

## **RESOLUTION NO. 2019-0116**

Adopted by the Sacramento City Council

April 23, 2019

### **Homeless Services Funding Plan**

#### **BACKGROUND**

- A. According to the 2017 Point-in-Time Count for the County of Sacramento, 3,665 persons within the County of Sacramento, including approximately 1,779 who are within the City of Sacramento (“City”), are homeless. This population includes veterans, women, children, persons with disabilities, seniors, and other vulnerable groups. The number of people experiencing homelessness is significant, and these persons are without the ability to obtain shelter.
- B. Homelessness is one of the biggest issues facing the City, and the City Council has made significant investments over the past years to increase services, shelter capacity and housing supports for people experiencing homelessness. Despite these efforts, homelessness is on the rise, and is affecting communities throughout the City and the County of Sacramento.
- C. The City has made significant investments in addressing homelessness, including the operating of the Railroad Triage Shelter, which has successfully exited approximately 37% of all guests to housing or transitional programs over the last sixteen months, and demonstrated the success of low barrier, re-housing triage shelter models.
- D. The City and Sacramento Continuum of Care (CoC) recently received over \$18 million from the Homeless Emergency Aid Program (HEAP), which will support to the creating of a new Flexible Housing Program with wrap around supportive services and provide funds to expand and enhance shelters throughout the community.
- E. With the launch of HEAP, in the late fall of 2018, Mayor Steinberg challenged Councilmembers to help identify opportunities to expand sheltering in their districts.

- F. On February 5, 2019, as part of the Fiscal Year (FY) 2018/19 Midyear Budget, the City Council approved a one-time allocation of Measure U funds to support the expansion (\$15.7 million) and increase shelter and re-housing options for women and families with children (\$1 million).
- G. On March 26, 2019, the City Council approved funding from the HEAP and Measure U funds to support the development and operations of a low barrier, re-housing triage shelter at Ethan Way and a staffing plan to augment the Homeless Services Division.
- H. Following the Mayor's presentation of his funding plan on February 12, 2019, City staff have been working with Council offices, the community and other partners to refine an expenditure plan for the remaining HEAP and Measure U funds, and to set up priority projects for future funds as they become available.
- I. The Capitol Park Hotel is currently operating as a 180-unit single room occupancy (SRO) residential hotel located downtown Sacramento at 1125 9th Street (the "Property"). Mercy Housing California (Mercy) has entered into a purchase and sale agreement for the Capitol Park Hotel for the purpose of rehabilitating and converting the Property into an affordable housing residential project. While Mercy is completing pre-development work, they have agreed to allow the City and SHRA to lease the Property for use as a homeless shelter for an 18 month period until the project financing is secured.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The Homeless Services Funding Plan (Exhibit A) is approved and included as part of this resolution.
- Section 2. The City Manager, or his designee, is delegated the authority to enter into a lease agreement with Mercy Housing California or its related entity which purchases the Property at a cost of \$112,500 for the 18 month term for the purpose of operating a temporary homeless shelter at Capitol Park Hotel. The lease provisions will include holding the property owner harmless from any liability for use the of the property as a homeless shelter. The form of the lease is subject to approval by the City Attorney to carry out the purpose of this Resolution.

Section 3. An appropriation of \$13.37 million from the Innovation and Growth available fund (Fund 2031) balance to the Homeless Housing Initiative Program (102000200) is approved. In the event the loan agreement is not executed, the funds will be returned to Fund 2031 fund balance.

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Exhibit A – Homeless Services Funding Plan

Adopted by the City of Sacramento City Council on April 23, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy  
Date: 2019.04.30 09:55:41  
-07'00'  
\_\_\_\_\_  
Mindy Cuppy, City Clerk

*The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.*

## Homeless Services Funding Plan

### Funding Available

The following table details funding currently available and projects that have previously been identified for funding. Of the \$25.6 million currently available from HEAP, Measure U and private donors, approximately \$14.3 million has been identified for projects, leaving approximately \$11.3 million available.

