



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 22, 2012

TO: Finance Committee

FROM: Housing and Human Services Division, Community Development Department

SUBJECT: Grants For Rental Assistance

RECOMMENDATION:

That Finance Committee recommend that Council approve three grants totaling \$585,000 in federal HOME Investment Partnerships Program funds to establish rental assistance programs targeted to homeless persons and to persons in danger of becoming homeless: one grant to the Housing Authority of the City of Santa Barbara for \$300,000, one grant to Transition House for \$150,000, and one grant to Casa Esperanza for \$135,000.

DISCUSSION:

Background

Santa Barbara has one of the most expensive housing markets in the country. The median rent for studios is \$1,048 per month and \$1,269 per month for one-bedroom apartments. High rents exacerbate efforts to move homeless people back into housing and to keep housed people who are at risk of becoming homeless. The Point-in-Time Count/Vulnerability Index Survey administered during the last week of February 2011 encountered 1,040 homeless people in the City of Santa Barbara. In estimating the annual number of homeless people, the standard rule of thumb is to multiply the point-in-time count by a factor of three.

The three proposed rental assistance programs would provide immediate rental housing assistance to homeless persons and to persons in danger of becoming homeless. They would be implemented as strategies to meet goals established in the Ten-Year Plan to End Chronic Homelessness throughout Santa Barbara County. The proposed grant to the Housing Authority would fund a successful program that was originally funded by the City in October 2010. The proposed grants to Transition House and Casa Esperanza would allow them to continue their existing Homeless Prevention and Rapid Re-Housing (HPRP) programs funded by federal American Recovery and Reinvestment Act (ARRA) funding that is now ending.

Each of the local nonprofit organizations proposed to implement the rental assistance programs have considerable experience in collaboratively providing a range of services to the homeless. Each of the three proposed rental assistance programs is structured to address separate segments of the homeless and near homeless populations. The proposed programs would be paid for with federal Home Investment Partnerships (HOME) program funds awarded to the City and would conform to guidelines established by the U.S. Department of Housing and Urban Development (HUD) for tenant based rental assistance programs (TBRA). Each program is described separately below.

Housing Authority TBRA – Section 8 Type of Rental Assistance

The City provided the Housing Authority with a \$200,000 HOME grant in Fiscal Year 2010 to provide immediate rental assistance to chronically homeless persons while they are on the Section 8 Program waiting list. The assistance provided is nearly identical to Section 8 assistance in that participants receive a rental subsidy that is used to rent apartments they select that meet specified requirements. The Housing Authority helps participants find suitable apartments, inspects the apartments to ensure that they are decent and appropriately sized, and determines a reasonable amount for the rent in conjunction with the landlord. Participants contribute 30 percent of their income toward rent, and HOME funds make up the difference, with payments going directly to the landlord.

The City's Housing Authority operates the Section 8 Program, which is available to the general public. Demand far exceeds available funding, as the current waiting list has over 3,000 applicant households. Because of the long waiting list, it takes two to five years to receive a Section 8 Certificate – far too long for someone who is homeless to wait. The proposed grant would enable homeless persons to receive temporary rental assistance immediately and live in housing while they stay on the waiting list and wait for their Section 8 assistance to become available.

The Housing Authority estimates it would be able to provide rental assistance to 20 homeless persons with the proposed \$300,000 grant, based on an average monthly subsidy estimated at \$630. The actual number of assisted persons will depend on actual figures for individual client income, rent, and how long rental assistance is needed.

Transition House TBRA – Homeless Prevention

Transition House received a three-year grant of federal HPRP funds to provide homeless prevention services that is now ending. Under their HPRP grant, which was coordinated by the City, Transition House provided case management and cash assistance, thereby enabling 150 families at risk of becoming homeless to stay in their homes.

Transition House requests HOME funds in order to continue their homeless prevention services. HOME funds would be used to provide rental assistance to at-risk households in the form of direct payments to their landlords in a manner similar to the Housing Authority's Section 8 Type of Assistance described above. Assisted households would

contribute 30% of their income toward rent, and HOME funds would make up the difference, with payments going directly to the landlord. Transition House estimates that the proposed grant would keep 135 low income at-risk families from becoming homeless over a two-year period. Federal Emergency Solutions Grant funds awarded to Transition House from the County of Santa Barbara are expected to provide funds for administration and case management.

