



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: May 20, 2013

Approved

Date

5/20/13

**SUBJECT: HOMELESS OUTREACH SERVICES, CREEK CLEAN UPS, AND
PERMANENT HOUSING STRATEGIES**

BACKGROUND

The City Council has met several times over the past year to discuss concerns about encampments and the need to provide housing and services to homeless residents. At the March 12, 2013 City Council meeting, the Council requested that the City Manager develop a workplan and timeline for a series of actions, and present this information during the budget process.

Additionally, in the 2013-2014 Mayor's March Budget message as approved by the City Council, it stated that solving issues related to homelessness must be a high priority and directed the Administration to return during the 2013-2014 budget process with a funding recommendation and strategy to support homeless outreach services, encampment clean-ups, and permanent housing.

ANALYSIS

Despite the City's efforts and those of our partners, San José continues to face a significant problem with homelessness. During the 2011 point in time count, 4,034 people were found to be homeless within the City's boundaries (a total of 7,067 were counted throughout Santa Clara County). The annual estimate of homelessness for the County exceeded 18,000.

The subsequent survey of homeless residents told us that 1,474 of San José's homeless population, or 37% of the total, met the definition of chronic homeless—a household with at least one adult member with a disabling condition who has been continuously homeless for one or more years or has had four or more episodes of homelessness in the past three years. During that count, there was no specific effort made to count people living in encampments along our waterways.

While we do not yet have official numbers for release from the most recent homeless point in time count, which took place in January, initial reports are that homelessness in San José has increased by as much as 18% since the last count. Some of this increase might be attributed to better counting, as we made significant effort to count encampment residents and people living in cars and RVs. Based on information we have on encampments from a number of sources, we estimate that more than 1,200 people are living in encampments, the majority of which are along the City's waterways. We expect the final report to be released in the next 30-45 days.

Based on draft results from the 2013 census and survey, we can arrive at a few facts about San José's homeless:

1. More than three-quarters of San José's homeless are unsheltered, living on the streets, in abandoned buildings, in cars or other vehicles, or living in encampments.
2. The number of chronically homeless people continues to remain high, even though more than 380 chronically homeless people have been moved to permanent housing since the last count.
3. The economy has had a direct impact on homelessness. Nearly half of those surveyed indicated that they lived in a home that they or their partner owned or rented prior to becoming homeless. And 47% said that they became homeless upon loss of a job.
4. Ten percent (10%) of San José's homeless are veterans, and more than 18% of the homeless are unaccompanied children (under 18) or young adults (ages 18-24).
5. Nearly 95% of encampment residents surveyed called San José home prior to becoming homeless.
6. A like amount of encampment residents stated that they would accept permanent housing if offered.
7. Compared to the homeless population as a whole, encampment residents tend to be older, have more disabling conditions, report more substance abuse and mental illness, and have been homeless for a longer time period.

Encampments continue to be a significant challenge. We have resumed our efforts to regularly clean encampments, working together with the Santa Clara Valley Water District and other partners. But, we know that by merely cleaning the encampments and moving residents along we have not solved the problem, and that most will move to another encampment location. We have been able to offer some housing assistance to move people off of the streets, though funding for this purpose is limited.

Response to March 12, 2013 City Council Direction

At the March 12, 2013 City Council meeting (Item 4.2), the Council directed that information about homeless and encampment response strategies be brought back during the budget process, and included a series of proposed actions. The following discussion responds to some of the issues raised in the March 8, 2013 memorandum from Mayor Reed and Councilmembers Liccardo, Nguyen, and Rocha. Information regarding staffing and budget needs for housing, including rental subsidies for re-housing, the cost of other options for transitional and permanent housing, and the cost of adding additional case management services, is included later in this memorandum.

Rapid Re-housing Through a Collective Impact Approach

According to a report in the Winter 2011 Stanford Social Innovation Review,¹ Collective Impact describes “the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem.” Homelessness has no borders, requiring that we work with our partners and neighboring jurisdictions to respond in a collective and coordinated way.

