

## **RESOLUTION NO. 2012-140**

Adopted by the Sacramento City Council

May 22, 2012

### **ADOPTION OF THE 2012 ONE-YEAR ACTION PLAN AMENDMENT, COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP PROGRAM, HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS, AND EMERGENCY SOLUTIONS GRANT PROGRAMS; AMENDMENT OF PRIOR YEAR ACTION PLAN; AND AMENDMENT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (AGENCY) BUDGET**

#### **BACKGROUND**

- A. In 1982, the City and the County of Sacramento transferred the management and administration of the Community Development Block Grant program (CDBG) to the Sacramento Housing and Redevelopment Agency via a master agreement with its Housing Authority and its Redevelopment Agency.
- B. On October 23, 2007, the Sacramento City Council adopted the 2008-2012 Consolidated Plan by Resolution 2007-770. The Consolidated Plan identifies the City's housing and community development needs and describes long-term strategy for meeting those needs. In addition, it specifically addresses federally funded housing and community development programs: CDBG, HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter (now Solutions) Grant (ESG) Programs.
- C. On November 1, 2011, the Sacramento City Council approved the 2012 One-Year Action Plan by Resolution 2011-605.
- D. HUD requires the annual submittal of a One-Year Action Plan describing proposed activities and expenditures for the following year using the goals and priorities of the Consolidated Plan.
- E. A noticed public hearing soliciting comments on the Mid-Year update to the 2012 One-Year Action Plan, prior year Action Plan, and Agency budget was held by the Sacramento Housing and Redevelopment Commission on May 2, 2012.
- F. These actions constitute updates to existing planning studies, budget amendments, and designation of authority to carry out activities associated with the allocation of funding only. These actions do not constitute approval for any specific projects, or the allocation of funding to any specific projects, that may have an adverse effect on the environment. As such, these actions are exempt

from or do not require environmental review under the California Environmental Quality Act (CEQA) or the National Environmental Policy Act (NEPA).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are true and correct and are hereby approved.
- Section 2. The 2012 One-Year Action Plan is revised and amended to cancel currently funded projects and to add the new projects included as Exhibits A and B to this resolution.
- Section 3. The Agency is authorized to amend the Agency Budget to allocate \$142,805 ESG Second Fiscal Year 2011 Allocation, as set forth in Exhibit C to this resolution, for a total allocation of \$396,680.
- Section 4. The Agency is authorized to submit the amended 2012 One-Year Action Plan and prior year Action Plan to HUD and to execute all necessary agreements to implement the recommended activities described in the amended 2012 One Year Action Plan and prior year Action Plan.
- Section 5. The Agency is authorized to revise the Citizen Participation Plan to reflect that the Agency now serves as the administrator for the HOPWA program which transitioned from the Sacramento County Department of Human Assistance as part of the approved 2012 Action Plan.

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Exhibit A: Unallocated Capital Reserve New Project Funding Recommendation

Exhibit B: Amendment to 2012 One-Year Action Plan

Exhibit C: ESG Allocation

Adopted by the City of Sacramento City Council on May 22, 2012 by the following vote:

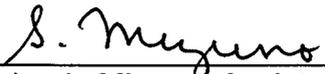
Ayes: Councilmembers Ashby, Cohn, D Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

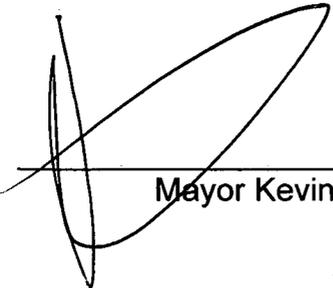
Noes: None.

Abstain: None.

Absent: Councilmember R Fong.

Attest:

  
Stephanie Mizuno, Assistant City Clerk

  
Mayor Kevin Johnson

**City of Sacramento  
Unallocated Capital Reserve  
Project Funding Recommendation**

The Unallocated Capital Reserve Fund is an account for overruns in capital improvement activities and to fund previously approved or newly approved projects. The proposed newly funded activity is scheduled to be implemented and completed by December 31, 2013 to comply with federal regulations governing the timely expenditure of funds.

<b>CDBG</b>		
<b>Recommendation</b>	<b>Amount</b>	<b>Fund</b>
<p><b>Capital Reserve:</b> Fund reserve account for overruns in capital improvement activities and to fund budgeted activities to the extent necessary to implement and ensure the timely completion of the activities.</p> <p>Staff recommends funds to be allocated to the Bannon Street Frontage Improvement Project (Exhibit B).</p>	\$25,000	CDBG
<b>Total</b>	<b>\$25,000</b>	<b>CDBG</b>

**City of Sacramento  
Amendment to 2012 One-Year Action Plan**

This report formally amends the 2012 Action Plan by augmenting a new project with CDBG. This activity has been identified as one that needs immediate funding. Also, this adjustment will facilitate timely expenditures as required by HUD.

<b>CDBG</b>		
<b>Recommendation</b>	<b>Amount</b>	<b>Fund</b>
<b>Bannon Street Frontage Improvement Project:</b> Funds will provide for the design and construction of street improvements (curb, gutter, sidewalk and driveway) along Bannon Street adjacent to the Sacramento Water Treatment Plant property.	\$25,000	CDBG
<b>Total</b>	<b>\$25,000</b>	<b>CDBG</b>

## Recommendations for Use of: Emergency Solutions Grant Funding (“ESG”)

### ESG Overview

As part of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act implementation under the Obama Administration in 2009, HUD is providing new Emergency Solutions Grant (ESG) funding and encouraging communities to focus as much of their funding as possible on rapidly rehousing persons who are literally homeless in order to reduce the number of persons who are living in shelters and on the streets. On November 15, 2011, HUD released the Interim Rule containing regulations governing the use of ESG. HUD is in the process of finalizing further technical assistance products that will provide additional information and assistance.

