



SAN DIEGO  
HOUSING  
COMMISSION

## REPORT TO THE CITY COUNCIL AND THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** February 9, 2016

**REPORT NO:** HAR16-006

**ATTENTION:** Council President and Members of the City Council  
Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of March 1, 2016

**SUBJECT:** The 1,000 Homeless Veterans Initiative of HOUSING FIRST – SAN DIEGO, the San Diego Housing Commission’s three-year Homelessness Action Plan (2014-17)

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

That the San Diego City Council and the Housing Authority of the City of San Diego approve funds from the pending sale of the Hotel Metro and the grant from the City of San Diego resulting from the ground lease on San Diego Square Apartments to implement The 1,000 Homeless Veterans Initiative of the San Diego Housing Commission’s HOUSING FIRST – SAN DIEGO three-year Homelessness Action Plan (2014-17) and for each of the purposes set forth within this report.

### **STAFF RECOMMENDATION**

That the San Diego City Council (City Council) and the Housing Authority of the City of San Diego (Housing Authority) take the following actions, contingent upon the subsequent appropriation of sufficient funds by the City Council for San Diego Square Apartments and the availability of funds from the pending sale of Hotel Metro, and the City Council and the Housing Authority, each, adopt a resolution specifically authorizing the use of Low Income Lease Revenue Funds, including but not limited those within Funds 200398 and 10540, for each of the purposes referenced within this report:

#### **City Council:**

Adopt a resolution authorizing use of all funds from the pending sale of the Hotel Metro and the ground lease of San Diego Square for the purposes referenced within this report, including, without limitation, any funds within Low Income Lease Revenue Fund 200389 and 10540, and specifically granting such authority pursuant to the provisions of City Council Resolutions R-224179 and R-218880 [“the Resolutions”], to the extent that such actions are necessary. Any proceeds from the sale of the Hotel Metro and the lease of San Diego Square, in excess of the \$3,000,000 from the Hotel Metro sale and \$4,000,000 from the grant from the City including, without limitation, any funds within Low Income Lease Revenue Fund 200389 and 10540, shall continue to also be available for the other purposes stated and referenced within the Resolutions.

## **Housing Authority**

- 1) Amend the Housing Authority-approved Housing Commission Fiscal Year (FY) 2016 budget to include additional sums of \$3,000,000 from the pending sale of Hotel Metro; \$4,000,000 from the grant from the City resulting from the ground lease of San Diego Square, and \$250,000 from Housing Commission local funds (Bond and Low Income Lease Revenue Funds);
- 2) Adopt a resolution authorizing the use of all funds from the pending sale of the Hotel Metro and the ground lease of San Diego Square for the purposes referenced within this report, including, without limitation, any funds within Low Income Lease Revenue Fund 200389 and 10540, and specifically granting such authority pursuant to the provisions of City Council Resolutions R-224179 and R-218880 [“the Resolutions”], to the extent that such actions are necessary. Any proceeds from the sale of the Hotel Metro and the lease of San Diego Square, in excess of the \$3,000,000 from the Hotel Metro sale and \$4,000,000 from the grant from the City shall continue to also be available for the purposes referenced and stated within the Resolutions as well as for the purposes set forth within this report;
- 3) Authorize the Housing Commission’s expenditure of up to \$3,000,000 from the pending sale of Hotel Metro; \$4,000,000 from the grant from the City resulting from the ground lease of San Diego Square, and \$250,000 from Housing Commission local funds (Bond and Low Income Lease Revenue Funds) as part of the Housing Commission’s FY 2016 Housing Authority-approved Budget, contingent upon the appropriation of these funds by the City Council for San Diego Square, the availability of funds from the pending sale of Hotel Metro, and the City’s Chief Financial Officer furnishing a certificate certifying that the funds necessary for expenditures are, or will be, on deposit with the City Treasurer and contingent upon the adoption of the resolutions by the City Council and the Housing Authority as referenced within action item 2, above;
- 4) Authorize the award of contracts to successful respondents to the open Notice of Funding Availability (NOFA) and/or Request For Proposals (RFP) by the President & CEO, or designee, without further actions of the City Council, the Housing Authority and/or the Board of Commissioners (Board) of Housing Commission;
- 5) Authorize the President & Chief Executive Officer (President & CEO), or designee, to expend funds approved by this action to participating landlords as part of the collaborative landlord-outreach component - Housing Our Heroes campaign – of The 1,000 Homeless Veterans Initiative of HOUSING FIRST – SAN DIEGO, the Housing Commission’s three-year Homelessness Action Plan;
- 6) Authorize the President & CEO, or designee, to execute all necessary documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals; and
- 7) Authorize the President & CEO to substitute funding sources, if necessary, including temporarily using other eligible funding sources until all other funds are available, without further action by the City Council, Housing Authority, or Board of the Housing Commission, but only if and to the extent that funds are determined to be available for such purposes.