Source	Budgeted Total	Encumbrances		Funds Available for New Programs
		Amount	Project	
HEAP 1 (City)	\$5,645,700	\$282,285	Administration	\$0
		\$602,158	Downtown Streets	
		\$473,648	Youth Set Aside	
		\$2,450,000	Ethan Way Construction (hard costs)	
		\$735,000	Ethan Way Construction (soft costs)	
		\$637,000	Ethan Way (construction contingency)	
		\$465,609	Ethan Way Operations/Mitigation (2 years)	
HEAP 1 (CoC)	\$1,760,048	\$323,648	Youth Set Aside	\$0
		\$1,436,400	Expand Existing Shelters	
Measure U Rollover	\$15,700,000	\$5,156,391	Ethan Way Operations/Mitigation (2 years)	\$9,808,359
		\$435,250	Homeless Division Staffing (2 years, after offsets)	
		\$300,000	Homeless Division Space Expansion	
Mid-Year Women/Family Funds	\$1,000,000	\$1,000,000	TBD Shelter Program	\$0
Dignity Health	\$450,000	\$0	-	\$450,000
Sutter Health/Taylor Funds	\$1,100,000	\$0	-	\$1,100,000
<b>TOTAL</b>	<b>\$25,655,748</b>	<b>\$14,297,389</b>		<b>\$11,358,359</b>

## Proposed Projects

Staff has identified seven projects for consideration for funding. Those projects and their estimated cost, impacts and timing are summarized below followed by a brief project description for each project.

Project	1	2	3	4	5	6	7
	South Area Shelter <sup>1</sup>	Alhambra & W/X Corridor	Capitol Park <sup>5</sup>	Scattered Sites	24/7 Safe Interim Shelter	Storage Lockers	Site Search Activities
Estimated # Beds	100	100	180	50	50	n/a	n/a
Estimated # People (2 years)	600	600	540	300	1,200	n/a	n/a
Estimated Open Date	Dec-19	May-20	Jul-19	staggered	Jan-20	n/a	n/a

### Costs

Construction							
Construction - hard costs	\$2,450,000	\$3,157,000	\$400,000	\$0	\$0	\$0	\$0
Construction - soft costs	\$735,000	\$952,500	\$0	\$0	\$0	\$25,000	\$50,000
Construction - contingency	\$637,000	\$825,500	\$0	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$3,822,000</i>	<i>\$4,935,000</i>	<i>\$400,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$25,000</i>	<i>\$50,000</i>
Operations (2 years)							
Shelter Operator Contract	\$3,600,000	\$3,600,000	\$8,100,000	\$1,214,800	\$1,277,500	\$0	\$0
Property Lease <sup>2</sup>	\$0	\$1,024	\$112,500	\$576,000	\$0	\$0	\$0
Property Management	\$0	\$0	\$300,000	\$0	\$0	\$0	\$0
PD Overtime	\$400,000	\$400,000	\$300,000	\$0	\$0	\$0	\$0
Re-Housing <sup>3</sup>	\$1,440,000	\$1,440,000	\$0	\$720,000			
Facility Maintenance	\$240,000	\$240,000	\$0	\$50,000	\$0	\$0	\$0
Downtown Streets Team	\$600,000	\$600,000	\$0	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$6,280,000</i>	<i>\$6,281,024</i>	<i>\$8,812,500</i>	<i>\$2,560,800</i>	<i>\$1,277,500</i>	<i>\$0</i>	<i>\$0</i>
Administration							
Staffing <sup>4</sup>	\$0	\$0	\$250,000	\$0	\$0	\$0	\$0
Operational Oversight	\$0	\$0	\$810,000	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,060,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<b>TOTAL</b>	<b>\$10,102,000</b>	<b>\$11,216,024</b>	<b>\$10,272,500</b>	<b>\$2,560,800</b>	<b>\$1,277,500</b>	<b>\$25,000</b>	<b>\$50,000</b>

<sup>1</sup> There are multiple sites being considered in the south area of the City.

