 3 and 4 of the AHF will produce 280 units. Equally important, the availability of funding over the next two years will keep the new development pipeline successfully moving forward. Affordable housing projects both in pre-development and under construction in San Mateo County are listed on Exhibit A.

While we are not recommending use of ongoing RDA funds for affordable housing, your Board did ask about the amount of money the County is receiving. The County will get \$20,488 in FY 2014/2015. However, only \$5,466 of that amount is new revenue. Due to existing pass through agreements with the cities the County has been receiving and budgeting \$15,000 of that amount for many years.

Affordable Housing: Potential County Sites

Real Property Services has identified several County owned properties that have the potential for low income housing development. Each is currently used either entirely or partially for County functions and restricted by various individual constraints. A map and list of these properties is attached as Exhibit B (County Owned Properties). Additionally, the County owns a small parcel in Half Moon Bay that is too small for a multifamily housing development but could potentially be swapped for a more appropriate site elsewhere in the County. Further analysis of each of these parcels is

necessary to determine feasibility of development and to identify alternative locations for the existing County services.

Affordable Housing: Policies, Programs and Advocacy

As part of the North Fair Oaks Forward initiative, County Counsel, Planning and Building, Department of Housing and Health System staff are developing a Housing Affordability white paper. The paper will outline both the current and planned programs, practices and ordinances that promote, protect and preserve affordable housing within the unincorporated areas. The paper will also include future options for consideration by the Board such as housing impact fees, inclusionary zoning and other concepts to promote the development of affordable housing. The paper will also include options such as rent control and rent stabilization for the Board to consider. The paper will be presented to the Board later this year, in time for the Board to include any options requiring action by the state legislature in the 2015 advocacy agenda.

Serving the Homeless: Data Analysis and HOPE Plan Update

The Homeless Study Session discussion determined that the San Mateo County Human Services Agency should conduct a focused effort to analyze existing data to better understand the demographics, locations, and needs of the San Mateo County homeless population. HSA had not previously conducted an in depth review or analysis of the data that has been collected through the Homeless Management Information Systems (HMIS).

A Request for Quotes (RFQ) was released on August 18, 2014, to solicit quotes from qualified contractors to conduct a comprehensive data analysis of San Mateo County homeless data collected by providers in the Homeless Management Information Systems (HMIS) and other local data sources. Focus Strategies, a firm based in Sacramento, CA, was selected as the contractor with the contract agreement approved beginning October 1, 2014. Focus Strategies has extensive experience in data driven systems planning to end homelessness and their staff and tools are nationally recognized, having delivered presentations at conferences hosted by the National Alliance to End Homelessness and the County Welfare Directors Association of California.

Focus Strategies will conduct a quantitative assessment of local data to determine local and national performance, analyze financial investments, and perform results oriented data modeling on performance outcomes. The report results will guide future planning and system redesign to end homelessness in San Mateo County. Funding for the homeless services and system data analysis was appropriated in the FY 14-15 budget. This project has commenced and the report is anticipated to be completed by the end of November 2014.

The final report will be used to inform a future system redesign of the HOPE: Ten Year Plan to End Homelessness in San Mateo County. The HOPE Interagency Council will

embark on a full scale systems redesign to bring the current HOPE plan into alignment with the Federal Strategic Plan to End Homelessness, current best practices in the field, and develop a data driven system that is reflective of and responsive to the San Mateo County environment.

Serving the Homeless: Discharging to Housing

The Human Services collected information from the County Homeless Management Information System (HMIS), community based providers, and County Departments to identify the number of clients who are discharged and to identify policies that address client discharge practices. Of the 3,819 client records in the HMIS system, 309 (8%) indicated that they were released to homelessness, reporting that the location they stayed the night prior to entering the homeless services system was either a foster care home, hospital, jail/prison/psychiatric facility, or a substance abuse treatment facility or detoxification center. 501 (13%) of the total number of clients indicated that they were a veteran.

