



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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First District

DIANNE JACOB  
Second District

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Third District

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Fourth District

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Fifth District

**DATE:** January 28, 2020

**02**

**TO:** Board of Supervisors

### **SUBJECT**

**RECEIVE THE FLEXIBLE HOUSING SUBSIDY POOL FEASIBILITY STUDY  
(DISTRICTS: ALL)**

### **OVERVIEW**

On November 19, 2019 (12), the San Diego County Board of Supervisors (Board) directed the Chief Administrative Officer to conduct a Flexible Funds for Housing Program (“Flexible Housing Subsidy Pool”) feasibility study and report back to the Board in January 2020. This study would include:

- Research on the development and operation of a Flexible Housing Subsidy Pool (FHSP);
- Exploration of potential partnerships with the Regional Taskforce on the Homeless (RTFH); and
- Identification of funds within existing and future state and federal funding streams.

A Flexible Housing Subsidy Pool (FHSP) is aggregated and on-going funding from a variety of sectors and sources that can be used flexibly to assist persons experiencing and at-risk of homelessness to access and/or retain permanent housing in a quick and timely fashion. The viability of a FHSP is contingent upon long-term funding commitments to support various housing and service supports, including one-time and on-going costs. The development of a FHSP is not necessary to accept State and/or Federal funds; in addition, homeless interventions can be facilitated without a FHSP and many interventions are currently being administered via the County of San Diego and its contractors.

Today’s item presents the FHSP Feasibility Study. The study finds that there are multiple choices on how to develop and operate a FHSP with important considerations including partnerships, housing and service activities and funding.

### **RECOMMENDATION(S)**

#### **CHIEF ADMINISTRATIVE OFFICER**

Receive the Flexible Housing Subsidy Pool (FHSP) Feasibility Study which includes options for how to operate a FHSP, potential activities and funding sources.

**SUBJECT:** RECEIVE THE FLEXIBLE HOUSING SUBSIDY POOL FEASIBILITY STUDY (DISTRICTS: ALL)

**FISCAL IMPACT**

There is no fiscal impact associated with the recommendation. There will be no change in net General Fund costs and no additional staff years.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

On November 19, 2019 (12), the San Diego County Board of Supervisors (Board) directed the Chief Administrative Officer to conduct a Flexible Funds for Housing Program (“Flexible Housing Subsidy Pool”) feasibility study and report back in January 2020. A Flexible Housing Subsidy Pool (FHSP) is aggregated funding from a variety of sectors and sources that can be used flexibly to assist persons experiencing and at-risk of homelessness to access and/or retain permanent housing in a quick and timely fashion. The FHSP may pay for various housing expenses, including one-time and on-going costs. The intent is to expand customized housing and service support options and expedite the process to house people by utilizing creative, solution-focused methods, often referred to as a “whatever it takes approach”.

FHSP models can be found in California in Los Angeles, San Bernardino and Napa County; as well as in Cook County (Chicago), Illinois; and in Portland, Oregon. These entities have a single organization responsible for the funds that leverage investments from multiple sectors including government (local, state, federal), private, philanthropic, healthcare and the criminal justice sectors. The FHSP’s sustainability and longevity is dependent on these partners’ long-term commitment and financial contributions. Each FHSP is used to serve specific vulnerable homeless populations in each community; however, the overall concept is the same – aggregate funds across sectors to provide resources to quickly house those experiencing homelessness.

According to the most recent San Diego Homeless Point-in-Time Count (2019), there were 8,102 persons experiencing homelessness throughout the San Diego region, with 3,626 sheltered and 4,476 unsheltered. Within the unincorporated area of San Diego County, 224 individuals reported experiencing homelessness with all being unsheltered. According to the American Communities Survey (2018), nearly half of San Diego households spend more than 30 percent of their income on housing, with the lowest-income renters spending more than 60 percent on rent; these housing barriers increase one’s likelihood of becoming homeless. The San Diego region has the fifth largest homeless population in the nation behind New York, Los Angeles, Seattle and San Jose.

Three critical challenges leading to these historically high homeless numbers are: low-vacancy rates, high costs of housing, and lack of housing supply. In general, there are not enough affordable housing options available to the lowest income populations, including those most disproportionately impacted by homelessness – people of color. Creative and new housing opportunities, such as a FHSP, can be implemented to mitigate these barriers. A FHSP’s key innovation strategy is the creation of a funding mechanism and structure with the capacity to

**SUBJECT: RECEIVE THE FLEXIBLE HOUSING SUBSIDY POOL FEASIBILITY STUDY (DISTRICTS: ALL)**

expeditiously and innovatively deploy resources for lease up, recruit and incentivize landlords and disperse rental assistance. Today's item presents the FHSP Feasibility Study (Attachment).

