



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: March 4, 2024

Approved

Date

3/13/24

SUBJECT: ACTIONS RELATED TO THE REGIONAL MEMORANDUM OF UNDERSTANDING TO APPLY FOR THE HOMELESS HOUSING, ASSISTANCE, AND PREVENTION 5 PROGRAM APPLICATION

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to:

- a) Negotiate, execute, amend, and terminate the required Regional Memorandum of Understanding committing each signatory to participate in, and to comply with, the Regionally Coordinated Homelessness Action Plan as part of the State of California's Homeless Housing, Assistance, and Prevention 5 program.
- b) Apply to the State of California's Homeless Housing, Assistance, and Prevention 5 program as a region for a one-time award in the amount of \$28,866,312.

SUMMARY AND OUTCOME

Eligible Homeless Housing, Assistance, and Prevention Program Round 5 (HHAP5) applicants must apply as part of a region. Applicants are required to submit a regional memorandum of understanding (MOU) with the HHAP5 application, which must be signed by each participating applicant committing to participate in and comply with the Regionally Coordinated Homelessness Action Plan. The finalized Regionally Coordinated Homelessness Action Plan must be reflected in the MOU. While regions are required to submit one coordinated application, the City of San José will receive and administer its HHAP5 allocation of \$28,866,312.28 separately. The HHAP5 application, including the MOU, is due to the State of California's Interagency Council on Homelessness (Cal ICH) on March 27, 2024.

BACKGROUND

Homeless Housing, Assistance, and Prevention Program (HHAP) is administered by Cal ICH. Cal ICH has implemented HHAP funding through several rounds of one-time block grants. HHAP provides jurisdictions with flexibility to use funds that advance regional coordination to prevent and end homelessness with a focus on evidence-based best practices and services specific to the needs of homeless youth. **Table 1** summarizes rounds 1-5 of HHAP funding allocated to the Santa Clara County region.

Table 1: HHAP Funding Allocations in Santa Clara County

| Source | City of San José Allocation | County of Santa Clara Allocation | Continuum of Care Allocation | Expenditure Deadline |
|--------------|-----------------------------|----------------------------------|------------------------------|----------------------|
| HHAP Round 1 | \$23,832,510.94 | \$10,592,522.45 | \$11,433,718.90 | June 30, 2025 |
| HHAP Round 2 | \$11,266,278.00 | \$4,842,296.00 | \$5,410,022.00 | June 30, 2026 |
| HHAP Round 3 | \$29,118,995.18 | \$13,558,428.74 | \$14,526,887.93 | June 30, 2026 |
| HHAP Round 4 | \$26,795,465.58 | \$12,506,471.57 | \$13,330,052.88 | June 30, 2027 |
| HHAP Round 5 | \$28,866,312.28 | \$13,662,419.40 | \$14,240,417.80 | June 30, 2028 |
| Total | \$119,879,561.98 | \$55,162,138.16 | \$58,941,099.51 | |

Each round of HHAP funding has introduced different requirements to the application, expenditure, and reporting processes. Requirements of the HHAP5 application include applying as a region, formalizing the partnership through an MOU, and engaging community stakeholders about the region's HHAP5 funding priorities.

ANALYSIS

On July 10, 2023, Governor Gavin Newsom signed Assembly Bill 129¹ into law, establishing the fifth round of one-time HHAP funds. One billion dollars in HHAP5 funding was established to:

1. Organize and deploy the full array of homelessness programs and resources comprehensively;
2. Foster robust regional collaboration and strategic partnerships;
3. Strengthen long-term sustainability of housing and supportive services by strategically pairing HHAP5 with existing federal, state, and local investments;
4. Demonstrate a commitment to address racial disproportionality in four homeless populations and achieve equitable provision of services and outcomes;
5. Establish a mechanism for people with lived experience of homelessness to have meaningful and purposeful opportunities to inform and shape all levels of planning and implementation;
6. Fund projects that provide housing and services that are Housing First compliant; and

¹ [Assembly Bill No. 129](#)

7. Assist people to remain in or move into safe, stable, permanent housing.

Timeline

On September 29, 2023, CAL ICH released the HHAP5 Notice of Funding Availability and provided guidelines for the application, timeline, and funding disbursement. **Table 2** summarizes the HHAP5 application and award process, including key deadlines and activities.

