



## EXECUTIVE SUMMARY

### HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: September 18, 2020

HCR20-088

SUBJECT: Approval of the Fiscal Year 2021 Agreements Between the San Diego Housing Commission and 1) People Assisting the Homeless and 2) Father Joe's Village for the Provision of Services and Property Management Operations in San Diego Housing Commission-Owned Permanent Supportive Housing Developments

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Homeless Housing Innovations

CONTACT/PHONE NUMBER: Lisa Jones (619) 578-7696

#### REQUESTED ACTION:

Recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the San Diego Housing Commission's (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute an initial one-year operating agreement in an amount not to exceed \$2,793,106, with one one-year option to renew, with People Assisting the Homeless (PATH) to provide supportive services and property management in a permanent supportive housing development at 1865 Hotel Circle South, San Diego, California 92108; and execute an initial one-year operating agreement in an amount not to exceed \$2,089,008, with one one-year option to renew, with Father Joe's Village (FJV) to provide supportive services and property management in a permanent supportive housing development at 5400 Kearny Mesa Road, San Diego, California 92111. Further recommend that the Housing Authority authorize the Housing Commission's President & CEO, or designee, to execute a service provider agreement, with Property Management sub-agreement, as approved by General Counsel. Choice of a property manager by the service provider shall be subject to the approval of the same by the Housing Commission's President & CEO, or designee.

#### EXECUTIVE SUMMARY OF KEY FACTORS:

- The Housing Commission intends purchase two hotels to create 332 units of affordable permanent supportive housing for high-need residents of Operation Shelter to Home who are eligible for permanent supportive housing and referred through the region's Coordinated Entry System (CES).
- The Housing Commission will contract supportive services to two contractors pursuant to a Request for Qualifications issued in May 2020.
- The contractors will also subcontract with qualified property management firms to oversee the safe and efficient day-to-day operation of the properties.
- After a comprehensive review and consideration, the Housing Commission's selection committee recommended entering into negotiations and subsequently awarding contracts to PATH and Father Joe's Villages.
- Approving this action increases the fiscal year FY 2021 budget for eight months of FY 2021 by \$1,479,063. The total 12-month cost for services is \$2,218,594.



## REPORT

**DATE ISSUED:** September 15, 2020

**REPORT NO:** HCR20-088

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of September 18, 2020

**SUBJECT:** Approval of the Fiscal Year 2021 Agreements Between the San Diego Housing Commission and 1) People Assisting the Homeless and 2) Father Joe's Village for the Provision of Services and Property Management Operations in San Diego Housing Commission-Owned Permanent Supportive Housing Developments

**COUNCIL DISTRICT(S):** Citywide

### **REQUESTED ACTION:**

Recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the San Diego Housing Commission's (Housing Commission) President & Chief Executive Officer (President & CEO), or designee, to execute an initial one-year operating agreement in an amount not to exceed \$2,793,106, with one one-year option to renew, with People Assisting the Homeless (PATH) to provide supportive services and property management in a permanent supportive housing development at 1865 Hotel Circle South, San Diego, California 92108; and execute an initial one-year operating agreement in an amount not to exceed \$2,089,008, with one one-year option to renew, with Father Joe's Village (FJV) to provide supportive services and property management in a permanent supportive housing development at 5400 Kearny Mesa Road, San Diego, California 92111. Further recommend that the Housing Authority authorize the Housing Commission's President & CEO, or designee, to execute a service provider agreement, with Property Management sub-agreement, as approved by General Counsel. Choice of a property manager by the service provider shall be subject to the approval of the same by the Housing Commission's President & CEO, or designee.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Authorize the Housing Commission's President & Chief Executive Officer (President & CEO), or designee, to execute an initial one-year operating agreement in an amount not to exceed \$2,793,106, with one one-year option to renew, with People Assisting the Homeless (PATH) to provide supportive services and property management in a permanent supportive housing development at 1865 Hotel Circle South, San Diego, California 92108; and execute an initial one-year operating agreement in an amount not to exceed \$2,089,008, with one one-year option to renew, with Father Joe's Village (FJV) to provide supportive services and property management in a permanent supportive housing development at 5400 Kearny Mesa Road, San Diego, California 92111;
- 2) Authorize the Housing Commission's President & CEO, or designee, to execute a service provider agreement, with Property Management sub-agreement, as approved by General Counsel. Choice of

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a property manager by the service provider shall be subject to the approval of the same by the Housing Commission's President & CEO, or designee;

- 3) Authorize the Housing Commission's President & CEO, or designee, to execute all necessary documents and instruments that are necessary and/or appropriate to implement these approvals, in a form and format approved by General Counsel, and to take such actions necessary and/or appropriate to implement these approvals; and
- 4) Authorize the Housing Commission's President & CEO, or designee, to substitute funding sources and/or increase compensation by not more than 20 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the Housing Commission's Board of Commissioners (Board), but only if and to the extent that funds are determined to be available for such purposes.

