

**HOMELESS SERVICES OVERSIGHT COUNCIL  
FULL COMMITTEE MEETING  
ACTION ITEM  
December 18, 2019**

**AGENDA ITEM NUMBER: 4.1.1**

**ITEM:** Recommend allocation of County Community Development Block Grant (\$109,099), Emergency Solutions Grant (\$139,675), and County General Fund Support (\$253,000) funds for countywide homeless services programs.

**ACTION REQUIRED:** Vote to recommend to the Board of Supervisors: 1) allocation of 2020 County Community Development Block Grant (CDBG) Public Services funds, Emergency Solutions Grant (ESG) funds, and County General Fund Support (GFS) for countywide Homeless Services Programs (See Attachment 4.1.1.A for draft funding recommendations); and 2) authorize the Departments of Planning and Building or Social Services to adjust allocations proportionately after final HUD allocations and cities' CDBG allocations.

**SUMMARY NARRATIVE:**

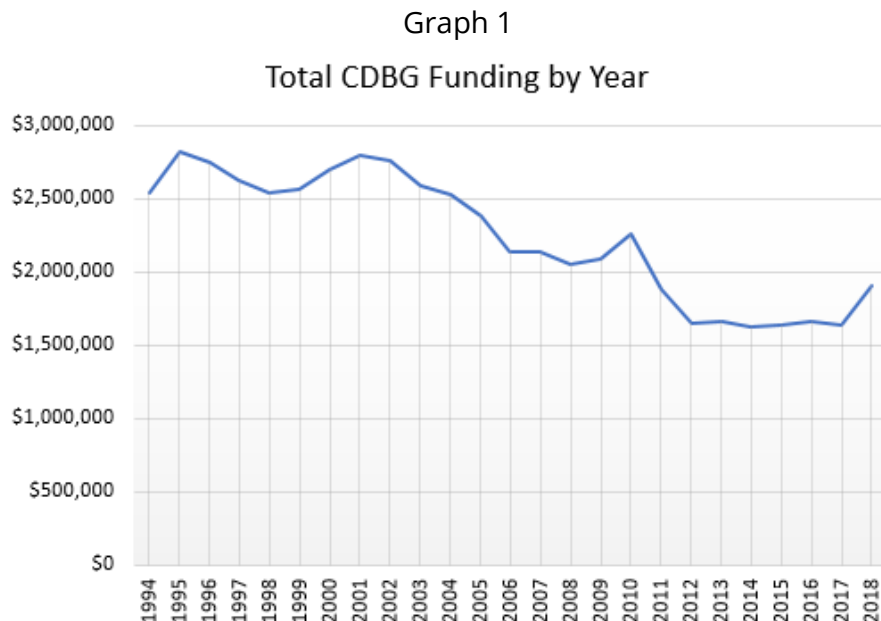
Background

*CDBG and ESG*

The County of San Luis Obispo receives annual allocations of CDBG funds and ESG funds from the U.S. Department of Housing and Urban Development (HUD). A portion of the CDBG funds may be used for public services, including homeless services. The ESG program provides funds solely for homeless services programs. Eligible ESG activities include homeless outreach, emergency shelter, and Rapid Rehousing, however HUD regulations state that no more than 60% of ESG funds may be awarded to emergency shelter and outreach activities.

For the Fiscal Year (FY) 2020-2021, staff have estimated a conservative reduction in CDBG and ESG funding levels, based on a three-year average funding level. The County estimates it will receive \$151,000 in ESG funding, of which 7% (\$11,325) will be set aside for administrative costs, leaving \$139,675 available for application.

The County also estimates it will receive \$109,099 in CDBG Public Services funding from HUD in FY20-21, which would be a 29.1% reduction from FY2019-20 levels. Following the receipt of final allocations from HUD, Staff will give the selected 2020 CDBG and ESG subrecipients a pro-rated adjustment.



#### *General Fund Support*

In the FY 2019-20 budget, the Board allocated \$253,000 in GFS for homeless service operating costs, plus an additional \$19,000 that was re-directed from General Fund contingencies to RISE during Budget hearings. County staff estimated \$253,00 in GFS would be available in FY 2020-21.