February 9, 2016

The 1,000 Homeless Veterans Initiative of HOUSING FIRST – SAN DIEGO

Page 3

## **SUMMARY**

With a long-standing commitment to homeless military Veterans, the San Diego Housing Commission (SDHC) and the City of San Diego (City) are partnering on The 1,000 Homeless Veterans Initiative to provide housing opportunities for up to 1,000 homeless Veterans in the City within one year, a new initiative of HOUSING FIRST – SAN DIEGO, SDHC's landmark three-year Homelessness Action Plan (2014-17).

This initiative will invest close to \$12.5 million in Federal, City and SDHC resources to provide housing in the City (ZIP code 92037 and ZIP codes that begin with 921, excluding 92118) for Veterans who are living on the streets or living in shelters. San Diego Mayor Kevin Faulconer first announced the landlord outreach component of the initiative, Housing Our Heroes campaign, during his State of the City Address on January 14, 2016.

The 1,000 Homeless Veterans Initiative's four program components are:

1. Landlord Outreach
2. Rapid Re-housing Assistance
3. SDHC Federal VASH Vouchers
4. SDHC Federal Housing Vouchers with Supportive Services

The 1,000 Homeless Veterans Initiative will assist:

- 300 Chronically homeless Veterans with an honorable discharge and a disabling condition who need supportive services and who qualify for the Veterans Affairs Supportive Housing (VASH) voucher program of the U.S. Department of Housing and Urban Development (HUD), which is administered by SDHC;
- 100 Veterans who are eligible for the HUD Sponsor-Based Housing Voucher program, which is administered by SDHC. Veterans will receive supportive services, such as case management; and
- Up to 600 additional homeless Veterans who will also be provided with housing opportunities through the Rapid Re-housing Assistance program. Homeless Veterans need not have an honorable discharge to be eligible for Rapid Re-housing Assistance.

All participants of The 1,000 Homeless Veterans Initiative must be referred by SDHC partner agencies or organizations that provide supportive services to homeless San Diegans.

To be included, homeless Veterans can add their names to the Coordinated Assessment database, which will assess their housing needs and vulnerability to help identify those homeless Veterans who are most in need.

Agencies that will be able to add homeless Veterans to this database in the Downtown area include:

- The Neil Good Day Center; and
- The Joan Kroc Center at Father Joe's Villages.

Funding approvals are required by the City Council, Housing Authority, and Housing Commission Board.

This is the fourth new initiative of HOUSING FIRST – SAN DIEGO, which was announced on November 12, 2014.

## **The 1,000 Homeless Veterans Initiative**

Between 1,000 to 1,600 homeless individuals in the City are U.S. military Veterans, men and women who served their country, but they don't have a place to call home, according to data extrapolated from a U.S. Department of Veterans Affairs (VA) analysis of the annual Homeless Point-in-Time Counts, required by HUD, which were conducted on January 23, 2015, and January 23, 2014, as well as internal VA data.

The 1,000 Homeless Veterans Initiative's goal is to provide housing opportunities for 1,000 homeless Veterans within the first year. The second year of the initiative will include follow-up with the homeless Veterans assisted in the first year.

