



REPORT TO COUNCIL AND HOUSING AUTHORITY City of Sacramento

21

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Staff Report
March 22, 2011

Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Housing Authority Board

Title: Transition of Homeless Programs and Funding to Sacramento Steps Forward Nonprofit Corporation

Location/Council District: Citywide

Recommendation: Adopt a **City Council Resolution:** 1) endorsing Sacramento Steps Forward Nonprofit Corporation (SSFNC) as the new entity to administer programs to end homelessness throughout the County of Sacramento; 2) authorizing the Housing Authority of the City of Sacramento to transfer remaining 2011 Payment in Lieu of Taxes (PILOT) funding to the SSFNC; 3) directing the Sacramento Housing and Redevelopment Agency (SHRA) to begin contract preparations for transfer of federal Consolidated Plan Funding (ESG, HOPWA) to new nonprofit subject to Consolidated Plan Action Plan Amendment. Adopt a **Housing Authority Resolution:** 1) authorizing the Executive Director or her designee to enter into contracts and allocate 2011 PILOT fees to SSFNC for administrative services to support homeless program activity.

Contact: Cassandra Jennings, Assistant City Manager, 808-8888, Lisa Bates, Deputy Executive Director, SHRA, 440-1316

Presenters: Lisa Bates, SHRA Deputy Executive Director

Department: Sacramento Housing and Redevelopment Agency, City Manager's Office

Description/Analysis

Issue: The issue of homelessness and opportunities to improve the organizational structure of homeless service delivery has come before the City Council on September 14, 2010 (Homeless Organizational Update) and October 26, 2010 (Homeless Workshop). On December 14, 2010 the City Council approved the concept to establish a new public-private structure consisting of a nonprofit entity and a Joint Powers Agency (JPA) to administer programs to end homelessness countywide. At that time, staff committed to work with the County Department of Human Assistance (DHA), the lead agency for the countywide homeless efforts, Sacramento Housing and Redevelopment Agency (SHRA), and Sacramento Steps Forward (SSF) to continue forming the nonprofit and begin discussion on a JPA entity.

This entity would oversee the Continuum of Care (CoC) system that focuses on delivery of permanent housing, transitional housing, and shelter services.

The impetus for a new structure is the:

- Growing and varying needs of the homeless populations.
- Need for public private partnerships to sustain delivery of services.
- Costly traditional approaches to service delivery.
- The lack of public funds to sustain or expand programs and services.

Since December 2010, City, County and SHRA staff has been working with Sacramento Steps Forward and HUD to work out the details to transfer responsibility for the Continuum of Care from County Department of Human Assistance by July 1, 2011.

The Sacramento Steps Forward Nonprofit Corporation (SSFNC) incorporated on February 9, 2011. Officers and members of the Board of Directors are Chet Hewitt, President and CEO, Sierra Health Foundation, President/Chair; Fred Teichert, Executive Director, Teichert Foundation, Vice Chair; Tom Gagen, CEO, Sutter Medical Center, Secretary; Pastor Rick Cole, Capital Christian Center, Chief Financial Officer/Treasurer. From February through April 2011, the SSFNC Board of Directors will focus on bringing the nonprofit into operation and readiness to assume functions related to the Continuum of Care by July 1, 2011.

The existing SSFNC Board of Directors is conducting a national recruitment for an Executive Director, developing personnel policies and a compensation structure, setting up financial, contract management and data management systems, and identifying office space. SSFNC anticipates seating its full Board of Directors by the end of Fiscal Year 2010/11. The Board of Directors will have 15 members and will include leadership from the business, faith, homeless consumer, and homeless advocacy communities. Transition of the administration and the CoC from DHA to a new private nonprofit entity is scheduled to take place no later than June 30, 2011. However, it is likely that the new SSFNC will contract with the County on an interim basis to insure continuance of some or all of the management of the Homeless CoC for a period of time during the 2011/2012 Fiscal Year.

A Joint Powers Authority is also a planned component of the new organizational structure and key to the long term sustainability plan. The JPA will establish multi-jurisdictional policies and priorities, provide a forum for jurisdictions to share information, strategies and advocacy, and insure access to Federal and State funds that are only available to government agencies. Many issues (e.g., the relationship of the JPA to the nonprofit, future funding commitments, JPA Board membership, etc.) require input from elected officials of the cities in the region and Sacramento County. Until a JPA is established, the nonprofit will work with the participating city and county governing bodies for policy direction.

