SANTA CRUZ COUNTY
Housing for Health
PARTNERSHIP

Housing for Health Partnership Policy Board Agenda Action Item Submittal

From: County of Santa Cruz, Human Services Department, Housing for Health Division (H4H)
Subject: Approve Youth Homelessness Demonstration Project (YHDP) HUD CoC rapid rehousing grant transfers and authorize H4H staff to pursue California Project Homekey and Homeless Housing, Assistance and Prevention (HHAP) funding to create a new youth transitional housing project.
Meeting Date: June 8, 2022

Formal Title:
Approve the transfer of two Youth Homelessness Demonstration Project (YHDP) HUD CoC rapid rehousing grants totaling $415,820 from their current grant recipients to Covenant House and authorize Housing for Health Division (H4H) staff to work with CFSC, Inc. and Covenant House to pursue Project Homekey and Homeless Housing, Assistance and Prevention (HHAP) funding for the creation of a new 20-bed youth transitional housing project at a former licensed children's residential care site located at 2714/2716 Freedom Blvd. in an unincorporated area near Watsonville.

Recommended Action(s):
1. Authorize H4H Division staff acting on behalf of the CoC to support the transfer of the remaining balance of the YHDP New Roots Permanent Housing (PSH to RRH) HUD CoC 2020 grant of $192,753 for the period 1/1/2022 to 12/31/2022 from the Housing Authority of the County of Santa Cruz to Covenant House and subsequent renewals of this grant through annual HUD funding competitions;

2. Authorize H4H Division staff acting on behalf of the CoC to support the transfer of the remaining balance of the YHDP Youth Rapid Rehousing Grant (RRH) HUD CoC 2020 grant of $226,067 for the period 1/1/2022 to 12/31/2022 from Housing Matters to Covenant House and subsequent renewals of this grant through annual HUD funding competitions;

3. Authorize H4H Division staff to work with CFSC, Inc. and Convenant House to pursue Project Homekey and Homeless Housing, Assistance and Prevention (HHAP) funding for the transition of a formerly children's licensed residential care facility ("Tyler House") into a new 20-bed youth transitional housing project linked with the aforementioned HUD Rapid Rehousing grants at 2714/2716 Freedom Blvd. in an unincorporated area near Watsonville;

Executive Summary
In 2017, the County of Santa Cruz CoC and other community partners secured a competitive, multi-year, Housing and Urban Development (HUD) Department Youth Homelessness

Demonstration (YHDP) grant for approximately $2.2 million to expand services and housing resources for youth experiencing homelessness within the County. Part of the community plan for this original funding included a goal to establish a youth-focused shelter or transitional housing program linked with rehousing resources. There is a current opportunity for the CoC to mobilize on this original concept. Two current YHDP HUD grant recipients expressed an interest in grant transfers to a single youth-focused provider. An owner of a property previously used as a licensed residential treatment facility for children has expressed an interest in partnering with the County and a community partner to create a 20-bed youth transitional housing project. A CoC Board sponsored selection process resulted in the selection of Covenant House as the service provider partner to receive the two HUD YHDP grants and to work collaboratively with the County and property owner on the development of a new youth transitional housing project. Staff are seeking CoC Board authorization to proceed with supporting the HUD YHDP grant transfers and the capital facility development fundraising and implementation process for the proposed youth transitional housing project.

Background

In 2016, Santa Cruz County CoC and community leaders worked together to submit a HUD Youth Homelessness Demonstration Project (YHDP) competitive gran proposal to help meet the needs of unaccompanied youth under age 24 experiencing homelessness. Santa Cruz County was one of the first ten communities in the nation to receive this funding in 2017. The community received $2.2 million for a two-year period. Since the end of the original grant period, Santa Cruz County receives annual HUD YHDP renewal grants currently worth over $1.2 million per year.

