

Item 2 File 23-0870	Department: Homelessness & Supportive Housing
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment to the grant agreement between Homelessness and Supportive Housing (HSH) and Brilliant Corners for rapid re-housing services for young adults to increase the amount by \$17,409,402 for a not to exceed total amount of \$27,309,402 and extend the term by two years for a total term of July 2021 through June 2026. <p>Key Points</p> <ul style="list-style-type: none"> • The Rising Up Initiative, a public-private partnership led by HSH and Larkin Street Youth Services, aims to reduce youth homelessness by providing programming, including problem solving to prevent homelessness, rapid re-housing to help youth exit homelessness, and wrap-around services such as education and employment support. Brilliant Corners provides housing location and rental assistance services for all youth that participate in rapid rehousing through Rising Up. • Under the Rising Up Initiative rapid re-housing program, participants pay rent equal to up to 50 percent of their income, and the remaining rent is subsidized up to a maximum of \$27,000 per tenant over a maximum term of three years. There is no monthly maximum subsidy; participants can use the maximum amount more quickly or more slowly as needed and may also claim their remaining subsidy balance of up to \$11,000 as an incentive and exit the program after stabilizing in housing for at least twelve months. • According to program monitoring results, the grantee did not meet longer-term housing stability objectives of the grant due to subsidy size limitations—70 percent of participants remained housed for at least three years compared to the objective of 80 percent. Based on the average monthly subsidy over the grant period to date (\$1,443), tenants would hit the subsidy limit (\$27,000) in 18.7 months on average. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed FY 2023-24 annual budget is \$5.5 million, which includes \$4.2 million for direct client costs (77 percent). The proposed FY 2023-24 budget is based on the average monthly rental subsidy as of July 2023 (\$1,750) and 1,968 subsidy disbursements. The grant is funded by Proposition C Homelessness Gross Receipts Tax revenues. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

Rising Up Initiative to Reduce Youth Homelessness

In 2019, Mayor Breed established a goal to reduce youth homelessness by 50 percent under the Rising Up Initiative, a public-private partnership led by the Department of Homelessness and Supportive Housing (HSH) and Larkin Street Youth Services, as the anchor non-profit agency. The Rising Up Initiative model includes several types of programming, including problem solving to prevent homelessness and rapid re-housing to help youth exit homelessness and wrap-around services including education and employment support. According to the March 2023 Rising Up Initiative Update, the Initiative provided 227 youth with problem solving resolutions and housed 369 youth between January 2019 and March 2023.

Rapid Re-housing Subsidy Model

Under the Rising Up Initiative rapid re-housing program component, participants pay rent equal to up to 50 percent of their income, and the remaining rent is subsidized up to a maximum of \$27,000 per tenant over a maximum term of three years. There is no monthly maximum subsidy; participants can use the maximum amount more quickly or more slowly as needed and may also claim their remaining subsidy balance of up to \$11,000 as an incentive for careful money management and exit the program after stabilizing in housing for at least twelve months.¹ According to HSH staff, this is a more flexible subsidy model with a financial incentive for clients, compared to stand-alone rapid re-housing programs that establish maximum monthly subsidies for a given period of time.

The maximum subsidy of \$27,000 over a three-year period was calculated with the assumption that participants would share housing with other participants, and providers were required to facilitate roommate matching at the beginning of the program according to HSH staff. However, providers had challenges identifying sustainable matches for each participant due to participants' unique experiences, needs, and trauma histories. As a result, roommate matching is no longer a program requirement, but providers encourage participants to find roommates according to HSH staff.

¹ Youth must also pay their rent in full for three consecutive months prior to their incentive request, and be employed for a minimum of four consecutive months at the time the incentive request is submitted.

Brilliant Corners Grant Agreement for Rapid Re-housing

Brilliant Corners provides housing location and rental assistance services for all youth that participate in rapid rehousing through Rising Up. Several community-based organizations provide housing focused case management and referrals to support services.² In July 2021, HSH entered into an original grant agreement with Brilliant Corners to provide these services for Transitional Age Youth (TAY) aged 18 to 24 in an amount not to exceed \$9.9 million for the term July 2021 through June 2024. The original agreement did not require Board of Supervisors' approval because the grant amount was less than \$10 million.

Under the existing agreement, Brilliant Corners provides housing location, housing coordination, rental assistance, and landlord liaison services to identify suitable private market units and support housing placements for at least 150 TAY at any given time. The proposed amendment would increase the number of clients served by the grantee from 150 to 175.

Tenants pay rent equal to up to 50 percent of their income, and the remaining rent is subsidized by the grantee up to a maximum of \$27,000 per tenant (per program guidelines) and a maximum term of three years. According to HSH staff, 406 unique clients have been served by the grantee under the agreement between July 1, 2021 and June 12, 2023, including 380 clients that were housed and 26 clients actively searching for permanent housing. The average monthly rental subsidy was \$1,443 per client.