Over the past few months, working closely with Destination:Home, the County of Santa Clara, the Santa Clara Valley Water District (Water District), the Valley Transportation Authority, the Housing Authority of the County of Santa Clara (HACSC), and other transportation agencies, City staff has used the Collective Impact Approach to develop an encampment strategy with the vision of providing “housing stability and support for homeless residents in Santa Clara County to keep waterways, parks and public space free of encampments, to protect the environment, provide safe use of public areas, and ensure that no one is unsheltered.” This strategy includes high level actions that ensure that all partners are working collectively to address encampments and are committing needed resources.

The County Board of Supervisors is considering a budget that would allocate \$4 million in County General Funds toward a Permanent Supportive Housing Fund that could be used for housing and case management services. At a recent budget meeting, the Board directed County staff to look into the concept of “Boomerang” funds as a source to finance affordable housing development. Put simply, Boomerang funds are property taxes that are distributed to the County under AB 1X 26 and AB 1484 that would formerly have been redevelopment tax increment. While San José does not envision that its former tax increment will be distributed to other taxing entities for several years, it is expected that property taxes from former redevelopment agencies in other cities within the County will generate a stream of income for the County and other taxing entities. In addition, the County is pledging AB 109 funding for housing purposes to provide housing assistance to those transitioning out of the criminal justice system.

The Water District has also dedicated a sizable financial commitment for cleanup activities funded through the recent Measure B Parcel Tax. And, the HACSC recently reaffirmed its commitment to provide 100 vouchers for the chronically homeless. Additional voucher commitments are dependent on availability, which has been constrained due to the recent federal sequestration. Additional work is forthcoming to engage other cities, which face similar challenges.

Recognizing that the strategies for responding to homelessness are dependent on a number of factors, including the length of time someone has remained homeless, and the severity of disabling conditions, staff is working together with partners to develop a Santa Clara County Homelessness Framework. This Framework identifies the different housing, health, service, support, and employment needs of different subsections of the homeless population. This Framework, once complete, will help ensure that limited resources are used most effectively.

¹ “Collective Impact,” by John Kania and Mark Kramer, http://www.ssireview.org/articles/entry/collective_impact

Effective Partnerships

The City Council approved an allocation of \$600,000 in 2013-2014 Community Development Block Grant (CDBG) funding to the Downtown Streets Team (DST) to fund a team of workers charged with cleaning up encampment areas. DST is a work-first model, which prepares homeless and formerly homeless people for permanent employment and housing by employing them through work-readiness programs. DST is in the process of applying for the designation of Community Based Development Organization (CBDO) in San José. A San José CBDO must have as its primary purpose the improvement of the physical, social, and economic environment of the City by addressing one or more critical problems, with particular attention to low- and moderate-income persons. The CBDO designation is important, as it enables the City to fund an organization providing public services without counting the funds toward the 15% public service funding limit. We expect DST to receive the designation before the end of the fiscal year. Department staff is exploring options for engaging other businesses and organizations in a fee for service model to expand the DST response. Each DST team costs \$300,000.

The City has also partnered with DST on other efforts, including master leasing two four-plexes in the Roundtable neighborhood, which are now housing DST workers. Additionally, the City has provided DST with 20 tenant based rental coupons to provide housing for DST workers who have demonstrated work readiness skills.

Given current staffing levels, the Department's Homelessness Response Team (Team) has limited ability to develop partnerships with workforce partners to connect encampment residents who are able to participate in job training and placement programs. However, we will engage with Destination:Home, DST, Goodwill, and work2future to determine opportunities for a pilot effort for homeless veterans. To fully implement a job program for the homeless, we would need the addition of a full-time position devoted to this effort.

Enforcement

The Council requested several actions related to enforcement. The 2013-2014 Proposed Operating Budget includes additional resources for park rangers for two years to prevent encampments from establishing and to respond to re-encampment. Park rangers have been instrumental in keeping areas free from encampment once cleaned.

We have been coordinating with the District Attorney's Office, which has been attending coordination meetings with our partners. Through this effort, we are exploring the potential for re-establishing a homeless court, like the one that is functioning in North County, and other actions to enforce the laws without criminalizing homelessness. Additionally, we are still exploring Laura's Law with the County, and will report back next fiscal year with a recommended action. The Council took action to oppose AB 5 (Ammiano), which would tie our hands in responding to homelessness by limiting the City's ability to respond to encampments, as well as numerous other provisions that are harmful to our efforts.

