

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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MEMORANDUM FOR: No Place Like Home Advisory Committee**ISSUES FOR CONSIDERATION-NO PLACE LIKE HOME DRAFT PROGRAM GUIDELINES****BACKGROUND/SUMMARY:**

On July 1, 2016, Governor Brown signed legislation enacting the No Place Like Home (NPLH) program to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness.

HCD has identified five issues that are central to understanding the intent of the NPLH Program Guidelines. Below we have identified the issues, provided background, and items for the Committee's consideration. These draft Guidelines are the next step in the development of the program and incorporate feedback on the NPLH Program Framing Paper released in December 2016. (See <http://www.hcd.ca.gov/grants-funding/docs/draft-nplh-framework-16dec21.pdf>)

A. *At-Risk of Chronic Homelessness Definition* - (Section 101 (g)) –

Issue: The No Place Like Home legislation introduced the new concept of “at-risk of chronic homelessness” in addressing the homeless status of persons, including Transition-aged Youth exiting institutions.

Background: The statute requires that persons At-Risk of Chronic Homelessness be homeless upon entry into the institution. The Department believes that in order to establish that a person is At-Risk of Chronic Homelessness it must be established that they will be homeless upon exit from the institution. Length of stay in the institution should not matter.

Options: The statutory definition has been clarified to include persons, including Transition-aged Youth, who were homeless prior to entering an institution and will be homeless upon exit. The list of covered institutions has been clarified, and the definition of Homeless used for the At-Risk of Chronic Homelessness subpopulation will not include HUD's limitations on length of stay in the institution; hence for purposes of this definition, persons institutionalized for longer than 90 days can still qualify as homeless.

If the Advisory Committee wishes to make a recommendation on this issue they may wish to consider:

1. If the list of covered institutions sufficient?
2. If homelessness upon exit from the institution the appropriate standard for this subpopulation?
3. For purposes of this definition, if Transition-Aged Youth are unaccompanied youth under age 25, including youth with children, is sufficient?

B. Timeframes for the Award of Noncompetitive Allocation Funds (Section 201) –

Issue: The time it takes to develop projects can be quite lengthy depending on a variety of factors (site control, multiple funding sources, community opposition, etc.)

Background: By statute, the Department must award Noncompetitive Allocation funds within 18 months from issuance of the Department’s initial NOFA. The draft Guidelines propose issuing an award letter to counties for the funds within this time period, and giving counties 30 months from the initial NOFA release date to submit project applications for those funds, and 60 days from the initial NOFA release date to expend the funds, with an opportunity for extension of this expenditure deadline. By statute, any unused Noncompetitive Allocation funds must be “swept back” for use in the Competitive Allocation.

Options: Making an award to counties within the statutory timeframe, while giving them additional time to submit project applications will help ensure that counties have sufficient time to put together applications, including doing the necessary work to make sure the project as proposed is financially feasible and meets other project threshold requirements set forth in Section 202 of the Guidelines. This will also give counties an opportunity to leverage Noncompetitive funds for projects they submit in the Competitive Allocation initial funding rounds.

If the Advisory Committee wishes to make a recommendation on this issue they may want to consider:

1. If 30 months from the Department’s initial NOFA is a reasonable period of time for submitting applications under the Noncompetitive Allocation, or should this time period be extended from the initial NOFA to submit project applications for use of these funds?

C. Supportive Services Requirements (Section 203) –

Issue: Supportive services are a necessary component of this program. What is a reasonable mix or required vs. optional services.

Background: By statute, for a minimum of 20 years, counties are required to provide mental health services and to coordinate the provision or referral to other services, including but not limited to substance use treatment services. The Department is also

required to evaluate the extent to which applicants offer a range of on-site and off-site supportive services to tenants, including mental health services, behavioral health services, primary health, employment, and other tenancy support services

Options: HCD has provided a list of the typical services offered either on or off-site to the NPLH target population. Section 203 (c) lists services that are required to be made available to NPLH tenants. Section 203 (d) lists services that are encouraged to be made available, and project applications are awarded points in the competitive application process if these services are offered as part of the County's supportive services plan for the project. (Section 205 (e) (3)).