**Status of the Sacramento Steps Forward Nonprofit Corporation (SSFNC)
and JPA:**

SSFNC Startup Funding

SHRA has an existing contract with the Community Services Planning Council (CSPC) to support the Sacramento Steps Forward Policy Board for the period of January 1, 2011 to June 30, 2011. The Sacramento County Board of Supervisors and the Sacramento City Council allocate \$346,000 annually in Community Development Block Grant (CDBG) funding to staff planning activities that support homeless programs. The remaining CDBG planning funds will be contracted by SHRA with SSFNC to continue these efforts in conjunction with CSPC.

Staff anticipates that on March 22, 2011, the County will authorize \$133,000 from County Housing Authority-administered Multi Family Housing Administrative (MFHA) fees to the new nonprofit entity to cover additional start-up costs, including: 1) salary and benefits for an Executive Director for SSFNC, and 2) costs associated with securing necessary contract staff to create financial and data management systems, personnel policies, contract administration and organizational development required to assume the CoC duties by July 1, 2011.

SSFNC estimates it will need up to \$250,000 in additional funding for start-up costs. The SSFNC Board of Directors is exploring sources that include technical assistance funding from the federal government, foundation grants, and in-kind donations of professional services. To the extent that SSFNC is unable to secure full funding, it will delay some start-up initiatives until additional funding is available.

Funding for SSFNC's First Year Operations, July 1, 2011 – June 30, 2012

The SSFNC Board of Directors anticipates it will require an administrative budget of approximately \$1.8 million per year at full operation. This level of funding will support an Executive Director and a staff of 14 full time equivalent positions.

Staff has identified \$1.4 million per year in ongoing funds for the SSFNC operations. These funds are various non-General Fund sources historically allocated each year by the City and County to support the County's administration of the CoC, including emergency shelter programs. Sources include CDBG, HOPWA, ESG, County Multi Family Supplemental Administration Fees, and PILOT Fees. A summary of funds is included in the financial section. This report recommends the approval of the transfer of these funds to the SSFNC effective July 1, 2011 through various actions in this report and a future Consolidated Plan Action Plan Amendment. The SSFNC Board of Directors requests ongoing allocation of these funds in future years. DHA and SHRA have advised SSFNC representatives that future allocations are subject to recommendations and deliberations in future budget cycles.

In addition to administrative resources, the County directly supports Homeless programs with CalWORKs and Tobacco Litigation Settlement Funds, and the County and City of Sacramento support such programs with redevelopment housing set-aside tax increment funds managed by SHRA. Recommendations on the allocation of these funding sources will be part of the FY 2011-12 budget, and future County and SHRA annual budget processes.

The SSFNC Board of Directors will focus on raising the additional \$400,000 per year required for the organizations administrative cost. Fundraising efforts will focus on foundation support, additional public sector partnerships, donor solicitations, and special events.

SSFNC First Year Capacity and Technical Support Requirements

To assume responsibility for the CoC and Emergency Shelter programs, the SSFNC nonprofit entity must initially focus on creating strong financial, contract management and data systems consistent with HUD's requirements. This fall, SSFNC must also be ready to prepare and submit an application to HUD for 2012 CoC funding. As SSFNC hires and develops staff capacity, and until its internal systems are fully operational, the SSFNC Board of Directors intends to contract with the County for technical support. The SSFNC Board also intends to contract with the County for some support through the remainder of calendar year 2011, with the option to continue the contract for the rest of FY 2011/12, if needed, for financial and contract management functions.

The Joint Powers Authority (JPA)

The Chair of the Board and the Mayor of Sacramento have sent joint letters to all of the Mayors and City Managers of the cities in Sacramento County, inviting them to meet and discuss the new model for homeless service planning and management. This meeting, to be held April 27, will solicit interest from all cities to participate in a Joint Powers Authority (JPA) that will identify broad objectives for ending homelessness and provide priority guidance to the SSFNC Board of Directors. If there is interest in pursuing a JPA, staff will schedule subsequent meetings of the elected officials and executives to work out details of the JPA, which will also be reviewed with County Counsel and participating City Attorneys. Ultimately, staff will bring the JPA Agreement to the board and councils of the participating agencies for approval.

