

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 2, 2024

CAO File No. 0220-05151-0599

Council File No. 23-1348

Council District: All

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Interim Housing Bed Rates

Subject: **INTERIM HOUSING BED RATES ADJUSTMENT**

SUMMARY

In October 2022, Abt Associates, selected by the Los Angeles Homeless Services Authority (LAHSA), in coordination with the Los Angeles County Chief Executive Office Homeless Initiative (County CEO-HI), began a Cost Analysis of Interim Housing (IH) operations. This effort sought to identify the true operating costs of interim housing in Los Angeles County for projects funded by LAHSA, the County's Department of Health Services, and the County's Department of Mental Health. The analysis was completed in August 2023¹. In response to initial recommendations within the Abt Associates report, the City Council approved the initial increased interim housing rates beginning January 1, 2024. In addition, a collaborative working group of representatives from the City, County, LAHSA, and Abt Associates was formed to discuss and develop the recommended IH bed rate formula to ensure transparency in funding, which is outlined in this report.

This report recommends the approval of mutually recommended interim housing bed rates by City and County representatives, which if approved would result in IH bed rate increases beginning January 1, 2025, and subsequently beginning July 1, 2025. Additionally, this report recommends a 12 percent administration rate for service providers, which is already included in the calculations of the recommended IH bed rates. If a mid-fiscal year rate increase is approved, this office is instructed to report back with funding recommendations and request necessary contract authorities to effectuate the increased bed rates.

¹ Abt Associates, "LA Interim Housing Cost Study Final Report with Executive Summary,"

<https://www.lahsa.org/documents?id=7730-la-interim-housing-cost-study-final-report-with-executive-summary>

RECOMMENDATION

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

1. APPROVE the proposed interim housing bed rates, as applicable, to be effectuated January 1, 2025, at the Level Staffing Model, Wage Tier 1 rates as follows:
 - a. \$69 per bed per night for sites with 51 beds or more; and
 - b. \$79 per bed per night for sites with 50 beds or less;
2. APPROVE a 12 percent administrative rate for Service Providers beginning January 1, 2025, which is included in the proposed interim housing bed rates within this report;
3. INSTRUCT the City Administrative Officer (CAO) to identify funding and include the necessary authorities to execute new or amend existing contracts to effectuate the increased bed rates in a future report;
4. APPROVE the proposed interim housing bed rates, as applicable, to be effectuated July 1, 2025, at the Enhanced Staffing Model, Wage Tier 1 rates as follows:
 - a. \$89 per bed per night for sites with 51 beds or more; and
 - b. \$116 per bed per night for sites with 50 beds or less.

BACKGROUND

Interim Housing (IH) is an intervention within the homeless service system that provides short-term, emergency shelter for people experiencing homelessness (PEH). Homeless service providers have expressed concerns that the IH cost reimbursement rates (i.e. bed rates) have been a challenge in recent years as they do not address their true operating costs. In response to this feedback, the Los Angeles Homeless Services Authority (LAHSA), along with support from the County of Los Angeles, procured a consultant, Abt Associates, to conduct a cost study on the IH portfolio across Los Angeles County.

During this study, 125 IH sites serving diverse populations in different Service Planning Areas (SPAs) across Los Angeles County were identified to participate in a survey to provide detailed information about IH operations and costs that encompassed different expense categories. Costs may include case management, meals, housing navigation, connections to mainstream benefits, referrals to outside services as well as actual site/shelter costs. Sixteen of these providers, representing a diverse set of IH sites, were further selected to be interviewed to further review costs associated with IH. The largest cost associated with providing IH services was reported to be staffing and Abt Associates noted that staffing costs were most likely underreported due to hiring challenges and constant turnover.