<sup>2</sup> Lease for Florin not fully approved, but assumed at rates under consideration by RT. Alhambra site lease assumes \$1/month and \$500 annual admin fee to CalTrans, pursuant to pending legislation (SB211)

<sup>3</sup> For City programs, assumes 1/2 of all exiting will require, on average, 6 months of rent assistance at \$800/month. City will work with Sacramento County DHA to refine this cost and implementation prior to opening of first Sprung Structure shelter, with goal of merging this function into existing DHA program.

<sup>4</sup> At the March 25, 2019 Council meeting, Council approved additional FTEs to support the overall work of the Homeless Services Division; those costs are not shown in this table.

<sup>5</sup> Shelter operations, facility maintenance and re-housing for Capitol Park all contained in budget line "shelter operator contract"

### #1: South Area Re-housing Shelter

The City has been working on multiple potential sites to develop and operate a 100 bed re-housing shelter in the south area of the City. Sites being explored are all paved and have access to utilities and sufficient space for storage, case management offices, and a dog run. It is estimated that the site would be developed similar to the Ethan Way site, with a 100x60 Sprung Structure and container restrooms/showers; therefore, estimates for costs are modeled after Ethan Way.

Like Railroad and Ethan Way, the South Area Re-Housing Shelter is envisioned to serve people living unsheltered in the immediate surrounding community and allow access through referral only. The City has released a Request for Information (RFI) to identify possible operational partners at this and other sites, looking for partners with experience in serving homeless populations. Shelter operators will be expected to operate from a low barrier approach—meaning requirements such as sobriety, compliance with mental health or addiction treatment, or agreeance to participate in programs are not conditions to receive services and housing support. Instead, operators must implement practices which foster an affirmative environment which seeks to meet individuals from a “where they are” approach and orient case management to focus on individualized needs and challenges toward obtaining permanent housing.

Costs reflected in the table include all construction, operations, mitigation, re-housing and facility maintenance costs. It is estimated that once a site is confirmed in the south area, construction could start in early summer of 2019, allowing for an open date in the winter of 2019.

#### #2: Alhambra Re-housing Shelter

The City has been working with Councilmember Schenirer’s office on the development of a CalTrans owned site under Business 80, at the intersection of Alhambra and the W/X Corridor. This site is not paved, but has access to utilities and (once paved) can accommodate a 100 bed re-housing shelter and accompanying storage, offices and an outdoor pet area. It is estimated that the site would be developed similar to the Ethan Way site, with a 100x60 Sprung Structure and container restrooms/showers. It is estimated that the site would be developed similar to the Ethan Way site, with a 100x60 Sprung Structure and container restrooms/showers; therefore, estimates for costs are modeled after Ethan Way.

Like Railroad and Ethan Way, the Alhambra Re-Housing Shelter is envisioned to serve people living unsheltered in the immediate surrounding community and allow access through referral only. The City has released a Request for Information (RFI) to identify possible operational partners at this and other sites, looking for partners with experience in serving homeless populations. Shelter operators will be expected to operate from a low barrier approach—meaning requirements such as sobriety, compliance with mental health or addiction treatment, or agreeance to participate in programs are not conditions to receive services and housing support. Instead, operators must implement practices which foster an affirmative environment which seeks to meet individuals from a “where they are” approach and orient case management to focus on individualized needs and challenges toward obtaining permanent housing.

Estimates for costs are modeled after Ethan Way, given the physical conditions of the site and the proposed operational structure, but additional costs associated with grading and paving the site have been included. Costs reflected in the table include all construction, operations, mitigation, re-housing and facility maintenance costs. It is estimated that the City could get access to the site as soon as the Spring of 2019 and begin construction immediately. Due to the extended time associated with paving, the estimated open date for this site is the Spring of 2020.