### **SUMMARY**

In March 2020 as the COVID-19 pandemic unfolded in San Diego County, the Housing Commission, in coordination with the City of San Diego, County of San Diego, and the Regional Task Force on the Homeless, collaborated to implement preemptive measures to ensure persons experiencing homelessness were not unduly impacted by the COVID-19 pandemic. The result of the collaboration was up to 1,495 shelter beds made available at the San Diego Convention Center, as well as the identification of shelter beds at Father Joe's Villages' Interim Shelter and PATH Connections Housing. This is locally known as Operation Shelter to Home and has been operating using an array of partnerships, including supportive service providers, healthcare professionals, and government entities.

Operation Shelter to Home officially launched on April 1, 2020, moving individuals already in shelters into the San Diego Convention Center to allow for proper physical distancing and mitigate the spread of COVID-19. On April 10, 2020, outreach staff began to identify and transport unsheltered individuals living on San Diego streets to the Convention Center through a coordinated intake process to determine the most suitable shelter options for clients within the Operation Shelter to Home System and provide a safe and sanitary environment amid the pandemic.

Operation Shelter to Home offers services similar to the City's Bridge and Interim Shelters, including 24-hour security, meals, showers, bathrooms, laundry services, case managers, and housing navigation. The County of San Diego provides mental and behavioral health services, healthcare and daily health screenings. The Convention Center has installed large projectors and Wi-Fi access for clients to have entertainment and full connectivity for work, school or other needs.

Concurrent with preemptive measures enacted, Operation Shelter to Home includes designing and implementing exit strategies for individuals it serves, with the end result of achieving program exits into permanent housing, longer-term or other appropriate housing solutions, while also aligning with the City of San Diego Community Action Plan on Homelessness (Action Plan).

In support of the Action Plan and Operation Shelter to Home, permanent supportive housing was identified as one of the primary housing resources needed to successfully exit persons from the shelter system and mitigate the potential for returning to homelessness. In response, the Housing Commission intends to create

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332 units of affordable permanent supportive housing and exit high-need residents of Operation Shelter to Home who are eligible for permanent supportive housing and referred through the region's Coordinated Entry System (CES) into this new permanent housing.

### **PROGRAM OVERVIEW**

The Action Plan identified the need for an additional 2,659 permanent supportive housing units in the next 10 years to meet the needs of persons experiencing homelessness in the City of San Diego, with the need for 60 percent of those units (1,595) to be developed within the first four years. Given the need for immediate permanent supportive housing units and the risk of COVID-19 among some of the City's most vulnerable citizens experiencing homelessness, the Housing Commission is purchasing two hotels/motels to increase the number of units within the City of San Diego. The new permanent supportive housing units will also be subsidized by Project-Based Housing Vouchers to help residents pay their rent.

Permanent supportive housing is an intensive, best-practice intervention for addressing homelessness that combines permanent, subsidized housing with voluntary, wraparound supportive services, including case management for populations with disabilities and the most significant needs. Programs are operated according to a Housing First model, which recognizes the need to provide housing and shelter without preconditions, in conjunction with the provision of supportive services to ensure low-barrier entry into housing programs.

The program utilizes trauma-informed care to promote a culture of safety, empowerment and healing and motivational interviewing, a client-centered approach to counseling and therapy, with the goals of increasing the person's motivation and personal commitment to change. A harm reduction model, which does not require sobriety and addresses heavy drinking and/or drug use and its consequences, will also be utilized. The program design will effectively serve the target population in a welcoming and solutions-focused environment.

The Housing Commission will contract supportive services to two contractors pursuant to a Request for Qualifications issued in May 2020. The contractors will also subcontract with qualified property management firms to oversee the safe and efficient day-to-day operation of the properties. This includes leasing up the properties, collecting rents, filling vacancies, handling maintenance and repair issues, and responding to tenant complaints. Property management works in partnership with the supportive service team to support tenants in remaining housed. Property management teams that understand the needs of the tenant population and focus on providing good customer service are critical to a permanent supportive housing project's success.

The two new permanent supportive housing properties will serve individuals experiencing chronic homelessness or literal homelessness, as prioritized by the region's Coordinated Entry System (CES), and who need both rental assistance and supportive services for an indefinite period of time to remain stably housed. The U.S. Department of Housing and Urban Development (HUD) defines *chronic homelessness* as being literally homeless with a documented disability and having experienced homelessness for 12 consecutive months or on multiple occasions totaling 12 months in the last three years broken up by periods of at least seven nights in a place meant for human habitation. Individuals who are *literally homeless* have a

current, primary nighttime residence in a place not meant for human habitation, including safe haven or emergency shelter, or who are returning to such residence after less than 90 days in an institution.

