

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 6, 2024

CAO File No. 0220-05151-0606
Council File No. 23-1022, 24-0314
Council District: 13

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Alliance Settlement Agreement

Subject: **THIRD FUNDING REPORT: ALLIANCE SETTLEMENT AGREEMENT PROGRAM (ASAP) FUNDING RECOMMENDATIONS**

SUMMARY

The City of Los Angeles is required to develop 12,915 new interim or permanent housing units or other interventions by June 14, 2027, to accommodate 60 percent of unsheltered persons experiencing homelessness within the City as listed within the 2022 Point-In-Time Count under the June 14, 2022, Alliance Lawsuit Settlement Agreement. This is the third Alliance Settlement Agreement Program funding report. This report reprograms unspent funds and introduces a new site in Council District 13, which is also funded by the Emergency Stabilization Beds Grant.

RECOMMENDATION

That the City Council, subject to approval by the Mayor:

1. Funding allocation, construction, lease, and operation of a tiny home village/low barrier navigation center at 5301 Sierra Vista Avenue; and California Environmental Quality Act (CEQA) exemption determination that, the project is statutorily exempt under Public Resources Code (PRC) Section 21080.27 as a low barrier navigation center; and PRC Section 21080(b)(4) and State CEQA Guidelines, 14 California Code of Regulations (CCR) Section 15269(c) as specific actions necessary to prevent or mitigate an emergency; and will be exempt as of January 1, 2025, under Senate Bill (SB) 1395 (PRC Section 21080.27.5) as financial support, constructing, operating, or contracting services for a low barrier navigation center.
2. APPROVE \$3,866,311 of Emergency Stabilization Beds Grant (ESB) funds to support the construction of the Tiny Home Village located at 5301 Sierra Vista Avenue with 51 beds in Council District 13;
 - a. APPROPRIATE up to \$3,866,311 from Emergency Stabilization Beds Grant (ESB) Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. 67N/10, in a new account entitled "CD 13 5301 Sierra Vista THV", for

the construction of the Tiny Home Village located at 5301 Sierra Vista Avenue with 51 beds in Council District 13;

3. AUTHORIZE Department of General Services (GSD) to negotiate and enter into a lease agreement with GMA-Sierra Vista, LLC and a sublease agreement with Hope the Mission for the proposed Tiny Home Village located at 5301 Sierra Vista Avenue with 51 beds in Council District 13 for up to 5 years;
4. RESCIND Recommendation 9 of the previously approved First Alliance Funding Report (C.F 23-1022-S3) related to the Safe Parking Program located at 7136 Darby Avenue in Council District 3;
5. INSTRUCT the General Manager of LAHD, or their designee, to amend the City's HHAP (C-135650) contract with LAHSA to:
 - a. Reflect the funding allocation in Recommendation 7 of the CAO Report dated May 31, 2024, (C.F. 23-1022-S3) for the interim housing site located at 4969 Sunset Boulevard in Council District 13;
6. INSTRUCT the General Manager of LAHD, or their designee, to amend the Alliance Settlement Agreement Program contract (C-141840) with LAHSA to:
 - a. Reduce \$365,000 in FC-2 Safe Parking for 7136 Darby Avenue in CD 3;
7. AUTHORIZE the CAO to:
 - a. Prepare Controller instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions; and
 - b. Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material or permit costs related to projects in this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions.

BACKGROUND

Under the June 14, 2022, Alliance Lawsuit Settlement Agreement (Settlement), the City is required to develop 12,915 new interim or permanent housing units or other interventions by June 14, 2027, in order to accommodate 60 percent of unsheltered persons experiencing homelessness (PEH) within the City based on LAHSA's 2022 Point-in-Time Count who do not have a serious mental illness. As of September 30, 2024, there are 4,455 new interventions open and occupiable and 4,566 interventions in progress. The recommendations in this report will add 51 in progress interventions to the City's Alliance Settlement bed obligation, for a new in progress total of 4,617 interventions and an updated delta of 3,843 requiring development.

On May 2, 2024, the City and County of Los Angeles executed a Memorandum of Understanding, under which the County has allocated up to \$259 million for services for the City's interim housing requirements under the Settlement. The County will reimburse at the bed rate established by the City and the Los Angeles Homeless Services Authority (LAHSA) until an adjusted and standardized interim housing bed rate schedule is adopted, at which point the County will reimburse the City consistent with the adjusted "basic bed rate" schedule. The total not to exceed amount of \$259,000,000 that the County has allocated for interim housing bed rates under the MOU will be adjusted if the basic bed rate under the standardized interim housing bed rate schedule exceeds \$100 per night. The County will contract for and fund permanent supportive housing (PSH) services for PSH units established by the City. The MOU will terminate on June 30, 2027.

DISCUSSION

State Tiny Homes

In 2023, the California Governor's Office announced a statewide initiative to provide assistance to procure up to 1,200 emergency sleeping cabins in municipalities across the state. Up to 500 of these units were designated for the City of Los Angeles, and a total of \$33,241,866 of Behavioral Health Continuum Infrastructure Program (BHCIP) - Emergency Stabilization Bed (ESB) Grant Funding is to be awarded to the City. On August 22, 2024, the Mayor concurred with the Council's approval of the Second Alliance Funding Report (C.F. 23-1022-S6), which programmed a total of \$28,395,555 of these funds to create 436 beds within Council Districts 1, 2, 6, and 15. The recommendations in this report program funding for the last project that will utilize the City's remaining BHCIP-ESB grant allocation located at 5301 Sierra Vista Avenue in Council District (CD) 13. Through this grant, the City will build a total of 516 interim housing beds to serve people experiencing homelessness.

The Bureau of Engineering (BOE) has conducted a CEQA analysis for this site, which is transmitted under a separate cover. The Mayor and City Council must approve the recommendations included in this report, which are based on BOE's determination that these uses are categorically exempt from CEQA in order to proceed.

5301 Sierra Vista Avenue Tiny Home Village in Council District 13

5301 Sierra Vista Avenue is an empty dirt parking lot in CD 13 that is owned by GMA-Sierra Vista, LLC. The property is approximately 19,111 square feet and can accommodate up to 51 beds using the Boss Cubez Tiny Home structures. This proposed Tiny Home Village would be the last project that will count towards the City's 500 bed obligation, per the State's requirement of awarding BHCIP-ESB funds. This report recommends the approval of \$3,866,311 BHCIP-ESB funds for the Tiny Home Village construction. The total construction cost of the project is \$6,578,086, with \$2,711,775 in funding left to be identified. The Council Office is coordinating with the CAO to identify funding to support the remaining construction costs.

7136 Darby Avenue Safe Parking in Council District 3

The City owned parking lot located at 7136 Darby Avenue in Council District 3 was introduced and approved in the First Alliance Funding report (C.F. 23-1022-S3) for a Safe Parking program with 25 spaces. Since the program is no longer moving forward, recommendation four of this report rescinds the previously approved funding within the First Alliance Funding report, which programmed \$365,000 of General City Purpose - Additional Homeless Services Funds that would have supported operations for one year.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of the recommendations in this report. The recommendations in this report utilize the State Emergency Stabilization Beds funding.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies in that budgeted funds are being used to fund recommended actions.