One of the original visions articulated in the community plan to address youth homelessness included the creation of a youth-focused shelter or transitional housing project linked with rehousing resources. For many reasons, primarily inadequate start-up and operating funding and the absence of a clear and approved location, the community has not established a stable youth-focused shelter or transitional housing project. During the COVID-19 pandemic, a youth-focused temporary housing program using mobile trailers was established. The program provided an opportunity for the community and youth service providers to experience the value of a youth-focused shelter in helping homeless youth on a path to permanent housing. After the closure of the COVID-19 youth shelter, YHDP providers expressed a continuing desire and need for a youth-focused temporary housing site.

Near the time of the closure of the COVID-19 youth shelter, several YHDP grantees reached out to H4H staff expressing an interest in transferring their YHDP HUD grants to another provider. The Housing Authority of Santa Cruz wanted to transition their YHDP New Roots permanent supportive housing grant. The small grant proved administratively burdensome for the Housing Authority. They are willing and able to provide housing subsidies for youth already participating in the program within their current budget and do not need these specific funds

going forward. The Housing Authority agreed to submit a proposal to transition their permanent supportive housing grant to a rapid rehousing grant as part of the 2021 HUD CoC funding competition.

Housing Matters has had a YHDP youth rapid rehousing grant for multiple years. They expressed a willingness to transfer their grant to another provider to help consolidate YHDP grants into a larger overall youth rapid re-housing grant. The willingness of the Housing Authority and Housing Matters created an opportunity to work toward consolidating these two grants into a single YHDP youth rapid rehousing program. The 2020 Housing Authority grant amount for the period January 1, 2022 to December 31, 2022 is $192,753. The 2020 Housing Matters grant amount for the period January 1, 2022 to December 31, 2022 is $226,067. Together, the current grants total $418,820.

H4H staff learned about the pending closure of Tyler House, a licensed children's residential facility at 2714/2716 Freedom Blvd. in an unincorporated area of the County near Watsonville. CFSC, Inc. owns the property and Encompass Community Services was operating the specialized children's behavioral health residential program at the site. Due to inadequate demand and funding for operations of the current program at the site, all parties involved agreed to move toward program closure. The program site is on the same campus as Freedom Cottages, a permanent supportive housing project for adults.

Through a variety of planning discussions with CSFC, Inc. and their partners, a mutual interest was established to explore the possibility of converting the site to a youth transitional housing project through a Project Homekey funding application for rehabilitation and state HHAP funding for operations.

The prior CoC board approved of H4H staff sending out a formal Letter of Interest (LOI) to identify potential regional housing and service providers in the region with an interest in working with the County, CoC, and CFSC, Inc. to establish a youth transitional housing program with linked HUD rapid rehousing grants. A copy of the LOI solicitation is included as an attachment with this memo. In March 2022, the LOI was distributed publicly on the CoC website and through targeted emails to regional providers with a history of working with youth experiencing homelessness. H4H staff received two formal responses to the LOI from interested community partners.

Analysis

A variety of factors have come together that present the County and CoC with an opportunity to secure the resources necessary to create a youth-focused transitional housing project coupled with rapid rehousing resources. H4H staff believe the availability of one-time state Project Homekey and HHAP funding make the project financially viable on the development and operational side for at least a five-year period, if the necessary funds can be secured and

committed to the proposed project.

The LOI solicitation resulted in formal responses from two organizations, Covenant House and the Community Action Board (CAB). Only Covenant House expressed an interest in both the transitional housing project *and* the rapid rehousing grant transfers. The Community Action Board was not interested in the proposed transitional housing component of the overall project concept.

The LOI specifically stated a preference for an organization that met minimum qualifications and committed to work toward a combined transitional housing and rapid rehousing project. Only Covenant House met all these criteria. CFSC, Inc., the owner of the potential project site, expressed their support for working with Covenant House on the proposed project.

The transitional housing component requires one-time capital and development funding and ongoing operational funding. H4H and CFSC, Inc. staff participated in a required California Housing and Community Development (CA HCD) Project Homekey pre-development consultation meeting related to the proposed project. CA HCD staff expressed strong support for the proposed project concept and encouraged the project team to submit a youth-specific application for the next round of Homekey funding in the fall of 2022. H4H is working with CSFC, Inc. to secure predevelopment funding to help with preparing a Homekey application. If Homekey funding cannot be secured, alternative sources are needed to keep the project moving forward.

