Legislation Text

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To: Sonoma County Board of Supervisors
Department or Agency Name(s): County Administrator's Office
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Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:
Homelessness Services Organization Recommendation

Recommended Action:

A) Receive staff recommendation to move the Community Development Commission's (CDC) Ending Homelessness team to the Department of Health Services (DHS) under a new Homelessness Services Division, and direct staff to return during the June budget hearings with more financial details for consideration of the proposed reorganization; and
B) Receive an update on the implementation of recommendations presented in the April 20, 2021 consultant report: *Improving Integration & Outcomes to Benefit County Residents: Assessment of Housing and Homeless Services and Programs*.

Executive Summary:
On April 20, 2021, your Board received the *Improving Integration & Outcomes to Benefit County Residents: Assessment of Housing and Homeless Services and Programs* report prepared by KPMG, LLP. The report proposed recommendations to improve the overall operational efficiency, effectiveness, and delivery of housing and homeless services across the County. Included in the report was a recommendation related to the County's homelessness services organizational structure, namely: to evaluate potential organizational models to facilitate best outcomes.

Several organizational models were proposed for homeless services. Staff recommends creating a new homelessness division within the Department of Health Services (DHS) and moving the Ending Homelessness team at the Community Development Commission (CDC) to this new division. The Ending Homelessness team under CDC also serves as the lead agency for the Continuum of Care (COC) board. Staff also evaluated the anticipated impacts resulting from transitioning homelessness services to DHS, including impacts on staff, budget, and CoC lead agency. A preliminary timeline to ensure a successful transition to the proposed homeless services organization model has been developed should your Board direct staff to move forward with staff's recommendation.

In addition to the organizational recommendation, this item includes an update on some of the report recommendations pertaining to homelessness services strategy, funding, and the optimization of homelessness programs. During the past year, several projects, which directly align with the recommended actions from the consultant's report, were initiated within the framework of the County's Strategic Plan Healthy and Safe Communities pillar.

Discussion:
Background. During the 2019-20 budget hearings, your Board approved appropriations to fund various efficiency studies, including the assessment of housing and homeless services programs. The consulting firm KPMG, LLC was selected to:

- Assess and inventory all housing and homeless services programs administered through the Community Development Commission, Department of Health Services, and Human Services;
- Assess and provide an inventory of the ancillary services and programs necessary to enable individuals to successfully obtain and maintain housing;
- Determine best practices to administer programs and improve collaboration and communication across organizations;
- Assess whether existing homeless and housing programs should be redesigned to more effectively achieve outcomes.

On April 20, 2021, your Board received the *Improving Integration & Outcomes to Benefit County Residents: Assessment of Housing and Homeless Services and Programs* report and directed staff to return with additional analysis and recommendations for consideration. A key report finding was the need to redesign the organizational model to improve the efficiency and effectiveness of housing and homeless services delivery. The report included two recommended actions in the area of organization structure:

- Evaluate potential organizational models to consolidate housing funding and expertise, leverage homeless and health service delivery capacity, and streamline service offering to facilitate best outcomes.
- Evaluate the impact of transition on Continuum of Care (CoC) structure and governance.

ORGANIZATIONAL MODEL OPTIONS

Several organizational models were proposed for homelessness services in the consultant's report. Over the last year, staff have evaluated the feasibility and impacts of the models recommended, including two that the consultant rated highest based on defined design criteria, and an additional model that staff believe was important to consider. Each model was evaluated based on anticipated impacts on governance, coordination with partners, service quality and delivery, operational efficiency, cost, funding, staff, and CoC lead agency status. Although the CDC currently serves as the lead agency for the CoC, the CoC has the authority to decide how to staff the lead agency role. A description of each model and staff's recommendation are described below.

1. Keep existing homelessness services at CDC, while enhancing staff and services

This option recommends keeping homelessness services within CDC while increasing staff capacity to meet the growing needs and demands for existing homeless services.

Services: Under this model, the CDC Ending Homelessness team would deliver the following services:

- Serve as the sole Lead Agency to the Continuum of Care Board (subject to the CoC's approval)
- Serve as the contracting arm of a significant portion of the County's homeless services (DHS,

HSD, and Probation homeless services programs would continue to exist in separate departments);

- Monitor standards and procedures for County-funded homeless services provided through the CDC;
- Monitor standards for the Department of Housing and Urban Development (HUD), State, and Local funding streams;
- Manage service providers for County's Project Homekey facilities;
- Advocate for the needs of the homeless community within the larger region;
- Troubleshoot client challenges with securing service providers, coordinated entry, and other front-end entry points of the homeless system.