The \$253,000 includes \$35,000 that is set aside for warming centers and safe parking. Beginning in the FY2019-20 Budget, the County has required non-profits to apply for warming center and safe parking funds during the Action Plan process. Requests for warming centers and safe parking programs were considered during the ad hoc grant review committee for the 2020 Action Plan applications, along with other homeless services requests. All GFS awards are contingent on budget approval in June 2020.

#### *Permanent Local Housing Allocation*

The State of California has issued draft program guidelines for the new Permanent Local Housing Allocation (PLHA) program and it is anticipated that the state will issue a Notice of Funding Availability for these funds in February 2020. PLHA will provide an annual, ongoing allocation of funds obtained from a dedicated revenue source created by SB2.

PLHA funds may be used for a wide range of activities to address unmet housing needs. Eligible activities include, but are not limited to, the construction, rehabilitation, or acquisition of affordable housing; assisting persons experiencing or at risk of homelessness, including, but not limited to providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing; Capitalized Reserves for Services connected to the preservation and creation of new permanent, supportive housing; efforts to acquire and rehabilitate foreclosed or vacant homes and apartments; and homeownership opportunities.

Based on preliminary information published by the State, the County of San Luis Obispo anticipates it will receive approximately \$649,000 in 2019 PLHA funding. To help gauge interest, the County requested that the 2020 ESG, CDBG public services, and General Fund Homeless Services applicants provide a non-binding indication of their interest in applying for PLHA funding. Seven applicant agencies – ECHO, CAPSLO, 5CHC, Transitional Food and Shelter, RISE, Stand Strong, and the Salvation Army – indicated an intent to apply for PLHA funding when the local Requests for Proposals is issued for those funds in 2020.

#### FY 2020-2021 Allocation Recommendations

The HSOC Ad Hoc Grant Review Committee ('Committee') met on December 9, 2019 to discuss and recommend allocation of Fiscal Year 2020-2021 County CDBG public services funds, ESG funds, and GFS funds for homeless services programs. Tony Navarro of the County Department of Planning, and Laurel Weir from the County Department of Social Services attended to guide the discussion.

In response to the 2020 Action Plan Request for Proposals, staff received the requests listed in Table 3 of Appendix A. The sum of all requests for funding totaled \$1,156,410. The combined total amount of funding available across the three programs was \$643,311.

Planning staff reviewed CDBG and ESG grant applications for consistency with the Board-guidance from the recent needs hearing in preparation for the 2020-2025 Consolidated Plan and for HUD program compliance. County staff recommends that the funding amount for competitive CDBG and ESG programs be evaluated based on criteria that consider of the type of activity proposed, the number of clients served, and past performance.

The Committee reviewed County staff recommendations and provided feedback. The Committee noted the large percentage of unsheltered homeless persons in the county and recommended activities that provide emergency shelter (including Warming Center beds and emergency beds for victims of domestic violence) be prioritized in the current funding round, and that consideration be given to geographic distribution of services.

#### *ESG*

For ESG, the Committee recommended that the Community Action Partnership of San Luis Obispo County (CAPSLO) receive the maximum amount of ESG available for emergency shelter (\$83,805) for the new 40 Prado Center. As noted above, HUD only allows up to 60% of the ESG allocation to be used for outreach and/or emergency shelter.

The Committee also recommended that 5Cities Homeless Coalition's (5CHC) receive an award of ESG funding for their requested rapid re-housing and homeless prevention (RR/HP) programs, which provide short term rental and deposit assistance and assists clients in obtaining permanent housing. 5CHC operates a Coordinated Entry Assessment site in the south county. The Salvation Army also applied for ESG funding for rapid rehousing and homelessness prevention, but was not funded because 5CHC's application was scored higher in the application review.

The El Camino Homeless Organization (ECHO) also applied for but was not recommended for federal ESG assistance as their application was scored lower than CAPSLO during the application review. The Committee did recommend ECHO for County CDBG funds and County General Funds.. Transitional Food and Shelter, and RISE also submitted applications for ESG funds to provide emergency shelter beds. While they were not recommended for ESG funding, both were recommended for General Fund Support.

#### *CDBG Public Services*

Recommendations for CDBG funds were based on application scoring. In particular, applicants, were scored on how the proposed project aligned with the County's priorities as set forth in the County's Consolidated Plan that governs CDBG, ESG and HOME grants. Five organizations applied for CDBG Public Services funding: ECHO, CAPSLO, 5CHC, People's Self-Help Housing, and the Food Bank. The Committee recommended CDBG funding for CAPSLO, ECHO, and 5CHC.

