



Board Agenda Item 32

DATE: May 17, 2022

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds - Homelessness Initiatives

RECOMMENDED ACTION(S):

1. **Approve the allocation of American Rescue Plan Act State and Local Fiscal Recovery Funds to the County Administrative Office Org 2540 for:**
 - a. **Homelessness Initiatives - Rural Outreach Services, up to \$1,020,814 and direct staff to return with a recommended agreement;**
 - b. **Crossroads Village Partial Affordable Housing Conversion, up to \$2,050,000 and direct staff to return at a later date with a recommended agreement;**
 - c. **Homelessness Initiatives - Emergency Housing Project, up to \$1,000,000 and direct staff to return at a later date with a recommended agreement; and,**
 - d. **Homelessness Initiatives - Alternative Dwelling Units Project, up to \$2,429,186 and direct staff to return at a later date with a recommended agreement;**
2. **Adopt Budget Resolution increasing FY 2021-22 appropriations and estimated revenues for the Department of Behavioral Health Org 5630 in the amount of \$1,020,814 for Rural Outreach Services, Initiative 1 of the Homelessness Initiatives (4/5 vote); and,**
3. **Adopt Budget Resolution increasing FY 2021-22 appropriations and estimated revenues for County Administrative Office Org 2540 in the amount of \$2,429,186 for the Alternative Dwelling Units Project, Initiative 4 of the Homelessness Initiatives (4/5 vote).**

Approval of the recommended actions will approve the Homeless Initiatives projects and related amounts using a portion of the County's American Rescue Plan Act (ARPA) - Coronavirus State and Local Fiscal Recovery Funds (SLFRF). This item is Countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended actions, SLFRF would not become available to the County Administrative Office (CAO) to implement the Homeless Initiatives, which have been proposed to respond to the COVID-19 public health emergency and its negative economic impacts, which will provide educational resources, physical and mental healthcare, affordable housing, and emergency shelter programs for individuals experiencing homelessness, who have been disproportionately impacted by the COVID-19 pandemic.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The SLFRF allocation (\$6,500,000) will be used to implement the Program, including the four described Homelessness Initiatives. The County Administrative Office, in coordination with the Departments of Social Services and Behavioral Health, will return to your Board later to request the approval of agreements related to Initiatives 2: \$2,050,000 and 3: \$1,000,000. The budget resolutions for Initiatives 1: \$1,020,814 (Department of Behavioral Health Org 5630) and 4: \$2,429,186 (Interest and Miscellaneous Org 2540) will fund agreements with the Fresno Mission and Kings View; an amendment to the Kings View agreement is before your Board on today's date on a different item. The agreement with the Fresno Mission will be brought to your Board at a later date. Costs for recommended actions will be reimbursed through Auditor-Controller/Treasurer-Tax Collector Org 1033 - Disaster Claiming, Fund 0026, Subclass 91021. Adequate appropriations are available in Org 1033 to cover the required Operating Transfer Outs to Orgs 2540 and 5630 for these projects. Appropriations and estimated revenues required for these projects for FY 2022-23 will be included the FY 2022-23 Recommended Budget and in the FY 2023-24 budget request.

DISCUSSION:

The SLFRF Program, as part of ARPA, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The program ensures that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts,
- Maintain vital public services, even amid declines in revenue, and
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

In May 2021, the U.S. Department of Treasury (Treasury) published 31 Code of Federal Regulations Part 35 Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule") (for expenditures before April 1, 2022) and the Final Rule ("Final Rule"), which establish a framework for determining the types of programs and services that are eligible to receive SLFRF under the ARPA. The Final Rule became effective on April 1, 2022.

SLFRF may be used for eligible activities under four general categories:

- A. Respond to the COVID-19 public health emergency or its economic impacts;
- B. Provide premium pay for essential workers;
- C. Replace public sector revenue loss, subject to certain limitations; and
- D. Make necessary investments in infrastructure such as water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within those four general categories for the period that begins March 3, 2021 and ends on December 31, 2024. Recipients, including the County, and its subrecipients, must return funds to the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

On February 1, 2022, your Board approved the Ad-Hoc Committee's expenditure plan recommendations, which earmarked funds for proposals that may be funded either in whole or in part by the County's allocation of \$194,063,657 of SLFRF. The approved expenditure plan included \$6,500,000 for Homelessness Initiatives (Program) to be undertaken by the CAO.

The Program consists of four subparts that are each Eligible Uses of SLFRF under Category A, as they respond to the COVID-19 public health emergency or its negative impacts. The County Administrative Office will oversee the Program in collaboration with the Departments of Social Services and Behavioral Health.