The roles of the JPA will likely include:

- Advisory to the SSFNC Board of Directors
- Develop joint cross-jurisdictional policies that affect homeless services and shelter needs.

SSFNC will provide updates to the JPA Board regarding the status of homelessness, requests to endorse annual Continuum of Care plans, and, as needed, take actions on policy and funding requests.

Transfer of HUD funded Supportive Housing Grants

DHA is currently the grantee of a large number of HUD-funded Supportive Housing Grants as part of the Continuum. As grantee, DHA's responsibilities include administration and oversight of the Sacramento Community Homeless Continuum of Care, including fiscal and program monitoring; application for federal funding that supports the Homeless Continuum of Care; and other activities mandated by funding sources, including the bi-annual Homeless Street Count. The new SSFNC nonprofit entity will assume the County's HUD grantee responsibilities as each grant is formally approved for transfer by HUD to SSFNC.

Transfer of Emergency Shelter Grants

In addition to transferring Continuum of Care programs to SSFNC, DHA is also working with its partners to transfer the administration of emergency shelter contracts by June 30, 2011. The City's approval of the attached resolution serves as an intent motion to transfer the City's share of the Emergency Solution Grant (ESG) program, as well as HOPWA to SSFNC since fund transfer approval is subject to a Consolidated Annual Action Plan Amendment.

Transfer of the Shelter Plus Care Grants to the Housing Authority

DHA is currently the grantee of three Shelter Plus Care grants providing housing to over 700 households per night. Due to budgetary limitations, DHA can no longer administer the eligibility functions of the program. According to regulations from HUD, only state or local government agencies or public housing authorities can be the grantee to receive funding and oversee this program and the functions currently provided by DHA. The program is similar to the Housing Choice Voucher program and is often administered by housing authorities. With HUD's approval, the Housing Authority of the County of Sacramento, as managed by SHRA, will accept the transfer and assume responsibility for this program.

Homelessness Prevention and Rapid Rehousing Program

This program provides short-term rental assistance to families and individuals experiencing or about to experience homelessness. As a precursor to new HEARTH legislation and program regulations, HUD provided the City and County through SHRA \$4.6 million in American Recovery and Reinvestment Act (ARRA) funding. Over 2000 families were assisted with short term housing and the program combined HPRP, ARRA TANF, CalWorks, CDBG, Community Service Block Grant, and tax increment funding. The Sacramento Region Community Foundation also worked with the faith communities on the "One Day to End Homelessness" Campaign this spring to raise over \$400,000 as a match to the ARRA TANF funds. SHRA will continue to administer this program through fall of this year when the HPRP grant expires, which includes collecting data and preparing necessary federal reports. During the transition to SSFNC, SHRA will provide program knowledge, tools and resources to the SSFNC in preparation for the new HEARTH system changes.

Policy Considerations: This report is consistent with the City of Sacramento's focus on having a sustainable budget and Sacramento Steps Forward's principle of developing sustainable funding from multiple sources.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions are limited to administrative and management activities for development and administration of homeless programs. As such, the proposed actions do not constitute a "project", as defined by CEQA Guidelines Section 15378(b)(2).

Sustainability Considerations: Not applicable

Other: The proposed actions, consisting of administrative and management activities, are exempt under the National Environmental Policy Act (NEPA) per 24 CFR Part 58.34(a)(3).

Commission/Committee Action: At its March 16, 2011 meeting the Sacramento Housing and Redevelopment Commission will review these actions. Staff will inform the Council of their recommendation at the March 22, 2011 meeting.

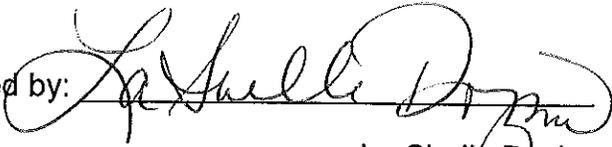
Rationale for Recommendation: Significant general fund reductions at the City and County require new ways of delivering and sustaining homeless services. The timing and complexity of multiple funding streams, disparate policy approaches, and multiple layers of authorization and funding commitments are an opportunity for broader and more innovative public private service delivery approach to homeless services.