### **Landlord Outreach**

**Budget:** \$4,408,551

**Homeless Veterans Assisted:** All homeless Veterans

Landlords who rent their units to homeless Veterans are important partners in The 1,000 Homeless Veterans Initiative. A low rental vacancy rate (currently 2.8 percent in the City, according to the San Diego County Apartment Association) and tight competition for affordable and market-rate apartments make it difficult for homeless Veterans to obtain rental housing.

This program provides incentives for landlords who rent to homeless Veterans in the City, such as:

- **Incentive Payments for Landlords** – Landlords will receive \$500 for the first apartment they rent to a homeless Veteran and \$250 for each additional unit.
  - **Budget:** Up to \$677,500 total
- **Security Deposit & Utility Assistance** – An average of \$1,500 in security deposits and \$100 in utility assistance per household.
  - **Budget:** Up to \$1,470,000 total
- **Landlord Contingency Fund.** Funds will be set aside to help landlords cover expenses, such as repairs that exceed security deposits upon move-out or rent due to unforeseen vacancies.
  - **Budget:** Up to \$1,470,000 total
- **Landlord Liaison** – SDHC will provide dedicated housing specialists to answer landlords' questions, as well as to provide credit report and application assistance for homeless Veterans. SDHC will also coordinate recruitment fairs and training sessions for landlords, service providers and tenants and pre-inspect units to be rented to homeless Veterans.

The cost of the program is \$4,408,551 and will be funded through a grant from the City resulting from the ground lease of San Diego Square; proceeds from the pending sale of Hotel Metro, HUD VASH Voucher Administrative Fees, and HUD Extraordinary Administrative Fees for VASH Vouchers. The only City funds included in this action are from the ground lease of San Diego Square and the pending sale of Hotel Metro.

February 9, 2016

The 1,000 Homeless Veterans Initiative of HOUSING FIRST – SAN DIEGO

Page 5

### **Rapid Re-housing Assistance**

**Budget:** \$1,967,250

**Homeless Veterans Assisted:** Homeless Veterans and their families who become homeless because of an unexpected life experience, such as a job loss, domestic violence, or a medical crisis. Homeless Veterans need not have an honorable discharge to be eligible for this assistance.

Rapid Re-Housing funds will be awarded to nonprofit or for-profit service providers who apply for these funds through a competitive NOFA that will be released in March 2016.

- **Rental Payment Assistance** – Financial assistance varies; on average, four to six months may be all that a homeless Veteran needs. However, in cases of extreme hardship, the funds may cover up to two years of rental payments.
- **Up-front Move-in Costs** – First and last months' rents, security deposits of \$1,500 on average per household, and utility deposit assistance of \$100 on average per household.

Nonprofit or for-profit service providers may also use these funds to provide case management and supportive services, such as mental health care, or to purchase furniture and/or move-in kits for homeless Veterans.

Nonprofit or for-profit organizations may apply for these funds to supplement existing programs serving homeless Veterans. The Rapid Re-housing Assistance program will serve homeless Veterans who have been evaluated as best served by Rapid Re-housing.

The cost of the program is \$1,967,250 and will be funded through proceeds from the pending sale of Hotel Metro and the grant from the City resulting from the ground lease of San Diego Square Apartments.

### **SDHC Federal VASH Vouchers**

**Budget:** \$2,685,600

**Homeless Veterans Assisted:** Chronically homeless Veterans with an honorable discharge and a disabling condition who need supportive services.

Additionally, 300 existing Federal HUD VASH vouchers are part of The 1,000 Homeless Veterans Initiative.

VASH vouchers provide rental assistance to honorably discharged Veterans experiencing chronic homelessness while also having a disability.

SDHC obtained a waiver from HUD that allows for a 20 percent higher rent payment amount with a VASH voucher, effective February 1, 2016.

For example, the rent payment amount for a 1-bedroom apartment with a VASH voucher is now \$1,288 a month—up from \$1,074 a month.

SDHC partners with the VA San Diego Healthcare System to provide VASH vouchers.

The VA provides clinical health and case management services to VASH voucher recipients.

February 9, 2016

The 1,000 Homeless Veterans Initiative of HOUSING FIRST – SAN DIEGO

Page 6

The local VA identifies Veterans who qualify for VASH vouchers. SDHC confirms their eligibility and enrolls them in the VASH voucher program.