The Team has coordinated with the San José Downtown Association to address business and resident concerns, and has provided the Downtown Ambassadors with training regarding availability of resources and outreach to homeless individuals. The Ambassadors have been an

important partner to the City, helping to complete Housing 1000 surveys, and posting notices and conducting clean-ups in accordance with established procedures. EHC Lifebuilders provides outreach to homeless persons in the Downtown, and is working with the Downtown Association to target 20 identified homeless people with outreach and case management services. In the coming months, the Team will begin discussions with the Downtown PBID Board to identify opportunities for further collaboration.

The Team will work during the coming fiscal year with faith-based groups and civic organizations to make sure we are partnering effectively to serve the homeless, including coordinating with groups that are feeding people and distributing goods in parks and encampments without permits. We have not yet looked into the ideas of stay away citations, the STOP (Stop Trespassing on Public/Private Property) program, or the "Change for Change" program, and will evaluate our staffing capacity to work on these ideas during the coming year.

Follow Up Actions

The City Council requested follow up on a number of actions:

Dedicated Funding Source - the Council discussed a number of potential funding sources, and requested that the Department return to the Council with a budget and outline for the scope of work for a Nexus Study. An item to consider a Nexus Study for a Housing Impact Fee is agendaized for discussion at the Council's June 4, 2013 meeting. If approved, staff would plan to return to the City Council with a final report and recommendation on a proposed fee in November 2013.

At the March 8, 2013 meeting, a question was posed about the potential to bond off of a dedicated funding source such as a Housing Impact Fee. The City typically borrowed against its former Low and Moderate Income Housing Fund to finance housing now, rather than using funds on a "pay-as-you-go" basis to fund housing over time. If a source is a long-term funding source, and assuming there is some certainty surrounding the annual stream of revenue, bonding may be possible. This is something that we would need to explore with the City's legal and financial team once a dedicated funding stream is available.

Advocate for State and Regional Funding and Cooperation - the Council has supported several bills that would increase funding at the State level, including SB 391, the Permanent Source bill, which would create an ongoing source of funding for affordable housing, and AB 998, which establishes the State Interagency Council on Homelessness. Additionally, City staff is working with the County and the Housing Authority to explore the potential for a regional housing body. We plan to return to the City Council with an update on these conversations and a potential recommendation in 2013-2014.

Target Available Resources - the Housing Department's 2013-2014 Proposed Budget targets resources toward the development of new housing for lower-income households, and phases out single-family lending programs. Furthermore, it targets funding to households with Extremely Low incomes (0-30% of Area Median Income), Very Low incomes (31-50% of Area Median Income), and Low-incomes (51-60% of Area Median Income).

Support Bills Previously Supported - staff brought forward two bills—SB 391 and AB 1229—which had been previously supported by the City Council for support positions. The Council took action to support SB 391, as mentioned above, and AB 1229, which reaffirms the rights of local governments to establish inclusionary zoning ordinances. Both bills are now working their way through the legislative process.

Discuss Public Benefit Zoning - the Planning, Building and Code Enforcement Department and Office of Economic Development will bring forward a memorandum to the May 20th Community and Economic Development Committee meeting, which will then be heard by the full Council on June 4th, that includes as one tool the concept of Public Benefit Zoning (PBZ). PBZ is a broad concept that refers to the capture of a portion of the increased value gained by a developer resulting from the City's approval of a discretionary development permit. One of the potential opportunities for public benefit zoning is the addition of affordable housing. An example of a PBZ measure is a density bonus, whereby the City allows increased density in exchange for affordable units.