Financial Considerations: The actions proposed in this report do not impact the City's budget. However, the City annually contributes both program and administrative funding through various funding sources within the approved SHRA budget. Below are the anticipated administrative budget resources for SSFNC.

<u>ADMINISTRATIVE</u> <u>FUNDING Fiscal Year 2011-12</u>	<u>HOMELESS</u>	<u>City</u>	<u>County</u>	<u>Total</u>
HUD (CoC, HOPWA, ESG, HMIS)	\$413,846	-	-	\$413,846
PILOT		79,317	135,420	\$214,737
CDBG		173,000	173,000	\$346,000
<u>MFSAF</u>			433,000	\$433,000
Total	\$413,486	\$252,317	\$741,420	\$1,420,583

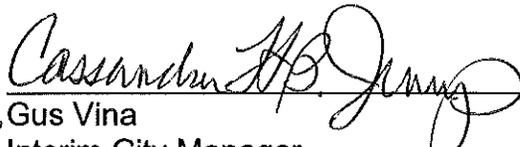
The proposed actions will transfer the 2011 Housing Authority PILOT fees to SSFNC. This year's current CDBG funding has been approved for these efforts in the 2010 Consolidated Annual Action Plan. HOPWA and ESG will be transferred upon approval of a future Consolidated Action Plan Amendment. These resources provide a consolidated and coordinated approach to receive and distribute over \$28 Million annually in federal and state funds for homeless activities.

M/WBE Considerations/Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: 
La Shelle Dozier
Executive Director
Housing Authority of City of Sacramento

Approved by: 
Cassandra Jennings
Assistant City Manager

Recommendation Approved:


for Gus Vina
Interim City Manager

Approved as to form:


Agency Counsel

APPROVED AS TO FORM:


CITY ATTORNEY

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RESOLUTION NO. 2011-

Adopted by the Sacramento City Council

On date of

APPROVAL OF TRANSITION OF HOMELESS SYSTEM ADMINISTRATION TO SACRAMENTO STEPS FORWARD NONPROFIT CORPORATION

BACKGROUND

- A. The Sacramento County Department of Human Assistance (DHA) acts as the grantee agency for the U.S. Department of Housing and Urban Development (HUD) Supportive Housing Program (SHP) funding, and has been the primary administrator of the Homeless Continuum of Care (CoC) in Sacramento since 1993.
- B. The City of Sacramento (City) has relied on the DHA to administer and coordinate homeless services for the City.
- C. DHA no longer has the funding necessary to adequately administrate homeless programs.
- D. On December 14, 2010 the City Council adopted the conceptual plan to create a new public-private structure to oversee homeless programs with the goal of ending homelessness.
- E. The proposed new public-private structure for addressing homelessness includes a nonprofit corporation to administrate homeless programs and a joint powers authority (JPA) to set policies and procedures and accept federal and state grants.
- F. The nonprofit /JPA structure offers a two tier approach that can access public and private funding streams, and provides a regional approach to managing homeless programs with the goal of ending homelessness.
- G. The Sacramento Steps Forward Nonprofit Corporation (SSFNC) incorporated on February 9, 2011.
- H. DHA is recommending the transition of CoC administration from DHA to the new nonprofit corporation occur no later than June 30, 2011.
- I. County of Sacramento staff will coordinate a series of meetings with elected officials and chief executive officers of the County Board and local city councils, including the City of Sacramento, to discuss creation of a JPA for homeless programs and will provide a report back to the City Council in spring of 2011.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City endorses the creation of Sacramento Steps Forward Non Profit Corporation (SSFNC) and designates SSFNC as the nonprofit corporation to administer programs to end homelessness throughout the County of Sacramento.
- Section 2. City Staff is directed to work with the County of Sacramento and return with a report back on the status of the development of establishing a joint powers authority to set policies and procedures and accept federal and state grants for homeless programs.
- Section 3. The City of Sacramento authorizes the Housing Authority of the City of Sacramento to transfer up to \$79,317 representing the remaining 2011 Payment in Lieu of Taxes (PILOT) funds to SSFNC to assist in funding its administrative costs.
- Section 4. The Sacramento Housing and Redevelopment Agency is directed to begin contract preparations for the transfer of federal Consolidated Plan funding (ESG and HOPWA) to SSFNC, subject to an amendment of the Consolidated Plan Action Plan.