Staffing Impacts: With this option, the CDC's 11 FTEs on the Ending Homelessness team and 4 FTEs in the administration section would remain at the CDC. The additional 3.0 FTEs under this model would replicate work currently done by DHS HPE team members, provide additional support to augment capacity to meet compliance requirements on new contracts, and allow for additional communications support. The cost of adding these positions is approximately $545,000.

Funding: CDC Ending Homelessness programs are funded by several federal, state and local funding sources. Amounts vary year to year, but primary sources include:

Federal:

- HUD's annual Continuum of Care Grants (Annual Renewal Demand, HMIS support, Planning Grants)
- Emergency Solutions Grants (ESG) - Federal

State:

- Homeless Housing, Assistance, and Prevention (HHAP) funds
- Emergency Solutions Grants (ESG) - State
- Encampment Resolution Funding (ERF) Program (one-time program)

Local:

- County General Fund
- Transient Occupancy Taxes (TOT) Funds
- Reinvestment and Revitalization Funds
- Low- and Moderate-Income Housing Asset Fund
- Measure O

Pros and Cons. There are both benefits and drawbacks of keeping and enhancing homeless services at CDC. This model:

- Is easy to implement and in the least amount of time;
- Optimizes cross-collaboration between the Housing Authority and Homelessness teams
- Provides one location for clients in need of both housing vouchers and homeless services.

Limitations of the model include:

- Reduced shared strategy or vision across County departments;
- The CDC would still not manage all of the County's homelessness programs;
- The CDC's Ending Homelessness team would still be separated from the other County safety net programs and services such as the HEART Team, the Interdepartmental Multidisciplinary Team

(IMDT), Non-Congregate Sites (NCS) shelters like Los Guilicos Village, and Project Roomkey.

2. Consolidate all County homelessness services within the CDC

This model establishes a single department of all homelessness services within Sonoma County at the CDC, with the CDC remaining a separate (non-County) agency.

Services: CDC would take over all services related to homelessness, including the IMDT, and be the Lead Agency for the CoC. It would remain a separate (non-County) agency with the following services and potentially additional ones:

- Lead Agency for homelessness services under ACCESS Sonoma
- Lead role for IBM/Information Systems Department (ISD) ACCESS and Watson Care Manager
- IMDT and the HEART cohorts
- Project Homekey
- All homelessness programs currently under CDC
- Potentially some Measure O funds (Residential Care Facilities, Permanent Supportive Housing, and Other Housing; Behavioral Health Homeless; Transitional & Permanent Supportive Housing)
- All homeless programs under Human Services Department (HSD)
- All homeless programs under Probation.

Staffing Impacts: Assuming the CoC Lead Agency role remains with the CDC, in order to consolidate homeless services at CDC, CDC would retain the existing 11.0 FTEs on the Ending Homelessness team. In addition, the Safety Net department directors believe that staff from their departments who are dedicated to homeless services and housing, would need to be moved to the CDC, including 48.5 existing FTEs.

- Human Services Department: 22 FTEs - Employment and Training (13), Adult & Aging (7), Family Youth & Children (2)
- Department of Health Services: 26.5 FTEs - ACCESS HEART (8), ACCESS Whole Person Care/High Needs Homeless (10.5 FTEs), ACCESS COVID 19 Cohort (8)

In addition to moving these FTEs from the other Safety Net departments, CDC would need to add 14.0 FTEs to support the administrative and program functions of an expanded homeless services department at a cost of approximately $1.95M.

Funding: Funding for the existing FTEs would come from a variety of federal, state and local sources, many tied to program eligibility, which may not be able to be used outside of program requirements and may not continue to be available if staff are moved from their program source. In addition to the new staffing levels described above, additional funding may be needed to procure space and equipment for the new staff, as well as internal cost allocations (A-87) and ISD expenses.

Pros and Cons. There are benefits and drawbacks to a single department of all homeless services within Sonoma County, at the CDC.

Key benefits of this model include:

- Optimizes capacity with all homeless services consolidated in one department;
- Potential to enhance customer experience.