Each subpart of the Program and Expenditure Category (E.C.) that will be funded by SLFRF is described as follows:

1. **Rural Outreach Services, Initiative 1**

Project Expenditure Category: E.C. 2.9 Negative Economic Impacts, Social Determinants of Health: Benefits Navigators

Funding Amount: \$1,020,814

Total Expenditures to Date: \$0

Estimated Start Date: Fiscal Year 2022 - 2023

Estimated Completion Date: End of Fiscal Year 2023-24

The Rural Outreach Program's objective is to close the distance gap and provide on-site mental health and supportive services to individuals in remote locations in the County who have been negatively impacted by the COVID-19 public health emergency. The Rural Outreach Program, which will be implemented through contracted provider Kings View, will integrate mental health and supportive housing services for adults who are either homeless, or who are at imminent risk of becoming homeless, due to mental illness and/or co-occurring disorders. SLFRF will provide a two-year funding stream for the Rural Outreach Program to expand services and dedicate a mobile outreach team to implement COVID-19 screening, housing support services, client transportation services, clothing, food and hygiene services, education, health and mental health assessments, and linkage capabilities, to enable this impacted population to live in their communities and avoid homelessness, hospitalization, and/or jail detention.

The COVID-19 pandemic negatively affected areas of public health, including mental health. In January 2021, over 40% of American adults reported symptoms of depression or anxiety, up from 11% in the first half of 2019. The Interim Final Rule established, and the Final Rule maintained the enumerated eligible use of SLFRF for mental health treatment, substance use treatment, and other behavioral health services. The Final Rule clarified that this eligible use category covers an expansive array of services for prevention, treatment, recovery, and harm reduction for mental health, substance use, and other behavioral health challenges caused or exacerbated by the public health emergency.

Additionally, in the Final Rule, the Treasury has determined several enumerated uses for SLFRF are directly responsive to negative economic impacts experienced by impacted households, including programs or services that address housing insecurity, lack of affordable housing, or homelessness. The enumerated uses included supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are experiencing homelessness.

The Department of Behavioral Health amendment related to these services will also be submitted for your Board's approval during this Board meeting.

2. **Crossroads Village Partial Affordable Housing Conversion, Initiative 2**

Project Expenditure Category: E.C. 2.15 Negative Economic Impacts Long-term Housing Security: Affordable Housing

Funding Amount: \$2,050,000

Total Expenditures to Date: \$0

Estimated Start Date:

Estimated Completion Date:

SLFRF would provide partial funding to support the conversion of the Crossroads Village motel rooms to affordable housing units in the City of Fresno. The conversion of 165 units will result in approximately 141 new residential units. The SLFRF will be provided to subrecipient UPHoldings California, LLC, in accordance with the Capital Financing Letter of Commitment approved by your

Board on October 5, 2021, for construction and development of the Project. The development is located at 3737 North Blackstone Avenue in Fresno. The Project will serve households who will benefit from onsite wraparound services. SLFRF would enable approximately 50 units to be permanently dedicated as affordable housing units, thereby being eligible in the housing-subsidy program, and would assist the County to meet service demand and address housing need in the County. These units will be restricted to individuals whose income falls within 30% Area Median Income (AMI), which is \$14,650 per year, or lower. The remaining units are being planned as permanent supportive housing units.

The County would provide SLFRF under Negative Economic Impacts to subrecipient UPHoldings California, LLC, to construct affordable and stable housing for eligible beneficiaries. In the Final Rule, the Treasury has determined several enumerated uses for SLFRF are directly responsive to negative economic impacts experienced by impacted households, including programs or services that address housing insecurity, lack of affordable housing, or homelessness. The enumerated uses included supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless, and development of affordable housing to increase supply of affordable and high-quality living units. This eligible use category includes emergency assistance for individuals experiencing homelessness, including individual level assistance (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., master leases of hotels, motels, or similar facilities to expand available shelter). The Treasury has also clarified that transitional shelters (temporary residences for people experiencing homelessness) are eligible capital expenditures. For this project, Department of Social Services will need to successfully complete and meet the substantive requirements of the Written Justification process, for projects between \$1 million and \$10 million.