The contractors will serve adults meeting HUD's definition of literally homeless or chronically homeless, who are likely to have moderate to significant mental health needs or co-occurring conditions, and who may also be experiencing chronic health conditions and/or long-term physical disability. Conditions qualifying as a disability include substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, chronic physical illness or disability, or the co-occurrence of two or more of the listed conditions.

Program components include the following:

1. On-site case management services and supportive services, including but not limited to:
  - a. A formal intake and move-in process, as defined by Program policies and procedures;
  - b. Self-sufficiency needs assessment, as established by the Contractor based on best practices for the population served, or as established by Regional Task Force on the Homeless (RTFH) community standards and policies;
  - c. Development of Individual Service plan, including stabilization strategies and client goals and objectives;
  - d. Coordination with and referrals to County, State, and Federal programs, as well as nonprofits and social service agencies, as appropriate;
  - e. Ongoing communication and coordination with property management to support tenant stabilization and success in maintaining unit; and
  - f. Supportive services to include a combination of the following:
    - i. Mental Health Services
    - ii. Healthcare Services
    - iii. Behavioral Healthcare
    - iv. Substance Use Disorder Treatment
    - v. Case Management
    - vi. Life Skills Training
    - vii. Education Services
    - viii. Employment Assistance
    - ix. HIV Services
    - x. Other Services, as informed by client needs
2. Contractor must abide by the County of San Diego's Public Health guidelines for reopening of businesses and any active Public Health Order(s) in place at the time of service, to mitigate the health impacts of COVID-19. Contractor is responsible for implementing business practices and equipment that comply with the guidelines and for ensuring that customers/clients served by the Contractor under

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the Agreement follow all guidelines of the establishment and the Public Health order while accessing services.

### **CONTRACT SELECTION PROCESS**

On May 4, 2020, the Housing Commission issued a Request for Qualifications (RFQ) for the operation of permanent supportive housing programs. The RFQ was posted and made available for download on the PlanetBids website through both the Housing Commission and the City's portals. Through the PlanetBids system, 64 vendors were notified. At the RFQ closing on May 18, 2020, eight proposals were received. Subsequent to the closing, a responsiveness review was conducted, with one response deemed non-responsive. A source selection committee evaluated, scored and ranked the responses based on the following criteria: Operations and Supportive Services, Program Concept and Case Management Plan, Organizational Experience and Capacity, Community Considerations and Projected Costs. Responses were ranked as follows:

<b>Respondent</b>	<b>Ranking</b>
People Assisting the Homeless (PATH)	1
Father Joe's Villages (FJV)	2
Alpha Project for the Homeless (Alpha)	3
Mental Health Systems	4
Serving Seniors	5
Home Start, Inc.	6
Veterans Village of San Diego (VVSD)	7
Triple L Trucking	Non-Responsive

After a comprehensive review and consideration, the selection committee recommended the Housing Commission enter into negotiations and subsequently award contracts to PATH and FJV. If the Housing Authority approves, the contracts will be executed.

### ***Operator Experience***

Since its founding in 1984, People Assisting the Homeless (PATH) has continually pioneered innovative and effective approaches to assisting persons experiencing homelessness. PATH operates service programs throughout California, including the City of San Diego, connecting clients to a comprehensive continuum of homelessness prevention, street outreach, employment preparation and placement assistance, individualized case management, supportive services, interim housing, rapid rehousing and permanent supportive housing. Additionally, PATH's real estate division has developed 1,351 units of supportive housing in the State of California since 2007. PATH currently collaborates with the Housing Commission to operate and administer homeless services programs and interventions to serve persons experiencing homelessness in the City. These programs include three rapid rehousing programs to assist families and Transitional-Age Youth (TAY) with locating and obtaining stable housing; Connections Housing Interim Shelter in Downtown San Diego, which provides shelter beds for single adults; operation of an In-clement

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Weather Shelter at the Connections Housing property during the timeframe of November 1 to March 31; and a portfolio of programs created through the Housing Commission's Moving to Work Program, including the Sponsor-Based Subsidy Program for the Homeless and the Project-Based Subsidy Program for the Homeless. PATH participates in the Whole Person Wellness program, which serves high utilizers of health services and demonstrates the critical need for collaboration between the healthcare system and homeless services. PATH's Justice Outreach program launched in partnership with the Public Defender's Office and the Sheriff's Department to provide intensive case management, shelter and housing services to justice-involved individuals experiencing homelessness, with the goal to reduce recidivism as it relates to homelessness. In partnership with Blue Shield of California and Molina Healthcare, the Health Homes Program launched to provide care coordination and housing navigation to people with chronic medical and mental health needs. PATH's programs are low-barrier and align with the region's Community Standards for delivering services and housing interventions.

