



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 19-814

Board Meeting Date: 8/6/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Ken Cole, Director, Department of Housing
Subject: Housing for a Healthy California (HHC) Funds

RECOMMENDATION:

Adopt a resolution delegating authority to the County Manager, or his designee to:

- A) Apply on behalf of the County for the Housing for a Healthy California (HHC) funds in an amount not to exceed \$20,000,000 and to award that funding to qualified affordable housing providers through a project selection process that meets the requirements of HHC guidelines, with adjustments to be made to individual awards once final allocations have been confirmed; and
- B) Execute a standard agreement with the State and any subsequent amendments, documents, and modifications, which are related to the HHC Program or HHC Funds; and
- C) Execute contracts with awardees identified through the project selection process.

BACKGROUND:

With the passage of Senate Bill 2 in 2017, the State of California Department of Housing and Community Development (HCD) administers the new Housing for a Healthy California (HHC) Program with funding received from the National Housing Trust Fund Allocation (Article I) and the Building Homes and Jobs Act Fund Allocation (Article II). The HHC Program provides funding for the creation of permanent supportive housing for individuals who are recipients of or eligible for healthcare provided through the California Department of Health Care Services (DHCS) Medi-Cal program. Eligible uses of HHC funds include: (1) acquisition, new construction, or reconstruction and rehabilitation of project(s); and (2) operating assistance which may include long-term rental assistance to private landlords and/or a Capitalized Operating Subsidy Reserve (COSR) for at least 15 years to pay for operating costs. The goal of the HHC Program is to reduce the financial burden on local and state resources due to the overutilization of emergency departments, inpatient care, nursing home stays, and use of corrections systems and law enforcement resources as the point of healthcare provision for people who are either chronically homeless or homeless and a high-cost

user of health services.

HCD released the Notice of Funding Availability (the NOFA) for the HHC Program on May 13, 2019, and the County is eligible to apply for the HHC, Article II Grant. As part of the application process for the NOFA, HCD is requiring applicants to obtain a Governing Board Authorizing Resolution that substantially conforms to the sample resolution provided by HCD. Accordingly, the resolution accompanying this memo also includes an Attachment A that is formatted in a way that differs from the standard County resolution in order to comply with the application requirements of the NOFA; and must be executed contemporaneously with the standard County resolution.

DISCUSSION:

To be eligible for HHC Article II Grant funds, applicants must identify a source of funding for providing intensive services promoting housing stability, including, but not limited to, County general funds, DHCS Whole Person Care (WPC) pilot program funds, or other County-controlled funding to provide services to eligible participants. Applicants that utilize Whole Person Care supports are awarded additional points for these competitive grant monies.

On December 13, 2016, this Board authorized San Mateo County Health (SMCH) to enter into a five-year agreement with DHCS to participate in its Medi-Cal 2020 WPC pilot program. The WPC pilot program aims to improve the health of high-risk, high-utilizing patients through the coordinated delivery of physical and behavioral health, along with housing, food, and other critical community-based supportive services.

Furthermore, the Board also approved the allocation of **Measure K** funds, \$1,000,000 for FY 2016-17 and \$2,000,000 per fiscal year ongoing (FY 2017 through FY 2020) for housing services. To date, **Measure K** funding has enabled 78 homeless WPC clients to secure permanent housing and has supported the development of a six-bed recuperative care program for homeless individuals discharging from the hospital that is scheduled to open end of Summer of 2019.

Despite this generous funding, a significant barrier to providing long-term stability for homeless individuals with complex medical and behavioral health needs continues to be the lack of permanent, affordable housing options with appropriate supportive services. In collaboration with the Human Services Agency (HSA), the Health Plan of San Mateo (HPSM), and SMCH, the Department of Housing (DOH) intends to submit an application for HHC Article II Grant funds on behalf of the County to assist with the creation of permanent supportive housing for individuals who meet HHC eligibility requirements, the majority of whom will be WPC eligible clients. Staff recommends applying for the maximum grant limit of \$20,000,000, with funds to be used for the creation and/or preservation of affordable housing units and towards operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable housing units.

County Counsel has reviewed and approved the resolution as to form.

Approval of these actions contributes to the *Shared Vision 2025* outcomes of a Healthy Community and a Livable Community, in that they enable the receipt of critical funding for a spectrum of activities that help vulnerable residents achieve a healthy and sustainable quality of life.

PERFORMANCE MEASURE:

Measure	FY 2019-20 Projected
Affordable Housing Units Receiving HHC Funds	TBD

Homeless Individuals Permanently Housed	TBD
---	-----

FISCAL IMPACT:
No Net County Cost.