



THE CITY OF SAN DIEGO

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** November 8, 2018

**IBA Report Number:** 18-36

**City Council Docket Date:** November 13, 2018

**Item Number:** 336

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# Review of Proposed Housing Navigation Center

## OVERVIEW

The item before City Council and the Housing Authority on November 13, 2018 requests approval for various actions to establish a new Housing Navigation Center (Center). The Center is intended to serve as another entry point into the region's Coordinated Entry System (CES)<sup>1</sup> with the goal of securing homeless individuals with permanent housing and other longer-term housing opportunities. The staff report calls for the Center to provide street-based outreach to assess homeless individuals' needs, connect them to the CES, and provide services that lead to stabilized housing. It is envisioned that through partnering agencies, the Center will offer access to these services and additional case management, centralized at the facility.

Specifically, City Council and Housing Authority are requested to approve a Memorandum of Understanding (MOU) establishing the roles of the City and the San Diego Housing Commission (Commission) for administering the program. The Housing Authority is requested to approve an operating agreement with Family Health Centers of San Diego. This report summarizes the program and highlights issues for further consideration as the City Council and Housing Authority review this proposal.

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<sup>1</sup> The CES is a regional and standardized process that assesses and prioritizes the needs of homeless individuals for the most appropriate housing option. Housing needs are entered into a database and prioritized to determine the next individual in line for a housing resource when it becomes available.

### *Proposed Program Components*

As proposed, operator staff will assess the needs of homeless individuals and assist with identifying permanent housing, as appropriate.<sup>2</sup> Due to the limited regional supply of permanent housing resources within the CES, the program also will focus its efforts on identifying other longer-term housing – often referred to as housing solutions outside of the CES. These placements could include shared housing, a drug treatment program, or transitional housing, as appropriate. The operator will also try to divert individuals from entering the homeless system using various strategies such as assisting them with regaining employment or family reunification.

The proposed program will offer housing navigation services including assisting individuals with housing applications and subsidized housing paperwork. The operator will also provide housing stability planning and “mainstream benefits” (e.g. Supplemental Security Income, Social Security Disability Insurance, obtaining identification through the Department of Motor Vehicles) to facilitate securing and maintaining housing.

The above activities are intended to be delivered in two ways. The first is through street-based outreach and engagement focused in areas where homeless individuals reside. Services will meet people where they are, with goals including: building rapport, maintaining contact at least every two weeks, providing basic needs such as food, clothing, and safety; and providing access or referrals to medical care, mental health care, and substance abuse treatment. The other way these services, as well as additional case management, are envisioned to be provided is onsite at the Center with partnering agencies.

### *Proposed Agreement Terms*

Both the MOU and the operating agreement terms are from December 1, 2018 to November 30, 2019 with four one-year options to extend through November 30, 2023. The MOU may be extended administratively between the Mayor and the Commission; therefore, it would not return to the City Council. The operating agreement as proposed may be extended by the Commission for all four, one-year extension options. Agreement extensions are contingent upon budget approval by the City and the Housing Authority.

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<sup>2</sup> Permanent housing is defined as community-based housing without a designated length of stay in which formerly homeless individuals live as independently as possible. The CES includes two permanent housing resources: permanent supportive housing and rapid rehousing. Permanent supportive housing includes rental assistance with services for individuals with a disability to achieve stable housing. Rapid rehousing quickly moves homeless individuals into permanent housing through identifying housing and providing move-in and rental assistance, and other services to increase incomes so that households can assume the cost of rent.

### *Costs*

Program costs are \$1.9 million, including one-time tenant improvement costs to prepare the facility for program delivery and \$1.6 million in operating costs. Operating costs are broken down as follows: \$1.0 million in Community Development Block Grant funds, \$300,000 in General Funds, and \$250,000 in Low-Moderate Income Housing Asset Fund. These costs, including those for tenant improvements, are included in the FY 2019 Adopted Budget. Funding for 2020 to 2023 follows the same structure but is contingent upon these funds being available.

## FISCAL/POLICY DISCUSSION

Our Office raises several issues for Council and Housing Authority consideration as it reviews this item.

### *Centralized Services*

The Center is envisioned to provide homeless individuals with the housing-related services they need under one roof. However, the operating agreement only includes one partnering agency: a UCSD Community Psychiatry Program Consultant. As of the writing of this report, no commitments have been obtained from the other partnering agencies the City is counting on for onsite participation. Inconsistent partner agency commitments and schedules could become a significant program gap if clients come to the Center but agencies are not onsite to provide services.