As a result of the IH Cost Analysis, Abt Associates made the following recommendations:

- Immediate increase in bed-night rates across the portfolio of IH in Los Angeles County
- Work towards a more defensible and empirically-driven bed rate formula
- Apply an inflation factor for yearly increases to reimbursement rates
- To move toward a more equitable homeless service system, there needs to be a transparent funding formula that creates IH bed rates
- Due to the nature of IH, facilities experience increased wear and tear and other unexpected costs, which public funders need to keep in consideration
- Public funders are encouraged to continue to research and understand staffing issues, including living wages, pay inequities, health and wellness benefits, and burnout and staff retention

LAHSA, the County CEO-HI, and the City, represented by the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), discussed the feasibility and next steps of adopting the recommendations proposed by Abt Associates.

As an initial step, the City Council approved a new interim bed rate on January 9, 2024, that went into effect on January 1, 2024. As such, the CAO was instructed to report back to Council regarding funding implications, identify funding sources, and request authority to amend existing contracts in an amount not to exceed \$8.3 million. The report included recommendations for funding and contract amendments. On April 5, 2024, the City Council approved the CAO's report dated March 19, 2024, that allocated a total of \$6.9 million to retroactively support the increased bed rates for existing sites through the end of FY 2023-24. Funding for FY 2024-25 was approved through the annual budget process, the Homeless Housing, Assistance, and Prevention report dated May 31, 2024 (C.F. 22-1157), and the 24th Roadmap Funding report dated May 31, 2024 (C.F. 20-0841-S49).

After the initial increase went into effect, a collaborative working group was formed to discuss and develop the recommended IH bed rate formula to ensure transparency in funding. This group, which includes members from CAO, CLA, County CEO-HI and other County departments, LAHSA and Abt Associates also considered an instruction from Council to consider a living wage of \$25/hour for all on-site interim housing workers (C.F. 23-1348; Soto-Martinez-Yaroslavsky) in coordination with contract analysis instructions, including metrics, key performance indicators (KPIs), and cost of living adjustments (C.F. 23-1245; Raman-Soto-Martinez-Yaroslavsky).

Throughout the development process, CAO, CLA, and LAHSA provided verbal updates to the Housing Strategy Committee and the Housing and Homelessness Committee. On August 7, 2024, CAO and CLA attended the Housing and Homelessness Committee where members provided their individual questions to be addressed prior to adopting the bed rate. This report addresses the Housing and Homelessness Committee members' questions and presents the updated proposed bed rates and their funding components. The CLA's parallel report (C.F.

23-1348; September 27, 2024) discusses the development of the revised Scope of Required Services (SRS) and KPIs for interim housing. The CAO, CLA, County departments, and LAHSA are in agreement with the proposed bed rate formula and SRS. The County CEO-HI will also release a report that aligns with these agreed upon proposed rates and SRS.

DISCUSSION

On October 30, 2023, the Los Angeles Homeless Services Authority (LAHSA) provided the Office of the City Administrative Officer (CAO) with a memo proposing initial Interim Housing (IH) bed rate adjustments to go into effect January 1, 2024, for existing City-funded IH service providers. Since the release of the LA Interim Housing Cost Study from Abt Associates in August 2023, this office has noted differences in funding practices between the City and the County, such as the City typically pays leasing costs for interim housing sites so that bed rate reimbursement can support provider services (case management, meals, etc.). Although there is no distinction between City and County supported IH sites listed in the study, it is important that the City and the County align in any rate adjustments for the same services moving forward. Representatives from the City, County Departments, LAHSA, and Abt Associates have consistently met since March 2024 to discuss revisions to the IH SRS and to develop a new base services IH bed rate formula, which has taken time. Service providers have expressed urgency for another immediate rate adjustment since costs have increased over the last several years without any systematic corresponding rate adjustment. Typically, rate adjustments coincide with LAHSA's procurement process; however, LAHSA has shared that the last IH procurement was done seven years ago. LAHSA is planning to begin its procurement process in October 2024 and is releasing a memo to Council that outlines this process. The goal is to have the procurement completed for resulting contracts to be effective July 1, 2025.