The most significant limitations include:

- Most expensive model due to the number of additional staff positions needed to support
- Program staff from various departments may lose their subject matter knowledge of the programs tied to funding sources unique to each department;
- Moving the programs out of HSD requires more County staff to ensure proper oversight and coordination with social workers and management;
- Potential challenges moving County employees to non-Civil Service agency, and labor impacts;
- Complexity of and number of funding sources that would need to be managed;
- Time to implement could range from 18-24 months;
- CDC would need more space;
- CDC has no MediCal Billing Mechanism; IMDT/HEART currently do not bill to MediCal;
- CDC would need to track clients and units of service and prepare cost reports through an Electronic Health Record and sites would need to be certified;
- DHS is the Mental Health Plan and partners with Partnership Health Plan. Direct service provision through licensed professionals would be problematic without the appropriate infrastructure in place.

3. New Homelessness Services Division within Department of Health Services

This model would create a new Homelessness Services Division within DHS and transition the CDC's Ending Homelessness team to the new DHS division.

Services: Should the CDC Ending Homelessness team transition to DHS, the existing programs and functions are expected to remain the same. Services would include the following:

- Project Homekey
- LG Village
- Scattered Site Housing
- Street outreach as done by the IMDT/HEART
- Coordination assistance with city- and CBO-operated shelters; development of regional shelter standards
- Housing-related assistance
- Case management as done by the IMDT/HEART
- Advocacy services
- Support services, especially related to mental and physical health conditions of persons experiencing homelessness.
- Serving as Lead Agency to the Continuum of Care Board, including management of the HMIS system and Coordinated Entry.

Services not included:

- Human Services' and Probation's housing programs
- Housing Authority
- Housing and Neighborhood Investments (County Fund for Housing, CDC Housing Fund, flood improvements, earthquake bracing, etc.)
- Program compliance for HOME and CDBG programs, and for Affordable Housing Agreements

- Most of CDC's administrative staff

The CDC also has a role in administering certain County-owned properties, as well as properties owned by the former redevelopment agency. The policy team working on this new alignment is continuing its review of how County-owned property administration now assigned to the CDC might change under this new model, as well as the role and duties of the administrative positions needed to maintain the CDC's important remaining functions.

The CDC currently serves as the CoC Lead Agency. If homelessness services currently under the CDC are transferred to DHS, the Lead Agency role could transfer from CDC to DHS. Further discussions with the CoC Board would be needed if your Board agrees with the recommended model.

Staffing Impacts: Under this model, the new DHS Homelessness Services Division would have 34 FTEs (Attachment 1 Proposed DHS Organization Chart). Three new positions would be requested to support the mission and operations of the new, expanded division and to ensure appropriate levels of management oversight and administrative support.

Existing Positions	**FTEs**	**Estimated Cost**
CDC Ending Homeless Team	11	
Homeless Encampment ACCESS and Resource Team (HEART)	6	
Interdepartmental Multidisciplinary Team (IMDT)	14	
New Positions		
Homelessness Services Division Director	1	$295,706
Accountant III	1	$184,126
Senior Office Assistant	1	$113,000
Total	**34**	**$592,832**

Estimated position costs include benefits and are based on the highest rates in the job classification. In addition to the proposed new positions, funding would be needed to make permanent two positions that are currently time-limited, 1.0 FTE Administrative Aide and 1.0 FTE Policy & Program Evaluation Analyst. Estimated salary and benefit costs for these two positions are around $120,000 and $146,000, respectively.

Funding for Homeless Programs: The table below shows the ongoing sources of funds that would travel with the CoC to the DHS Homelessness Services Division. The list does not include some smaller funds that are direct cost-related, such as the Point-in-Time Count.

Fund	**Total Amount**	**Lead Agency Admin Amount**	**Notes**
Homeless Housing, Assistance and Prevention (HHAP) (CoC Allocation)	$4,400000	$309,000	Has varied year to year
State Emergency Solutions Grants (ESG)	$226,000	$6,200	

Fed Emergency Solutions Grants	$228,000	$17,100	
U.S. Department of Housing and Urban Development (HUD) CoC Grant -Annual Renewal Demand (ARD)	$3,996,000	0	Amount can be used for CES and HMIS
HUD CoC Planning Grant	$120,000	$120,000	Intended in part to staff the HUD CoC ARD Grant
Total	**$8,970,000**	**$452,000**	Estimates

