

# MEMORANDUM

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Building & Housing Department



**DATE:** September 17, 2020

**TO:** Mayor and Councilmembers

**THROUGH:** Steve McHarris, City Manager *Steve McHarris*

**FROM:** Sharon Goei, Building Safety and Housing Director

**SUBJECT:** **Progress Report on City of Milpitas Homelessness Response and Affordable Housing Initiatives**

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## **Background:**

On September 1, 2020, Mayor Tran asked the City Manager to share information regarding the City's progress in providing resources to homeless residents over the years, including allocations in the City's budget. This memorandum describes programs, policies, and budget actions that the City of Milpitas has taken since 2017.

In 2019, California was home to over 151,000 homeless individuals; the largest homeless population of any state in the nation.<sup>1</sup> In the San Francisco Bay Area, homelessness has continued to grow in recent years. In 2019, the Santa Clara County Homeless Census counted 9,706 homeless residents, a 31% increase since 2017.

On a biennial basis, the County partners with a research firm to conduct a count of the local homeless population in order to measure the prevalence of homelessness in the region. Known as a point-in-time count, the survey is performed using HUD's definition of homelessness and consists of the following primary components: 1) General street count, which is a count of unsheltered homeless individuals and families that are living outdoors on the streets, at bus and train stations, in parks and tents, and in vehicles and abandoned properties; 2) general shelter count, which is a count of individuals and families temporarily housed in shelters, including emergency shelters, transitional housing, and safe havens. For Milpitas, the point-in-time homeless count was 95 in 2013, 122 in 2015, 66 in 2017, and 125 in 2019.

It is important to note that the Homelessness Census has limitations, as it is a count of street homeless and homeless at temporary shelters at a specific point in time. The point-in-time count does not account for persons who live in overcrowded conditions, in inadequate or unstable housing. It does not include all the students in the School District McKinney-Vento program because the program is established under the Federal McKinney-Vento Homeless Assistance Act, which has a broader definition of homelessness. The Act defines homeless children and youths as individuals who lack a fixed, regular, and adequate nighttime residence, and includes children and youths who are sharing the housing of other persons, living in motels, hotels, trailer parks, emergency or transitional shelters, cars, parks, public spaces, abandoned buildings, substandard housing, and bus or train stations. As of September 16, the Milpitas Unified School District (MUSD) reported 397 students qualified as McKinney-Vento and was in the process of adding two more. The McKinney-Vento data is updated whenever a new student is verified. While the HUD's definition of homeless for the point-in-time count and McKinney-Vento definition of homeless have some overlap, MUSD believes there is little duplicate count, which helps

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<sup>1</sup> U.S. Interagency Council on Homelessness, 2019

staff assess the needs of this vulnerable population and the growing impacts associated with the COVID-19 pandemic.

### **Analysis:**

Over the past several years, the City has actively addressed a myriad of homeless and housing issues. The City Council has enacted ordinances and created programs, including advancing initiatives through the proactive work of the Housing Subcommittee that the City Council established in May 2019. With new City management and leadership that implemented enhancements in the housing function, a new housing division was created with staffing roles to carry out Council priorities toward affordable housing and homeless response in Milpitas. In the past year and a half, City management and leadership built a new housing team, and City staff as a whole has made positive advancements in implementing Council policy and direction in the areas of homelessness and housing.

To best summarize the City's progress, Council actions and staff implementation are organized into three categories below: Protection, Production, and Preservation. These categories, or three Ps, have been widely adopted by the region, and they reflect the core pillars of the region's approach to solving the housing crisis. The following is a summary of the City's specific actions that prevent and address homelessness.

### **Protection:**

- **Rent Relief Program:**

In October 2019, the City Council created a Pilot Rent Relief Program designed to assist the most vulnerable residents in Milpitas with a wide range of housing needs, most notably rental assistance. The City Council approved an initial allocation of \$100,000 in rent relief funding. In March 2020, due in part to the positive impact of the program in preventing tenant displacement and curbing short-term homelessness, the City Council authorized a second \$100,000 allocation to continue funding at-risk residents. In June 2020, the City Council authorized an additional \$341,400 through the Community Development Block Grant process to the Rent Relief Program to further address the impact COVID-19 has had on the landlord and tenant community. The Council also authorized the removal of "Pilot" from the program's name.