The recommendations provided in this report are intended to go into effect in two implementation phases. The first will go into effect on January 1, 2025, and the funding for this increase will be addressed in a future report released by this office. The second increase will go into effect at the beginning of Fiscal Year 2025-26 on July 1, 2025, and the funding for this increase will be addressed through the annual budget process and future reports that program funding for the following fiscal year, as is the CAO's standard practice.

On January 9, 2024, the City Council approved an amending motion (C.F. 23-1348; Soto-Martínez/Yaroslavsky), that requested a transparent funding formula for interim housing bed rates, as well as a cost analysis that contemplates a living wage of \$25/hour for all on-site interim housing workers. During the development of the proposed interim housing bed rate, different staffing models were contemplated that included "level" staffing or "enhanced" staffing.

Staffing Model Matrix ¹

Classification	Level Staffing FTEs		Enhanced Staffing FTEs	
	50 Beds or Less	51 Beds or More	50 Beds or Less	51 Beds or More
Site Management	2	3	2.5	3.25
Case Managers	1.4	2	2	4
Interim Housing Site Staff	8.4	11.2	9.8	12.6
Security	4.2	8.4	8.4	8.4
Janitorial			1	2
Maintenance			1	2
Kitchen Staff			4.5	8
Grand Totals	16	24.6	29.2	40.25

¹ The number of positions are provided as examples. Actual staffing models may vary based on provider.

The first staffing model is referred to as “level” staffing, which should match what is considered the current level of services that subrecipients are providing. The level staffing model is expected to support current operations and SRS responsibilities and provide no change in what stakeholders would receive in return. The second staffing model is referred to as “enhanced” staffing, which includes the proposal of additional staff positions to support the updated SRS that is expected to go into effect July 1, 2025. Further explanation of the SRS changes is included in the CLA’s report (C.F. 23-1348; September 27, 2024).

Further consideration was also given to the level of compensation for staff, which is broken into three tiers (i.e. Tier 1, Tier 2, and Tier 3).

Tier Breakdown for Staff Compensation

Tier Number	Starting	Median	Highest
1	\$20	\$22	\$25
2	\$22	\$25	\$27
3	\$25	\$27	\$30

The range of wages takes into consideration the level and responsibility of each job class and the types of client care that each classification will provide, such as custodial, food preparation, case management, site supervision, etc. Contemplated site positions range from site monitors, case managers, and supervisory staff. The lowest rate of each tier is considered the base wage for on-site staff that would support the two proposed staffing models. Note that any sites that currently have rates that are higher than the proposed rates provided in this report will not be impacted.

Methodology and Proposed Rate Components

Site Size

The new IH bed rate formula is first divided into two categories based on the size of sites: Small Sites (50 beds or less) and Medium/Large/Extra Large Sites (51 beds or more). The January 1, 2024 Adopted IH Bed Rates were identified by intervention type (i.e. Tiny Home Village, A Bridge Home, etc.); however, with the proposal of the new site size categories, most interventions would fall into these two categories. Attachment 1 shows the current adopted IH Bed Rates that went into effect January 1, 2024.

The recommendations in this report exclude Overnight Safe Parking since it is not a 24 hour operation; Inside Safe Interim Housing since there was a recent procurement in Fall 2023; and TAY and Family sites since these rates are still under consideration.

Based on program budgets collected by LAHSA and Abt Associates, the proposed interim housing bed rate comprises six main components.

1. Housing

The housing component includes site costs that are normally covered by the service provider. This may include taxes and insurance for the property, as well as daily site maintenance. Some examples of daily maintenance include, but are not limited to: light bulb replacement, faucet repairs, door knob replacements. Any repairs to major building systems should be addressed by the property owner for privately owned sites, or the Building Maintenance Division within the Department of General Services (GSD) for sites owned by the City.