Applicant households with eviction notices would be carefully screened to determine that they are in imminent danger of becoming homeless and to determine that they will have sufficient means to pay rent and sustain their housing after assistance has ended. Based on past experience under their HPRP grant, Transition House expects financial assistance would last three to six months. HOME regulations set a maximum term of 24 months. Participation in case management would be mandatory while receiving rental assistance.

Casa Esperanza TBRA – Rapid Rehousing

Casa Esperanza also received federal HPRP grant funds to provide rapid rehousing services in Santa Barbara. Under the HPRP grant which is now ending, Casa Esperanza has assisted 290 homeless persons secure permanent housing. Casa Esperanza seeks \$135,000 in HOME funds in order to continue their rapid rehousing program. These funds would be used to provide rental assistance to low income homeless persons in the form of one-time direct payments to landlords of security deposits and first month rents. Assisted households would contribute 30% of their income to the first month rent and HOME funds would make up the difference. After the first month, the assistance ends, and the person would be responsible for paying 100% of the rent thereafter. Casa Esperanza estimates that 125 homeless persons would be served over a two-year period with the proposed grant. Federal Emergency Solutions Grant funds awarded to Casa Esperanza from the County are expected to provide funds for administration and case management.

The program would be targeted to homeless persons who have recently secured a steady income stream, such as from a job or SSI benefits. They have the ability to pay rent, but simply lack the funds needed upfront to move into an apartment. Casa Esperanza reports that without such assistance, persons in this situation generally take three to four months to raise the necessary funds. The proposed grant would get these people housed immediately and off the street or out of the homeless shelter.

BUDGET/FINANCIAL INFORMATION:

There are sufficient existing appropriations in the HOME Fund to cover the three proposed grants. No additional appropriations are needed. In accordance with HUD regulations, the City must commit \$752,530 before the end of the City's fiscal year which ends June 30, 2012. Committing the funds requested here would help meet this commitment deadline.

Staff asks that Finance Committee recommend to Council approval of the three requested grants to assist in the prevention of homelessness and quickly house those who are homeless.

ATTACHMENTS:

1. Letter from the Housing Authority dated May 4, 2012
2. Letter from Transition House dated April 26, 2012
3. Letter from Casa Esperanza

PREPARED BY: Sue Gray, Administrative Services Manager/SK

SUBMITTED BY: Paul Casey, Assistant City Administrator

APPROVED BY: City Administrator's Office



HOUSING

AUTHORITY OF THE
CITY OF SANTA BARBARA808 Laguna Street / Santa Barbara
California / 93101Tel (805) 965-1071
Fax (805) 564-7041
TTY (866) 660-4288 (En)
TTY (866) 288-1311 (Sp)

May 4, 2012

HAND DELIVERED

Mr. Simon Kiefer, Project Planner
Community Development Department
City of Santa Barbara
630 Garden St.
Santa Barbara, CA 93101

RE: REQUEST FOR RENEWAL FUNDING OF CITY HOME GRANT FOR THE
OPERATION OF A TENANT BASED RENTAL ASSISTANCE PROGRAM IN
THE AMOUNT OF \$300,000 FOR A TWO YEAR PERIOD.

Dear Simon:

As you know, the Housing Authority, in partnership with the City of Santa Barbara, established a Tenant Based Rent Assistance (TBRA) program in October, 2010 with \$100,000 per year of funding for a two year period. The objective of this HOME funded program was to provide rental subsidy to very low income homeless individuals, who maintain an active Section 8 application, to secure decent, safe, sanitary housing within the City of Santa Barbara boundaries. This program continues to be a key tool in community's efforts to end chronic homelessness. This is not an easy effort given the high number of homeless individuals encountered through the Point-in-Time Count/Vulnerability Index Survey administered in the last week of February 2011. Through this survey, 1,536 people were encountered countywide, with 1,040 (67.71%) in the City of Santa Barbara.