#### *General Fund Support*

Regarding GFS, the Committee recommended that maintaining existing emergency shelter beds – including warming center beds and beds at emergency facilities servicing victims of domestic violence – be prioritized. The Committee noted the significant gap between the number of available year-round shelter beds (less than 200) and the number of homeless persons counted on a single night in the 2019 Homeless Point in Time Count (1,483).

The Committee recommended funding for all emergency shelter applicants at the same amount as last year's level. Of the \$253,000, a total of \$35,000 was available specifically for warming center and safe parking activities. Three applications were received for warming centers/safe parking: one from CAPSLO, one from the 5Cities Homeless Coalition (5CHC), and one from Los Osos Cares.

The Committee recommended funding Los Osos Cares at \$2,500 and splitting the balance of the \$35,000 set-aside between CAPSLO and 5CHC.

It is estimated that HUD will release its final FY2020-2021 grant allocations for the CDBG and ESG programs in February. Staff requests action from HSOC to provide the Department of Planning and Building with authorization to adjust recommendations proportionately, as needed, to reflect final allocations.

The HSOC recommendation will go to the San Luis Obispo County Board of Supervisors as a public hearing item in April 2019 for further action.

#### **BUDGET/FINANCIAL IMPACT:**

This will have no financial impact to the HSOC. Should the Board approve the HSOC's recommendations, it would result in at least \$501,774 being made available for homeless services. This would be \$61,356 less than the combined 2019 funding for CDBG, ESG, and General Fund Support (GFS) services, not including the additional \$19,000 that was provided to RISE in General

Fund contingencies in FY2019-20. The decrease of \$61,356 is due to an estimated decrease in CDBG and ESG funding. Staff estimated the total amount of CDBG and ESG funding expected very conservatively and it is possible the County may receive a higher amount than the estimate once HUD has made the final awards. Should a greater amount be received, the total funding that would be made available for homeless assistance would exceed \$501,774.

**STAFF COMMENTS:**

The County received many more fundable requests than there were funds available. While the recommendations seek to support existing emergency beds, there is not enough ESG/CDBG/GFS funding available to fully fund requests to support existing beds. In FY2020-21, new beds are expected to come online in North County as a result of the HEAP-funded expansion of the ECHO shelter and the North County Housing Navigation Center. This will further increase competition for limited resources.

In addition to increasing requests to support emergency shelter and services, the County has been receiving more funding requests for homelessness prevention and rapid rehousing efforts. Rapid rehousing is an important tool to decrease the length of time that persons experience homelessness, and homelessness prevention may prevent some persons from becoming homeless. Without additional funding to support expanded activities, it will be difficult to decrease homelessness in the County.

The new PLHA funds may be able to fill at least a part of the need. PLHA funding could potentially address some of the requests that have not been recommended for the ESG/CDBG/GFS funding. The HSOC may wish to recommend that at least a portion of the PLHA funds be prioritized for addressing homelessness. PLHA funds, because they are anticipated to be provided annually, may be especially appropriate for ongoing, annual expenses such as staffing and operational costs.

Additional sources should also be considered for one-time funds, such as the Homeless Housing, Assistance and Prevention (HHAP) Program, that could be used to temporarily boost rapid rehousing or homelessness prevention efforts.

Table 1: 2020 Funding Recommendations based on Estimated Total Funding Available\*