Rounded Cost for all Site Sizes, Staffing Models, and Wage Tiers: \$12.00/bed/night

2. Food

Funding for food is provided per bed, per night. This includes three meals a day, which is contractually obligated through the existing and the proposed new Scope of Required Services, which is included in the CLA's parallel report (C.F. 23-1348; September 27, 2024). During Abt Associates's analysis, it was reported that there was a marginal cost difference between on-site prepared food and vendor delivery.

Rounded Cost for all Site Sizes, Staffing Models, and Wage Tiers: \$11.00/bed/night

3. Supplies

The funding component for supplies supports items necessary for the site to operate effectively and efficiently. This may include items that are directly used by participants such as linens, laundry, and furniture. This line item also covers service provider items, such as office supplies and vehicle/ gas reimbursement.

Rounded Cost for all Site Sizes, Staffing Models, and Wage Tiers: \$5.00/bed/night

4. Support Costs

Support costs refer directly to client support services. This funding may cover items such as clothing, public transportation services for appointments, program activities, and education and employment related expenses.

Rounded Cost for all Site Sizes, Staffing Models, and Wage Tiers: \$2.00/bed/night

5. Staff

The line item for staffing costs is the most costly component of the interim housing bed rate. Staffing is broken into two categories, which are referred to as “IH Site Staff” and “Operational Staff”. “IH Site Staff” refers to the staff that provide direct services to program participants, such as case managers and security personnel. “Operational” refers to staff that support the daily maintenance and operations of the program. This includes janitorial staff, kitchen staff, and maintenance staff. Costs for staffing have been broken down by the level of services provided within the program. Level staffing is the baseline of staff that service providers are currently operating with, while enhanced staffing provides additional support to meet the expectations outlined in the new proposed SRS. Wages that are provided to program staff have been broken down into three tiers, with the third tier starting at \$25 per hour.

Rounded Cost for Staffing Costs for all Site Sizes, Staffing Models, and Wage Tiers

Site Size	Staffing Model	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	Level Staffing Model	\$41	\$45	\$50
	Enhanced Staffing Model	\$74	\$82	\$90
51 Beds or More	Level Staffing Model	\$32	\$35	\$39
	Enhanced Staffing Model	\$50	\$55	\$61

6. Administration Rate

The current administration rate for City service providers (not including LAHSA) is 10 percent. The proposed bed rates include an increased administration rate of 12 percent to align with the County, which is applied to the sum of the other funding categories (1-5). Although service providers are reporting admin rates closer to 18 percent, some funding sources have caps on the administration rate percentage that can be reimbursed. The County partners agreed to keep the 12 percent administration rate as long as City partners agree to increase the City administration rate to match.

Rounded Cost for Administration Rate for all Site Sizes, Staffing Models, and Wage Tiers

Site Size	Staffing Model	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	Level Staffing Model	\$8	\$9	\$10
	Enhanced Staffing Model	\$12	\$13	\$14
51 Beds or More	Level Staffing Model	\$7	\$8	\$8
	Enhanced Staffing Model	\$9	\$10	\$11

Breakdowns of the proposed interim housing bed rates by Site Category, Staffing Model, and Wage Tiers are provided in Attachment 2 (proposed effective date January 1, 2025) and Attachment 3 (proposed effective date July 1, 2025). The CAO, CLA, County departments, and LAHSA are in agreement with the proposed bed rates.

Lease Calculations

An additional component that was considered by the working group was if a portion of the formula should include leasing costs. Abt Associates proposed an additional \$12 (rounded) for congregate/semi-congregate sites (i.e. A Bridge Home, Tiny Home Villages, etc.) or an additional \$72 (rounded) for non-congregate sites (i.e. Project Roomkey). These “add ons” would be subject to the 12 percent administration fee. An additional multiplier based on zip code or SPA was also considered but was not supported by the working group due to cost implications.

