

# City of Sacramento

## Legislation Text

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File #: 2020-00663, Version: 1

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**Title:**

**City Council COVID-19 Response: Amendment to the Sacramento COVID-19 Homelessness Response Plan and CARES Act Framework and Funding Priorities; Establish Emergency Programs and Funding Plan for the Homelessness and Rapid Re-Housing Recovery Program (Two-Thirds Vote Required)**

File ID: 2020-00663

**Location:** Citywide

**Recommendation:**

1) Review and consider the Sacramento COVID-19 Homelessness Response Team amended recommendations (a.k.a. "Amended Sacramento COVID-19 Homelessness Response Plan"); and 2) adopt a Resolution, which a) adopts the Amended Sacramento COVID-19 Homelessness Response Plan; b) establishes the COVID-19 Homeless Response Program (G02001700); c) establishes the revenue and expenditure budgets in the COVID-19 Homeless Response Program (G02001700) in the Federal CARES Act Fund (Fund 2704) by transferring \$7,616,166 from the COVID-19 CARES Act Grant Program (G02610100); d) increases the revenue and expenditure budgets in the Homeless Housing Program in the Federal CARES Act Fund (Fund 2704) by transferring \$4,533,834 from the COVID-19 CARES Act Grant Program (G02610100); e) directs SHRA to take all actions necessary to allocate \$3.4 million in Emergency Solutions Grant (ESG) funding from the Federal CARES Act to fund re-housing activities noted in the Amended Sacramento COVID-10 Homelessness Response Plan and to transfer \$2,595,577 in Emergency Solutions Grant (ESG) funding from the Federal CARES Act to the City to fund the Downtown Streets Team and North 5<sup>th</sup> Street Shelter projects; f) suspends competitive bidding in the best interests in the City of Sacramento for the Homelessness Response Plan and rehousing activities; g) authorizes the City Manager or the City Manager's Designee to execute or amend agreements to implement programs identified in the Amended Sacramento COVID-19 Homelessness Response Plan; h) authorizes the City Manager or the City Manager's Designee to amend or enter into agreements with Sacramento County to transfer funding and implementation responsibility for the provision of services outlined in the Amended Homelessness COVID-19 Response Team Plan; i) authorizes the City Manager or the City Manager's designee to execute a supplemental agreement with Goodwill Industries of Sacramento Valley & Northern Nevada, Inc. to extend services through September 30, 2020 and increase the not-to-exceed amount by \$305,963, with an option to extend services for another term starting October 1, 2020 through December 31, 2020 for an additional not-to-exceed amount of \$305,963, making the new total not-to-exceed amount \$850,801; and j) directs the City Manager or City Manager's

designee to carry out the necessary procurement processes for the approved activities and execute the necessary agreements to implement the programs identified.

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**Presenter:** Danielle Foster, Housing Policy Manager, (916) 808-1869; Emily Halcon, Homeless Services Manager, (916) 808-7896, Homeless Services Division, Office of the City Manager

**Attachments:**

- 1-Description/Analysis
- 2-Coronavirus Relief Fund Programs
- 3-Amended Sacramento COVID-19 Homelessness Response Plan
- 4-Supplemental Agreement with Goodwill Industries of Sacramento Valley & Northern Nevada, Inc.
- 5-Resolution
- 6-Exhibit A: Homelessness and Rapid Re-Housing Recovery Program

**Description/Analysis**

**Issue Detail:**

**Homeless and Housing Needs Related to COVID-19:** Addressing homelessness and increasing affordable housing has been a top priority for the City, evidenced by the continued commitment to strategic policies and funding of programs and projects aimed at addressing the sheltering and housing needs of Sacramento's most vulnerable residents.

- In 2017, Sacramento was the only City in the State awarded funding through the State's Whole Person Care Pilot program, which, as of June 30, 2020, has served over 2,000 people and helped to re-house over 750.
- On April 23, 2019, Council adopted a Homeless Funding Plan and on August 27, 2019, Council amended that Plan, authorizing funding for many key outreach and sheltering projects, including the Meadowview and Broadway Navigation Centers, Scattered Site Shelters and three youth sheltering programs.
- On October 22, 2019, the Sacramento Housing and Redevelopment Agency (SHRA) facilitated a discussion around a proposed "Five-Point Plan" for addressing homelessness to Council.
- In 2019, the City created a Housing Policy Manager position, responsible for increased policy coordination and collaboration amongst city departments, local housing agencies and developers; policy implementation of a pre-COVID contemplated housing bond; leading in city land surplus actions to further affordable housing; and shepherding catalyst affordable housing projects in local reinvestment into low-income neighborhoods and areas at-risk of

gentrification.