RESOLUTION NO. 2011 -

Adopted by the Housing Authority of the City of Sacramento

on date of

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BACKGROUND

The issue of homelessness and opportunities to improve the organizational structure of homeless service delivery has come before the City Council on September 14, 2010 (Homeless Organizational Update), October 26, 2010 (Homeless Workshop), and December 14, 2010 (the City Council approved the concept to establish a new public-private structure consisting of a nonprofit entity and a Joint Powers Agency (JPA) to administer programs to end homelessness countywide – Resolution No. 2010-736).

Staff is on track and continues to follow the time frame below.

Time Frame	Nonprofit	JPA
February 2011	Finalize nonprofit creation; Initiate fund-raising; Completed	
March 2011	Executive Director selection and hire. Begin to assemble staff team. Begin to assemble permanent Board of Directors.	
April 2011	Seat Board of Directors	Meeting April 27 th to solicit interest for joining JPA; Ongoing discussions, including with nonprofit Board; begin drafting Agreement language
May 2011	Transition County functions and/or contract with County for transition period; Approve contracts for Public Funds	
June 2011		
July-December 2011	Build up financing and staffing; assume all administrative responsibilities by end of December	Initial draft of Joint Powers Agreement language; legal reviews of draft; ongoing discussions
January – March 2012	Nonprofit sufficiently staffed and able to administer CoC funding and grants; County homeless positions eliminated	presentations to elected bodies and at Mayor/Executives meetings; request for formal adoption of JPA by all participating bodies
March 2012		Seat JPA Board



Overview of Homeless Programs in Sacramento County

- **The Homeless Continuum of Care (CoC)** - Currently administered by DHA, the CoC is a broad community response to homelessness that includes prevention, emergency shelter, transitional housing, permanent supportive housing, and supportive services. Within the Continuum are 32 McKinney Vento funded participating programs. Additionally, there are 25 emergency shelter, 11 transitional housing, and 11 permanent housing non-McKinney Vento funded programs for a total of 79 community wide homeless programs. Total dollars under the Homeless Continuum of Care, including HUD (\$14M), and the below homeless programs (THPP, S plus C, HOPWA and HPRP) as well as other and local and state dollars amount to over \$29 million.
- **Transitional Housing Plus (THPP)** – Administered by DHA, the THPP is available to counties for the expansion of transitional housing services for emancipated foster youth. Sacramento County’s plan includes providing housing and supportive services to a minimum of 80 young adults ages 18-23. Transitional housing and support services are offered for up to two years. Support services include case management, education, employment, daily living skills, etc. Contracts must be administered by a county program and include language that program continuance is contingent upon availability of funding.
- **Shelter Plus Care (S+C)** – A U.S. Department of Housing and Urban Development (HUD) funded program currently administered by DHA. SPC assists homeless people with disabilities to gain entry to housing and to achieve residential, economic, and emotional stability. This is accomplished by providing safe, secure, permanent housing and a broad range of supportive services. The SPC program is primarily for those who have lived in places not ordinarily meant for human habitation or in emergency shelters. Funding must be administered by a government entity.
- **Housing Opportunities for Persons with Aids (HOPWA)** – Federal funds that come to SHRA and are administered by DHA. For low-income individuals and/or families (with one qualifying member having medically-diagnosed HIV/AIDS) that are at risk of losing housing. Due to many medical issues, this population tends to be low-income. HOPWA clients do not have to be homeless. The program is designed to prevent homelessness in this population.
- **Homeless Prevention and Rapid ReHousing (HPRP)** – Launched in October 2009, HPRP offers housing solutions for families and individuals who are homeless or at risk of becoming homeless in Sacramento County. Three core HPRP providers rapidly transition participants to long-term housing stability with short-term assistance that provides help finding new housing, making applications, and paying deposits; help with eviction services and limited help with past due utility or rental payments to preserve current housing; short-term help with rent, with families continuing to pay a portion; and short-term services aimed at housing stabilization

and connection to employment and other community services. Sacramento's HPRP has aligned a total of \$9 million in one-time funding and will be operational through September 2011. Funding includes HPRP and Community Development Block Grant funds from SHRA, Community Services Block Grant funds from SETA, Temporary Assistance to Needy Families-Emergency Contingency Funds from the County of Sacramento, and private donations through the Sacramento Region Community Foundation.