The City’s current practice is to fund leasing costs separately from the bed rate. It is preferential for the City to also hold the lease agreements to ensure timely payments and avoid undue cost burdens to service providers. This office assessed the proposed leasing rates against the 12 sites that the City pays lease costs for and it was found that the associated lease costs would increase from the FY 2024-25 estimated \$7.6 million to \$12.2 million. Although the projected lease funding would increase by over \$4.6 million, two sites would be left under funded if the rates were applied. Based on this analysis, it would be recommended to continue the current policy of paying for lease separately based on negotiated rates and not to include lease funding in the interim housing bed rates. The County is also considering adopting this approach.

Estimated Funding Impact

FY 2024-25 Interim Housing Bed Rate Mid- Fiscal Year Increase

The City budgeted approximately \$140.9 million dollars this fiscal year to support 6,700 interim housing beds, which excludes 1,502 Inside Safe rooms (1,208 motel rooms and 294 rooms at Mayfair). Inside Safe is not expected to be a part of the interim housing increase since it was just procured last year. The estimated total number of beds that are anticipated to be impacted by the bed rate increase proposed for January 1, 2025, is 5,186, which \$133 million has been programmed to support. Of the impacted sites, 12 sites with 307 beds are in the 50 or less

category and 49 sites with 4,879 beds are in the 51 beds or more category (Attachment 4). Sites that currently have rates that are higher than the proposed rates provided in this report will not be impacted.

Service providers have continued to express urgency in regards to receiving increased bed rates to assist with alleviating increased costs associated with running interim housing sites within the City and County. The working group of City and County representatives came to a consensus to recommend a mid-year adjustment to be effective January 1, 2025, to address these continued concerns. This would be the second of such mid-year adjustment, with the first one completed in FY 2023-24. The proposed FY 2024-25 adjustment is based on the proposed Level Staffing Model, Wage Tier 1 for an estimated funding impact of \$6.3 million. Funding for rates at the Level Staffing Model is recommended since no service changes are expected to be implemented prior to July 1, 2025.

If approved, our office will provide a follow up report with funding recommendations and to request authority to execute new and/or amend existing contracts. The estimated funding for six months at each Level Staffing Model, Wage Tier is outlined below:

FY 2024-25 Estimated Funding for Mid-Fiscal Year Increase

FY 2024-25 Estimated Costs	No. of Sites	No of Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	12	307	\$823,280	\$1,087,888	\$1,003,723
51 Beds or More	49	4,879	\$5,480,178	\$7,949,643	\$11,538,693
Grand Totals	61	5,186	\$6,303,458	\$9,037,531	\$12,542,416
FY 2024-25 Budget		\$140,915,663			
FY 2024-25 IH Beds Funding Total			\$147,219,121	\$149,953,194	\$153,458,079

Further analysis is needed to assess the impact to City funding sources, but the increase would primarily be supported by Homeless Housing, Assistance, and Prevention (HHAP) funding with a small portion attributed to the General Fund. This office would maximize prior year savings, if available. Any changes to the proposed rates within this report would impact alignment with the County and could have further implications on Alliance reimbursement.

FY 2025-26 Interim Housing Bed Rate Increase

LAHSA is expected to submit a memo to Council outlining its upcoming procurement process for the adult interim housing portfolio prior to releasing in late October 2024. The development of the interim housing bed rate formula is meant to inform this competitive process, which has not been completed in the last seven years. A typical procurement cycle is between three to five years. In addition, the upcoming procurement will include the proposed updated SRS. The document and discussion is included in the CLA's parallel report (C.F. 23-1348; September 27, 2024) along with proposed KPIs to correspond with the beginning of new contracts effective July 1, 2025.

In preparation for LAHSA's procurement and in response to the report from Abt Associates, these organizations, in collaboration with CAO, CLA, and County departments, have assessed key components to create a formula for a new interim housing bed rate structure. This formula clearly shows what is funded in the interim housing bed rates. During this extensive process, it was important for the City and County to align with what was included and what services would be considered "base." Not only will the alignment on interim housing rates and base services ensure equity in services countywide, but it will also streamline reimbursement for eligible costs covered by the City/County Alliance MOU.