The Housing Authority continues to experience an extremely high demand for its Section 8 Housing Choice Voucher program from low income renters in Santa Barbara (our wait list is in excess of 3,000 applicants), yet the ability to provide Section 8 vouchers to help all those in need and eligible, including homeless individuals, is limited. Thus, the HOME TBRA program has been a source of additional housing assistance to those homeless individuals that would otherwise not be provided. Once housed under the HOME TBRA program, the participants are qualified to receive a maximum of two years of rental subsidy by which time it is anticipated that other sources of rental assistance would be available or there ceases to be a need for subsidy (i.e. we hope some will be off of housing assistance all together should circumstances like employment and increased income as a result through self-sufficiency efforts.)

Since our initial lease-up under the HOME TBRA program in March of 2011, the Housing Authority has housed 12 homeless individuals through the program on the Vulnerability Index list, with an additional three homeless individuals actively seeking housing having recently been issued a voucher. This is a very effective model program for housing the homeless. To this end, we are requesting a renewal of the City grant of federal HOME dollars in the amount of \$300,000 for another two year period to continue

Mr. Simon Kiefer
May 4, 2012
Page 2

to run the TBRA program. One hundred percent of this funding is will be used for housing assistance payments as the Housing Authority is providing for the cost of administering the program. The renewal of funds would provide housing assistance for approximately 20 of our most chronically homeless individuals.

We hope that City staff and the Council agree that this program is worthy of continued use of HOME dollars, as it effectively is addressing what is perhaps the community's most perplexing and difficult social issue—homelessness. We look forward to your support of this request as well as the City Council's favorable consideration. Please let me know if you require any additional information to move this funding request forward.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



ROB FREDERICKS
Deputy Executive Director/CAO

cc: R. Pearson, Executive Director/CEO
S. Szymanski, Deputy Executive Director/COO
B. Peirson, Finance Director
V. Loza, Housing Management Director



April 26, 2012

Simon Kiefer
Project Planner
Housing and Redevelopment
City of Santa Barbara
630 Garden Street
Santa Barbara, CA 93101

RE: HOME TBRA for Homelessness Prevention

Dear Simon,

This letter is a follow up to our recent conversation regarding the use of HOME funds for tenant based rental assistance (TBRA) for clients who would be served through Transition House's Homelessness Prevention Program.

Transition House has offered homelessness prevention case management services coupled with emergency rental assistance for four years. Our program offerings also include free, onsite evening classes providing education for at-risk families in computer skills, career development, English as a Second Language, and parenting skills.

In 2009, Transition House was awarded funding through both a City of Santa Barbara collaborative and a county collaborative for homelessness prevention services. The three-year grants were part of the American Recovery and Reinvestment Act (ARRA) Homelessness Prevention and Rapid Rehousing (HPRP) initiative. These HUD administered funds provide for case management and cash assistance. The City collaborative has been managed by Sue Gray.

The ARRA funds will end in August of 2012. Transition House believes that our homelessness prevention program has been of great benefit to the Santa Barbara community. We wish to continue providing this service after the ARRA funds have been exhausted. We realize that it is more cost effective, not to mention humane, to keep at-risk households in their homes, rather than have them lose everything and enter the homeless services system.

Transition House has recently received funding to support the salary of our case manager, as well as some administrative costs, through the Emergency Solutions

BOARD OF DIRECTORS

Jim Buckley
President

Gayla Visalli
Vice President

Kathryn Dinkin
Secretary

Andrew Gardner
Treasurer

Pat St. Clair
Auxiliary President

Craig Allen
 Richard Blake
 Neil Dipaola
 Steve Epstein
 James Griffith
 Jay Rawlins
 Della Rosales
 Bob Toledo
 Laurie Tumbler

ADVISORY BOARD

Léni Fé Bland
Chairperson

Jeff Bridges
 Susan Bridges
 Joe Bush
 Carnzu Clark
 Larry Crandell
 Silvio DiLoreto
 Kate Firestone
 Dr. Marianna Masin
 Frank McGinity
 Mike McGuire
 Eloy Ortega
 Mike Petlow
 Glen Serbin
 Clark Stirling

Kathleen Baushke
Executive Director

Grant (ESG) program, a HUD source which seeks to continue funding homelessness prevention and rapid re-housing services. The funding levels available are significantly less than those provided through ARRA HPRP. Because of this, we request that the City of Santa Barbara consider allocating \$150,000 in HOME funds to Transition House's homelessness prevention program, to be used strictly for cash assistance (TBRA). These funds would be utilized beginning in September 2012. Over the course of the following 24 months, Transition House would seek to serve 135 households with prevention assistance.