In summer 2020, the City applied for and secured its first competitive grant of \$70,000 for the Rent Relief Program from the Santa Clara County Emergency Food and Shelter Program. As of this progress report, over \$600,000 has been earmarked for rent relief with over \$250,000 expended in assisting 51 families with a total of 185 residents. City staff continues to work with the Silicon Valley Independent Living Center, the Milpitas Unified School District McKinney-Vento program, Project Sentinel, Next Door Solutions to Domestic Violence, the City of Milpitas Police Department, the Milpitas Senior Center, and other organizations to connect clients in need of assistance.

- **Rent Review and Just Cause Eviction Protection Urgency Ordinances:**

In October 2019, the City Council adopted urgency ordinances 302 and 303. Urgency ordinance 302 established the Rent Review Ordinance, which created a safe space for residents who were given a rent increase in excess of 5% to request rent review with their landlord without fear of retribution. The ordinance strengthened rent increase notification requirements, tenant protection such as source of income discrimination, and prohibited landlord retaliation.

Urgency Ordinance 303 created a temporary just cause eviction moratorium in Milpitas until December 31, 2019, as the just cause eviction protections implemented by State Assembly Bill 1482 would take effect on January 1, 2020. This temporary ordinance ensured the protection of residents from landlords looking to unjustly evict residents during this short period of time when no-cause evictions were permitted for a subset of the population. This helped prevent the displacement of tenants and decreased the risk of tenants becoming homeless. Milpitas was one of the first cities across the state to enact an urgency ordinance for just cause eviction protection.

- Community Development Block Grant (CDBG) Funding:  
Each year, the City Council allocates funding through the CDBG process to support the needs of low- to moderate-income residents. Since 2017, the following allocations have been awarded to support housing and community development needs:
  - The Milpitas Food Pantry received a total of \$54,656 to support the food and nutrition needs of Milpitas' most vulnerable residents. Over 3,000 residents have secured food assistance from the Milpitas Food Pantry through the use of these funds.
  - Project Sentinel provides fair housing and tenant-landlord counseling and dispute resolution services to the City of Milpitas. The City has allocated a total of \$131,290 in CDBG and Housing Authority funding. Through its services, workshops, and other events, Project Sentinel has assisted over 1,000 Milpitas residents.
  - In June 2020, the City awarded \$50,000 to Project Sentinel to implement the 'It Takes a Village' approach to providing rental assistance. This approach uses Project Sentinel's mediation team to assist a tenant in need of rental assistance by negotiating directly with their landlord and potentially the landlord's lender to provide relief from rent and/or mortgage payments. The program is estimated to assist a minimum of 10 households.

- City Collaboration and Outreach:  
The Building Safety and Housing Department team has increased our collaborative effort in assisting residents. As the Building Inspection and Code Enforcement teams work in the field and interact directly with residents at their homes, they are taking note of residents with housing needs. The Housing team is provided contact information to connect with at-risk residents, provide assistance, and to refer these individuals to resources. During the past year, the Building Inspection and Code Enforcement teams have assessed homes in disrepair as well as substandard housing with safety and habitability issues. In cases where there are no alternative housing resources, Building Inspection and Code Enforcement teams refer residents to the City's Housing team who connect the residents with resources and community-based organizations.

In 2017, the Milpitas Police Department received California Board of State and Community Corrections (BSCC) grant funding and \$80,568 of this grant was designated towards establishing a Homeless Outreach Team. This team performs outreach on an ancillary basis to public safety responsibilities. The team uses the County's Mobile Crisis Response Team for homeless residents with mental health issues and provides courtesy transportation to Valley Medical Center Emergency Psychiatric Services for those wanting to speak with a clinician. Additionally, officers serve as liaisons with allied agencies such as the Milpitas Public Works Department, Building Safety and Housing Department, Milpitas Unified School District, Union Pacific Railroad, the Valley Water District, and Caltrans. The funding also includes essential supplies such as nourishment kits, hygiene equipment, clothing, blankets, temporary housing vouchers, travel vouchers, bus tokens, and referral information for shelters. The primary goal for the outreach has

been to identify individuals' needs and pair them with resources provided by the County or other organizations.

Due to COVID-19 safety protocols, the Homeless Outreach Team deployments have been revised to offer resources during regular service calls as needed, rather than on a regular schedule. Milpitas Police Officers will begin using the Mission Street Sobering Center for individuals (including unhoused individuals) that need drug treatment, alcohol treatment, and mental health resources.