Ongoing operations of the transitional housing project will require a commitment of ongoing funding. California HHAP youth set-aside funding remains the most appropriate and viable source of funding for this proposed use. If HHAP funding diminishes or gets eliminated from future state budgets, alternative sources of funding become necessary. To mitigate against the future risks associated with the loss of this operational funding, the proposed property redesign will convert the building from a shared housing physical structure into ten private studio efficiency units with shared communal spaces. While operating as transitional housing, each unit will provide housing for two youth and meals will be prepared centrally. The physical design change allows for the conversion of the site from transitional to permanent housing units if necessary for financial reasons.

Staff from the regional HUD Community Planning and Development Division have expressed support for the proposed transition of the existing HUD grants and the linkage of these grants with a transitional housing site. HUD staff provided detailed and specific instructions on the steps required for the grant transitions. The transition process could take several months to fully complete once initiated. H4H staff will work with current grantees and Covenant House to support transition of these grants.

Financial Impact
Project Homekey or other funds are needed to support the development of the proposed transitional housing site. HHAP funding will be required to support transitional housing project operations after construction. Funding for this proposed project is included in the draft HHAP-3 local homelessness action plan and application. H4H staff time and additional one-time resources are necessary to support pre-development work associated with the proposed transitional housing project.

Housing for a Healthy Santa Cruz Strategic Framework Elements
The recommended actions further a variety of specific goals articulated in the Housing for a Healthy Santa Cruz Framework. The changes will expand temporary and rapid re-housing capacity and help increase connections and permanent housing exits for youth experiencing homelessness.

Attachments:
- YHDP TH and RRH Request for Letters of Interest

SANTA CRUZ COUNTY
Housing for Health
PARTNERSHIP

Request for Letters of Interest

Youth Transitional Housing Partner & Rapid Rehousing Grant Transfer Opportunity

The Housing for Health Partnership (H4HP) is seeking a nonprofit agency or agencies to operate programs for transition age youth (TAY) experiencing homelessness in Santa Cruz County. H4HP is seeking organizations with a history of serving TAY experiencing homelessness and an interest in receiving funding and resources to support the operation of a TAY transitional housing program combined with rapid rehousing resources. By combining TAY-specific transitional housing with rapid rehousing, H4HP hopes to effectively support participants to attain and maintain permanent housing. H4HP will also consider letters of interest from organizations only interested in operating the TAY-specific rapid rehousing or the transitional housing program. However, preference will be given to an organization interested in operating a combined program that includes both transitional housing and rapid rehousing.

The rapid rehousing component will be funded through two existing Housing and Urban Development (HUD) Continuum of Care (CoC) Youth Homelessness Demonstration Program (YHDP) renewable grants being voluntarily relinquished and totaling approximately $418,820 annually. The transitional housing program will involve the collaborative development of an application for Project Homekey youth set-aside funding to convert an existing residential treatment facility for children and youth into a transitional housing program. H4HP will also contribute youth set-aside funding from state grants to support the operations of the transitional housing site. This Request for Letters of Interest (LOI) is intended to initially identify qualified, interested agencies. The H4HP's recommended new program operator must be approved by the funder, the U.S. Department of Housing and Urban Development (HUD), current grant recipients, and the owner of the potential youth transitional housing property.

LOIs in response to this request must be submitted to robert.ratner@santacruzcounty.us and tonygardnerconsulting@yahoo.com **no later than Friday, April 15, 2022 at 3 PM**.

Background

In 2016, a collaboration of service providers, system leaders, and transition age youth (TAY) representing the Santa Cruz County Continuum of Care (CoC) successfully developed and was funded for a local YHDP Initiative. Key aspects of the initiative include:

- A vision of a community in which all youth and young adults are housed, thriving and experience a healthy transition into adulthood;
- A goal of preventing and ending homelessness among youth and young adults (YYA);
- A strategic plan entitled Ignore No More, the Santa Cruz County YHDP Coordinated Community Plan, which provides a roadmap for achieving this vision and goal; and
- HUD YHDP funding, which included an initial $2.2 million for two years, followed by annual renewal-based funding of approximately $1.27 million to support a continuum of YHDP projects

including shared housing, rapid rehousing (RRH), permanent supportive housing (PSH), a drop-in center, integrated supportive services, and a youth coordinated entry system (CES).