In addition to the ongoing sources in the above table, several one-time funding sources at CDC have supported CoC homelessness work. These include:

- State Emergency Solutions Grant allocation (ESG - State)
- Federal Emergency Solutions Grant allocation (ESG - Federal)
- The Homeless Emergency Aid Program (HEAP)
- The Department of Housing and Urban Development (HUD); HUD provides the Federal ESG Funds, CDBG funds, as well as an Annual CoC Grant. The CoC grants include Planning Grant for administration expenses, and an HMIS Grant.
- Transient Occupancy Taxes (TOT); a portion of the hotel bed taxes from overnight stays in the unincorporated area can flow through to the CDC. The CDC typically uses about $381,000 of these funds to support the CoC and allocates other TOT funds to distribute into the County Fund for Housing (CFH), a fund for affordable and permanent supportive housing.
- County General Fund

Pros and Cons. Key benefits of this model include:

- Streamlines and aligns direct homeless services program offerings with DHS Behavioral Health Unit offerings to enhance service delivery;
- Increases coordination and collaboration between DHS, the IMDT team, and other homeless services, which should improve the client experience and support the expansion of IMDT cohorts;
- Increases the potential to combine and share resources and increase funding competitiveness;
- Leverages the compliance, Health Policy, Planning and Evaluation (HPPE), and epidemiology staff at DHS;
- Leverages readily available resources of the Safety Net and ACCESS initiative and promotes integration in more seamless ways;
- Leverages ACCESS technologies; and
- Leaves the CDC as an agency focused on affordable housing and federal/state programs for community development.

Limitations and considerations include:

- The model may result in staff attrition and a loss of staff productivity;
- Other Safety Net departments manage homeless programs;
- Staff will need to be considered in the transition since CDC staff are not under Civil Service;
- Transition may take time given labor organization meet and confer requirements.

Recommendation

Staff recommends creating a new homelessness division within the Department of Health Services

(DHS) and moving the Ending Homelessness team at the Community Development Commission (CDC) to this new division. This model offers the best opportunity to align program offerings with services provided within DHS and improve cross-program collaboration and coordination. While the model would not consolidate all homeless programs across the County, it centralizes most of the County's homeless programs and services, and leverages the expertise of specialized staff and technologies in one department, under a unified, strategic vision. Finally, although there will be impacts to staff in a transition, this model has the greatest potential to optimize service delivery.

Model Implementation Timeline. Implementation could take up to 10 months to allow sufficient time for human resources processes, including the following:

- County needs to engage SEIU and ESC in the meet and confer process to discuss the effects of the Board's decision.
- A division director job class needs to be developed and adopted by the Civil Service Commission and the Board.
- A recruitment would be conducted and further steps would be taken to establish the new division.
- Office space needs to be retrofitted before the new Homelessness Services Division staff can be located there.

The high-level timeline below shows some of the key steps leading to full implementation of the proposed model.

Date/Timeframe	Major Transition Activities
May 24	• Board receives organization model recommendation and directs staff to come back with more financial details to be considered during the June budget hearings
May 25	• Staff presents the recommendation to the CoC Board and shares the CoC feedback with the Board
June	• Board to consider Budget Funding Request and decide on model at budget hearings
June	• Meet and confer with SEIU and ESC begins and continues until completed
July-November	• Recruit for homelessness division director • Set up Enterprise Financial System (EFS) structure • Recruit for CDC Executive Director
January 2023	• Full implementation/changes effective • CDC Executive Director in place • Positions are transferred (assumes successful CDC executive recruitment)

Homeless Services Organizational Model Next Steps

At your Board's direction, staff could come back with more financial details for some or all of the proposed models to be considered during the June budget hearings. Staff will present the organizational models to the

CoC Board at their May 25, 2022 meeting for input that will be shared with your Board.

UPDATE ON IMPLEMENTATION OF CONSULTANT REPORT RECOMMENDATIONS

In addition to the organizational and governance recommendations, the *Assessment of Housing and Homeless Services and Programs Report* included recommendations pertaining to strategy, funding optimization, and program optimization. Many of the recommendations align with objectives in the County Strategic Plan Healthy and Safe Communities pillar and are being implemented within the Plan framework. This section provides some highlights of progress since the consultant report was received in April 2021. Some key efforts are highlighted below, where relevant, the County Strategic Plan goal and objective reference is noted. (Additional details on implementation progress are available in Attachment 3 to this item.)