Transition House's HPRP program has been governed by strict guidelines provided by HUD. Transition House would follow similar criteria in managing TBRA. Recipient households must make less than 30% AMI (as documented by pay stubs, tax returns, SSI letters of award, etc.); provide a pending eviction notice and a copy of their long-term lease on their apartment; and be paying a "reasonable" rent. Reasonable rent is determined by following HUD Fair Market Rent (FMR) guidelines for the Santa Barbara area, and by research done by the case manager on rents being charged for similar-sized apartments in like neighborhoods.

Clients who are given TBRA security deposit assistance to move into a new apartment will be required to have the apartment inspected. This was also a requirement of ARRA funding. The case manager is trained to conduct these inspections—they are quite similar to inspections that the Housing Authority conducts for section 8 voucher rental units. The case manager will then work with the landlord to correct any issues arising from the inspection before the client takes occupancy of the unit.

The household must be determined to be in imminent danger of becoming homeless if not for TBRA assistance. Transition House not only collects information on the household's financial disposition and whether they have other options or resources to help them pay rent, but also screens for additional factors that are used to determine high risk for homelessness. A listing of those factors is attached—the list contains both HUD suggested determiners, and additional factors we have observed in our 28 years working with homeless families. (The list includes factors for determining eligibility for rapid re-housing to determine "homeless" clients, and factors for at-risk households for homelessness prevention.)

Finally, it must be determined that the household will have the means to pay rent and sustain the housing after the assistance has ended. That means that the household will be able to gain an adequate income source (for example, they may be in the midst of a job search, or waiting for paperwork on an entitlement to be processed), or a lesser rent (they may be on the section 8 waiting list, or a waiting list for another program/housing that would result in a reduced rent).

Recipient households are usually required to participate in a minimum six months of case management. Each family's circumstances are different—case management addresses issues such as management of household finances, career development,

accessing entitlements, and life skills and sound decision making, all with the goal of sustaining housing.

Transition House utilizes a methodology that is required by HUD to determine client eligibility, and to administer the program. Annual audits have been performed both by HUD staff, and by City and County staff, of Transition House's case files including required documentation, compliance with program regulations, case management strategy, and data collection methods. We have consistently received positive feedback on our program. Transition House will continue to follow HUD requirements after ARRA ends.

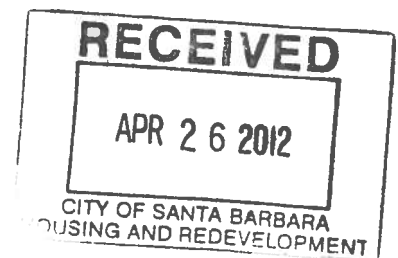
Please let me know any additional information you require at this time. Sue Gray could provide additional input on the quality of Transition House's program. Thank you for considering Transition House's request.

Sincerely,



Kathleen Baushke
Executive Director

enclosure



Criteria to meet HUD's Homeless Definition

- Sleeping in an emergency shelter
- Sleeping in a place not meant for human habitation, such as cars, parks, abandoned building, streets/sidewalks
- Staying in a hospital or other institution for up to 180 days but was sleeping in an emergency shelter or other place not meant for human habitation (cars, parks, streets, etc.) immediately prior to entry into the hospital or institution
- Graduating from, or timing out of a transitional housing program
- Victims of domestic violence.

Additional risk factors for households facing eviction to *become* homeless; or barriers to returning to housing for already homeless households

- Mental health issues, or
- Substance abuse issues, or
- Physical disabilities and other chronic health issues, including HIV/AIDS
- Severe housing cost burden (greater than 50 percent of income for housing costs)
- Homeless in last 12 months
- Young head of household (under 25 with children or pregnant)
- Current or past involvement with child welfare (CWS), including foster care

- Extremely low income (less than 30 percent of Area Median Income)
- Sudden and significant loss of income
- Limited or no work history
- Lack of a high school diploma or skills-based education
- Lack of childcare
- Lack of transportation

- Eviction within 2 weeks from a private dwelling (including housing provided by family or
- Discharge within 2 weeks from an institution in which the person has been a resident for more than 180 days (including prisons, mental health institutions, hospitals)
- Residency in housing that has been condemned by housing officials and is no longer meant for human habitation
- Pending foreclosure of housing (rental or homeownership), or
- High overcrowding
- Sudden and significant increase in utility costs

- Past institutional care (prison, treatment facility, hospital)
- Recent traumatic life event, such as death of a spouse or primary care provider, abandonment of spouse or primary care provider, or recent health crisis that prevented the household from meeting its financial responsibilities
- Credit problems that preclude obtaining of housing
- Significant amount of debt.