Supervisor Horsley's office reviewed the data and requested additional information on the emancipated foster youth, in order to better understand the impact of discharge practices. Of the eighteen (18) emancipated foster youth who reported being discharged from an institution, 5 youth were placed into housing programs such as Family Unification (The Housing Authority programs must input that status into HMIS as to reflect that they are not discharged to homelessness); 5 youth did not provide their city of prior residence, which could be an indication that they are from out of County; 2 were identified as older individuals (45+); and the remaining other youth may be from out of county placements, with limited information. Supervisor Horsley is following up with County departments and will determine next steps after his meeting.

Serving the Homeless: Veterans

The County Manager's Office and the Human Services Agency partnered with Applied Survey Research (ASR) to conduct a needs assessment to learn more about the needs of veterans in San Mateo County, the services currently available, and any areas of unmet need. The needs assessment consisted of primary data collection through focus groups and key informant interviews, and secondary data analysis of population, demographic, public system services, and data from the Department of Veterans Affairs. Based on the San Mateo County point-in-time homeless census in 2013, veterans represented 11% of the county's unsheltered homeless population.

On November 5, 2014, the County will host its first Veterans Summit. Attendees will review the data gathered by ASR and provide input on the story the data is telling, building a collective understanding of veterans issues and how the community could work to address the identified needs. The summit findings will help San Mateo County understand the needs of veterans in the community and determine what specific programs, supports, and service delivery systems may help to improve the lives of

veterans. Following the Veterans Summit, the report will be finalized and presented to the Board of Supervisors in January.

Serving the Homeless: People Living in their Cars, the Vehicularly Housed

At the request of the Board of Supervisors, the Human Services Agency was asked to provide additional demographics regarding the vehicularly housed population. The Human Services Agency reached out to our non-profit partners to administer a brief survey of people living in cars the last week in September 2014. The survey included a sample of respondents from cities countywide. Of the 23 respondents, 30% were between the ages of 51-60, 73% considered themselves as homeless, 70% were single adults, 73% were male, and 35% had pets with them in the vehicle. 56% of respondents reported that they slept in a car or van the night before the survey, 30% slept in a recreational vehicle (RV), and the remaining respondents slept on a boat, truck or school bus.

When asked why they were sleeping in a vehicle, 48% reported that they were unable to afford housing and 22% indicated that it was their personal choice. Over half of the respondents (52%) reported that they have lived in their vehicle for one to three years. The last place that the residents resided was renting a home or apartment (43%), living with relatives/friends (35%), jail/prison (13%), and other (9%). Lastly, 65% of those survey indicated that they did not want assistance with shelter.

The next Homeless Census and Survey will be conducted on January 22, 2015, and will provide an opportunity to continue to benchmark data on who is homeless in our community, why they are homeless, and what interventions are needed to end their homelessness. The data collected will be utilized for the upcoming homeless services system redesign, which will include recommendations for how to address all sub-populations of our homeless, including those who are living in cars. With the initial data showing that those who are living in cars may not want assistance with shelter, it will lead to a community planning effort to identify the best approaches to ensuring that there are adequate safety net supports for all of our homeless population (ie, homeless service center, mobile services for showers/laundry, accommodations for pets).

Serving the Homeless: HOT Teams Update

The Homeless Outreach Team (HOT) operates in six locations that represent the cities with the highest number of street homeless. The HOT Team conducts outreach and engagement to the chronically homeless in Half Moon Bay, Pacifica, South San Francisco, Redwood City, San Mateo and East Palo Alto. The collaborative HOT programs brings together community organizations, the Sheriff's Office, the local police department, the City Council, the County Health System, the Department of Housing, Behavioral Health and Recovery Services, and local faith communities to identify the chronically homeless in each community in order to help them connect to services and maintain a stable living situation. Services are targeted to individuals who have been living on the streets for at least five years, suffering from chronic conditions requiring

greater supports than are currently provided in temporary shelters. HOT team staff conduct one-on-one outreach to engage clients so that they will consider participating in county offered services that address issues related to health, mental health, substance use, public benefits, and stable housing. The HOT program has not only made a difference in individual's lives but it has made a difference in the cities. Feedback from the cities and local merchant associations on the effectiveness of the program has been very positive.