3. Emergency Housing Project, Initiative 3

Project Expenditure Category: E.C. 2.16 Negative Economic Impacts Long-term Housing Security: Services for Unhoused Persons

Funding Amount: \$1,000,000

Total Expenditures to Date: \$0

Estimated Start Date:

Estimated Completion Date:

SLFRF would provide funding to improve, adapt, and secure a location to place 20 emergency travel trailers received from the California Office of Emergency Services, which will be used as longer-term housing for individuals and families experiencing homelessness. The County will contract with RH Community Builders to provide infrastructure upgrades for the trailers, and manage and operate the units, including one full time property supervisor. It is anticipated the trailers would be useable for about five years. The SLFRF allocation will cover the one-time costs estimated at \$213,000 for infrastructure upgrades that would allow the travel trailers to be placed permanently on the site without ongoing septic services. The individuals living in the trailers would pay rent, which shall be set at \$650 or \$700 monthly depending on the size of the trailer. RH Community Builders would work to collect the tenant rent portion (30% of income). The remaining \$787,000 of the SLFRF allocation would be used as a rental subsidy to ensure the cost of operations and maintenance are covered to have the Project in place for approximately five years. RH Community Builders owns the property where this Project would be located. This Project will increase accessibility and provide wraparound services that include case management, rental assistance, and renter's education to help homeless individuals and families obtain permanent housing and achieve long-term housing stability. This Project will enable the County to deliver critical public and mental health services and address housing need in the County.

The County would provide SLFRF under Negative Economic Impacts to RH Community Builders, for the provision of longer-term housing for individuals and families experiencing homelessness. In the Final Rule, the Treasury has determined the enumerated uses of programs or services that address

housing insecurity, lack of affordable housing, or homelessness are directly responsive to negative economic impacts experienced by impacted households. The enumerated uses included supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless, and development of affordable housing to increase supply of affordable and high-quality living units. This eligible use category includes emergency assistance for individuals experiencing homelessness, including individual level assistance (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., master leases of hotels, motels, or similar facilities to expand available shelter). The Treasury has clarified that operating expenses for eligible affordable housing are eligible uses of SLFRF. The Treasury has also clarified that transitional shelters (temporary residences for people experiencing homelessness) are eligible capital expenditures. For this project, the CAO will need to successfully complete and meet the substantive requirements of the Written Justification process, for projects between \$1 million and \$10 million.

4. Alternative Dwelling Units Project, Initiative 4

Project Expenditure Category: E.C. 2.16 Negative Economic Impacts Long-term Housing Security: Services for Unhoused Persons
Funding Amount: \$2,429,186
Total Expenditures to Date: \$0
Estimated Start Date:
Estimated Completion Date:

The Fresno Mission is a non-profit faith-based organization with the expressed purpose of meeting the physical and spiritual needs of all men, women, and children in our community. The Fresno Mission is a multipurpose organization that works with persons experiencing homelessness, the incarcerated, the drug-and-alcohol dependent, and those in need of emergency services.

The Initiative 4 Program will assist the Fresno Mission with longer-term housing for women and families transitioning out of emergency or transitional shelter programs. The Initiative 4 Program will provide SLFRF to the Subrecipient, Fresno Mission, to fund a portion of the cost to purchase 64 pre-fabricated units to be used as dwelling units for women and families. The Fresno Mission would sustain program services and maintenance of the units.

The County would provide SLFRF under Negative Economic Impacts to the Fresno Mission, for the provision of housing services for beneficiaries, including women and families transitioning out of emergency or transitional shelter programs. In the Final Rule, the Treasury has determined several enumerated uses for SLFRF are directly responsive to negative economic impacts experienced by impacted households, including programs or services that address housing insecurity, lack of affordable housing, or homelessness. The enumerated uses included supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless, and development of affordable housing to increase supply of affordable and high-quality living units. This eligible use category includes emergency assistance for individuals experiencing homelessness, including individual level assistance (e.g., rapid rehousing services) or assistance for groups of individuals (e.g., master leases of hotels, motels, or similar facilities to expand available shelter). The Treasury has also clarified that transitional shelters (temporary residences for people experiencing homelessness) are eligible capital expenditures. For this project, the CAO will need to successfully complete and meet the substantive requirements of the Written Justification process, for projects between \$1 million and \$10 million.

With your Board's approval of the recommended actions, \$6,500,000 will be used to implement the Program, including the four described Homelessness Initiatives. The County Administrative Office, in coordination with the Departments of Social Services and Behavioral Health, will return to your Board at a later date to request the approval of agreements related to each Initiative.

REFERENCE MATERIAL:

BAI #3, February 1, 2022

BAI #7, October 5, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution (Org 5630)

On file with Clerk - Resolution (Org 2540)

CAO ANALYST:

Sonia M. De La Rosa