

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Planning and Community Development

BOARD AGENDA: 5.D.2
AGENDA DATE: September 25, 2018

SUBJECT:

Authorization to Submit a Grant Application Package to the California Department of Housing and Community Development (HCD) for the 2018 California Emergency Solutions and Housing Program (CESH)

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0479

On motion of Supervisor Chiesa, Seconded by Supervisor Chairman DeMartini and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Planning and Community Development

BOARD AGENDA:5.D.2

AGENDA DATE: September 25, 2018

CONSENT:

CEO CONCURRENCE:

4/5 Vote Required: No

SUBJECT:

Authorization to Submit a Grant Application Package to the California Department of Housing and Community Development (HCD) for the 2018 California Emergency Solutions and Housing Program (CESH)

STAFF RECOMMENDATION:

1. Adopt a Resolution to authorize the Director of Planning and Community Development to participate in the State of California Housing and Community Development Department's (HCD) California Emergency Solutions and Housing (CESH) Program.
2. Authorize the Director of Planning and Community Development to submit a Grant Application Package to HCD.
3. Authorize the Director of Planning and Community Development to accept, if awarded, the CESH program funding and execute an Administrative Entity Standard Agreement with HCD.
4. Authorize the Director of Planning and Community Development to execute any related program agreements, contracts, or other documentation required for implementation of CESH program funding awarded to Stanislaus County by HCD. This authorization includes the use of any program income in accordance with applicable program guidelines.

DISCUSSION:

On August 15, 2018, the California Department of Housing and Community Development (HCD) released the first Notice of Funding Availability (NOFA) for the California Emergency Solutions and Housing (CESH) program. CESH provides funds to assist persons experiencing or at risk of homelessness as authorized by Senate Bill (SB) 850 (2018). The California Department of Housing and Community Development (HCD) administers the CESH program with funding received from the SB 2 (2017) Building Homes and Jobs Act Trust Fund (Fund). This first CESH NOFA includes the first and second quarters of revenue deposited in the Fund and approximately \$25 million in unallocated California Emergency Solutions Grant (CA-ESG) funds. The local

Turlock/Modesto/Stanslaus County Continuum of Care (CoC) service area is eligible to receive an estimated \$1,025,620 in 2018 CESH formula allocation funding.

The 2018 allocation includes the State's California Emergency Solutions Grant (CA-ESG) funding which was "decoupled" from the federal Emergency Solutions Grant (ESG) funding administered by HCD. A second NOFA, including the revenue deposited in the Fund from the third and fourth quarters, is expected to be released by HCD in early 2019.

The following are the eligible activities for the CESH program:

1. **Rental Assistance:** Activities such as housing relocation, and stabilization services to ensure housing affordability to individuals experiencing homelessness or who are at risk of homelessness. Rental assistance shall not exceed 48 months for each assisted household and rent payments shall not exceed two times the current U.S. Housing and Urban Development (HUD) fair market rent for the local areas, as determined pursuant to 24 Code of Federal Regulations (CFR) part 888.
2. **Operating Subsidies:** In the form of a 15-year capitalized operating reserve for new and existing affordable permanent housing units for homeless individuals and/or families.
3. **Flexible Rental Subsidies:** Activities that establish or support the provision of rental subsidies in permanent housing to assist homeless individuals and families. Funding may be used to support rental assistance, bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves.

Rental assistance provided from flexible housing subsidy funds shall not exceed 48 months for each assisted household and rent payments shall not exceed two times the current HUD fair market rent for the local area, as determined pursuant to 24 CFR part 888. Operating subsidies from flexible housing subsidy funds shall be in the form of 15-year capitalized operating reserves for new or existing affordable permanent housing units for homeless individuals and/or families.

4. **Emergency Housing Interventions:** Activities include, but are not limited to the following:
 - a. Navigation centers that provide temporary room and board and case managers who work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter.
 - b. Street outreach services to connect unsheltered homeless individuals and families to temporary or permanent housing.

- c. Shelter diversion, including but not limited to homeless prevention activities such as those described in 24 CFR 576.103, and other necessary service integration activities such as those described in 24 CFR 576.105 to connect individuals and families to alternate housing arrangements, services and financial assistance.
5. Homeless Management Information System (HMIS) Operating Support: Activities necessary to maintain a comprehensive homeless services and housing delivery system, including Coordinated Entry System (CES) data, and HMIS reporting, and homelessness related planning activities. A HMIS system assists a community to be able to collect information from projects serving homeless families and individuals to use as part of their needs analyses and to establish funding priorities. It is a federal requirement for any organization that receives ESG or CoC funding to have their client information collected and entered into a HMIS system.
6. HMIS and CES System Update: Develop or Update a CES, if the local CoC does not have a system in place that meets the applicable HUD requirements. Eligible CES costs do not include capital development activities, including, but not limited to real property acquisition, construction, or rehabilitation activities.
7. Homelessness Strategic Plan: Development of a plan addressing actions to be taken within the CoC service area if no such plan exists. If an applicant requests funding to develop a plan the applicant shall submit the developed plan to HCD prior to the expiration of the contract executed with HCD.