The City's commitment to addressing homelessness and affordable housing needs has been heightened by the COVID-19 pandemic. On March 13, 2020, the City declared a local emergency in response to the spread of the COVID-19 pandemic. Several actions were taken by the City to provide immediate economic relief to city businesses and residents, including the funding of small business loans of \$1.1 million to City businesses, procurement of emergency supplies for the homeless, emergency meal programs, and lodging for essential City staff. Those experiencing homelessness and those most precariously housed are especially vulnerable to impacts of the disease. In addition to the actions in early March from the City Council, the federal and state government have both responded with increased funding aimed to address these needs in an effort to decrease risk and facilitate compliance with house-in-place directives. New funding provides opportunities for the City to both continue and expand programs started before the pandemic and to consider new programs to help stem the immediate and long-term impacts of the disease.

**Rehousing Plan Discussion:** In May, SHRA presented a joint SHRA-City Rehousing Plan for review and direction which included various options to address the immediate need to move the individuals participating in the isolation/quarantine programs and in existing shelters into permanent housing. The Rehousing Plan included three components:

- **Motel Acquisition Program:** Acquisition of motels for use as immediate permanent affordable housing
- **Manufactured Homes:** A range of development types, including: manufactured home housing, tiny home concepts, and modular development products.
- **Flexible Housing Program:** The Flexible Housing Program (FHP) helps families and individuals transition from the streets or temporary emergency shelter to permanent housing. This existing County of Sacramento program provides assistance in locating a residence, rental assistance, and other supportive services for up to 18 months.

**Framework and Funding Priorities:** On April 21, 2020, the City received \$89.6 million in Coronavirus Relief Funds (CRF) from passage of the federal government's CARES Act. On May 12, 2020, Council participated in a workshop to discuss a CRF framework and funding priorities. During the workshop, Council expressed overall interest in funding programs and projects that provide small business assistance, get people back to work, offer opportunities for youth enrichment, address homelessness and housing issues, and support families impacted by this pandemic. The deadline for expending CRF funds is December 30, 2020. Given this short time frame, Council requested staff identify projects and programs for immediate CRF funding and implementation.

A working group of departments has been working with the City Attorney and Auditor's offices to prepare CARES Act funding recommendations and review funding suggestions for eligibility and alignment with identified Council priority areas:

- **Small Business Assistance:** Financial, technical, and entrepreneurship assistance to small businesses, non-profits, and community-based organizations (CBOs).
- **Workforce Training:** Fund programs and partner with workforce development providers, CBOs, and educational partners at all levels to retrain and uptrain workers dislocated due to the pandemic.
- **Youth Enrichment:** Implement robust programs, curriculum, and service for youth, including providing the necessary transportation and technology to support these programs.
- **Family Services:** Funding to support additional services for Sacramento families, including the expansion and availability of childcare services, food access, and programs that address domestic violence exacerbated by the stay-at-home orders.
- **Homeless Services & Rapid Re-Housing:** Services to place unhoused individuals into permanent housing and implement homeless aversion programs.
- **Arts, The Creative Economy & Tourism:** Financial and technical assistance directly to support the arts, tourism, and creative economy that have been devastated by the current pandemic.

The following table below details funding available to support homeless and housing activities. Some of the funding is for general needs related to the COVID-19 pandemic, and the City has discretion on which activities to align these funds with. Some of the funding was allocated specifically to address the needs of the homeless population and has more limited allowable uses. Consistent with guidelines from the Centers for Disease Control (CDC) and the Sacramento County Department of Health Services, the primary goal of the new homeless specific investments should be immediate sheltering and re-housing out of congregate living situations those most at-risk of the disease, prioritizing those currently experiencing homelessness. On July 14, 2020, Dr. Peter Beilenson and Dr. Olivia Kasirye with the Sacramento County DHS submitted a memo requesting that, given the recent rise in new cases, the sheltering and re-housing activities of the COVID-19 Homelessness Response Team be prioritized and extended.