Selection of Provider

HSH selected Brilliant Corners based on authorities outlined in Chapter 21B of the Administrative Code, which allows HSH to award homeless service contracts without a competitive procurement process to expeditiously address the homelessness crisis. This code section sunsets in March 2024 or if the Point-in-Time Count falls below 5,250. Brilliant Corners was selected to provide these services previously under a competitive procurement.³

² The other rapid re-housing service providers are Larkin Street Youth Services, 3rd Street Youth Center and Clinic, At the Crossroads, First Place for Youth, and Five Keys Schools and Programs. Services outside the Brilliant Corners agreement are funded with private dollars.

³ In 2019, Brilliant Corners was selected through a Request for Proposals (RFP) to provide housing locator services and rental assistance to TAY. Brilliant Corners was the sole proposer and awardee for housing locator services under the RFP (with a score of 78.67 out of 100 points possible) and lower scoring of two proposers for the Rental Assistance service portion (with a score of 78.67 compared to 82.17 for First Place for Youth out of 100 points possible). During negotiations with the two proposers for Rental Assistance services, HSH determined that it would be preferable to have one provider for these services for the Rising Up Initiative. HSH selected Brilliant Corners after the other proposer offered to provide Housing-Focused Case Management for the program (without rental assistance services). The selection panel consisted of the following: Program and Planning Manager from the Department of Children Youth and Their Families, Program Manager from the Department of Public Health, and Family Shelter & Transitional Housing Program Manager from HSH.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant agreement between HSH and Brilliant Corners for rapid re-housing services for young adults to increase the amount by \$17,409,402 for a not to exceed total amount of \$27,309,402 and extend the term by two years for a total term of July 2021 through June 2026.

Client Eligibility and Referrals

Under the proposed amended agreement, the grantee would continue to serve Transitional Age Youth (TAY), who have income below 50 percent of Area Median Income (AMI) and are experiencing homelessness.

HSH refers eligible participants via the Coordinated Entry System, which organizes the Homelessness Response System, with a population specific assessment, centralized data system, and prioritization method. The Coordinated Entry assessment measures chronicity of homelessness, vulnerability, and barriers to housing. Clients who are “Housing Referral Status” based on the assessment are referred to appropriate housing programs based on their unique needs.

Services

Under the amended agreement, Brilliant Corners would provide the following services to support housing placements for 175 TAY per year:

- Housing Location Services to conduct a comprehensive housing search to identify and secure housing units that meet the needs of the served population.
- Housing Coordination Services to match tenants to housing opportunities and eliminate barriers to housing placement (such as outstanding utility debt), including lease negotiation and review on behalf of tenants, support to prospective tenants to secure units, and other services.
- Rental Assistance to issue and document timely and accurate rental subsidy payments to landlords and property management for a term not to exceed three years as well as payment for items needed during housing search and move-in (such as application fees, security deposit, furniture, and moving costs). The grantee must recertify client eligibility at least every three months and may provide rental subsidies for units outside of San Francisco if a client requests to leave the City or if suitable units cannot be found in the City.
- Landlord Liaison Services between landlords and tenants to support ongoing housing stability, including monthly home visits for the first three months and quarterly visits thereafter to monitor housing conditions and support tenant and landlord relationships, collaboration with case managers to ensure tenants are able to pay rent on time and resolve any tenancy issues, response to lease violation or other complaints, and ensuring landlords conduct repairs and fulfil their legal responsibilities.

The agreement also requires that the grantee provide translation and interpretation services and provide a means for clients to provide feedback and submit complaints.

System of Care

According to HSH's Housing Inventory Dashboard, the Department has 340 units of rapid re-housing for TAY, reflecting 41 percent of housing units for TAY (with the remaining 59 percent of housing units being permanent supportive housing).⁴ During the 2022 Point-in-Time count, San Francisco counted 987 unaccompanied TAY experiencing homelessness, an 11 percent decrease from 1,091 in 2019.

Program Monitoring

Under the agreement, the grantee is subject to program monitoring. The agreement includes four outcome objectives including one related to resolution of lease violations and eviction notices and three related to the duration of client tenancy. According to the program monitoring results letter dated May 12, 2023, the grantee met one out of four objectives, as shown in Exhibit 1 below. According to the letter, the grantee had challenges tracking the outcome objective related to resolution of lease violations and evictions because resolutions depend on clients self-reporting problems and recommended this measure be changed to capture the percentage of reported evictions resolved, rather than total evictions. Program results showed that the grantee met the short-term housing stability objective (i.e., 90 percent of participants remain housed for at least one year) but cited challenges meeting longer-term housing stability objectives (i.e., 80 percent of participants remain housed for at least three years) due to subsidy size limitations. Based on the average monthly subsidy over the grant period to date (\$1,443), tenants would hit the subsidy limit (\$27,000) in 18.7 months on average.

Exhibit 1: Outcome Objectives, May 2023

Measure	Objective	Actual
Percent of Lease violations/eviction notices grantee receives that are successfully resolved	95%	Not Recorded
Percent of Participants that remain housed (or exit to other permanent housing) for at least:		
One year	90%	97%
Two years	85%	72%
Three years	80%	70% ⁵

Source: HSH

The program monitoring results letter also identified findings in the following areas:

⁴ HSH Housing Inventory Dashboard: <https://hsh.sfgov.org/services/the-homelessness-response-system/housing/>

⁵ According to HSH staff, of the 30% that did not remain stably housed for at least three years: 6% exited to homelessness, 2% exited to institutional settings, 11% exited to temporary housing, and 12% had other or unknown exit destinations.