The VASH program is similar to the Section 8 Housing Choice Voucher program in which participants pay a portion of their rental costs.

The cost of the program is \$2,685,600 and will be supported through HUD VASH funding. No City funding sources are utilized in this component of the program. Please note, the value of the VASH voucher used for FY 2016 budgeting purposes is based on the Housing Commission's current average housing assistance payment totaling approximately \$746 a month per household.

### **SDHC Federal Housing Vouchers with Supportive Services**

**Budget:** \$3,410,800

**Homeless Veterans Assisted:** Homeless Veterans who are not eligible for Federal VASH vouchers.

Housing, combined with supportive services such as mental health counseling; substance abuse treatment programs; and independent living skills classes help homeless Veterans begin to rebuild their lives.

Through a competitive RFP, SDHC will award 100 Sponsor-Based Housing Vouchers to nonprofit or for-profit organizations, or "sponsors," that provide supportive services to homeless San Diegans

These Sponsor-Based Housing Vouchers, with funds set aside from the pending sale of Hotel Metro to support case management and additional supportive services, will be used to ensure 100 percent of participants are assessed and have the opportunity to be connected to appropriate services and rental housing.

To award these funds, the Housing Commission plans to release an RFP in March 2016.

The cost of the program is \$3,410,800. This cost includes the value of the Sponsor-Based Housing Voucher (\$942 per voucher each month or \$2,260,800 over the two-year Initiative), which is not included in the staff-recommended actions in this report. This program will include funds from proceeds from the pending sale of Hotel Metro, which are included in the staff-recommended actions (\$1,150,000 over the two-year Initiative).

### **AFFORDABLE HOUSING IMPACT**

As San Diegans continue to live in a City-declared housing emergency "shelter crisis," the need for immediate housing assistance is critical to the well-being of homeless San Diegans. HOUSING FIRST – SAN DIEGO will impact the lives of as many as 1,500 homeless San Diegans over three years.

Approval of the staff-recommended actions furthers the goals of the Housing Commission's Homelessness Action Plan HOUSING FIRST – SAN DIEGO. Both the Rapid Re-Housing Assistance and SDHC Federal Housing Vouchers with Supportive Services program components will utilize the Coordinated Assessment and Housing Placement (CAHP), which will help identify those homeless Veterans who are most in need. Additionally, all four program components of The 1,000 Homeless Veterans Initiative help to mitigate the impact of the "shelter crisis" by providing housing first, with supportive services as needed, to Veterans experiencing homelessness.

**FISCAL CONSIDERATIONS** The proposed FY 2016 funding approved by this action is not included in the Housing Commission’s FY 2016 Housing Authority-approved budget. Contingent upon the appropriation of these funds by the City from the ground lease of San Diego Square, the availability of funds from the pending sale of Hotel Metro, and the City’s Chief Financial Officer furnishing a certificate certifying that the funds necessary for expenditures are, or will be, on deposit with the City Treasurer, approving this action will amend the FY 2016 Housing Authority-approved budget by \$3,000,000 from the pending sale of Hotel Metro, \$4,000,000 from the grant from the City resulting from the ground lease of San Diego Square, and \$250,000 from Housing Commission local funds in addition to the Housing Commission’s FY 2016 budget.

Funding sources and sub-recipient uses approved by this action include:

Table 1: Funding Sources and Sub-Recipient Uses Approved by this Action		Sub-Recipient Funding Uses*					
		Program Costs		Administrative Costs		TOTAL	
		Rapid Re-Housing	Sponsor-Based Voucher	Rapid Re-Housing	Sponsor-Based Voucher	Rapid Re-Housing	Sponsor-Based Voucher
<b>Funding Sources</b>	San Diego Square	\$418,662	\$0	\$0	\$0	\$418,662	\$0
	Hotel Metro	\$1,411,338	\$1,000,000	\$137,250	\$75,000	\$1,548,588	\$1,075,000
<b>FY16 TOTAL</b>		\$1,830,000	\$1,000,000	\$137,250	\$75,000	\$1,967,250	\$1,075,000
<b>GRAND TOTAL</b>		<b>\$2,830,000</b>		<b>\$212,250</b>		<b>\$3,042,250</b>	

\* Funds remaining unspent on June 30, 2016, will be rolled over into Fiscal Year 2017.