Reunification Efforts - Councilmember Oliverio requested that the Department consider ways to reunify homeless people with family and friends and that we report back on this concept. For many years, the City has used Housing Trust Funds to provide assistance to homeless people who have relatives or friends that express a willingness to assist with housing and support in other areas of the State or Country. We are mindful of the recent reports that the City of Las Vegas sent unaccompanied homeless mentally ill individuals to different locations without proper arrangements at the designated destination. Our program has measures in place to prevent this concern. Working through EHC Lifebuilders, this financial assistance is only provided when it can be ensured that support is available at the requested destination. EHC Lifebuilders purchases the bus tickets and works with case managers to ensure that the ticket is used for the intended purpose and results in a successful reunification. Since 2010, 61 homeless residents have been reunified through this effort at a cost of \$12,914. We will continue to provide this service in 2013-2014.

Prioritizing Special Needs - Councilmember Chu requested that the Department look at how the City might prioritize the needs of special needs groups, including veterans and victims of domestic violence. There are numerous special needs groups supported by the Department, including seniors, persons with HIV/AIDs, veterans, and victims of domestic violence. Following are examples of actions the Department is taking in 2013-2014 to assist special groups:

1. The Domestic Violence Collaborative Homelessness Intervention and Prevention Project, a partnership between Next Door Solutions to Domestic Violence, Asian Americans for Community Involvement, Community Solutions, Maitri, and the YWCA Support Network, is receiving \$235,000 in Emergency Solutions Grant (ESG) funding in 2013-2014 for emergency shelter, case management, and other services for victims of domestic violence.
2. The Homelessness Families and Youth Project, a partnership between the Bill Wilson Center, Family Supportive Housing, and Sacred Heart Services, is receiving \$306,909 in ESG funds for shelter and services to homeless families and unaccompanied youth, including victims of domestic violence

3. The City partnered with Goodwill of Silicon Valley on its application for funding under the federal Homeless Veterans Reintegration Program for 2013-2014. If the application is successful, 80 of San José's veterans will receive employment and case management services. The Department would then seek City Council approval to provide tenant based rental assistance for these veterans, assuming funding availability.
4. The City is working with Destination:Home, the Housing Authority of the County of Santa Clara, the County of Santa Clara, and the Department of Veteran's Affairs on a pilot effort to house 60 encampment residents and provide case management services beginning in July of this year. A funding recommendation for this effort will be brought forward for City Council consideration in June.
5. The City continues to work with its partners to bring in more VASH (Veterans Affairs Supportive Housing) vouchers for homeless veterans. On April 30th, the Housing Authority was invited to apply for an additional 100 VASH Vouchers.

Response to the 2013-2014 Mayor's March Budget Message Direction

The 2013-2014 Mayor's March Budget Message stated that "solving issues related to homelessness must be a high priority" and directed the City Manager to return with a funding recommendation and strategy to support homeless outreach services, encampment clean-ups, and permanent housing.

Funding for Encampment Clean Ups

Cleaning up an encampment can cost between \$5,000 and \$50,000, depending on the size of the camp and the entrenchment—the length of time people have been living in the camp and the amount of belongings they have collected during that time. The City has typically had a very small budget for encampment cleanups, which has been matched by funding from the Santa Clara Valley Water District. In the past year, as we revised our cleanup procedures to comply with legal requirements, the available funding was insufficient to respond to the number and size of encampments.

In response, the 2013-2014 Proposed Operating Budget allocated approximately \$1.82 million for the homeless response effort, including \$1.5 million in the General Fund, a \$170,000 contribution from the Santa Clara Valley Water District, and \$150,000 in Housing Trust Funds. Funding of \$1.5 million for 2014-2015 is recommended to be set aside in a General Fund Earmarked Reserve. However, this funding is also included in the City Manager's PERS Levy/Water District General Fund Contingency as explained in Exhibit 2 of the City Manager's 2013-2014 Proposed Operating Budget message. Staff is in the process of working with the District to re-enter into a Memorandum of Agreement (MOA) regarding clean up efforts, and expect that additional funding will be committed as a part of that partnership. This MOA will be presented to the City Council in June.

The 2013-2014 proposed budgeted funds will provide monies for the following activities:

1. Contractual Services and Property Storage-- \$787,000—for a contract with a firm to conduct on site clean up activities at each encampment. This contract is scheduled for City Council approval in June.