There are various oversight structures that can be applied to the administration of a FHSP. The oversight structure would provide leadership, fiscal and administrative oversight; align strategic partnerships; and allow for an analysis of FHSP effectiveness through quality data collection. To administer the FHSP, the County of San Diego (County) can solicit an Administrator to operate the FHSP or the County can collaborate with the Regional Task Force on the Homeless San Diego (RTFH). Another option is to not pursue a FHSP and instead solicit service provider(s) through a Request for Proposals or amend existing contracts for flexible housing and service interventions.

On November 19, 2019 (12), the Board requested a list of eligible FHSP activities, which can be found in Exhibit 2 of the Attachment (e.g. supports for residents in mobile home parks, vehicle maintenance, etc.). The list includes a broad range of activities, allowing for funds to be spent as flexibly as possible to support those who are experiencing or at-of homelessness. Pros, cons and average costs are included in the table of activities. To determine how such activities contribute to the County's goal of a healthy, safe and thriving community, *Live Well San Diego* indicators and County strategic priorities are also included in the table. These potential activities can be accomplished without a FHSP and many are currently being accomplished by the County and its contractors.

Potential funding streams for a FHSP were also assessed. Initial funding from the County can include one or more of the following:

- California Emergency Solutions and Housing (CESH) Grant – one-time funds, up to \$1.4 million over 5 years; to be used regionally; must be competitively procured.
- Homeless Housing Assistance and Prevention (HHAP) Grant – one-time funds; estimated to be \$9 million over 5 years; to be used regionally.
- General Fund – Amount to be determined by the Board; can be used for a specific community such as the unincorporated area.

Based on the discussion at the Board meeting on November 19, 2019 (12), staff compiled the abovementioned sources of funding for the Board to consider. Funding from the General Fund is included as an option as both Supervisors Jacob and Desmond expressed their interest to include the unincorporated area of San Diego County. The use of General Fund dollars also provides the County flexibility to choose program design options not restricted by requirements (e.g. Housing First) of State and federal funding. Should the Board consider including State funds such as CESH and/or HHAP, eligible activities must be implemented regionwide. Under CESH and HHAP requirements, a FHSP is listed as an eligible activity, among others. It is not necessary for the County to establish a FHSP to accept State or federal funds.

Importantly, funds incorporated in a FHSP are flexible in the sense that it enables a more coordinated strategy, but individual funding stream requirements still apply. For example, funds from a specific State source like CESH or HHAP could be deposited into the FHSP, however, they would still be limited by program requirements. For instance, both CESH and HHAP are one-time funds, must incorporate a Housing First approach, and CESH must be competitively procured. The only completely flexible funds would be those provided from the General Fund.

**SUBJECT:** RECEIVE THE FLEXIBLE HOUSING SUBSIDY POOL FEASIBILITY STUDY (DISTRICTS: ALL)

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's actions support the Building Better Health, Living Safely, , Sustainable Environments/Thriving and Operational Excellence Strategic Initiatives in the County of San Diego's 2020-2025 Strategic Plan by providing funding to support safe and affordable housing in the region.

Respectfully submitted,



HELEN N. ROBBINS-MEYER  
Chief Administrative Officer

**ATTACHMENT(S)**

- Attachment - Flexible Housing Subsidy Pool Feasibility Study
- Exhibit 1 - Flexible Housing Subsidy Pool Oversight Structure – Pros and Cons
- Exhibit 2 - Flexible Housing Subsidy Pool Activity Summary

**SUBJECT:** RECEIVE THE FLEXIBLE HOUSING SUBSIDY POOL FEASIBILITY STUDY (DISTRICTS: ALL)

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**       Yes     No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**

Yes     No

**PREVIOUS RELEVANT BOARD ACTIONS:**

November 19, 2019 (12), Flexible Funds for Housing Programs; April 29, 2019 (7), Expanding the Innovative Housing Trust Fund; October 10, 2017 (7), Adoption of Innovative Trust Fund Ordinance; September 12, 2017 (4), First reading of Innovative Trust Fund Ordinance; June 20, 2017 (21), Innovative Housing Initiative Tackling Homelessness and Affordability

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**MANDATORY COMPLIANCE:**

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**

N/A

**ORIGINATING DEPARTMENT:** Health and Human Services Agency

**OTHER CONCURRENCE(S):** N/A

**CONTACT PERSON(S):**

David Estrella  
\_\_\_\_\_  
Name  
(858) 694-8750  
\_\_\_\_\_  
Phone  
David.estrella@sdcounty.ca.gov  
\_\_\_\_\_  
E-mail

Omar Passons  
\_\_\_\_\_  
Name  
(619) 515-6923  
\_\_\_\_\_  
Phone  
Omar.passons@sdcounty.ca.gov  
\_\_\_\_\_  
E-mail