Table 2: HHAP5 Application and Award Process

| Date | Activity |
|---------------------------|--|
| September 29, 2023 | Cal ICH released the HHAP5 Notice of Funding Availability and application for initial (50%) allocations. |
| October 2023 – March 2024 | City of San José and County of Santa Clara worked together to develop and complete the applications, the Regionally Coordinated Homelessness Action Plan, and MOU, as well as facilitated public meetings. |
| March 27, 2024 | Deadline to submit HHAP5 application. |
| April 2024 – June 2024 | Cal ICH conducts a 90-day review of all HHAP5 applications. |
| June 26, 2024 | Cal ICH approves final HHAP5 applications or requests additional amendments. |
| June 30, 2026 | Deadline to obligate at least 75% of grant funds; deadline to expend at least 50% of initial allocation disbursement. |
| June 30, 2028 | Final deadline to expend all grant funds. |

HHAP5 will be released in two disbursements. Upon approval of the HHAP5 application, Cal ICH will disburse 50% of the City of San José’s total allocation. The Housing Department must contractually obligate no less than 75%, and expend no less than 50%, of its first disbursement to receive the second disbursement.

HHAP5 Application Requirements and Components

Eligible applicants for HHAP5 funds must apply as part of a region. A region refers to the geographic area served by a county, including all cities and the Continuums of Care² or Continuums of Care within it. Eligible applicants for HHAP5 funds include California’s 14 large cities (300,000+ population as of January 1, 2022), California’s 58 counties, and California’s 44 Continuums of Care.

² A Continuum of Care consists of a wide-range of representatives from public and private entities that include civic groups, educational institutions, faith-based organizations, health and mental health care providers, local governments, and non-profit agencies. Continuums of Care are charged with promoting and implementing evidence-based, best, promising, and emerging practices for preventing and ending homelessness.

Eligible applicants must:

1. Be signatories to a Regionally Coordinated Homelessness Action Plan;
2. Engage key stakeholders during the development of the Regionally Coordinated Homelessness Action Plan; and
3. Enter into a regional MOU.

Participating applicants in each region will complete and submit a single HHAP5 application and work with Cal ICH through any subsequent amendment requests. The City of San José, the County of Santa Clara, and the Santa Clara County Continuum of Care will submit separate funding plans as part of the single HHAP5 application.

Regionally Coordinated Homelessness Action Plan

HHAP5 requires eligible applicants to create and implement Regionally Coordinated Homelessness Action Plans. Regions must apply together and submit a single Regionally Coordinated Homelessness Action Plan.

The Regionally Coordinated Homelessness Action Plan must include the following.

1. Identify and describe the specific roles and responsibilities of each participating applicant within the region. Examples include outreach and site coordination, siting and use of available land, and development of interim and permanent housing options.
2. Include the system performance measure data for the Continuum of Care region and describe key actions the region intends to take to improve each of the system performance measures.
3. Describe actions that will be taken to improve each of the system performance measures, ensure racial and gender equity, and reduce homelessness among individuals exiting institutional settings.
4. Include the total amount of available funding and how each participating applicant is utilizing local, state, and federal funding programs to end homelessness.
5. Include the total amount of available funding, the amount prioritized for permanent housing solutions, and an explanation of how each participating applicant is utilizing local, state, and federal funding programs to end homelessness.

Examples include: Homekey Program, No Place Like Home Program, California Emergency Solutions Grants Program, National Housing Trust Fund, and HOME Investment Partnerships Act.

6. Explain how the region is connecting, or will connect, individuals to wrap-around services from all eligible federal, state, and local benefit programs.

Examples include: CalWORKs, Medi-Cal and benefits through managed care plans, and Supplemental Security Income.

Eligible applicants must publish the proposed, approved, and amended versions of their Regionally Coordinated Homelessness Action Plans to their website(s), per the HHAP5 Notice of Funding Availability.

Regional MOU

The Regionally Coordinated Homelessness Action Plan must be reflected in an MOU signed by each participating applicant and submitted along with the HHAP5 application. The MOU shall commit all signatories to participate in and comply with the Regionally Coordinated Homelessness Action Plan.

The MOU will include the following actions, roles, and responsibilities of each eligible applicant in the region as described in the HHAP5 Regionally Coordinated Homelessness Action Plan.

1. Commitments to outreach and site coordination, siting and use of available public land, the development of interim and permanent housing options, and coordinating, connecting, and delivering services to individuals experiencing homelessness or at risk of experiencing homelessness within the region.
2. Commitments to improve the system performance measures.
3. Commitments to ensure racial and gender equity in service delivery, housing placements, housing retention, and any other means to affirm equitable access to housing and services for racial and ethnic groups overrepresented among residents experiencing homelessness.
4. Commitments to reduce homelessness among individuals exiting institutional settings, including but not limited to jails, prisons, hospitals, and any other institutions such as foster care, behavioral health facilities, and as applicable in the region.
5. Commitments to the utilization of local, state, and federal funding programs to end homelessness.
6. Commitments to connect individuals to wrap-around services from all eligible federal, state, and local benefit programs.