2. Encampment Deterrents and Security-- \$156,000—to provide for security services and physical measures to deter encampment, as necessary. We have found that security services have been key to preventing re-encampment after recent cleanup efforts.
3. Housing Department Staffing-- \$147,000—the add of a Community Coordinator position in the Housing Department to coordinate the clean up activity with a contractor, City departments, and external agencies, including the Santa Clara Valley Water District, as well as to work with neighbors and businesses. A Student Assistant position is being added to help respond to constituents, provide field support, and collect data to improve response.
4. Park Ranger Staffing-- \$370,000—the add of four park rangers for increased enforcement efforts along waterways and in the City's parks.
5. Outreach Contract-- \$210,000—for a contract for outreach and engagement teams to work with encampment residents to prepare them for clean up efforts and connect them to services and housing.

With this budget, and in conjunction with our partners, we anticipate that there will be 48 encampment clean ups during 2013-2014 (12 large four-day cleanups and 36 small one-day cleanups).

Funding for Outreach and Engagement

Homeless outreach and engagement teams are a critical component of the encampment clean up effort. These teams provide assistance and support to encampment residents by gaining rapport and working to connect them to services, shelter, and ultimately permanent housing. By dispatching these teams to an encampment site weeks, and ideally months, before a clean up is planned, we do more than simply move residents from one unsheltered site to another. Given many homeless residents' disabling conditions and troubled pasts, the outreach workers often need considerable time to break down barriers and gain trust. Further, the teams work with encampment residents to separate and bag their belongings and trash, resulting in less work on the day of the clean up.

In addition to the \$210,000 contract mentioned above, which will fund three outreach workers, the Housing Department is continuing current contracts with the Bill Wilson Center and Emergency Housing Consortium to provide outreach services to homeless residents, including those in encampments. A total of \$555,932 in Emergency Solutions Grants (ESG) funds and \$461,898 in CDBG funds are available in 2013-2014 for outreach and engagement efforts. In addition, \$347,000 is devoted to Downtown Outreach, some of which targets homeless encampments. The new outreach workers will focus on encampments.

Funding for Permanent Housing and Related Case Management

Cleaning up encampments helps solve immediate environmental and community concerns, but it doesn't solve the underlying reason for their existence - homelessness. In order to impact the number of people who are living in encampments or in other unsheltered locations, housing is needed. For many of those living outside, this housing must also come with supportive services, or case management to ensure that once housed they can remain housed.

Given the recent reduction of housing funding at the local, State, and federal levels, providing this housing, particularly for people with little or no resources, is extremely challenging. We have had some success over the past year in piecing together housing options, using a variety of different tools—Section 8 vouchers from the Housing Authority of County of Santa Clara (HACSC), tenant based rental assistance from the County and the City (using federal HOME Investment Partnership dollars), and scattered units in affordable housing developments (largely funded using State Mental Health Services Act—Proposition 63 funding)—however, these options are limited.

The chart below shows the funds the Housing Department has available in 2013-2014. Funds that are being used for homeless activities are highlighted in grey

Funding Source	2013-2014	Purpose
Housing Loans and Grants	\$26,910,000	These funds are committed to existing developments—Japantown and Donner Lofts—or will be committed to pipeline projects, including the MET (Markham Terrace). A percentage of the units in these projects will be set aside for the homeless.
Community Development Block Grant Program (CDBG)	7,448,270	\$1,347,254 for homeless activities, including a city-wide homeless outreach and engagement program, a domestic violence homelessness and prevention project, and Downtown Streets Team programs. Remaining funds for Section 108 debt service, Public Services (non-homeless including seniors and fair housing), Community Development Improvement projects (including Code Enforcement), and Administration.
Neighborhood Stabilization Program	5,796,493	Federal funds for acquisition and rehabilitation of foreclosed homes
Capital Grant Program	4,775,000	Multi-family bond funds for capital expenditures. \$1.2 million of this amount will be used for the rehabilitation of Vermont House. Funds can be used for the rehabilitation of transitional housing.
Homeless Response Team (reflected in City-Wide Expenses Section)	1,670,000	Funding for encampment clean ups, enforcement, and outreach
BEGIN	1,400,000	State funding for first time homebuyer loans in targeted developments
CalHome Homebuyer and Rehabilitation	1,300,000	State funding for rehabilitation of single family homes and homeownership loans
Housing Opportunities for People with AIDS (HOPWA)	858,690	Federal funds to provide housing and support services to persons who are homeless or at risk of homelessness who have HIV/AIDS
Hazard Mitigation Grant Program	800,000	State funding for seismic safety grants to mobilehomes
Emergency Shelter Grant (ESG)	792,456	Homeless outreach services, outreach to homeless families and youth, domestic violence shelter/services, and HMIS Data Collection (HUD requirement)
Tenant Based Rental Assistance	720,000	Rental subsidies to house homeless residents who are participating in the St. James Park pilot project, Mental Health program, or DST Team, or living in an encampment.
Rental Rights and Referrals Program	490,282	Fee revenue associated with the management of the City's two rent control programs
Medical Respite Facility	471,240	Federal grant to expand the medical respite facility at the