In the last fiscal year, Council provided direction to enhance outreach services through a nonprofit agency. Staff has conducted research on various outreach service options, recognizing that outreach conducted by police officers and public safety staff may not be sufficient. Staff has evaluated several options with implementation recommendations under a separate memorandum to the City Council Housing Subcommittee. More information can be found in the Next Steps section of this memorandum.

- Education and Workshops for Community:

The City of Milpitas created a webpage dedicated to educating our residents about resources for housing services, rent and utility assistance, meals, medical programs, job training, legal assistance, and low-cost transportation services. In recent months, this webpage has been updated with COVID-19 related resources including information about rent and mortgage relief, new eviction limitations, unemployment and other benefits.

The City continues to partner with Project Sentinel, Rebuilding Together Silicon Valley, Catholic Charities, and Silicon Valley at Home with in-person and virtual workshops to inform residents of our multiple housing initiatives. In addition, Building Safety and Housing staff has conducted workshops during Affordable Housing and Building Safety Month in 2019 and 2020, promoting housing resources available to our residents. Since 2019, staff has conducted over two dozen outreach events and workshops on fair housing, tenant support resources, and various housing-related programs in partnership with local nonprofit agencies.

## Production:

- 355 Sango Court:

The 355 Sango Court development will offer 101 affordable units with the following breakdown: 40 project-based subsidy units that will provide permanent supportive housing for chronically homeless individuals with incomes at or below 30% of Area Median Income (AMI), 31 units that will provide permanent housing to extremely-low income households at or below 30% AMI, and 30 units that will provide permanent housing to low income households at or below 60% AMI. The City has committed \$150,000 through a pre-development loan, \$299,097 through a CDBG loan to assist with site acquisition, and a \$6.5M loan from the Housing Authority Fund to assist the developer to secure construction financing. Construction is anticipated to begin in late 2020 and tenant placement is estimated to occur in mid-2022.

- Inclusionary Housing Ordinance No. 297:

On June 19, 2018, the City Council adopted an ordinance that requires developers to set aside 15% of the project's housing units as affordable housing for very-low, low- or moderate-income households depending on the tenure of the project. This applies to developments with 10 or more housing units. Alternative compliance measures are available but require Council approval.

Upcoming at various stages are market rate housing developments that will yield more than 100

affordable units as a result of this ordinance.

The ordinance also requires some types of commercial projects to pay impact fees, also known as commercial linkage fees, to help build or preserve affordable housing.

- Inclusionary Housing Fee Resolution No. 8852:

On March 5, 2019, the City Council adopted Resolution No. 8852, which approved the affordable housing fee schedule for a residential in-lieu fee and a non-residential impact fee.

As noted above, Ordinance No. 297 requires projects to construct 15% of total units as affordable. An in-lieu fee exception is provided for in the ordinance, but is evaluated on a case-by-case basis and requires City Council approval, prior to which affirmative findings must be made showing how the exception would exceed affordable requirements, and how the project would be better served with the exception or how the community benefits would exceed the project benefits.

For the non-residential impact fees, the table below summarizes the past, present, and upcoming fee levels:

Building Permit Application Date	Commercial (Office, Retail and Hotel) (Fee/Sq Ft)	Industrial (R&D, Manufacturing and Warehouse) (Fee/Sq Ft)
July 1, 2019 – June 30, 2020	\$4.00	\$1.00
July 1, 2020 – June 30, 2021	\$6.00	\$3.00
July 1, 2021 – June 30, 2022	\$8.00	\$4.00
Each Subsequent Fiscal Year	Adjusted by Rate Index per Affordable Housing Ordinance	

**Preservation:**

- Sunnyhills Affordability Covenant:

In October 2017, the City Council authorized funding for a HUD affordability covenant for the tenant based rental assistance residents who reside at the Sunnyhills Apartments. The covenant extended the current HUD contract an additional five years at \$250,000 per year, protecting 149 households from displacement through February 28, 2023.

In June 2020, the City Council allocated \$200,000 in CDBG funding to Rebuilding Together Silicon Valley for a roof replacement capital project at the Sunnyhills Apartments. The project will provide new roof to help preserve and maintain the residential buildings that are almost exclusively occupied by low- and moderate-income residents.

- LifeMoves Homeless Shelter:

To date, the City has allocated \$185,400 in CDBG funding to two LifeMoves homeless shelters in need of critical repairs. These shelters offer temporary nightly homeless shelter support to Milpitas residents in immediate need of refuge.

