DATE: May 12, 2020
TO: Board of Supervisors
FROM: Ky Le, Director, Office of Supportive Housing
SUBJECT: Budget Modifications

RECOMMENDED ACTION

Consider recommendations relating to budget modifications in the Office of Supportive Housing Fiscal Year 2019-2020 Budget.

Possible action:

a. Approve Request for Appropriation Modification No. 186 - $8,631,773 increasing revenue and expenditures in the Office of Supportive Housing budget, relating to State COVID-19 Emergency Homeless Funding and Federal Emergency Management Agency reimbursement for costs related to emergency, non-congregate sheltering. (4/5 Vote)

b. Approve Request for Appropriation Modification No. 213 - $22,026,242 increasing revenue and expenditures in the Office of Supportive Housing budget, relating to Homeless Housing, Assistance and Prevention Grant. (4/5 Vote)

c. Approve Request for Appropriation Modification No. 196 - $12,210,783 transferring funds within the Office of Supportive Housing budget relating to tracking revenue and expenses for the State Homeless Mentally Ill Outreach and Treatment program and the State Homeless Emergency Aid Program. (4/5 Vote)

FISCAL IMPLICATIONS

The first recommended action recognizes revenues and expenditures to address immediate needs of homeless individuals and families during the COVID-19 epidemic. There are two sources of revenue associated with the first recommended action. The first revenue source is the State of California’s COVID-19 Emergency Homeless Funding grant, in the amount of $3,631,773. The second revenue source is Public Assistance from the Federal Emergency Management Agency (FEMA), in the amount of $5,000,000 which represents the projected expenditures through June 30, 2020.
The second recommended action recognizes $22,026,242 in revenues and expenditures related to a recent award of Homeless Housing, Assistance and Prevention (HHAP) Grant program funds from the State of California’s Homeless Coordinating and Financing Council.

The third recommended action is a technical request to transfer funds in OSH’s budget from the General Fund to Fund 262 in order to track the interest earned for the State’s Homeless Mentally Ill Outreach and Treatment program (HMIOT) and the State’s Homeless Emergency Aid Program (HEAP) received by the County. Fund 262 will capture all future funds disbursed by the State for similar grants, including the new HHAP funds expected to be received in late June 2020.

REASONS FOR RECOMMENDATION

The first recommended action is needed so OSH can pay outstanding invoices incurred to address immediate temporary shelter needs in response to COVID-19. Primarily through the Office of Supportive Housing (OSH), the Valley Homeless Healthcare Program (VHHP), and the Behavioral Health Services Department, the County has been expanding shelter capacity for COVID-19 related housing needs. This includes but is not limited to expanding existing shelters to operate 24/7, establishing non-congregate shelters, securing motels for vulnerable populations needing isolation, and rental assistance to support individuals and families financially affected by the health crisis. OSH has met some of the immediate needs through existing contracts with shelter providers.

On March 10, 2020 (Item No. 6), the Board adopted a resolution ratifying the Director of Emergency Services’ Order suspending certain County ordinances, rules, regulations, and policies relating to the procurement of goods or services. This resolution ensures the County can respond in a timely manner to needs associated with the spread of COVID-19. Consistent with the adopted resolution, the Administration through the Emergency Operations Center (EOC) has executed several agreements with hotel owners. OSH has incurred approximately $1,500,000 in expenses and projects at least another $3,500,000 in expenses over the next month. The Governor’s Office of Emergency Services has received FEMA approval of public assistance for costs related to emergency, non-congregate sheltering. Specifically, FEMA will reimburse costs incurred for the following:

- Individuals who test positive for COVID-19 who do not require hospitalization, but need isolation or quarantine;
- Individuals who have been exposed to COVID-19 who do not require hospitalization but need isolation or quarantine; and
- Individuals who are asymptomatic but are at “high-risk” (people 65 or older or who have certain underlying health conditions) and who require emergency non-congregate sheltering as a social distancing measure.
The Administration is working on a comprehensive expenditure plan for all COVID-19 emergency housing and community development programs to present to the Board on June 2, 2020. In short, any additional resources will be used to offset any non-FEMA eligible expenses that may be incurred by the OSH in response to COVID-19.

The second recommended action would enable the County to recognize approximately $22 million in a one-time block grant revenue from the State of California’s HHAP program, to reduce and prevent homelessness through a coordinated regional approach. The Administration is working on a comprehensive plan for all HHAP funding and will present to the Board once finalized.

The third recommended action is needed to properly track interest earned from the HMIOT and HEAP grant proceeds so earned interest can be reinvested into future eligible expenses. Through various actions the Board has accepted the award of one-time funds that were disbursed by the State as a lump sum payment. The Standard Agreement relating to these funds requires all proceeds from any interest-bearing account be tracked separately and used for eligible HMIOT and HEAP expenses as required by the original grant.

**CHILD IMPACT**
The recommended action will have no/neutral impact on children.

**SENIOR IMPACT**
The recommended action will have no/neutral impact on seniors.

**SUSTAINABILITY IMPLICATIONS**
The recommended action will have no/neutral sustainability implications.

**BACKGROUND**
The last Board actions related to these various grants were:

1. Approval on April 7, 2020 (Item No. 49) of a delegation of authority to the County Executive, or designee, to enter into necessary agreements with the State to receive the COVID-19 Emergency Homeless Funding grant;

2. Approval on February 11, 2020 (Item No. 49) of a delegation of authority to the County Executive, or designee, to enter into the necessary agreement with the State to receive HHAP grant funding;

3. Approval on September 11, 2018 (Item No. 53) to authorize Administration to accept the County’s allocation of $3,428,000 in HMIOT Program funds. The County received these funds on October 9, 2018; and

4. Approval on December 18, 2018 (Item No. 93) to authorize Administration to take steps to apply for, accept, and implement $17,506,487 in HEAP funds on behalf of the Santa Clara County Continuum of Care (CoC).

**CONSEQUENCES OF NEGATIVE ACTION**
If funding is not made available, OSH cannot move forward with paying invoices related to COVID-19 expenses. If the technical transfer is not approved, OSH would have to track interest earned manually, increasing the workload of the accounting team at the OSH.

**STEPS FOLLOWING APPROVAL**

Upon Approval, the Clerk of the Board is asked to notify Consuelo Hernandez and Swona Sun with the Office of Supportive Housing.

**LINKS:**
- Linked To: 100962 : 100962

**ATTACHMENTS:**
- F85 #186 COVID-19 Emergency Funding (PDF)
- F85 213 HHAP LF 101147 (PDF)
- F85 196 GF to Fund 262 LF 101147 (PDF)