As of August 31, 2014, 90 clients are being served by the outreach staff (79 are from the HOT list identified by cities, and 11 were other clients who were served through the program). Of the HOT list clients, the city breakdown is as follows: Redwood City (17), East Palo Alto (14), South San Francisco (25), Half Moon Bay (15), and Pacifica (8). Eleven (12%) of the 90 clients served have been housed either in a shelter or have received a housing voucher that enabled them to move from the street into permanent housing. Of the 11 clients housed, 6 clients from all the HOT programs were housed with shelter and vouchers, 3 clients from South San Francisco were housed with VASH Vouchers, and 2 clients from South San Francisco were connected with VA benefits.

Serving the Homeless: Motel Vouchers for Families

San Mateo County's Motel Voucher program plays a critical role in ensuring that there are no homeless families living in the streets. This program is funded by the Human Services Agency and administered by InnVision Shelter Network (IVSN), serving an average of 9-12 families per night. Due to increasing motel costs, there has been a steady decrease in the number of families served over the past three years, and no additional funding increases have been provided to the Motel Voucher Program.

In FY 11-12, a total of 4,441 families were served, in FY 12-13, there was a total of 4,132 families, and in FY 13-14, the funding served 3,972 families. The average nightly rate that is being charged for a motel room through the voucher program is \$135 per night for the top 8 motels that are willing to accept motel vouchers to house homeless families in the county. Some of the motels have indicated that they may soon no longer accept vouchers as they are able to fill their beds at market rate. At the current motel rates, the annual funding amount is projected to only serve 9 families per night. On any given night, there are approximately 12 to 13 homeless families requesting shelter, resulting in waitlists and families being turned away. Additional funding to address the rising costs of motel stays is essential to ensuring that homeless families receive temporary shelter as they seek longer term housing options.

Federal Policy: Rapid Re-Housing

Since the Board study session, there has been no recent update from the Department of Housing and Urban Development (HUD), on funding decisions that affect local programs for the homeless. HUD views the rapid re-housing strategy as a highly promising, evidence based approach for addressing homelessness among families. Federal studies have found that rapid re-housing is an effective way to help people

quickly end their homelessness through a combination of time limited financial assistance and targeted supportive services.

HUD has also encouraged communities to carefully evaluate the effectiveness of their transitional housing programs and assess whether rapid re-housing might be a better approach. As part of the recently released Notice of Funding Availability (NOFA) for their Continuum of Care (CoC) funding, HUD is currently only allowing communities to use re-allocated CoC funds to create either rapid re-housing for families or Permanent Supportive Housing (PSH) for chronically homeless people. This HUD priority will be reflected in San Mateo County's Continuum of Care application for HUD funding in FFY 14-15, due on October 30, 2014.

Rapid Re-housing Pilot Project Proposal

In November, the Human Services Agency will work with the County Manager's Office and the Department of Housing to discuss potential options for initiating a Rapid Re-Housing pilot project in San Mateo County. While there have been small scale efforts previously, there is not enough data to benchmark or show a track record of how this strategy should be scaled and implemented in the county. Efforts will be made to explore new partnerships with housing partners who may be able to allocate housing units for a pilot project.

A rapid re-housing pilot project in San Mateo would allow the County to test this approach to assisting homeless families and potentially better position the County future federal funding. Staff expects to be able to report back on this concept to the Board in early 2015.

Next Steps

Based on the direction from the Board and follow-up work done by the staff, it is recommended that staff develop two items for consideration in the FY 2015-2017 budget process: additional funding for the county Affordable Housing Fund and a proposed pilot rapid-rehousing project. An immediate ATR for \$150,000 is also requested to supplement the motel voucher fund for homeless families.

In addition, Human Services Agency staff will continue to work on the data and program analysis for all the homeless services and provide an update to your Board in early 2015. That update will include findings and next step recommendations for all the specific homeless programs.

To both promote the development of additional affordable housing and protect existing affordable housing, staff are developing a white paper on Housing Affordability for review by the Board. The white paper will include a menu of options from which the Board may choose to develop a housing advocacy program.

Finally, Real Property staff will continue to review and evaluate county owned parcels for potential development of affordable housing and report back to the Board when specific opportunities develop.

Attachment

Exhibit A

Exhibit B