### #3: Capitol Park Hotel

The site is currently operating as a 180-unit single room occupancy (SRO) residential motel located downtown at 1125 9th Street (corner of 9th and L Streets), with an approximate 50% vacancy rate. The owner of the Capitol Park Hotel is in contract to sell the property to Mercy Housing California (Mercy Housing). Mercy Housing will work with relocation specialist to permanently relocate the existing residents. The City would lease the site from Mercy Housing and contract with Sacramento Housing and Redevelopment Agency (SHRA) to oversee a temporary shelter at the site. City and SHRA staff will work together to determine the temporary shelter operator. The Capitol Park Hotel would provide temporary shelter with 180 beds for approximately eighteen months with accompanying community room, offices and storage. There are 140 units that include a bathroom; those that would occupy the remaining 40 units will have access to a common bathroom. This facility does not have individual kitchens or a community kitchen; however, there is a designated area to microwave food in the lobby. Estimates for costs are modeled after Ethan Way Re-Housing Shelter. Costs reflected in the table include acquisition, relocation, immediate repairs, property management, shelter operations, security and maintenance costs. It is estimated that SHRA could gain access to the site as soon as the Summer of 2019. The estimated open date for this site is Summer of 2019.

### #4: Scattered Sites Shelter

As a strategy to bring shelter opportunities in areas of the City either without large, open land available for purchase or rent and to address the need to provide shelters in higher economic areas, the City has initial estimates for delivering a scattered site shelter program. In this program, a community non-profit leases single family homes in neighborhoods, looking for homes with at least 3-4 bedrooms, access to transit, and within a reasonable rental rate. Up to five people can be sheltered at each site, and a house monitor is on-site 24/7. Case management is provided, and guests are provided transportation to appointments. Scattered site shelters are ideal for special populations (such as the elderly, LGBTQ, single women, etc.) who may not feel comfortable in a congregate facility. Additionally, scattered site shelters can be established quickly, as there is very little capital costs, and closed down when the need no longer exists. Sacramento Self Help Housing, who currently operates the program in the County, estimates that this program could be launched in the City, focusing on higher income areas, for approximately \$115,000 per home per year. Additional funding for re-housing

has been added, that could be aligned with the operational contract or could fund re-housing through a separate, collaborative contract. Staff recommends beginning work now with real estate professionals to determine what area(s) in the City are appropriate for this type of shelter and prioritizing this approach with subsequent funding allocations. At scale, staff recommendation includes funding for 10 houses (50 beds) for two years.

#### #5: 24/7 Safe Interim Shelter

While the City's priority is re-housing shelters with intensive on-site services, there also is a need for safe interim shelter programs open 24/7. Especially during weather events and when there is not space at a re-housing shelter, a safe interim shelter could provide a safe landing place for people living unsheltered, accessed by police and partner outreach programs. A safe interim shelter program would not include wrap around case management, but could be a referral point into re-housing shelters when space is available. A safe interim shelter would provide 24/7 monitoring, food, and a basic assessment/referral into other programs. Staff estimates \$35/bed/night to operate such a program, inclusive of facility costs, which is the current bed rate night for single adult emergency shelters. As no location is readily available for this type of program, staff recommends this be considered with subsequent funding allocations.

#### #6: Storage Locker Demonstration

Councilmember Schenirer and the Sacramento Police IMPACT team have requested that the Council consider development of a storage locker program for people experiencing unsheltered homelessness. People experiencing homelessness lack options to store their belongings and that may be a barrier to traveling to receive services such as doctors and rehousing appointments. Belongings left unattended can be stolen, and traveling with belongings can be cumbersome. There are similar programs in other communities that staff has explored, but without an identified site or operator, staff is not able to appropriately estimate the cost or impact of this type of program. Should Council wish to explore this option, staff recommends a consulting contract to prepare an in depth report on opportunities specific to Sacramento. Because this program is the least aligned with re-housing and ending homelessness, staff only recommends this option should there be unencumbered funding not necessary for a re-housing shelter.

#### #7: Site Search Activities

With each potential site for a shelter, City staff spends time surveying the property, doing title searches, developing preliminary site plans, etc.; the cost associated with this work needs to be paid for. This fund will reimburse City facilities staff for their work associated with site assessments done on sites to date. If additional sites arise, and similar assessments are needed, staff will need to identify funding to pay for these activities prior to the site assessments starting.