In accordance with HCD's CESH program regulations the following are the funding limitations for the program funding: emergency housing intervention activities are limited to a maximum of 40% of the total activity funding in a fiscal year and a minimum of 20% of the activity funding is required to be dedicated to the implementation or update of the County's HMIS and CES to comply with federal requirements. In addition, a maximum of 5% of the total formula allocation may be used for the administration of the program.

HCD is seeking a qualified Administrative Entity (AE) to administer the CESH funds within the local CoC service area. HCD will contract with a CoC approved AE to administer CESH eligible activities in collaboration with the local CoC.

A Grant Application Package for the CESH program must be submitted to HCD by September 27, 2018, for early funding in November, 2018, or by the final application due date of October 15, 2018. The Grant Applicant Package must consist of the following:

- The requested amount identified as the CESH formula allocation for the eligible activities;
- Documentation that Stanislaus County is the CoC designated AE;

- Documentation that the local CoC has a HMIS and CES that meets the HUD requirements. If the systems do not meet the requirements then a minimum of 20% of the allocated funds must be used to implement or update the systems to comply with the applicable HUD requirements (CPD Notice 17-01);
- Documentation of the local project selection process anticipated to be used to allocate available funds to sub-recipients qualified to carry out the eligible activities;
- Identification of the anticipated estimated amounts to be used for the specific eligible activities described in the application;
- Identified numerical goals and performance measures to be used to evaluate success in implementing eligible activities described in the application for the 5-year term of the agreement with HCD;
- Evaluation of the following project or system performance measures based on HMIS data from the CoC service area:
 - a) The number of homeless persons served;
 - b) The number of unsheltered homeless persons served;
 - c) The average length of time spent as homeless before entry into the program or project;
 - d) The number of homeless persons exiting the program or project to permanent housing;
 - e) The number of persons that return to homelessness after exiting the program or project.
- Provide the most current plan addressing actions to be taken within the CoC service area to address homelessness or a request funding to develop a plan;
- An authorizing resolution (Attachment 2); and
- A Selection Process Certification Letter (Attachment 3).

The Selection Process Certification Letter describes the AE's process for awarding funding and serves to certify that the awarding process has met the following CESH requirements:

- A fair and open competition which avoids conflicts of interest;
- Procurement requirements of 24 CFR (Code of Federal Regulations) Part 84;
- Evaluation of provider capacity and experience (including the ability to deliver services in non-entitlement areas);
- Evaluation of eligibility and quality of services;
- Utilization of data and consideration of community input to identify unmet needs;
- Prioritization of activities that addressed the highest unmet need, consideration of other available funding, and system-wide performance measures;
- Consideration of project-level performance measures when evaluating proposals; and
- Collaboration with the Continuum of Care.

The County will include the funding as part of a future County NOFA for federal Community Development Block Grant (CDBG) Public Service Grants and ESG funds.

The County's NOFA is released annually in late Fall and a Grant Technical Workshop is required for all potential applicants. The County's NOFA is distributed to all agencies that participate in the CoC, previous and present Stanislaus Urban County CDBG and ESG Program applicants, and participating agencies and individuals in the County's Focus on Prevention Initiative.

The County NOFA is based on state and federal estimated formula allocation amounts. Eligible activities may be increased or decreased based on the actual amount awarded by HCD and HUD. Applications are scored by an eleven-member Grant Review Panel comprised of one representative from each of the following: Stanislaus County, the CoC, and the cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford.

Based on CESH's program regulations, the AE would be responsible for setting any minimum and maximum grant amounts. There is no matching contribution requirement for activities funded with CESH program funds. These program funds may be used for the one to one match requirement of federal ESG funds as long as they are for the same approved activity.

In developing the Fiscal Year 2018 CESH Allocation Summary (Attachment 1), staff has worked with the Stanislaus Community System of Care (CSoC), the locally recognized CoC, and local ESG service providers, to identify gaps in services and community needs. A Housing and Service Providers Stakeholders meeting was held on August 31, 2018 to discuss the Program's eligible activities and regulations. Feedback was provided about the challenges and needs of homeless service providers. Comments were also received about the importance of data collection and the technical support that is continuously needed. A Community Needs survey soliciting feedback and ranking CESH eligible activities according to the highest area of need for support was distributed at the meeting and via email to the CSoC stakeholders list.

