



MEMORANDUM

TO: City Council

FROM: Nicole Valentine, Administrative Services Director

SUBJECT: Homeless Service Grant Agreement with 5Cities Homeless Coalition

DATE: June 25, 2024

RECOMMENDATION:

- 1) Review the proposal from 5Cities Homeless Coalition (5CHC) and authorize the City Manager to execute a Grant Agreement between the City and 5CHC for Housing Assistance Program and Homeless Shelter Support in the City subject to any, minor, technical, or non-substantive changes as approved by the City Manager and City Attorney that effectuates the City Council's intent;
- 2) Make findings that approval of an agreement and expenditure of funds is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.)

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Funding in the amount of \$300,000 was allocated towards Homeless Shelter support from American Rescue Plan Act (ARPA) funds received by the City. \$100,000 of the ARPA funds were provided to 5CHC for Winter Shelter support. Staff is now recommending appropriating the remaining \$200,000 for Housing Assistance Program in the amount of \$50,000 and Homeless Shelter Support in the amount of \$150,000.

BACKGROUND:

In 2021, the City was allocated \$4,300,241 in ARPA funding from the federal government. To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, ARPA established the Coronavirus State and Local Recovery Fund, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and recover from the issued rules detailing how ARPA funds may be used. One such use includes affordable housing programs provided to households, businesses, or populations disproportionately impacted by the COVID-19 public health emergency. Additionally, ARPA funds may be provided to nonprofit organizations to address impacts associated with the pandemic.

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5CHC is a non-profit organization focused on providing service to families and individuals by providing the resources, support, and hope needed to become self-sufficient, productive community members. The organization submitted a request for a portion of the City's available ARPA funding to support the Winter Shelter program. At its meeting on [October 12, 2021](#), the City Council allocated \$300,000 of the City's ARPA funding to Homeless Shelter support. On [September 26, 2023](#), the City Council approved a Homeless service Grant Agreement with 5CHC utilizing \$100,000 from ARPA funding to provide Winter Shelter support.

ANALYSIS OF ISSUES:

Housing Assistance Program

5CHC Housing Assistance program serves residents throughout San Luis Obispo County who are currently homeless or at-risk of losing housing. Case management and financial assistance is offered for rent, deposit and immediate needs based on differing criteria. The proposed \$50,000 ARPA funding allocation will assist 5CHC to provide direct financial assistance to support housing and utility needs for residents of Arroyo Grande. Funds will be used to help those experiencing homelessness to obtain housing through Rapid Re-Housing and those at-risk of homelessness to avoid eviction through our Homeless Prevention Program. These ARPA funds will help 5CHC to provide the local match required for other federal and state funds, which require a dollar-for-dollar local match.

Homeless Shelter Support

5CHC Homeless Shelter Support provides shelter and housing navigation services through the 20-bed Cabins for Change Program and 30-bed Balay Ko on Barca Program. At each of these facilities, there is case management, connections to food services, recovery, and housing stabilization guidance. The individual cabins have beds, heat and electricity. Shared dining, bathroom and shower facilities are provided in a separate unit. The facility operates 24 hours a day and provides individual adults with a private, safe room to stay in while they utilize the provided resources to take their next steps toward sustainable housing. Both locations operate with a goal of assisting participants to find permanent housing within 90 days. The proposed \$150,000 ARPA funding allocation will assist 5CHC to provide shelter and housing navigation services. Five participants at Cabins for Change have been from Arroyo Grande and of the current 313 participant wait list approximately 12% of the applicants report being from Arroyo Grande. This funding request amounts to approximately 2.86% of the overall 5CHC's shelter program two-year budget.

The full proposal can be found in Attachment 2. These funds will be fully expended by the December 2026 deadline.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Approve and authorize the City Manager to execute a Grant Agreement between the City and 5CHC for \$200,000 towards Housing Assistance Program and Homeless Shelter Support subject to any, minor, technical, or non-substantive changes as approved by the City Manager and City Attorney that effectuates City Council's intent;
2. Modify and approve the Grant Agreement and authorize its execution;
3. Do not approve the Grant Agreement, which will delay and/or not provide funding to the for Housing Assistance Program and Homeless Shelter Support and another eligible use will need to be identified; or
4. Provide other direction to staff.

ADVANTAGES:

The \$200,000 allocation to 5CHC from ARPA Funding will help ensure that the City spends the ARPA allocation before the allotted timeframe to expend those funds under Federal regulations expires on December 31, 2026.

DISADVANTAGES:

No disadvantages have been identified.

ENVIRONMENTAL REVIEW:

The proposed agreement and expenditure of funds is not a project subject to CEQA because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.)

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Proposed Grant Agreement
2. 5CHC Proposal