Funding Source	2013-2014	Purpose
		EHC Lifebuilders Boccardo Reception Center
HOPWA Special Projects	448,156	Federal funds to provide housing and services for individuals who are homeless or at risk of homelessness with HIV/AIDS
Housing and Homeless Projects	400,000	Downtown homeless outreach and engagement program, social serve database, UpLift transit passes for the homeless
Destination: Home	400,000	Funding for case managers (3 @ 100,000 each) and Housing 1000 support
Inclusionary Project	330,000	Capital funding for pipeline developments.
HOME Investment Partnership Program Fund	130,000	Operating costs for HOME-funded developments
Emergency Assistance	50,000	Funding for households in need of emergency rental assistance due to a fire or other natural disaster
Muni Whole House Rehab Pilot	40,000	Local funds to incorporate performance based energy efficiency upgrades in single family homes
	\$ 55,230,587	

Potential Housing Options

There are a number of actions that are being taken or can be taken without additional budget authority. These include:

1. Tenant Based Rental Assistance (TBRA) - committing an additional \$1 million in federal HOME funds for TBRA units. TBRA funds provide a rent subsidy, similar to a Section 8 voucher, to pay the difference between 30% of a person's income and their monthly rent (with a minimum rent of \$20 a month). This tool works best for people who can transition more quickly into independent living situations or a long-term subsidy program. For every \$1 million in TBRA funding, we can provide housing for one year for 83 people. The ability to use additional HOME funds for this purpose is limited given the reduced federal HOME commitment to San José.
2. Rehabilitation of Vermont House - the Department has \$5 million in bond funds that were recently returned and must be granted. We are proposing to use approximately \$1.2 million of this amount to rehabilitate Vermont House, a development owned by the Housing Department that was previously used as a shelter for people with drug and alcohol dependencies. The currently vacant buildings need significant rehabilitation before they can be occupied, and it is anticipated that they can house 14-20 people.
3. Work with Existing Housing Providers/New Developments - We are working with existing housing developers as we refinance their loans as well as with new developments to set aside a portion of the units for the homeless. This does require additional subsidy. In order to make this work, we would reinvest loan funds upon refinancing, rather than requiring a loan repayment, and would use existing loan repayment dollars to further subsidize new development to allow for more deep targeting.

There are a number of other actions that could be taken if funds were available. These include:

1. Hotel/Motel Conversions - Staff has worked with a developer partner and talked with several hotel/motel owners to determine the feasibility of this option, which will be discussed in more detail at the June meeting of the Community and Economic Development (CED) Committee. Based on an initial case study, staff estimates the cost

to acquire the 24-unit motel and complete the upgrade and rehabilitation from commercial to residential use would cost \$4 million, or about \$167,000 per unit. We are still working with other City partners to address any concerns related to the General Plan designation and zoning.