The H4HP is seeking increased program efficiency and effectiveness in permanently housing TAY by consolidating smaller grants and securing property for youth transitional housing. Mainstream resources from the Housing Authority of Santa Cruz will help support the transition of a HUD permanent supportive housing grant to rapid rehousing.

Resources Available

Youth Transitional Housing Property Opportunity:
The County of Santa Cruz has identified a potential location and real estate partner to help establish an 8-10 room transitional housing program for TAY with an estimated 16-20 bed capacity at 2716 Freedom Blvd. in unincorporated Santa Cruz County. The County and property owner are committed to securing the one-time and ongoing funding necessary to transform this location into a TAY-specific transitional housing site. The supportive service partner selected to manage the available rapid rehousing grants will have the chance to help design the proposed new transitional housing program.

Rapid Re-Housing Program:
The TAY Rapid Rehousing program will be funded with approximately $418,829[1] in annually renewable funding for from two existing YHDP project grants being voluntarily relinquished by their current grant recipients:

1. Housing Matters, Youth RRH: Housing Matters is voluntarily relinquishing its Youth RRH project funding. The current grant is $226,067 and the grant year is from January 1, 2022 – December 31, 2022. Housing Matters recently submitted a renewal application for $226,067 for the grant year from January 1, 2023 to December 31, 2023. The project targets young adults (18-24) without dependent children referred through the H4HP coordinated entry process. The amount available from the 2022 grant to be transferred to the selected new program operator will depend on Housing Matters program spending prior to the transfer and plans for meeting the needs of youth currently enrolled in the program. The entire 2023 grant will be available to the new recipient.

2. Santa Cruz County Housing Authority, New Roots PSH/RRH: The Housing Authority of the County of Santa Cruz (Housing Authority) is voluntarily relinquishing its New Roots Permanent Supportive Housing (PSH)/RRH project funding. The current grant is a PSH project for $192,753 and the grant year is from January 1, 2022 – December 31, 2022. The Housing Authority recently submitted a YHDP replacement project request to replace the PSH renewal grant with a new RRH grant for $192,753 for one year to begin once the HUD contract process is complete. The new project targets young adults (18-24) with or without dependent children. The Housing Authority is interested in transferring the grant as soon as possible pending selection of a new grant recipient and approval from HUD.

[1] The actual amount available may change based upon HUD budget modifications in line with changes to area fair market rates (FMRs) for rental units.

H4HP will support the merging of the above HUD grants into a single grant according to HUD guidance on the timing and process for grant consolidations.

H4HP has initiated an inquiry with HUD to clarify the process and steps for each grant transfer.

Attached please find a more detailed summary of each of the RRH projects.

LOI Anticipated Timeline

- March 25, 2022 – Deadline for optional brief email indicating intent to submit an LOI.
- April 15, 2022 – Deadline to submit an LOI.
- April – May 2022 – Recipient selection process.
- April – May 2022 – Preparation of Project Homekey transitional housing application.
- June 8, 2022 – Latest date for selection of new recipient.
- June – July 2022 – Transfer of grants to new program operator.
- July 2022 – New program operator starts services utilizing the remainder of available grant funds.
- Fall – Winter 2022 – New program operator applies to renew and consolidate the grants in the 2022 HUD CoC competition.
- Spring 2023 - Projected opening of new transitional housing program site.

New Program Operator Eligibility

Eligible program operators must be a:

- Nonprofit organization;
- State or local government (including instrumentalities of state or local government); or
- Public housing agency.