Funding Source *	Amount Available	Expenditure Timeline	Eligible Uses
CARES	\$15.6 million **	12/30/2020	COVID related needs
ESG	\$10.2 million	April 2022	Outreach, shelter, re-housing, targeted prevention

HHAP III	\$7 million (estimated)	TBD	Outreach, shelter, re-housing, shelter diversion, permanent housing <i>** likely limitation on shelter expansion and likely prohibition on congregate shelters</i>
Project Homekey	\$27,409,175 (Sacramento Region in Round One, Statewide Remaining Funding Round Two)	12/30/2020	Interim and permanent housing through acquisition of motels, manufactured housing, reuse of non-residential buildings, etc.
Permanent Local Housing Allocation (SB 2)	\$2,357,067	Timely use of funds over 5-year period	Affordable rental or ownership housing, rental assistance, home repair, project service reserves, etc.

*\* funding sources shaded in grey are estimates, as the exact amounts have not yet been released or they are competitive*

*\*\* total City allocation is \$89 million; the Council allocated up to \$20 million of this for homeless and housing initiatives. \$5.6 million has been allocated to-date and this staff report programs an additional \$10 million of CARES funding to the Homelessness & Rapid Re-housing Recovery Program.*

While this new funding represents a significant increase in funding available to support homelessness and housing initiatives, the potential projects and activities exceeds current funding available. Exhibit A to the Resolution to this report provides the recommended expenditure plan utilizing the range of available sources. This recommendation is rooted in three core principles, with the first two being directly related to the Rehousing Plan discussion in May and the COVID-19 Homelessness Response Plan:

- 1) The City is committed to ensuring that there is sufficient quarantine and isolation sheltering for people experiencing homelessness and that those people temporarily sheltered during the pandemic are permanently re-housed when the shelters close.
- 2) The City is committed to increasing the stock of affordable housing utilizing, and incentivizing quick, efficient and affordable construction types and leveraging other available resources to increase this supply.
- 3) The City is committed to providing support to those facing economic hardships, homelessness, and eviction, as well as those most at-risk of becoming homeless, and recognizes that different prevention and diversion activities are needed to address these needs.

While the recommended programs represent a broad range of homeless and housing activities, there are other priorities of the Council that other community partners will be launching. For example, the Continuum of Care allocated a portion of its funding from round two of the Homeless Housing,

Assistance and Prevention Program (HHAP) to develop landlord engagement strategies. Sacramento County also dedicated a portion of their round two HHAP towards prevention and diversion (focusing on seniors and youth) and is proposing to expand these activities with County ESG CARES funding. The Sacramento Housing and Redevelopment Agency is also using a portion of its Housing Authority CARES funding to provide financial incentives for new and returning landlords to the Section 8-Housing Choice Voucher Program. The recommended investments in the funding plan detailed in Exhibit A to the Resolution are prioritized to fulfill commitments that the City Council has already made, to leverage other available state and federal funding opportunities, to address the most urgent gaps in the system, and to compliment investments made by other community partners.

While this influx of COVID Relief Funding does allow the city to expand and launch some new initiatives to address the needs of high-risk residents, funding is inadequate at this time to pursue other proposals received, including: foreclosure prevention services, rehousing services for existing City-funded shelters, transitional housing programs, expansion of scattered-site sheltering, additional homeless street outreach, a low-income home repair program for owners at-risk of homelessness, losses to affordable ownership programs, and reuse of the COVID-19 trailers for transitional housing.

The funding plan includes three tiers of projects, with funding recommended to fully fund Tier 1 and Tier 2 projects:

- 1) Tier 1: Projects previously authorized by Council
- 2) Tier 2: Priority projects based on Council and community input
- 3) Tier 3: (Tier 3a)- Other projects suggested by the Council or community and (Tier 3b)- Existing projects funded with one-time dollars with funding gaps/needs in the near future

While Tier 3 projects are not currently recommended for funding, should additional funds become available or if Council has other policy preferences, they represent projects that Council could prioritize.

With Council's approval of this plan, staff will begin work on implementation of the programs identified, carryout any necessary procurement processes, and pursue the additional funding sources outlined.

**COVID-19 Homelessness Response Plan Activities:** Two of the activities detailed in the proposed funding plan (extension of preventative quarantine shelters and the Flexible Housing Program) are activities already underway through the Sacramento COVID-19 Homelessness Response Team (Team). The Team is composed of staff from the County, City of Sacramento (City), Sacramento Steps Forward (SSF) and Sacramento Housing and Redevelopment Agency (SHRA) developed the Sacramento COVID-19 Homelessness Response Plan (Plan) that included recommended strategies and actions necessary to slow the spread of COVID-19 and mitigate impacts for persons experiencing homelessness. The Plan was adopted by the City Council and the Board of Supervisors

on April 7, 2020 and by the Sacramento Continuum of Care on April 8, 2020. Collectively, the Plan allocated more than \$15 million to use for COVID-19 specific responses for direct services for people experiencing homelessness in three areas:

1. Keeping existing shelters safe and operational through education and provision of supplies;
2. Expanding sheltering capacity focusing on isolation/quarantine opportunities through the use of approximately 850 motel units administered by DHA and 59 trailer units administered by the City; and
3. Supporting encampments through outreach, supply delivery, and increased sanitation.