2. Master Leasing of Hotels or Apartment Units - With those same hotel/motel owners, we have explored the idea of master leasing a block of units. The benefit of this option is that units could be made available much sooner than with an acquisition/rehabilitation effort. The cost to master lease the same 24-unit motel is estimated to be \$514,200 annually, including service provision.
3. Additional TBRA Funding - If funds were available, we could expand the TBRA program, providing additional tenant based rental assistance at an annual cost of \$13,000 per year per person. Additional funding would be needed over and above this amount for case management services (\$3,000 to \$5,000 per person).
4. Shallow Subsidy Funding - Similar to the recent Homeless Prevention and Rapid Re-Housing Program that was funded by the federal government as part of the American Recovery and Reinvestment Act of 2009, shallow subsidy programs provide graduated, short- to medium-term housing subsidies to help individuals get back on their feet quickly. This program requires fewer dollars per household than a TBRA program, but is not designed for chronically homeless individuals. This program could provide six months of assistance to a situationally or episodically homeless person at an estimated cost of \$4,500. Case management would still be required to help stabilize the individual and connect him/her with services, housing, and employment.
5. Temporary Increase in the Number of Shelter Beds - There are some opportunities to increase the number of shelter beds at current facilities. Though emergency shelter is not a desired option, it could provide placement for some encampment residents while permanent housing was sought. The estimated cost to increase beds depends on the amount of services provided, but varies from \$20 a day to \$92 a day. For 50 homeless beds, the cost would vary from \$216,000 to \$993,600 a year.
6. Transition of Facilities to Provide Transitional or Permanent Housing Opportunities - One of the reasons that encampment residents choose to live outdoors rather than in shelters is because they don't like the shelter environment. The reasons for this vary, but include the uncertainty of regular bed space, inability to store belongings, lack of privacy and dignity, prohibition against pets, and rules and regulations that they find objectionable. One possibility we are exploring is to convert some emergency beds to transitional opportunities that respond to some of these concerns. The cost to convert space would vary depending on the building and the rehabilitation needed to make the necessary physical building changes. One example of a development that could be converted is the City-owned Haven House Fire Victim's Shelter. We are currently analyzing the use of this building and other alternatives that could meet the needs of fire victims. If another option was available, we estimate that the shelter could house 20 homeless people at a time with operating costs estimated at \$200,000 annually.
7. Write Down Rents in Existing Affordable Housing Developments - The City has financed the development of 3,400 one-bedroom, studio, and Single Room Occupancy (SRO) homes since 1988. If we provide financial subsidies to write down rents in a development from rents at 50% Area Median Income (AMI) to 12% AMI, we estimate that it would cost an estimated \$830 dollars per individual per month, or \$9,960 per year.

8. Add Temporary Space or Modular Buildings - Some communities have considered adding temporary modular buildings to house the homeless. This option would require additional study, as it would require appropriate placement and connections to utilities. It also raises planning considerations. However, should this be an option, we estimate that the cost of a modular unit that could be converted into six SRO units would be roughly \$120,000.
9. Create a Sanctioned Homeless Encampment - Some have suggested the idea of creating a place where it is acceptable to camp while permanent housing options are being identified. While this option would move people away from areas where they are causing environmental damage, we do not recommend it given the experience of other communities that have implemented a similar idea. However, should this be an option for consideration, we would come back with an estimate of the cost of security and maintenance of a sanctioned encampment.
10. New Supportive Housing Development - New development, especially supportive housing, provides the homes needed for the long term. Typically these developments are available for 55 years or more. Development of these units typically costs \$200,000 to \$300,000 each depending on the depth of affordability and the funds leveraged. Additional funds may be needed for operations on an annual basis.
11. Required 10% Set-aside for all New Affordable Developments - the City could adopt a policy that all new assisted rental developments include a homeless set-aside. This will require increased subsidy from the City or other sources.

It is also important to note that, with every person housed, we need to provide case management services to ensure that they have the support and tools needed to retain their housing. Studies have shown that treatment and supportive services are most effective when they are offered in a comprehensive and multi-disciplinary manner. Since 2011, in conjunction with our partners, we have been managing these services through the Housing 1000 Care Coordination Project. The City has funded this project through Destination:Home, providing \$300,000 for three case managers (in addition to staff support). As each manager is able to support 20-25 people, for each 100 housing opportunities we find, we need to fund four to five case managers.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office.

/s/

LESLYE CORSIGLIA
Director of Housing

For questions, please contact Leslye Corsiglia, Director of Housing at 408-535-3851