City of San José Funding Regionally Coordinated Homelessness Action Plan

The City of San José continues to prioritize the operation and services of the emergency interim housing communities and homeless outreach and engagement activities. HHAP5 funding will also allow the City of San José to support youth programming, prevent at-risk families from becoming homeless, and support administrative costs.

Table 3 below lists the HHAP5 eligible use categories.

Table 3: HHAP5 Eligible Use Categories

| Eligible Use | Description |
|--|--|
| Permanent Housing | <ul style="list-style-type: none"> • Delivery of permanent housing and innovative housing solutions • Rapid Rehousing • Prevention and shelter diversion • Operating subsidies – permanent housing |
| Interim Housing | <ul style="list-style-type: none"> • Operating subsidies – emergency interim housing • Emergency interim housing • Improvements to existing emergency interim housing communities |
| Service Provision and Systems Support | <ul style="list-style-type: none"> • Street outreach • Services coordination (wrap-around services) • Systems support |
| Youth Set-Aside | <ul style="list-style-type: none"> • 10% of allocation set aside for youth (ages 12 – 24) |
| Administrative Costs | <ul style="list-style-type: none"> • Administrative costs (max 7% of allocation) • Homeless Management Information System administration (up to 1% of allocation) |

Table 4 summarizes the Housing Department’s HHAP5 expenditure plan.

Table 4: HHAP5 Funding Plan

| State Eligible Use Category | HHAP5 Amount | Examples of Potential Programs and Activities |
|-----------------------------|------------------------|--|
| Prevention and Diversion | \$3,000,000.00 | Financial assistance for San José households at risk of becoming homeless. |
| Interim Housing | \$15,000,000.00 | Operations and services for up to seven emergency interim housing communities and temporary housing in motels. |
| Street Outreach | \$4,845,671.00 | Targeted homeless outreach and engagement, flexible funding, hygiene activities, showers, and laundry. |
| Youth Set-Aside (required) | \$4,000,000.00 | Financial assistance for homeless youth. |
| Administration | \$2,020,641.28 | Program and contract management by Housing Department staff. |
| TOTAL | \$28,866,312.28 | |

While the HHAP5 grant contributes significantly to City efforts, it is important to recognize that the demand for homeless services significantly exceeds the available funding. As the influx of funding from the pandemic recedes, fewer external resources are available for this work. A

critical area of concern is the dual necessity for interim housing and street outreach services. Both are essential in the strategy to alleviate homelessness—interim housing provides temporary shelter, while street outreach serves as a crucial link, guiding individuals to available housing solutions.

The projected expense in the City's 2025-2029 Five-Year Forecast for providing interim housing is estimated at approximately \$73 million for Fiscal Years 2025-2026 and 2026-2027. The Forecast assumes that \$15 million of this cost will be defrayed through HHAP5 funding, the same amount allocated in HHAP4. However, this allocation towards interim housing inherently limits the resources available for other critical services, including street outreach.

Given this funding scenario, to maintain the current level of street outreach services, the City will need to identify alternative funding sources in future years, most likely beginning in Fiscal Year 2025-2026 of approximately \$5 - \$6 million. This may necessitate leveraging the City's General Fund or exploring other external funding opportunities to bridge the financial gap and ensure the continuity of comprehensive services for the homeless population.

EVALUATION AND FOLLOW-UP

The results of the HHAP5-funded programs will be provided in the Citywide Homeless Annual Report.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 26, 2024 City Council meeting.

Applicants are required to collaborate and engage in a public stakeholder process while developing the Regionally Coordinated Homelessness Action Plan. City of San José and County of Santa Clara staff developed a HHAP5 presentation that includes a general HHAP5 overview and goals, eligible uses, previous funding priorities, program highlights, followed by a question and answer and discussion session to gather feedback.

The first public meeting was held on February 14, 2024. Representatives from the City of San José and the County of Santa Clara presented to the Service Provider Network, a community-based network of people who have knowledge, passion, and interest in sharing resources for low

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income, medically fragile, underserved, or people at risk of homelessness. Feedback from this meeting included targeting programs/services to seniors and disabled individuals and monitoring changing trends.

The second public meeting was held on February 15, 2024. Representatives from the City of San José and the County of Santa Clara presented to the Lived Experience Advisory Board of Silicon Valley, a leadership development body consisting of members with current or past experience of homelessness. Members use this platform to learn about and evaluate the system of care and to make recommendations for improvement. Feedback from this meeting included using funds to prevent homelessness among youth, creating programs with low barriers for entry, provide more services to youth-focused organizations, and prevent using HHAP5 funding for encampment abatements.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in sections 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

The principal author of this memorandum is Kelly Hemphill, Homelessness Response Division Manager. For questions, please contact kelly.hemphill@sanjoseca.gov.