As of August 14, 2020, 522 motel rooms and 59 trailers have been utilized for quarantine and isolation centers and have served 1,028 people in 872 households since early April. The original Plan provided funding for isolation/quarantine through July (for motels) and through June (for trailers). Sacramento County Department of Human Assistance (DHA) manages the motel portion and the City manages the trailers located at Cal Expo. Sacramento County Department of Health Services (DHS) provides medical support at all locations.

SSF coordinates placement into isolation/quarantine units through referrals from multiple partners, including health systems, existing congregate shelters, law enforcement, and encampment outreach teams. The majority of referrals and enrollments have been made from clients who do not present symptoms of COVID-19 but are either over the age of 55 years or have underlying health conditions.

In early June, based on guidance from City and County leadership and in accordance with direction from state and federal partners, the Team began pivoting work to focus more intensely on providing services and housing for those in the isolation/quarantine units. The modifications to the Plan (“Amended Plan”) were approved by the Sacramento County Board of Supervisors on July 14, 2020, which authorized the extension of the period of operations for isolation/quarantine units for two to three additional months, through September, but reduce the total number to 578 isolation/quarantine units at the four existing motel sites and the trailers at CalExpo. This reduction recognizes several capacity challenges (including continuation of onsite staffing and motel leasing opportunities) but also allows the facilitation of new case management services and re-housing assistance. The costs of extending through September is offset by savings during ramp-up and the reduction of overall units.

The Amended Plan proposes movement of households into stable permanent housing through re-housing assistance for up to 500 households and development of new permanent supportive housing through the State’s “Project Homekey” process. These correlate with the three strategies that the City Council received in the Rehousing Strategy presented in May, without mention of the use of other types of housing that can be brought online quickly, like modular and manufactured housing.

Transitioning over 500 households to stable permanent housing over the next several months would be unprecedented. Re-housing outcomes are dependent on a number of factors and is a very challenging goal. To assist the Sacramento community, technical assistance has been offered to Sacramento (one of eight communities in California) by the United States Department of Housing and Urban Development (HUD) through the nonprofit provider, HomeBase, the Center for Common Concerns. Sacramento is also working with the national nonprofit, Community Solutions, who support communities with their 100-day challenges and are exploring motel acquisition strategies.

The Amended Plan contemplates quarantine and isolation shelters remaining open through September and re-housing supports to be available for up to a year. However, since this amended Plan was drafted and approved by the Board of Supervisors, there have been changes that may require additional amendments. First, the County DHS has signaled a likely necessity to keep quarantine and isolation shelters open past September, due to a recent surge in the pandemic. Second, as housing partners begin assessing the guests in the quarantine and isolation shelters, it is apparent that the needs of the guests are significant, and that most will likely need more than 12 months of supportive services and housing assistance. The funding recommendation in this staff report would allow deeper re-housing supports for up to 18 months using up to \$4 million in ESG and CRF funding. Staff may need to return to Council to amend the Plan again and seek support for continuation of the quarantine and isolation shelters beyond September.

**Policy Considerations:** The City has been impacted by the health crisis of this global pandemic, and people experiencing homelessness are amongst the most vulnerable. The 2019 Point-in-Time Count indicates that almost one-in-five people experiencing homelessness are over the age of 54 and seventy-seven percent report having a disabling condition. Both the State of California and the federal government have committed to deploying resources to local governments to help address the needs of the homeless population, including funding to help move people safely into shelter, removing regulatory barriers, and help securing trailers and motels to provide immediate shelter. The Sacramento Homelessness COVID-19 Response Team was tasked with developing an operational and funding plan that will allow the quick deployment of a number of local responses.