## Recommended Priority Projects and Impact

Given the available funds and City priorities to:

1. Establish as many shelter beds as quickly as possible; and
2. Establish shelter beds scattered throughout the City; and
3. Use available funds quickly and efficiently

Staff recommends two new shelter project plus one administrative project. These three projects would be in addition to previous commitments to the Ethan Way shelter, the shelter program for women/families, two new youth shelter programs, and the commitment of shelter expansion through HEAP in both existing programs and through the County scattered site shelter. The totality of the impacts of these programs is shown below, including the potential geographic impact.

Site	Funding		# Beds	Open Date	Location(s)
	Amount	Source			
<b>Existing Commitments</b>					
Women/Family Shelter	\$1,000,000	Mid-year 2019	40	Fall, 2019	TBD
LGBT Youth Shelter	\$164,151	City HEAP	12	Spring, 2019	D4
Youth Host Homes	\$309,497	City HEAP	20	Spring, 2019	Citywide
	\$134,497	CoC HEAP			
Enhance Existing Shelters	\$1,436,400	CoC HEAP	180	Summer, 2019	D3
Ethan Way Shelter	\$4,287,609	City HEAP	100	Winter, 2019	D3
	\$5,156,391	Measure U			
<b>TOTAL</b>	<b>\$12,488,545</b>		<b>352</b>		
<b>Proposed Commitments</b>					
Capitol Park Hotel	\$9,758,359	Measure U	180	Summer, 2019	D4
	\$514,141	Private Funds <sup>1</sup>			
Scattered Site Shelters	\$1,024,320	Private Funds	20	Summer, 2019	Citywide
Site Search Activities	\$50,000	Measure U	-	n/a	n/a
<b>TOTAL</b>	<b>\$11,346,820</b>		<b>200</b>		
Remaining Balance	\$0	Measure U			
	\$11,539	Private Funds			

<sup>1</sup> \$450,000 of the private funds committed by Dignity were to be used for "re-housing" activities. Staff proposes using these funds to partially pay for re-housing activities for the guests at Capitol Park. These costs are included in the operational budget for SHRA and will be detailed in the administrative services agreement between the City and SHRA.

The recommendations above plus previous commitments (March 26, 2019) of staffing for the Homeless Services Division fully expend available Measure U funds and all but \$11,539 of available private funds. These combined investments would add or enhance 372 beds and allow operations for up to two years and add an additional 180 beds at Capitol Park Hotel for up to 18 months. Assuming each bed turns over three times a year, and Capitol Park Hotel beds turn over three times during the life of the shelter, this could provide shelter for over 2,700 people.

In addition to funds currently available, there is a potential for an additional \$11.5 million that could be allocated to additional projects upon receipt by the City.

Source	Budgeted Total	Encumbrances		Funds Available for New Programs
		Amount	Project	
HEAP 2 (City)	\$5,645,700	\$282,285	Administration	\$5,081,130
		\$282,285	Youth Set Aside	
Private Funds	\$6,450,000	\$0		\$6,450,000
<b>TOTAL</b>	<b>\$12,095,700</b>	<b>\$564,570</b>		<b>\$11,531,130</b>

When additional funding is available, staff recommends the following priority order for remaining projects:

1. South Area Re-Housing Shelter
2. Alhambra Re-Housing Shelter
3. Additional 30 Scattered Site Shelter beds (6 homes)
4. 24/7 Interim Shelter Program
5. Homeless Locker Pilot.

Prioritizing the two other sited shelter opportunities for future funding would help provide greater geographic coverage for shelters throughout the City and allow the City to quickly stand up an additional 200 beds. Recognizing that scattered sites can also play an important role, staff would then recommend bringing a scattered site program to scale, adding an additional 30 beds to get to 50 total. After these re-housing shelters are fully implemented, staff then recommends expanding shelters and services to meet other goals and objectives, linking the 24/7 interim shelter and locker programs to the re-housing shelters.