- Criminal justice issues including head of household experiencing past arrest, probation, or felony conviction.

- Has not identified an appropriate subsequent housing plan
- Lacks financial resources and support networks to identify immediate housing or remain in existing housing.



Casa Esperanza Homeless Center

offering hope and help every day!

Board of Directors

Rev. Mark Asinan
President

Sue Adams

Barbara Allen

Dennis Baker, MD

Denny Bacon

John Dixon

Roger Durling

Ron Fox

Larry Hulse

Lois Jovanovic, MD

Denise McDonald, RN

Mark Manion

Nadine McFarland

Juliana Minsky

Robert Pearson

David Peri

Marilyn Rickard Schafer

Lady Leslie Ridley-Tree

Richard Ring

Ken Williams

Michael J. Foley
Executive Director

Board of Directors Emeritus

David Borgatello

Naomi Schwartz

Sandra Tripp-Jones

Simon Kiefer

City of Santa Barbara

630 Garden Street

Santa Barbara, CA. 93101

Dear Mr. Kiefer:

This is our formal request to access Tenant-Based Rental Assistance (HOME Funds) on behalf of homeless individuals who seek help through the Casa Esperanza Homeless Center.

For the last three years Casa Esperanza successfully provided deposits and first month rental assistance to homeless individuals via the HPRP program via ARA funding available through HUD. Through this program, Casa Esperanza has helped people move from homelessness to housing in the City of Santa Barbara over the last 3 years.

The ARA program will come to an end in July 2012, and there is a desperate need to replace this funding. We are requesting \$135,000 in grant-based rental assistance funds to be used for both deposits and first-month rental assistance. We will ensure that first-month assistance covers no more than 70% of the grant amount and that each client is able to provide 30% of the necessary payment. We will use this funding to leverage County funds for housing assistance and both County and philanthropic resources for case management and administrative costs. Thus far we have secured \$50,000 from the County for this purpose, in partnership with Good Samaritan in Santa Maria, \$25,000 dedicated to Casa Esperanza and the South Coast.

Over the last twelve months we provided initial rental entry assistance to 126 individuals in the City of Santa Barbara. All of these individual were homeless and met low-income guidelines. We estimate that we can provide rental assistance to a minimum of 125 individuals and families.

We have found that once a client secures a job or SSI benefits that it takes an average of 3-4 months of saving money to cover the costs of moving into housing. This exposes the client unnecessary shelter time and clogs the shelter system, creating waiting lists and increased levels of homelessness on the streets. When the ARA/HPRP program went into effect, Casa Esperanza has operated with virtually no waiting list, and homeless people are no longer exposed unnecessary periods of homelessness and shelter environments. This is a specific goal of the HEARTH Act and best practices in the effort to end homelessness.

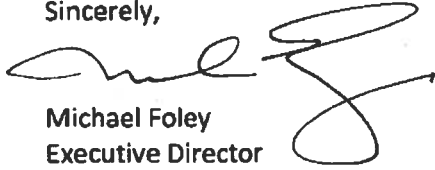
Our target population is low-income people who are currently homeless and meet current HPRP guidelines for Rapid Re-Housing. Each potential client fills out a complete intake form and provides proof of income, identification, etc. Each client must meet federal low-income guidelines. Each client works with the Housing Case Manager to complete a budget. In order to qualify for funding, the budget must show that the client has a balanced budget, with all costs covered by income. If this threshold is not met, the client is not eligible for assistance.

Casa Esperanza will use the current HPRP forms to provide proof that each housing unit meets

physical standards, verified by the Case Manager in person. We determine rent-reasonableness by comparing the proposed rent with similar available units, via Craig's List and other advertisement venues.

Thank you for considering this very urgent request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Foley', with a large, stylized flourish extending from the end of the signature.

Michael Foley
Executive Director