Since adoption of the original Plan on April 7, 2020, many people previously unknown to the homeless system of care, including those with significant medical issues, have had access to shelter due to the need to provide quarantine and prevent the possible spread of COVID-19. The populations being served in the isolation/quarantine units are generally older (over 55) and present with many underlying health issues and other challenges. Focusing on connecting these people with services and housing while they receive temporary sheltering due to COVID-19 may allow for more lasting impact on the homeless population in Sacramento. These efforts are augmented in the Homelessness and Rapid Re-Housing Recovery Program and Funding Plan with projects and programs that will assist individuals impacted by COVID with services like rental assistance and other measures to maintain housing, while also bringing additional housing and resources online to increase and reinvestment in local shelter and housing options that allow people to access and stay

at home safely in order to minimize spread of COVID.

**Economic Impacts:** None.

**Environmental Considerations:** Not applicable.

**Sustainability:** Not applicable.

**Commission/Committee Action:**

The Sacramento COVID-19 Homelessness Response Plan is a joint, collaborative Plan between the City, Sacramento County, and the Sacramento Continuum of Care (CoC). The Amended Plan recommends changes to the funding and activities that also must be approved by those two bodies. The Board of Supervisors approved the Amended Plan on July 14, 2020, and the CoC Board approved the Amended Plan on July 8, 2020. Full implementation of the Amended Plan cannot begin in full until all three bodies have affirmed the new direction, but Sacramento County DHA has already begun expansion of their FHP program in anticipation of approval by City Council. Additionally, since the approvals in July, the Team has been focusing on connecting guests with existing re-housing programs and assessing guests for housing needs in anticipation of new resources being made available.

The Homelessness and Rapid Re-Housing Recovery Program and Funding Plan has been a joint discussion of City staff and Sacramento Housing and Redevelopment Agency (SHRA) staff.

**Rationale for Recommendation:** Homelessness and the provision of affordable safe housing continue to be compelling and pivotal issues for the City, and the City Council has made significant investments over the past few years to increase services, shelter capacity and housing support for people experiencing homelessness, and further goals of affordable housing production. Despite these efforts, homelessness is on the rise across our State, and is affecting communities throughout the City and the County of Sacramento. The crisis of COVID-19 has the potential to significantly affect those who are homeless and at-risk of homelessness, and, therefore, a swift and thorough response is required.

**Financial Considerations:** On May 26, 2020, Council passed a Resolution authorizing the City Manager to accept \$89.6 million in Coronavirus Relief Fund (CRF) from the US Treasury. This report recommends that \$12.15 million of this funding be approved for the Homelessness and Rapid Re-Housing Recovery Program. The Council has approved a little over \$68.7 million for CRF programs and projects and the CRF programs schedule is included as Attachment 2. The schedule does not include \$11 million of the \$12.15 million in this report and other CRF reports included in this agenda.

The table on page 9 of the Amended Plan shows the immediate funding needs necessary to begin re-

housing and extend the quarantine and isolation shelters through September. However, since the drafting of the Amended Plan, Sacramento County DHS has recommended additional extension of the quarantine and isolation shelters due to a rise in COVID-19 cases and the re-housing team has determined additional re-housing funding will be needed given the level of need in the population. The Team has begun work on additional amendments to the Amended Plan to capture these changes; the table below shows the estimated additional cost associated with these changes.

In addition, since the drafting of the Amended Plan, the City Attorney and City Auditor have opined on the eligibility of using CRF for re-housing needs. Those experiencing homelessness, including those in the quarantine shelters, are at higher risk of COVID-19 should they return to a non-congregate living situation. In that the motel and trailer sheltering program is scheduled to end in the next few months, re-housing these clients is a critical component of stopping the spread of the virus. In order to ensure that the guests in the motels/trailers are not re-exposed in a congregate living situation when the motels/trailers close, the Response Plan proposes a strategy to create permanent housing in non-congregate locations.

Given this, and the increased needs for quarantine and isolation shelters, staff is recommending that \$1.15 million in CRF be used to primarily support extension of quarantine and isolation shelters and \$4 million in CARES ESG and CRF be allocated to support permanently re-housing up to 250 households out of the shelters. CRF funds are only available to support these re-housing activities through December 31, 2020. Staff will bring back the second amendments to the Amended Plan that will fully detail the allocation of costs and funding between the City, County and CoC funding sources.

The City will enter into a funding agreement with Sacramento County to transfer the funds from COVID-19 Homeless Response Program (G02001700) to support projects in the Amended Plan, will execute all other necessary agreements consistent with the recovery program in Attachment 3, and will carry out the necessary procurement processes on remaining activities.

**Local Business Enterprise (LBE):** Not applicable.