County of Santa Clara

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TO: Board of Supervisors

FROM: Gary Graves, Chief Operating Officer

SUBJECT: Cold Weather Shelter Program Transition Plan

1. As the County prepares for another season of the Cold Weather Shelter Program (CWSP), the Administration has prepared this memorandum to summarize the status of the FY13 CWSP and to describe the Administration's efforts to develop a long-term plan for the armories.

2. **Background.** In the FY12 approved budget, the Board approved the Administration's proposal to plan for the potential closure of the CWSP at the armories, while retaining emergency shelter capacity at the Boccardo Reception Center (BRC) in San Jose. Staff recommended that any cost savings from the closure of the armory shelters be "reinvested...to implement strategies to move the homeless clients from shelter to permanent housing," supporting a transition towards ending, rather than managing homelessness.

3. **FY13 CWSP.** In FY13, the CWSP will continue at all three locations – the Sunnyvale Armory, the Gilroy Armory, and the BRC. According to the CWSP operator (EHC LifeBuilders), the County's share of the cost of the FY13 CWSP will be approximately $625,000. In FY12 the County's share was budgeted at $800,000. The difference in cost reflects the following changes:

   A. **Gilroy Armory.** EHC LifeBuilders reduced the FY13 expense budget for the Gilroy Armory to reflect actual utilization. On average, the Gilroy Armory serves 100 clients each night, but has been staffed to serve 125. In the event of severe weather or demand, EHC LifeBuilders could increase staffing to shelter additional clients.

B. **BRC.** Per its Conditional Use Permit, BRC's daily client capacity is 250. EHC LifeBuilders has been expanding transitional housing services at BRC. As a result, in FY13 it will serve 200 individuals per day during the non-CWSP months. The increase in transitional housing programs limits the BRC's capacity to provide emergency shelter beds during the CWSP months. In FY13, during the CWSP months, the BRC will expand from a daily capacity of 200 to 250 with the additional 50 beds being used for emergency shelter.

The Mental Health Department's (MHD) approved budget for the CWSP in FY13 is $850,000 (including $50,000 unspent from FY12). On an ongoing basis, the Administration proposes to utilize the unallocated portion of the CWSP budget for intensive case management (ICM) services in North and South County to assist chronically homeless persons obtain and maintain permanent housing. Following a formal competitive process, contractors would serve about 40 of the most vulnerable chronically homeless men, women and families annually. The South County contractor would directly support the Gilroy Sobrato Apartments, a 25-unit project being built by South County Housing for chronically homeless persons.

4. **Transition Plan Progress.** In FY12 the Administration focused on developing a comprehensive strategy to address the needs of the homeless clients served by the armory shelters. The majority of homeless persons who utilize the armory shelters are "episodically" or chronically homeless men, women, and families. Each year, 85-90% of the armory shelters' clients are "return customers" in the sense that they have received services from homeless service agencies in previous years. While emergency shelter may temporarily meet clients' basic needs, emergency shelter is less effective and often more costly in the long-run than providing permanent housing solutions, especially for the chronically homeless who utilize a disproportionate share of public services, including costly emergency and inpatient health services. The Administration's transition plan currently includes five components, and has been shared in parts with the staff from the various municipalities through individual meetings and through the Community Development Block Grant (CDBG) Coordinators' meetings.

A. **Emergency Shelter.** In FY12, the Board approved the Administration's plan to explore ceasing operations at both armories after FY14. However,

it is now clear that more time will be required to work with the community before closing the first armory shelter – the Sunnyvale Armory after FY14 – and that it may not be possible to close the Gilroy shelter in the foreseeable future. Table 1 summarizes the Administration's proposed use of CWSP funds for FY13 through FY16.

i) **Sunnyvale Armory.** The Administration proposes to continue funding a North County winter shelter for two more years. The City of Sunnyvale estimates that construction of two housing projects on the Armory site will begin after the FY14 cold weather season.

ii) **Gilroy Armory.** The Administration proposes funding a South County shelter at least through FY15. Additional time is needed to work with South County cities, the South County Collaborative, and other stakeholders to develop alternatives to operating the Gilroy Armory.

