



### **Background: Sonoma County Continuum of Care Funding**

The federal Department of Housing and Urban Development (HUD) has given the name **Continuum of Care** (CoC) to its competitive funding targeted for services and housing serving homeless people. This funding originated in the McKinney Act of 1987, and was reauthorized as the Homeless Emergency And Rapid Transition to Housing (HEARTH) Act in 2009.

Continuum of Care funding is available through a national competitive block grant process in which local communities can access a formula amount (known as **pro rata need**) by demonstrating an effective local, year-round planning process. Therefore, all applications are made with one umbrella Consolidated CoC Application (completed by the Continuum of Care Coordinator), and 18 Project Applications currently submitted by 10 agencies:

- *Buckelew Programs – 2 scattered site permanent supportive housing sites serving individuals who are homeless/chronically homeless with severe mental illness*
- *Catholic Charities – 2 supporting permanent supportive housing project including scattered sites in Santa Rosa and Guerneville and units at the Palms Inn serving 100% chronically homeless individuals. 1 continuing grant and an additional supportive services grant awarded in FY 21.*
- *COTS – 1 permanent supportive housing scattered site project serving 100% chronically homeless individuals in Rohnert Park and Petaluma.*
- *Community Support Network – 1 site based permanent supportive housing project serving 100% chronically homeless individuals with mental illness in Santa Rosa & 1 site based permanent supportive housing project serving chronically homeless transition age youth ages 18-24*
- *Social Advocates For Youth - 2 Sponsor Based Rental Assistance project serving transitional age youth ages 18-24, 1 continuing grant and an additional supportive services grant awarded in FY 21.*
- *West County Community Services – 1 site based permanent supportive housing project serving 100% chronically homeless adults in West County*
- *Sonoma County Community Development Commission Housing Authority – 2 rental assistance projects serving special populations experiencing homelessness (youth & persons with HIV)*
- *YWCA of Sonoma County – 1 rapid rehousing project serving victims of domestic violence*
- *Sonoma County Community Development Commission – Coordinated Entry and Homeless Management Information System*
- *Reach For Home – 1 rapid rehousing project serving individuals experiencing homelessness*
- *St. Vincent de Paul Sonoma County- 1 site based permanent supportive housing project, St. Vincent de Paul Commons PSH, located in Santa Rosa. This project was newly awarded in FY 21 competition.*

HUD scores our Consolidated CoC Application in several areas of aggregate project performance; therefore, *individual* project performance is important. Also due to limited funding, HUD requires local communities to prioritize the projects we submit to them, therefore they must be locally scored.

CoC funds can be used for acquisition, rehab or new construction of housing; leasing activities; rental assistance; housing operations; or supportive services. Services can take place in any homeless setting, but housing activities (acquisition/rehab/construction, leasing/rental assistance, or housing operations) must be in **permanent supportive housing** settings (unless awarded funds for Joint-Transitional/Rapid Rehousing). Projects may have been funded originally for 2-5 years; to spread the dollars as far as possible, renewals are only funded for a 1-year term. In recent years even new projects are funded for up to only 18 months, putting us in the position of renewing projects that cannot yet report much in the way of performance.

All projects require a minimum 25% match (either in-kind or cash match, leasing is excluded from this calculation); and all projects are required to state what local non-McKinney-Act resources will be leveraged by the HUD award. These and other scoring elements are all derived from HUD threshold criteria, competitive scoring criteria such as federal System Performance Measures, or criteria based on local data and strategic priorities.

The pro rata need HUD assigns to the combined entitlement jurisdictions of Santa Rosa, Petaluma and Sonoma County (recently recalculated under the new regulations), totals about \$2.2 million in FY21. For many years now, the amount needed to renew all existing projects for 1 year (about \$4.1 million in FY21) has outstripped this pro rata need figure. For communities such as ours, HUD calculates an approved amount for which we can apply, equivalent to the sum of all 1-year project budgets that are up for renewal.

Once our renewal demand outstripped the “pro rata need” formula, the only new funds we can apply for are **bonus** funds. HUD has encouraged the field to create more permanent supportive housing for disabled chronically homeless persons by allowing communities to apply for a **permanent supportive housing incentive**. In 2018 and 2019, HUD introduced Domestic Violence Bonus Projects for rapid re-housing, transitional housing/rapid rehousing, and coordinated entry projects serving victims of domestic violence. Occasionally, HUD also introduces additional national competitions for new Demonstration Programs.

HUD does not require us to stay with the same 18 projects if they aren't all performing well, or don't any longer address our needs. The local Continuum of Care is allowed to **reallocate** funding to another new project, if the project no longer serves local needs; the project is unable to comply with the new regulations; the project is no longer a good match for this funding stream (due to new regulations); or the operator desires to decrease a request from HUD for another reason (e.g., cannot spend down all funds). Also, while Bonus projects are very prescriptive in terms of eligible expenses, **reallocated funds can be used for any eligible kind of project**, and any eligible expense. We regularly use this feature to reallocate funding from under-performing projects and savings from other projects. Determining whether to reallocate funds is a primary purpose of the 2022 CoC Competition Evaluation Committee.

Another possibility is to **reassign** a contract if a provider prefers not to contract with HUD or if their performance does not win the support of the 2022 CoC Competition Evaluation Committee.

The previous Evaluation Committee met in 2021 and provided an impartial, objective basis for prioritizing projects. One feature of the scoring system is a threshold for unconditional renewal; those projects scoring below the threshold have the option of either improving their performance or giving up their project's funding for reallocation. Formed in 2021, the CoC Competition Evaluation Ad Hoc Committee worked closely with the CoC Coordinator and other Lead Agency staff to rate and rank renewal projects and any new projects submitted. The 2022 CoC Competition Evaluation Committee will provide the same level of review for projects once the FY 2022 Continuum of Care Competition opens.