<b>2020 Recommended Funding Awards</b>						
<b>Applicant</b>	<b>Project</b>	<b>GFS</b>	<b>GFS Warming Center/Safe Parking</b>	<b>ESG</b>	<b>County CDBG</b>	<b>Total Recommendation (including Warming Center/ Safe Parking)</b>
<b>El Camino Homeless Organization (ECHO)</b>	Homeless Shelter and Services Program	\$50,717			\$24,108	\$74,825
<b>Community Action Partnership San Luis Obispo (CAPSLO)</b>	40 Prado Homeless Services Center and Warming Center	\$103,513	\$16,250	\$83,805	\$44,575	\$248,143
<b>5Cities Homeless Coalition</b>	Supportive Services, Homeless Prevention & Rapid Re-Housing	\$8,850	\$16,250	\$55,870	\$40,416	\$121,386
<b>Transitional Food and Shelter</b>	Atascadero Warming Center and Services	\$12,880				\$12,880
<b>Los Osos Cares</b>	Los Osos Cares Shelter Programs		\$2,500			\$2,500
<b>Stand Strong</b>	Emergency Shelter and Services	\$23,000				\$23,000
<b>RISE</b>	Emergency Shelter (DV)	\$19,040				\$19,040
<b>Total Estimated Available</b>		<b>\$218,000</b>	<b>\$35,000</b>	<b>\$139,675</b>	<b>\$109,099</b>	<b>\$501,774</b>

\*Amounts subject to final CDBG and ESG allocations provided by HUD in 2020. Funded applicants shall receive pro-rata adjustment based on final allocations.

Table 2: Comparison of Total Funding Award (Not including GFS for Warming Center &amp; Safe Parking)

<b>Total Funding Comparison: 2019 &amp; 2020</b>			
<b>Applicant</b>	<b>2020 Recommendation Total (NOT including Warming Center/ Safe Parking)</b>	<b>2019 Funding Award Total (does not include warming/parking)</b>	<b>Percent Change 2019 to 2020</b>
<b>El Camino Homeless Organization (ECHO)</b>	\$74,825	\$84,717	-12%
<b>Community Action Partnership San Luis Obispo (CAPSLO)</b>	\$231,893	\$259,511	-11%
<b>5Cities Homeless Coalition</b>	\$105,136	\$128,952	-18%
<b>Transitional Food and Shelter</b>	\$12,880	\$12,880	0%
<b>Los Osos Cares</b>	\$0	\$0	0%
<b>Stand Strong</b>	\$23,000	\$23,000	0%
<b>RISE</b>	\$19,040	\$19,040 <sup>1</sup>	0%
<b>Total</b>	<b>\$466,774</b>	<b>\$528,130</b>	<b>-12%</b>

<sup>1</sup> Does not include an additional \$19,000 awarded to RISE in FY2019-20 from General Fund contingencies during the FY2019-20 Budget hearings.

Table 3: Applicant Funding Requests for 2020-2021 General Fund Support, Emergency Solutions Grant, County CDBG

2020 Applicant Requests						
Applicant	Project	GFS (Not including Warming Center/Safe Parking	GFS – Warming Center & Safe Parking	ESG	County CDBG	Total Request
<b>El Camino Homeless Organization (ECHO)</b>	Homeless Shelter and Meal Program	\$70,000		\$40,000	\$40,000	\$150,000
<b>Community Action Partnership San Luis Obispo (CAPSLO)</b>	40 Prado Homeless Services Center	\$133,750	\$16,250	\$98,000	\$156,538	\$404,538
<b>5Cities Homeless Coalition</b>	GFS: Chronically Homeless Persons ESG: Homelessness Prevention (HP) and Rapid Rehousing (RRH) CDBG: HP and RRH	\$58,750	\$16,250	\$65,000	\$83,732	\$223,732
<b>Transitional Food and Shelter</b>	Atascadero Warming Center		\$12,800	\$11,000		\$23,880
<b>Transitional Food and Shelter</b>	Bridge Housing	\$3,120		\$25,640		\$28,760
<b>Los Osos Cares</b>	Warming Center and Safe Parking		\$4,000			\$4,000
<b>RISE</b>	Emergency Shelter (DV)	\$40,000		\$40,000		\$80,000
<b>Stand Strong</b>	Emergency Shelter (DV)	\$23,000				\$23,000
<b>Salvation Army</b>	Homelessness Prevention and Rapid Rehousing			\$75,500		\$75,500
<b>SLO Housing Consortium</b>	Tenant-Based Rental Assistance	\$50,000				\$50,000
<b>People's Self Help Housing</b>	Case management for PSH				\$53,000	\$53,000
<b>SLO Food Bank</b>	No Cook Bags for Homeless Persons	\$20,000			\$20,000	\$40,000
<b>Total</b>		<b>\$402,620</b>	<b>\$45,380</b>	<b>\$355,140</b>	<b>\$353,270</b>	<b>\$1,156,410</b>