On September 20, 2018, the CSoC designated Stanislaus County as the Administrative Entity for the administration of the CESH program and accepted the Allocation Summary as presented in this report. Acceptance of the Allocation Summary was contingent on the County returning to the CSOC for direction prior to award of the funding allocated for: rental assistance, flexible housing subsidy funds, system support, and operating subsidies. Under the CESH regulations, the County will have five years to expend the funding. The return to the CSOC for direction, will allow time to better plan for the best alignment of all state funding in meeting local homelessness needs.

As the AE, the County will be required to enter into a five-year AE Standard Agreement (SA) with HCD prior to release of funds. As of this date, HCD has not released the AE SA. The AE SA for the administration of the funds will be released after the Grant Application Package is received and approved by HCD. This item authorizes the Director of Planning and Community Development to execute the AE SA.

POLICY ISSUE:

CESH Program funding will serve to provide needed housing and services to homeless individuals and families throughout Stanislaus County, consistent with the County's Focus on Prevention efforts and the individual Housing Element General Plan policies of Stanislaus County and the nine cities within the County.

CESH Program funding may be applied across jurisdictional boundaries; however, as the AE entering into a SA with HCD, Stanislaus County will be accountable for the financial and operational administration of CESH program funds in conformance with HCD regulations.

FISCAL IMPACT:

The HCD provides CESH program awards funds on a one-time disbursement basis for approved eligible activities up to \$1,025,620 for 2018. The funds include \$51,281 as an administrative allowance with a balance of \$974,339 to be reimbursed for eligible services. Administrative costs not covered by the administrative allowance will be funded by available CDBG administrative funds or other department special revenues eligible for use. The 2018 CESH funding is available for use through June 30, 2023. Budget increases in appropriations and estimated revenue of \$1,025,620 will be included as part of the Planning and Community Development Department's Fiscal Year 2018-2019 First Quarter Budget adjustment.

BOARD OF SUPERVISORS' PRIORITY:

Approval of this action supports the Board's priority of *Supporting Strong and Safe Neighborhoods, Supporting Community Health, and Delivering Efficient Public Services and Community Infrastructure* through the allocation of funds necessary to implement needed programs and projects.

STAFFING IMPACT:

Additional administrative duties will be assumed by existing Planning and Community Development staff.

CONTACT PERSON:

Angela Freitas, Planning & Community
Development Director

Telephone (209) 525-6330

ATTACHMENT(S):

1. 2018 CESH Allocation Summary
2. CESH Program Formal Resolution
3. Selection Process Certification Letter to HCD

**CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING (CESH) PROGRAM
2018 ALLOCATION SUMMARY**

The table below shows the proposed estimated CESH program grant allocation breakdown among the eligible activities. The eligible activities may change according to future County Notice of Funding Availability (NOFAs) project/program selection process results.

Required Eligible Activity <i>(State required minimum or maximum)</i>	Percentage	Allocation
HMIS/CES Systems Update <i>(20% minimum)</i>	20%	\$205,124
Homeless Strategic Plan	7.4%	75,000
CESH Administration <i>(5% maximum)</i>	5%	51,281
Subtotal	32.4%	\$331,405
Eligible Activity <i>(State required minimum or maximum)</i>	Percentage	Allocation
Emergency Housing Interventions <i>(40% maximum)</i>	40%	\$410,248
Rental Assistance	6.9%	70,991.75
Flexible Rental Subsidies	6.9%	70,991.75
HMIS Operating Support	6.9%	70,991.75
Operating Subsidies	6.9%	70,991.75
Subtotal	67.6%	\$694,215
Total	100%	\$1,025,620

CESH ALLOCATION ESTIMATED BREAKDOWN

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

2018-0479

Date: September 25, 2018

On motion of Supervisor Chiesa Seconded by Supervisor Chairman DeMartini
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # 5.D.2

**RESOLUTION AUTHORIZING THE PARTICIPATION IN THE STATE OF CALIFORNIA HOUSING
AND COMMUNITY DEVELOPMENT DEPARTMENT'S CALIFORNIA EMERGENCY SOLUTIONS
AND HOUSING PROGRAM**

A necessary quorum and majority of the Stanislaus County Board of Supervisors. Stanislaus County hereby consents to, adopt and ratify the following resolutions:

- A. WHEREAS the State of California ("State"), Department of Housing and Community Development ("Department") issued a Notice of Funding Availability ("NOFA") dated August 15, 2018 under the California Emergency Solutions and Housing (CESH) Program (CESH Program); and
- B. WHEREAS Stanislaus County is an Administrative Entity designated by the Continuum of Care to administer California Emergency Solutions and Housing Program funds.
- C. WHEREAS the Department may approve funding allocations for the CESH Program, subject to the terms and conditions of the NOFA, Program requirements, and the Standard Agreement and other contracts between the Department and CESH grant recipients;