### **Next Steps – Initiatives and Opportunities:**

The City recognizes that ending homelessness requires significant efforts and regional collaboration and partnerships, especially given the urgent challenges brought on by the COVID-19 pandemic. Below is a brief description of next steps that build upon the City's efforts. These initiatives help identify remaining service gaps and ways to further prevent and reduce homelessness in Milpitas.

- **Homelessness Outreach and Case Management:**  
In FY 2019, the Milpitas City Council approved a \$75,000 budget for a nonprofit agency homeless case manager dedicated to Milpitas. With limited staffing capacity at the time, staff explored with LifeMoves and identified the possibility to support residential services coordinators at a shelter but was unable to develop a feasible option for a dedicated Milpitas case manager as LifeMoves only provides services within its shelter facilities. Further research was delayed due to a prolonged staffing vacancy due to the labor market and the urgent priorities of rent relief, rent review, and COVID-19 pandemic response. With the full housing team currently on board in 2020 and in response to the City Council Housing Subcommittee, staff has returned to the research on homeless outreach and case management. City staff has evaluated several options with implementation recommendations under a separate memorandum to the City's Housing Subcommittee.
- **Updated 2020-2025 Community Plan to End Homelessness:**  
In 2014, Destination: Home, in partnership with the Santa Clara County Continuum of Care, developed a 5-year county-wide roadmap to end homelessness. The plan was intended to guide government officials, nonprofits, and other community members and sought to test innovative strategies, secure new funding, and adopt a more client-centered approach. The County recently revamped the plan, with City staff contributing in January and February 2020 in meeting with the County and Destination: Home to provide input into the plan and note Milpitas' contributions to ending homelessness. The City's approach thus far, as well as the planned next steps, are aligned with the three strategies under the updated plan: Address the root causes of homelessness through system and policy change; expand homelessness prevention and housing programs to meet the need; and improve quality of life for unsheltered individuals and create healthy neighborhoods for all. The updated plan was endorsed by the County Board of Supervisors and the City of San José on August 25, 2020. The new plan will be presented for endorsement at an upcoming Milpitas City Council meeting in October 2020. An executive summary is included here as [Attachment A](#).
- **Santa Clara County Unhoused Task Force:**  
To implement the updated Community Plan to End Homelessness, Santa Clara County has convened a broad group of 30 stakeholders to identify and contribute ideas for feasible short-term strategies to address homelessness. The focus of this task force will be on immediate strategies to conduct outreach, build more interim housing, and to improve the quality of life for unhoused individuals while longer-term housing is developed. Vice Mayor Bob Nuñez and Councilmember Karina Dominguez have been appointed to serve on this task force, which is expected to further solidify the City's collaborative partnership with local and regional commitments towards identifying a package of emergency assistance for the unhoused that can be implemented as soon as possible. The first task force meeting took place on September 9, 2020. The second through fourth meetings will discuss plans and potential projects by region/cities (the second meeting on September 24 will focus on the North County, including Milpitas). The final meeting is scheduled for October 8 and will conclude with the approval of the task force recommendations.

- Project Homekey:  
The State of California created Project Homekey to protect individuals and families experiencing homelessness or who are at risk of experiencing homelessness and are impacted by the COVID-19 pandemic. The program offers \$600M in urgent grant funding to purchase hotels, motels, or vacant apartment buildings, and to convert them into interim or permanent housing. The Extended Stay America hotel located at 1000 Hillview Court in Milpitas is identified as a priority candidate because it is a newer existing building that requires minimal construction and all existing rooms have kitchenettes. The project is proposed to convert a 146-room hotel into a 132-unit permanent supportive housing facility. The County and affordable housing developer Jamboree Housing have applied for the Project Homekey grant. City staff has been working proactively and collaboratively with the County, Jamboree Housing, and Destination: Home throughout the process in support of the proposed project. It is likely that the Milpitas project will receive Homekey grant funding, although competition in the Bay Area has been high. If the funding moves forward, staff will coordinate with Jamboree Housing, Destination: Home, and the County to conduct outreach and education with the Milpitas community. For more information, please refer to the August 25, 2020 information memorandum which is also included here as [Attachment B](#).

**Attachments:**

[Attachment A: Santa Clara County 2020-2025 Community Plan to End Homelessness Executive Summary](#)

[Attachment B: Memorandum on Project Homekey – Convert Extended Stay America Hotel into Permanent Supportive Housing](#)