The ESG program is modified significantly by the HEARTH Act and these regulations, with the intent to build upon the existing ESG program while placing new emphasis on assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. This emphasis comes in the form of an expanded set of eligible activities, including housing relocation and stabilization services, and short- and medium-term rental assistance to prevent people from becoming homeless or assist them to move from homelessness to permanent housing. These new activities closely resemble those offered under the Homelessness Prevention and Rapid Re-Housing Program (HPRP) and ensure continuity between HPRP and ESG.

For 2011 Sacramento was expected to receive two allocations of funding. The first allocation of \$510,734 has been received for both the City and County of Sacramento, and is subject to the existing ESG program regulations. The Department of Human Assistance (DHA) oversees the funding and is currently contracting for two shelters for individuals: North A Street with a capacity of 80 beds for men and Salvation Army with a capacity of 58 beds for men and women with this funding.

The second allocation for 2011, totaling \$286,366 for the City and County of Sacramento (City-\$142,805 and County-\$143,561), has not yet been received and must exclusively be used for homeless prevention assistance, rapid rehousing assistance, Homeless Management and Information System (HMIS), and administration, in accordance with this interim rule. To receive the second allocation, recipients will have to prepare a Substantial Amendment to their Consolidated Plan. There are different expenditure limits which further restrict eligible activities for our community. Due to the amount of funding that is currently used in existing emergency shelter programs, Sacramento is not able to spend any of the second allocation for street outreach or emergency shelter programs. We are held to the amount of \$510,734 of fiscal year 2010 ESG committed for homeless assistance activities. The cap for administrative costs has increased to 7.5% for both allocations combined. Under the ESG criteria recipients were held to 5% on administrative activities. Currently DHA, as the recipient, receives no administrative funding. The two ESG funded emergency shelters receive a total of \$16,184 in administrative funding. Under the new interim rule Sacramento will

be eligible to a total of \$59,782, an increase of \$43,598. This must be completed soon, as the timeline for submission is May 15, 2012. Reprogramming of first allocation funds is also eligible but must also be included in the Substantial Amendment.

In addition to making changes to implement the HEARTH Act amendments to the McKinney-Vento Act, this interim rule includes changes such as aligning the ESG program with other HUD programs with the goal of increasing efficiency and coordination among the different programs. This includes consultation with the Continuum of Care and Sacramento Steps Forward (SSF) as the Lead Agency for the community. The significant changes and eligible activities to support costs can be summarized as follows:

- Street outreach
- Emergency shelter
- Homeless prevention
- Rapid rehousing assistance
- HMIS, and
- Administration

**Future Considerations**

Recipients will be required to use a coordinated assessment system, however, the interim rule does not require a centralized or coordinated assessment system until the final rule has been published and the Continuum of Care for the area develops and implements a system that meets the minimum requirements in that final rule.

**SSF / DHA Recommendation**

Further planning for program design will be necessary to fully implement the rapid rehousing program. The new ESG program has much less funding than HPRP. Collaborating with other funding systems can help make the rapid rehousing program more comprehensive. Rapid rehousing is extremely effective at reducing homelessness, and should be prioritized. Locally, both our HEARTH Academy data and the analysis of HPRP data to date have shown the cost and programmatic effectiveness of rapid rehousing in our community. The table below reflects information presented at the HEARTH Academy in March by Focus Strategies indicates that for rapid rehousing:

	<b>Average Length of Stay</b>	<b>Average Funds Expended per exit to permanent housing</b>	<b>% exiting to Permanent Housing</b>	<b>Recidivism Rate</b>
Families	99.9 days	\$5,262	89%	2%
Singles	92 days	\$5,492	78%	13%

The National Alliance to End Homelessness (NAEH) reports that the impact of prevention is more difficult to measure because of the difficulty knowing whether a person who receives prevention assistance would have been homeless otherwise. The

impact of rapid rehousing on the other hand can be more directly measured. NAEH findings from HPRP show that:

- Small amounts of assistance can be extremely effective. It is better to stretch resources by providing smaller amounts of assistance to more people.
- Evidence for the effectiveness of rapid rehousing is strong and therefore rapid rehousing should be prioritized.
- Ending homelessness requires a robust, community-wide system of rapid rehousing, and the new ESG funding should be combined with other resources to create that system.

Because of its success, the federal government and other funders are increasingly channeling funding to rapid re-housing strategies. For example, rapid rehousing was one of two strategies identified as "Proven Strategies" in the HEARTH Act. It is also likely that HUD will allow communities to apply for Rapid Rehousing in the upcoming 2012 application for homeless assistance.

Based on the information presented, SSF as the Lead Agency and DHA as recipient of the ESG funds recommend:

1. Using the second allocation of ESG funding for rapid rehousing of homeless households.
2. Using the full 7.5% of administrative funding available, shared between DHA as the recipient and provider agencies.
3. SSF and DHA work collaboratively to provide additional information needed for the Substantial Amendment for our community to receive the ESG second allocation.
4. Expanding the newly formed Rapid Rehousing Committee to further research other funding sources that may be able to provide additional resources for rapid rehousing and help to design the program.

Additional HUD information on ESG can be accessed at:

[http://www.hudhre.info/documents/HEARTH\\_ESGInterimRule&ConPlanConformingAmendments.pdf](http://www.hudhre.info/documents/HEARTH_ESGInterimRule&ConPlanConformingAmendments.pdf)

<http://www.hudhre.info/documents/ESGSubstantialAmendment.pdf>

<http://www.endhomelessness.org/content/article/detail/4346>