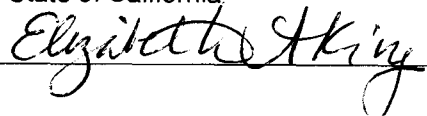
NOW THEREFORE BE IT RESOLVED THAT:

1. If Stanislaus County receives a grant of CESH funds from the Department pursuant to the above referenced CESH NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the CESH Program, as well as any and all contracts Stanislaus County may have with the Department.
2. Stanislaus County is hereby authorized and directed to receive a CESH grant, in an amount not to exceed \$2,000,000 in accordance with all applicable rules and laws.

3. Stanislaus County hereby agrees to use the CESH funds for eligible activities as approved by the Department and in accordance with all Program requirements, and other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between Stanislaus County and the Department.

4. Angela Freitas, Director of Planning and Community Development is authorized to execute the Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the CESH grant awarded to Stanislaus County, as the Department may deem appropriate.

ATTEST: ELIZABETH A. KING, Clerk
Stanislaus County Board of Supervisors,
State of California



File No.



DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

1010 10TH Street, Suite 3400, Modesto, CA 95354
Phone: 209.525.6330 Fax: 209.525.5911

September 25, 2018

Ben Metcalf
Director - HCD
California Emergency Solutions and Housing Program
Community Development
Division of Financial Assistance
P.O. Box 952054
Sacramento, CA 94252-2054

Re: Selection Process Certification Letter

Dear Mr. Metcalf:

Stanislaus County has been working in collaboration with the Stanislaus Community System of Care (CSoC), federally recognized as the local Continuum of Care (CoC), for over 18 years to improve services for the homeless and those at risk of homelessness. The County has been designated by the local CoC as the Administrative Entity (AE) for the California Emergency Solutions and Housing (CESH) Program. As the AE for CESH, the County will collaborate with the CoC to identify and better serve the residents of the CoC service area which equals all of Stanislaus County. This letter is to explain the County's grant process and certify that we can meet the state requirements in awarding future sub-grantees for the CESH program.

Upon receipt of CESH funding, the County will incorporate CESH funds as part of future NOFAs for federal Community Development Block Grant (CDBG) Public Service Grants and ESG funds, and state ESG funds.

The County's NOFA's are annually released and a Grant Technical Workshop is required for all potential applicants. The County's NOFA's are distributed to all agencies that participate in the CoC, previous and present CDBG and ESG Program applicants, and participating agencies and individuals in the Stanislaus County's Focus on Prevention Initiative.

The County NOFA is based on state and federal estimated formula allocation amounts. Eligible activities may be increased or decreased based on the actual amount awarded by HCD and HUD. Applications are scored by an eleven-

HCD-CESH Selection Process Certification Letter

September 25, 2018

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member Grant Review Panel comprised of one representative from each of the following: Stanislaus County, the CoC, and the cities of Ceres, Hughson, Newman, Patterson, Riverbank, Oakdale, Modesto, Turlock and Waterford.

An invitation is sent to all city managers and their housing staff to provide a community representative to participate on the Grant Review Panel. All applicants are required to make a 15-minute presentation to the Grant Review Panel regarding their proposed programs. Panel members are allowed to ask questions related to the applications and are provided with scoring criteria and scoring sheets for each application. The Grant Review Panel is asked to evaluate the applicant's capacity and experience, the quality of services they provide to the community, and the adherence to the state and federal regulations.

Funding recommendations are made based on the Grant Review Panel's ranking scores for each of the individual application (highest to lowest) and funding availability per eligible program activity. Prioritization of the highest unmet need, consideration of other available funding, and system-wide performance measures are part of the scoring criteria that the Grant Review Panel utilizes. The top scoring applications are then presented to the CoC and then to the Stanislaus County Board of Supervisors for approval.

In developing the 2018 CESH Allocation Summary, County staff worked with the CoC, and ESG service providers, to identify gaps in services and community needs. A Housing and Service Providers Stakeholders meeting was held on August 31, 2018 to discuss the Program's eligible activities and regulations. Feedback was provided about the challenges and needs of homeless service providers. Comments were also received about the importance of data collection and the technical support that is continuously needed. A Community Needs survey soliciting feedback and ranking CESH eligible activities according to the highest area of need for support was distributed at the meeting and via email to the CoC stakeholders list serve.

As the AE for the CESH Program funds, Stanislaus County can assure that we will comply with state regulations for the CESH Program and continue to work closely with the local CoC to identify gaps and services needed in the community.

Sincerely,

Angela Freitas
Director of Planning & Community Development