- **Program Management and Oversight:** Brilliant Corners was missing required documentation, including Reasonable Accommodation forms, Termination Policy, Conflict of Interest forms, HMIS Privacy Policy displays, and Notice of Rights for People with Disabilities.
- **Eligibility:** Brilliant Corners was missing required documentation, including, copies of participant releases of information, and participant rights and responsibilities and program overview information in intake packets
- **Service Provision:** Brilliant Corners did not conduct full inspections to assess housing conditions for units found by participants and copies of participant leases were missing Violence Against Women Act (VAWA) lease addenda and inspections documentation.

HSH required that the grantee provide a plan to correct these issues by June 16, 2023. According to the grantee's response to the program monitoring site visit results in a letter dated June 14, 2023, the grantee has corrected all missing documentation findings under Program Management and Oversight and Eligibility. The Grantee also plans to correct the Service Provision findings by sending out VAWA lease addenda to all current landlords providing to all new landlords going forward and inspecting all units found by participants.

Fiscal and Compliance Monitoring

In May 2023, the Human Services Agency (HSA) conducted fiscal and compliance monitoring of Brilliant Corners for FY 2022-23. HSA identified two findings⁶ related to the grantee's documentation of employee time for payroll purposes, which the grantee has committed to correcting as soon as possible.

FISCAL IMPACT

The proposed resolution would approve the grant agreement between HSH and Brilliant Corners for a total not-to-exceed amount of \$27,309,402, including a 20 percent (of budgeted expenditures from FY 2023-24 through FY 2025-26) contingency of \$3,095,908, as shown in Exhibit 2 below. The grant is funded by Proposition C Homelessness Gross Receipts Tax revenues.

⁶ Findings included: (a) employee time was not separately tracked by funding source or program; and (b) timesheets of employees paid with City funds were not consistent with invoices reviewed.

Exhibit 2: Proposed Grant Budget

Expenditures	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Salaries & Benefits	\$930,002	\$998,288	\$1,001,743	\$1,031,795	\$1,062,749	\$5,024,578
Operating Expense	154,916	159,471	118,626	124,201	130,161	687,373
Indirect Cost (15%)	162,738	173,664	168,055	173,399	178,936	856,793
Client Pass-Through*	3,084,727	3,070,151	4,204,843	3,663,739	3,621,289	17,644,750
Total Expenditures	\$4,332,383	\$4,401,573	\$5,493,267	\$4,993,135	\$4,993,136	\$24,213,494
Contingency (20%)**						3,095,908
Not to Exceed						\$27,309,402

Source: Proposed Amended Grant Agreement

* Client Pass Through expenditures are funds that are paid directly by the grantee on behalf of clients of the program. This includes rental subsidy payments, security deposits, furniture costs, relocation costs, damage mitigation funds, vacant unit costs, client utilities and miscellaneous client costs, and lease extensions costs. These costs are not included in the indirect calculation.

** Calculated as 20 percent of budgeted expenditures for the proposed remaining three years of the grant (FY 2023-24 through FY 2025-26)

The FY 2023-24 annual budget is \$5.5 million, which includes \$4.2 million for direct client costs (77 percent). According to Budget Narrative from Appendix B of the proposed grant, the proposed FY 2023-24 budget is based on the average rental subsidy as of July 2023 (\$1,750) and 1,968 subsidy disbursements. The client pass-through budget decreases to \$3.6 million in the remaining two years of the grant agreement, which assumes a lower monthly subsidy amount (or fewer participants); however, as discussed below, HSH is proposing a 20 percent contingency on the grant agreement's not to exceed amount, which could be used to maintain spending at FY 2023-24 levels.

The FY 2023-24 budget also includes \$1.0 million for salaries and benefits associated with 10.94 full time equivalent (FTE) positions funded by the grant. The 10.94 FTEs includes 7.0 FTE Housing Coordinators, or one housing coordinator for every 25 youth served. According to the October 2021 Rising Up Operations Update, the Initiative has more housing coordinators for every youth served compared to expectations at the beginning of the program due to "the pandemic, the large geographic spread of housing, the acute behavioral health needs, and the deeply impacted economy." Approximately 75 percent of Rising Up participants are housed outside of the City (primarily in Oakland and other parts of the East Bay) due to challenges identifying units that participants can afford after exiting the program according to the March 2023 Rising Up Initiative Update.

Contingency

According to HSH staff, the proposed budget includes a 20 percent contingency to account for cost-of-living adjustments for non-profit workers, Minimum Compensation Ordinance increases for low wage staff, and other potential increases for the program. HSH may consider adding additional slots for the agreement over the next two years and may need to backfill private funding supporting housing focused case management services.

Actual Spending

Actual spending under the existing contract totaled \$8.73 million through June 2023 with \$1.17 million (12 percent) of the existing contract amount remaining for FY 2023-24 expenditures according to HSH.

RECOMMENDATION

Approve the proposed resolution.