Funding sources and Housing Commission uses approved by this action include:

Table 2: Funding Sources and Housing Commission Uses Approved by this Action		Housing Commission Funding Uses					
		Program Costs		Administrative Costs		TOTAL	
		Landlord Outreach	Sponsor-Based Voucher	Landlord Outreach	Sponsor-Based Voucher	Landlord Outreach	Sponsor-Based Voucher
<b>Funding Sources</b>	San Diego Square	\$3,556,338	\$0	\$25,000	\$0	\$3,581,338	\$0
	Hotel Metro	\$203,412	\$0	\$98,000	\$75,000	\$301,412	\$75,000
<b>FY16 TOTAL</b>		\$3,318,898	\$0	\$92,000	\$37,500	\$3,410,898	\$37,500
<b>GRAND TOTAL</b>		<b>\$3,759,750</b>		<b>\$198,000</b>		<b>\$3,957,750</b>	

\* SDHC local funds totaling \$250,000 will be used to initiate the Program and will be repaid by proceeds from San Diego Square. As a result, it is not included in this table.

**Additional Fiscal Impacts**

Approving this action will further authorize the President & CEO, or designee, to substitute the above funding sources with other available funding sources, contingent upon availability of funds, as approved by the Housing Commission, and should the operational need arise or should such action be to the benefit of the Housing Commission and its mission. Funding substitutions will be memorialized in an Informational Report at the next scheduled Housing Commission Board meeting.

In addition to the ability to adjust the contracts generally, approval of this action will also authorize the President & CEO, or designee, to increase or decrease contracts, without further action of the Board of Commissioners and/or the Housing Authority upon appropriation of funds by the City Council from the ground lease for San Diego Square and the availability of funds from the pending sale of Hotel Metro

containing different funding amounts than referenced within this report. See recommendations number two and four, above.

### **EQUAL OPPORTUNITY/CONTRACTING**

The Equal Opportunity Workforce Reports will be submitted for review and approval by the Housing Commission in advance of the execution of any and all contracts concerning this matter. Execution of the contracts is subject to the approval of the Workforce Reports.

### **PREVIOUS HOUSING COMMISSION BOARD ACTION**

On February 12, 2016, the Housing Commission Board voted 6-0 to approve the staff-recommended actions.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Because the proposed services are located throughout the City and projected to impact hundreds of its homeless Veterans, the Housing Commission will solicit feedback from community groups (examples listed below) to ensure the perspectives of interested stakeholders are adequately addressed (this is not an exhaustive list):

- San Diego Regional Chamber of Commerce
- San Diego Regional Continuum of Care Council
- San Diego County Apartment Association
- California Apartment Association
- 25 Cities Initiative
- U.S. Department of Veterans Affairs
- County of San Diego

### **ENVIRONMENTAL REVIEW**

The actions described in this report are not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4) and (b)(5), as they are fiscal and administrative activities of government which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act (NEPA) is not required as federal funds are not involved in the actions being approved; nevertheless, these actions and any actions related to the “1000 Homeless Veterans Initiative” are exempt pursuant to Part 58.34(a)(3) and (4) and categorically excluded pursuant to Part 58.35(b)(1) and (2) of Title 24 of the Code of Federal Regulations. Furthermore, the use of any federal vouchers or subsidies in connection with implementation of the Homeless Veterans Initiative will be reviewed on a case-by-case basis in compliance with the limited-scope review requirements of NEPA, as applicable.

Respectfully submitted,

*Melissa Peterman*

Melissa Peterman  
Director  
Homeless Housing Innovations Department

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief Operating Officer  
San Diego Housing Commission

February 13, 2015

Fiscal Year 2016 Permanent Year-Round Interim Housing and Day Center Facilities for Homeless Adults

Page 12

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