If the Advisory Committee wishes to make a recommendation on this issue they may want to consider:

1. Under Sections 203 (c) and 203 (d) are the list of services required to be made available, and the list of services offered at county discretion the right mix for the NPLH Target Population?
2. Is the scoring of services appropriate as set forth in Section 205 (e) (3)?
3. Does it facilitate an application scoring process for services that is transparent, making it easy for counties to understand how they can score well on the supportive service rating factor?

D. Other Application Rating Factor Issues (Section 205) –

Issue: To receive rating points, the number of NPLH units per project is limited to 30 percent of a project's total units. If a project is not using the local homeless Coordinated Entry System to refer all eligible persons to NPLH units, the number of At-Risk of Chronic Homeless units is limited to 30% of the total number of NPLH units.

Background: By statute, the Department is required to score on the percentage of project units dedicated to Chronically Homeless, and Those At-Risk of Chronic Homelessness. The 30% cap on the overall percentage of NPLH units per in order to receive points for this rating factor is necessary in order to offer housing in integrated settings, and to help ensure that projects can remain financially feasible through a mix of units restricted to various income levels.

Options: In order to prioritize those most vulnerable with the highest need for NPLH units, which is another important statutory goal, it is necessary for the Department incentivize use of Coordinated Entry systems. If one Coordinated Entry system can't be used for both homeless persons and persons exiting institutions, then dedicated percentages of units to Chronically Homeless and those At-Risk of Chronic Homelessness (those exiting institutions), must be established.

If the Advisory Committee wishes to make a recommendation on this issue they may want to consider:

1. For application rating points. Is the 30 percent cap on the total percentage of NPLH units appropriate to ensure that NPLH tenants are in projects with a sufficient mix of other tenant populations?
2. If separate systems are used to prioritize homeless persons and persons exiting institutions, is the 40% minimum for Chronically Homeless, and 30% maximum for those At-Risk of Chronic Homelessness appropriate?

E. Alternative Program County Experience –

Issue: Article III of the draft Guidelines contains the requirements specific to funds that will be administered with HCD oversight by counties with 5% or more of the State's homeless population (currently Los Angeles, San Diego, San Francisco, and Santa Clara counties).

Background: County responsibilities include choosing projects according to an approved method of distribution, loan servicing, and long term monitoring. By statute, these Alternative Program counties and/or their subcontractors (i.e. a city within the county) must be able to demonstrate the following:

- a. Ability to finance permanent supportive housing with local and federal funds, and monitor requirements for the life of the loan;
- b. Past history of delivering supportive services to the target population in housing;
- c. Past history of committing project-based vouchers to supportive housing; and
- d. Ability to prioritize the most vulnerable within the target population through coordinated entry system.

Options: To implement these requirements, the Department is asking for documentation of the following:

- a. Administration of at least one local or federally funded affordable housing program in the past five years that funded a minimum of four multifamily rental project loans per year, including at least one loan per year for permanent supportive housing;
- b. Past performance delivering supportive services to the NPLH target population in housing as evidenced by a list of projects where the County or subcontractor is currently providing or coordinating the provision of supportive services to the target population;
- c. A list of supportive housing project lists for which the county or its city public housing authorities have committed project-based vouchers in the last two years;
- d. Evidence of an operational Coordinated Entry system in place by the time the Department designates the County to administer its own funds. If existing Coordinated Entry systems are not equipped to serve persons At-Risk of Chronic

Homelessness, the County must also describe what alternate system it will put in place to ensure that the most vulnerable persons among this group will be prioritized for available housing. This system must be in place prior to rent-up of the County's first NPLH project.

If the Advisory Committee wishes to make a recommendation on this issue they may want to consider:

1. If the information requested reasonable for these counties to be able to demonstrate?
2. Are there any other public or private entities within the county that should be considered eligible as sub-contractors for the administration of NPLH?