**As this is a core component of the project, our Office is concerned that this information is not available to Council for consideration of this item.**

### *Housing Authority Oversight*

Options to extend the operating agreement are proposed to be at the full discretion of the Commission. The agreement provides that the renewal options are contingent upon available funding, as approved by the Housing Authority, and program performance. Assuming the program is included in FY 2020 Proposed Budget, the Housing Authority will only have six months of program operation to base its budget decision. The initial agreement term ends November 30, 2019 at which point better information about program operations, partnering agency participation, and outcomes should be available. This information could also lead to changes to the operating agreement. Therefore, it is important that the Housing Authority reviews the operating agreement of this new program before it is extended.

We also note that staff has characterized the Housing Navigation Center as a one-year pilot program but none of the documents associated with the item make the same characterization. If

intended to be a pilot program, the operating agreement should come back to Housing Authority for review and approval before any extension.

Consistent with other recently approved homeless programs as well as unanswered questions discussed above, **our Office recommends that any options to extend the Housing Navigation Center operating agreement return to the Housing Authority for approval. We also recommend that the Housing Authority receive regular reports on the performance of the Housing Navigation Center.**

#### *Increased Costs to Police without Corresponding Budget Increase*

According to the proposed MOU, the San Diego Police Department (PD) will regularly patrol around the Center. We caution against placing additional mandates on PD without a fiscal analysis or a corresponding budget adjustment since it has been experiencing overbudget overtime expenses over the past several years. According to FY 2019 First Quarter Budget Monitoring Report, PD is projected to exceed its overtime budget by \$9.3 million. Of this amount \$2.0 million is specifically attributed to the new transitional storage center approved by Council and the Housing Authority on March 20, 2018. Upon approval of the storage center, similar additional patrolling requirements were placed on PD without a corresponding budget increase.

We note that like the MOU for the new storage center program, the MOU for the Housing Navigation Center requires the City to provide weekly cleanings outside the facility. The Environment Services Department has indicated that these focused sanitation services will be provided through its appropriation for the CleanSD program.

#### *How the Center fits into the Larger System of Homelessness Services*

It is important that the City's investments for homeless services are targeted most efficiently. Though the City, through the Commission, is currently developing a comprehensive strategic plan to address homelessness, the Regional Task Force on the Homeless (RTFH) has completed a framework for what this system should look like. One of the key elements of the framework is shifting away from having a collection of projects to having a cohesive regional system to effectively end homelessness.

In this vein, it is unclear from the docketed materials how the Center will fit within the context of the City's homelessness services. Regarding its new transitional storage center that gives individuals a place to put their belongings, will the navigation center also support this program to help individuals secure housing? In addition, the City opened three temporary bridge shelters that also have a significant outreach component. Though not discussed in the proposal, staff indicate that the Housing Navigation Center will coordinate the outreach efforts with those being implemented by the bridge shelters and align efforts to the development of an outreach policy adopted at the Select Committee on Homelessness. Further discussion and clarity on how these services can be aligned will be important going forward.

## CONCLUSION AND RECOMMENDATIONS

The item before the City Council and the Housing Authority proposes a new program to connect homeless individuals to housing through the establishment of a Housing Navigation Center. Council and the Housing Authority will be asked to approve an MOU outlining the duties of the City and the Commission regarding the administration of the program as well as an operating agreement with Family Health Centers of San Diego.

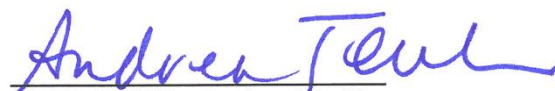
In our report we identify issues for additional Council and Housing Authority consideration in its review of the proposed program. First, a core component of the proposed program is that centralized services will be provided within the Housing Navigation Center but agreements with partnering agencies including their schedules onsite and service levels have not been obtained. Second, we identify areas that warrant additional Housing Authority oversight, including the decision to extend the program beyond November 2019. Third, we caution against the continued practice of increasing PD presence in certain areas without a fiscal analysis. The department has experienced significant increases in overtime over the past several years and is experiencing increasing overtime costs in FY 2019. Finally, we emphasize that the Housing Navigation Center should not operate without coordination with other services being provided in the City.

**As noted, our Office has concerns that important information regarding partnering agency commitments is not available for Council review. We recommend that Council request staff to discuss the status of partnering agency commitments and plans for agency service levels and coordinated schedules.**

**Should the City Council and Housing Authority wish to approve this item, we recommend:**

- **The Housing Authority is notified of when partner agency commitments are secured, schedules reflecting when they will be onsite, and services they will be providing at the Housing Navigation Center.**
- **Any options to extend the Housing Navigation Center operating agreement return to the Housing Authority for approval.**
- **The Housing Authority receive regular reports on the performance of the Housing Navigation Center.**
- **The potential fiscal impact of Police patrolling new programs be reviewed and considered in all future proposals.**

  
Jillian Kisse  
Fiscal & Policy Analyst

  
APPROVED: Andrea Tevlin  
Independent Budget Analyst