



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Health Services Agency

Subject: Expenditure Agreement Renewal with Front Street Housing Inc. for Supported Housing Program Grant

Meeting Date: June 10, 2025

Formal Title: Approve agreements with Front Street Housing Inc., in the amount of \$1,144,281, and the U.S. Department of Housing and Urban Development, in the amount of \$1,235,927, for housing and supportive services, and take related actions

Recommended Actions

1. Approve renewal of an expenditure agreement with Front Street Housing Inc., Contract No. 26H3444, in the amount of \$1,144,281 for supportive housing services, and authorize the Health Services Agency Director or designee to sign;
2. Approve renewal of a revenue agreement with U.S. Department of Housing and Urban Development, Contract 26R0844, in the amount of \$1,235,927 for supportive housing services program grant funding, and authorize the Health Services Agency Director or designee to sign; and
3. Adopt a resolution to accept and appropriate unanticipated revenue in the amount of \$372,626 from the U.S Department of Housing and Urban Development in Fiscal Year 2024-25.

Executive Summary

Front Street Housing Inc. (Front St.) provides critical housing and supportive services for adults who are experiencing chronic homelessness in Santa Cruz County, as part of the U.S Department of Housing and Urban Development (HUD) funded Supported Housing Program. The Health Services Agency (HSA) requests Board approval to renew the revenue agreement with HUD in the amount of \$1,235,927 and accept unanticipated revenue in the amount of \$372,626 for Fiscal Year 2024-25. Board approval is also required to renew the expenditure agreement with Front St. in the amount of \$1,144,281, as the Fiscal Year (FY) 2025-26 amount exceeds a 10% increase over the prior fiscal year approved contract amount, as a result of an increase in HUD funding.

Discussion

As part of Santa Cruz County's efforts to end homelessness through programmatic initiatives, HSA maintains an expenditure agreement with Front St., a nonprofit organization, to locate, master lease, and manage housing units for up to 41 households participating in the HSA Health Centers Division's (Health Centers) HUD-funded Supported Housing Program. These services provide community housing for chronically homeless adults, governed by Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301).

HUD annually awards homeless assistance grant funding for competitive housing projects aimed at ending homelessness through regional Continuum of Care (CoC) programs. In Santa Cruz County, the Housing for Health Partnership (H4HP)

administers CoC programming, addressing local homelessness issues and developing strategies to prevent and end homelessness.

HSA collaborates with Santa Cruz County's Human Services Department's (HSD) Housing for Health Division, as well as with the local CoC organization, H4HP, to administer the county's MATCH (Meaningful Answers to Chronic Homelessness) permanent supportive housing program. HSA's Homeless Persons Health Project (HPHP) contracts with Front St. for property management services, including housing searches, master leasing, rent collection, administering rent payments to landlords and operation services.

Since the inception of the grant program in November 2005, HPHP and Front St. have successfully collaborated on MATCH programs. Residents in Front St.'s housing are linked to a team and an individual case manager who provide tailored services, which may include primary and behavioral health care, substance use disorder services, dental care, benefits advocacy, case management, employment assistance, transportation, money management, and assistance with food and other necessities.

The HUD grant period operates on a cycle from February 1st through January 30th, which overlaps two County fiscal years. As a result, HSA must initially estimate the budget for each fiscal year and later revise the current fiscal year budget once the annual grant award agreement is received in March or April each year. The most recent award increased the total grant to \$1,235,927, which includes \$91,646 in reimbursement for administrative and supportive services.

HSA therefore requests Board approval to renew the revenue agreement with HUD, in the amount of \$1,235,927, and the expenditure agreement with Front St., in the amount of \$1,144,281, both of which are included on the FY 2025-26 Continuing Agreements List (CAL), and to accept unanticipated revenue in the amount of \$372,626 to reflect the mid-year budget adjustment necessitated by the timing of the HUD award.

Financial Impact

The expenditure agreement renewal with Front St., Contract No. 26H3444, in the amount of \$1,144,281 is budgeted under accounts as follows: Administration (\$25,718): 361950/62381/H37200; Operations (\$57,018): 361950/62381/H36300; and Leasing (\$1,061,545): 361950/62381/H36301.

This program's operating budget is supported 100% by the program revenues through HUD MATCH I grant under Contract No. 26R0844. The specific allocation amounts for each suffix are designated in the grant agreement, which covers the last six months of the current fiscal year plus the first six months of the following fiscal year. The grant award from HUD in the amount of \$1,235,927 covers funding for FY 2024-25 and FY 2025-26.

The AUD-60 resolution accepts revenue in the total amount of \$372,626 into HSA Health Centers' Approved FY 2025-26 Budget. Funds are appropriated into GL 361950, as detailed in the attached AUD60 resolution, for professional & special services, associated with the Front St. contract.

The stability of this funding is tied to Homeless Assistance grants which face a potential \$168 million cut, limiting emergency shelters, rapid rehousing, and permanent

supportive housing programs. The Office of Community Planning and Development, which distributes \$3.6 Billion for homelessness services, is slated for an 84% staff reduction, risking delays in funding distributions. These cuts could increase the number of people experiencing homelessness.

No County General Funds are needed nor requested.

Strategic Initiatives

Operational Plan - Attainable Housing

Submitted By:

Jennifer Herrera, Interim Director of Health Services

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.