- **Countywide Housing and Homelessness Strategy** (Strategic Plan HSC 4.2)**.** The CDC and Cities within the CoC are on track to develop a single, unified Homeless Strategic Plan by December 31, 2022, as well as a Homeless Action Plan (HAP) which the Board is considering during today's Board Meeting under a separate agenda item.

- **Funding optimization** (Strategic Plan HSC 3.2)**.** The CDC and CoC are strengthening their collaboration by jointly applying for Sonoma County's share of new State and Federal dollars associated with Permanent Supportive Housing (PSH) and Affordable Housing. Both the County and CoC have emphasized using State HHAP funds for Project Homekey PSH and Interim Housing support. Additional progress was made via the assignment of Project-Based Vouchers to Homekey PSH and other affordable projects.

- **Formalizing Collaboration with the CoC.** Staff have been working on a draft MOU to formalize the County's role as CoC Lead Agency to support a long-term funding plan and joint efforts in tackling state -level challenges and opportunities such as securing steady sources of funding.

- **Program Optimization.** Since June 3, 2021, an internal team composed of County Administrator's Office, Policy Grants and Special Projects division (CAO - PG&SP) HSD, CDC, and DHS staff have been convening on a weekly basis to implement report recommendations to achieve program optimization. The team developed a County Housing and Homelessness Programs Inventory, which provides a comprehensive picture of the County's diverse housing and homelessness services offerings. In addition to helping identify program optimization opportunities, the inventory also served as a baseline for understanding where there could be opportunities for changes in organizational structure to achieve greater efficiencies, effectiveness, and reach.

- **No Wrong Door Approach** (Strategic Plan HSC 1.3). The Board of Supervisors approved $350K in Year 1 Strategic Plan funding to support this approach to allow clients needing County services to receive services regardless of where they enter the system.

- **Expanding the Use of Performance Measures and Results-based Accountability** (Strategic Plan HSC2.1). The internal team is also supporting efforts to strengthen data tracking using the results-based accountability (RBA) framework. RBA will be used for planning, reporting, and monitoring/tracking of performance measures of County programs and contracts with plans for

complete adoption in the next 3-5 years.

- **Establishing Strategic ACCESS COHORT Populations** (Strategic Plan HSC 2.1). Identifying gaps in the County safety net system of services and how departments can address those gaps directly is an ongoing County objective. Some successes achieved include the IMDT- Expansion team (expanded HEART COHORT), the creation of new cohorts such as Project HOMEKEY cohort, the inclusion of city staff in County cohorts, and the programming of a Transitional Aged Youth (TAY) cohort in coordination with Probation and HSD. These new cohorts will provide critical services to high-need individuals.

Strategic Plan:
The Assessment report leading to this work and recommendation was conducted within the framework of the Strategic Plan Healthy and Safe Community Pillar and objective to conduct a peer review of neighboring counties, other agencies, and successful models in other states to identify best practices for preventing and reducing homelessness through various housing options and supportive service models. Staff also relied on these best practices and models in implementing several strategic plan objectives as described in the *Update on Implementation of Consultant Report Recommendations* section of this item. This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities
Goal: Goal 4: Reduce the County's overall homeless population by 10% each year by enhancing services through improved coordination and collaboration.
Objective: Objective 1: Conduct a peer review of neighboring counties, other agencies, and successful models in other states to identify best practices for preventing and reducing homelessness through various housing options and supportive service models.

Prior Board Actions:
4/20/21 KPMG's Housing and Homeless Services Assessment

FISCAL SUMMARY

Expenditures	**FY 21-22 Adopted**	**FY22-23 Projected**	**FY 23-24 Projected**
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

Depending on your Board's direction, staff will return at FY 22-23 budget hearings for final funding determinations.

Staffing Impacts:			
Position Title (Payroll Classification)	**Monthly Salary Range (A-I Step)**	**Additions (Number)**	**Deletions (Number)**

Narrative Explanation of Staffing Impacts (If Required):
N/A

Attachments:
Attachment 1: DHS Current and Proposed Organization Charts
Attachment 2: CDC Current Organization Chart
Attachment 3: Update on Implementation of Consultant Report Recommendations
Attachment 4: Presentation

Related Items "On File" with the Clerk of the Board:
N/A