New Program Operator Expectations

The new Program Operator must:

- Be in good standing with HUD (if a current or prior HUD recipient or sub-recipient);
- Be willing to enter into grant transfer agreements with both current funding recipients and directly assume the responsibilities of both HUD grant agreements;
- Coordinate with the current grant recipients, H4HP, and HUD to plan and carryout the grant transfers;
- Participate as a full member in all local YHDP initiative activities;
- Participate as a H4HP member agency;
- Participate in the Coordinated Entry System (CES) and fill all units associated with the grants through the Youth CES process;
- Participate in the Santa Cruz County Homeless Management Information System (HMIS) by entering client data into the system in accordance with local HMIS policies and procedures;
- Use Housing First principles and other appropriate best practices for serving TAY experiencing homelessness;

- Meet HUD 25% cash and/or in-kind match requirements;
- Submit the HUD Annual Progress Report (APR) via the Sage reporting portal no later than 90 days after the end of the grant year;

Selection Factors

Agencies exhibiting the following characteristics will be more likely to be selected as a program operator for these grants and the transitional housing program:

- History of success in serving TAY experiencing homelessness or a similar transition age youth (TAY) population;
- Prior experience and success in implementing a RRH or similar housing program to help participants achieve positive housing outcomes and stability;
- Prior experience operating temporary housing or residential programs for TAY experiencing homelessness;
- Prior experience implementing HUD CoC and/or YHDP projects;
- Demonstrated capacity to effectively manage federal funding awards;
- Willingness to be the lead operator of a new youth transitional housing program;
- Track record of leveraging mainstream resources to benefit participants;
- Existing partnerships and collaborations with local CoC and YHDP providers and mainstream resources for TAY;
- Active participation on the H4HP and local YHDP initiative, and demonstrated commitment to collaborative problem solving;
- Demonstrated use of Housing First and other youth-related best practice service approaches; and
- Commitment to actively involving youth participants in program philosophy and design issues.

Letter of Interest Requirements

Interested agencies should send a brief email indicating the intent to apply to Robert.ratner@santacruzcounty.us and tonygardnerconsulting@yahoo.com **by Friday, March 25, 2022 at 3 PM**. While this is not mandatory, it will help H4HP staff prepare for submission review and will facilitate staff's ability to provide applicant support.

Interested agencies must submit a formal LOI to robert.ratner@santacruzcounty.us and tonygardnerconsulting@yahoo.com **no later than Friday, April 15, 2022 at 3 PM**.

The letter of interest should:

- Be on letterhead;
- Be signed by an authorized person;
- Identify the point of contact with phone number and email address;
- Not exceed 4 typed pages with 1-inch margins and no less than 11-point font;
- Confirm the agency will meet all the above New Program Operator Expectations; and
- Address how the agency meets the above Competitive Characteristics.

Additional Information

If you have questions or need any further information, please contact Robert Ratner at Robert.ratner@santacruzcounty.us or (831) 454-4925.

Attachment - Summary of Projects to Be Transferred

Attachment
Summary of Projects to Be Transferred

Housing Matters, Youth RRH

Current Grant Year	January 1, 2022 – December 31, 2022
Housing Units Funded	
1-bedroom (HUD funded)	5 units, 5 beds
Shared housing (non-HUD-funded)	5 units, 5 beds
Participants	
Single Young Adults (18-24)	10
Annual HUD Budget	
Rental Assistance	$110,016
Supportive Services	$86,126
HMIS	$15,465
Admin	$14,460
TOTAL	**$226,067**
Minimum Match	$56,517

Santa Cruz County Housing Authority, New Roots PSH/RRH

Current Grant Year (PSH) and Proposed Grant Year (new RRH)	January 1, 2022 – December 31, 2022 (PSH) June 1, 2022 – May 31, 2023 (proposed in new RRH application; actual year depends on HUD contract)
Housing Units Funded (in RRH Application)	
1-bedroom (HUD funded)	3 units, 3 beds
2-bedroom (HUD funded)	1 unit, 2 beds
Participants (in RRH Application)	
Young Adults (18-24) with Children	5 (2 parents, 3 children)
Single Young Adults (18-24)	3
Annual HUD Budget (in RRH Application)	
Rental Assistance	$118,764
Supportive Services	$58,499 (includes $27,686 for sub-recipient ECS)
HMIS	$4,125
Admin	$11,365
TOTAL	**$192,753**
Minimum Match	$48,188 ($49,254 was proposed in new RRH application)