Table 1	**FY13**	**FY14**	**FY15**	**FY16**
Program	**3 CWSP Sites**	**3 CWSP Sites**	**2 CWSP Sites**	**1 CWSP Site**
CWSP	$ 625,000	$ 625,000	$ 550,000	$ 250,000
ICM - South County	$ 100,000	$ 100,000	$ 125,000	$ 275,000
ICM - North County	$ 100,000	$ 100,000	$ 125,000	$ 275,000
TOTAL	$ 825,000	$ 825,000	$ 800,000	$ 800,000

B. **Permanent Supportive Housing (PSH).** The Administration's plan includes prioritizing the development of permanent supportive housing for chronically homeless persons. Research shows that chronically homeless men and women disproportionately utilize public safety net services. Without access to permanent housing and services, these individuals, all of whom have disabling conditions, will continue to exert a heavy burden on public services and budgets. Access to permanent supportive housing decreases chronically homeless individuals' utilization of public services to a rate more typical of housed populations. In coordination with Destination: Home and community partners, the Administration proposes to:

i) Promote and/or increase the availability of intensive case management for chronically homeless persons, starting with the North and South County ICM services referenced above; and,

ii) Through programs like the County's Rental Assistance Program for the Chronically Homeless, promote and increase the availability of housing at 15% of area median income, which is affordable to chronically homeless persons who primarily rely on Supplemental Security Income (SSI) or other government benefits. Several affordable housing projects in North and South County with set asides for the chronically homeless are under development, including: the Gilroy Sobrato Apartments (Gilroy), Bella Terra Senior Apartments (Morgan Hill), Mid-Peninsula Housing's "Armory Family Housing Project" (Sunnyvale) and the Charities Housing's "Armory Project" (Sunnyvale).

C. **Temporary Rental Subsidies and Transitional Housing.** The armory shelters also serve a high number of "episodically homeless" persons who experience multiple episodes or long periods of homelessness throughout their lives due to substance abuse, financial crises, or domestic violence, but who do not have disabling conditions that are as persistent or severe as the chronically homeless. Generally this population will not qualify for ongoing financial assistance that is linked to a disability (e.g. SSI); thus, helping them to become economically self-sufficient is a necessary primary goal. Rental assistance and supportive services for one to two years is often necessary to help this group of homeless persons and families obtain and maintain permanent housing. Thus, the Administration's plan includes making more temporary rental subsidies available to agencies that are serving homeless individuals and families who do not meet HUD's definition of chronic homelessness.

i) Two of the four cities that are entitled to HOME Investment Partnership Program (HOME) funds are using their funds for tenant-based rental assistance (TBRA) programs for the homeless. As TBRA, HOME funds generally provide individuals with housing support for two years, thus they are most appropriate for homeless individuals without disabling conditions or for chronically homeless individuals and families when access to permanent housing is secured. The County is working with staff from these cities to expand the use of HOME funds for TBRA programs.

ii) In collaboration with Gilroy, Palo Alto, Cupertino, and Milpitas, the County is exploring the possibility of increasing HOME funds for the county. The Administration and these cities will explore utilizing new HOME funds for TBRA programs that have a regional or countywide focus.

D. **Affordable Housing for Extremely Low-Income (ELI) Households.** Approximately 50% of homeless persons and families exit homelessness quickly (approximately 90 days) with relatively little assistance. To achieve economic self-sufficiency, they primarily need access to affordable housing, employment and workforce development services. According to the 2010 Federal Strategic Plan on Ending Homelessness, nationwide there is a shortage of 3 million units of housing affordable to ELI households, but a surplus of units affordable at the other low income thresholds. While the armories serve relatively small numbers of this segment of the homeless population, the Administration believes that including ELI housing as a priority would alleviate the housing crisis for many homeless households and those who are at-risk of homelessness. Moreover, such a prioritization would support the operations of the County's health, social services and criminal justice departments, which primarily serve ELI households. [1]

The County's Affordable Housing Fund (AHF) and the Stanford Affordable Housing Fund (SAHF) currently prioritize developments with ELI units. The Administration will explore other internal opportunities and will encourage the municipalities to prioritize ELI housing with their funding opportunities.

E. **Outreach, Coordination, and Continued Community Engagement.** Emergency shelter remains the mission of some community members, faith-based organizations, and community-based organizations (CBOs). In both the northern and southern parts of the County, groups have started or continue to operate emergency shelters or day-centers. These programs range from helping clients address basic needs to providing clients with case management and employment assistance. Integrating

[1] In Santa Clara County an ELI family of four earns less than $31,100 per year.

these programs into the broader continuum of care and service provider network would leverage community resources and provide the homeless with a point from which to access services. The Administration will request that the County Collaborative on Affordable Housing and Homeless Issues form a special work group under the County's leadership. This work group would provide technical assistance to support the development of privately-operated emergency shelter and day-center programs. In addition, the work group would ensure that these services are coordinated with existing services.

5. **Summary.** Taken together, the Administration's plan addresses the range of housing and service needs presented by homeless persons. The Administration's plan supports the Board's directive to transition away from funding temporary services and towards permanent solutions, especially for the episodically homeless and the chronically homeless who are the principal clients of the Sunnyvale and Gilroy armory shelters. The latter are further prioritized because of their disproportionate impact on County services. As the efficacy these strategies are proven, other existing County-funded homeless services could be re-evaluated and possibly redirected to support long-term, permanent solutions to homelessness.