Father Joe's Villages (FJV) has empowered individuals and families experiencing homelessness and poverty to achieve self-sufficiency for 70 years. As one of San Diego's largest residential homeless service providers, FJV houses more than 2,000 persons daily and typically serves more than 14,000 individuals per year. Housing solutions offered by FJV include transitional housing, rapid rehousing, interim housing, permanent supportive housing and affordable housing. FJV currently operates the Day Center for Homeless Adults located at 17th and Imperial in the East Village neighborhood of Downtown San Diego, the Bridge Shelter for single adult women, families with children, and TAY at 202 C Street, San Diego, California 92101, a TAY rapid rehousing program, Interim Shelter beds at the Paul Mirabile Center located on their main campus in East Village, a permanent supportive housing program, and part of the City of San Diego's Inclement Weather Shelter program. FJV provides for the basic services to meet the most fundamental needs of clients while also generating opportunities for engagement toward housing stability. The organization follows a Housing First model, which is critical to ensuring low-barrier programming and fidelity with the Community Standards.

### **AFFORDABLE HOUSING IMPACT**

Acquisition of the properties will result in the addition of 332 units of housing affordable to persons experiencing homelessness with income at or below 80 percent of San Diego's Area Median Income. The units will be subsidized with Project-Based Housing Vouchers.

### **FISCAL CONSIDERATIONS**

#### **Supportive Services**

Approving this action increases the fiscal year FY 2021 budget for eight months of FY 2021 by \$1,479,063. The total 12-month cost for services is \$2,218,594. FY 2021 funding sources and uses approved by this action will be as follows:

The Supportive Services component of the operator contract for the initial contract term is anticipated to be funded by City of San Diego Emergency Solutions Grant funds in the amount of \$1,218,594, and Regional Task Force on the Homeless, Homeless Emergency Aid Program funds in the amount of \$1,000,000 for a total of \$2,218,594. Funding amount by funding source for supportive services will be finalized when the City of San Diego presents its request for funding authorization to the City Council on October 17, 2020.

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**Funding Sources**

Federal Funds	\$1,218,594
State Funds	<u>\$1,000,000</u>
Total Sources	\$2,218,594

**Funding Uses**

Hotel Circle Supportive Services	\$1,318,382
Kearny Mesa Supportive Services	<u>\$900,212</u>
Total Uses	\$2,218,594

**Property Operations & Maintenance Contracted Costs**

The property operations component of the operator contract will be funded by the operators using their respective individual sites' property budgets. Approving this action will increase the fiscal year FY2021 budget, for eight months of operations, by an additional \$1,775,680. The total 12-month cost for the contracted property management component of the contract is \$2,663,520. The property management contract component sources and uses for each site are shown in the table below.

	<b>Hotel Circle</b>	<b>Kearny Mesa</b>	<b>Total</b>
Local Funds (Rental Income)	<u>\$ 1,474,724</u>	<u>\$ 1,188,796</u>	<u>\$ 2,663,520</u>
<b>Total Sources</b>	<b>1,474,724</b>	<b>1,188,796</b>	<b>2,663,520</b>
Property Expenses	1,436,325	1,159,997	2,596,322
Reserves	<u>38,399</u>	<u>28,799</u>	<u>67,198</u>
<b>Total Uses</b>	<b>\$ 1,474,724</b>	<b>\$ 1,188,796</b>	<b>\$ 2,663,520</b>

**EQUAL OPPORTUNITY/CONTRACTING**

PATH and FJV are local nonprofits. As nonprofits, PATH and FJV are not subject to the requirement to submit a Workforce Report.

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

Key stakeholders include persons experiencing homelessness best served by participating in permanent supportive housing. The immediate communities impacted include Kearny Mesa and Mission Valley as well as residents within the City of San Diego since the project helps to reduce homelessness throughout the City.

**ENVIRONMENTAL REVIEW**

The activities described in the report are not a project as defined in California Environmental Quality Act (CEQA) Section 15378(b)(5) as they are administrative activities of government that will not result in direct or indirect physical changes in the environment and, therefore, are not subject to CEQA pursuant to Section 15060(c)(3) of the State CEQA Guidelines. Nevertheless, they would be categorically exempt under multiple separate provisions of CEQA, including Section 15301 for existing facilities involving negligible or no expansion of the existing use. The parties agree that the provision of any federal funds as

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the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,



Lisa Jones  
Senior Vice President  
Homeless Housing Innovations

Approved by,



Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)