Staffing level was an important component that the City and County came to an agreement on. Approximately 60 percent of the proposed rates are from staff-related costs. This also correlates with the amount of funding that is required to support the interim housing portfolio in the City and the County. Councilmembers have requested that in relation to rate increases that more robust reporting and higher accountability be provided by service providers. In order to ensure that new SRS requirements may be met, an Enhanced Staffing Model was considered and is recommended.

In consideration of Council direction to assess the feasibility of a \$25 living wage, the Wage Tiers were developed with minimum salaries beginning at \$20/hour (Tier 1), \$22/hour (Tier 2), and \$25/hour (Tier 3). The funding impact of adopting a \$25 living wage results in an increase of almost 70 percent above what current adopted rates are and is not recommended at this time. Below is the estimated FY 2024-25 funding based on current active sites that would implement the proposed interim housing rates beginning July 1, 2025. Additional detail is included in Attachment 4.

FY 2025-26 Estimated Funding Need

FY 2025-26 Estimated Costs	No. of Sites	No of Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	16	474	\$4,086,912	\$5,561,877	\$7,182,842
51 Beds or More	50	4,967	\$40,908,038	\$51,219,653	\$63,818,000
Grand Totals	66	5,441	\$44,994,950	\$56,781,530	\$71,000,842
FY 2025-26 Projected Base Budget		\$140,915,663			
FY 2025-26 IH Beds Funding Total			\$185,910,613	\$197,697,193	\$211,916,505

Council Office Inquiries and Concerns

During the development of the IH bed rate formula, it was important to ensure that CAO and CLA understood Council's and Mayor's concerns to ensure that the process was informed and transparent. This office, along with CLA and LAHSA, provided verbal updates to the Homeless Strategy Committee and Housing and Homelessness Committee and also received questions from committee members to be addressed in this report.

Accountability

The Scope of Required Services (SRS) is a document that provides detailed information regarding the services that may be provided to program participants based on need and available resources. It was recognized that the SRS would have a direct impact on the bed rate, and therefore, any changes made to the IH bed rate and the SRS must be done in parallel. Many Council Offices have stated their concern for the lack of accountability surrounding both the proposed bed rates and the SRS. To ensure that the SRS accurately reflects the proposed bed rates and that the foundational level of services are being provided, the offices of the CAO, CLA, and County have been in direct coordination to establish one uniform document that would be used across all service provider contracts. This document would apply to programs that are operated by both the City and the County. The SRS will set the base standard for services, and any enhanced services, such as additional security, will be an additional cost to the base bed rate. Recommendations for the proposed SRS are included in the CLA report (C.F. 23-1348; September 27, 2024).

Additionally, LAHSA is developing a performance monitoring process that includes 5 points of review to ensure that service providers are complying with the scope of work and are meeting their KPI levels. This process will be presented within a memo that LAHSA will release in parallel with the CAO and CLA reports. This process will provide incentive to the service providers to ensure that they are moving participants to permanent housing placements to the best of their ability.

Performance Tracking

In addition to the proposed SRS, and in direct relation to the accountability that the Council is requesting, the CLA has been coordinating with LAHSA to establish Key Performance Indicators (KPIs) that will be used as a tool to ensure that the proper level of services are being provided at City operated interim housing facilities and that program outcomes are in alignment with the City's goals. These KPIs will allow the City to assess the metrics and outcomes that each individual interim housing program is producing. These analyses, findings, and recommendations are addressed in the CLA report (C.F. 23-1348; September 27, 2024).

Budget Implications

The recommended bed rate increases begin at \$69 (effective January 1, 2025) and \$89 (effective July 1, 2025). The proposed rates in this report are recommended for the RFP that is anticipated to be released before the end of 2024; however, they do not provide a living wage of \$25/hour for all on-site interim housing staff at this time. The working group is still discussing incorporating cost of living adjustments and the potential of recommending a \$25/hour living wage in the future. If a consensus is reached, the recommendations will be included in a future report.

The "Estimated Funding Impact" section of this report provides the estimated costs for both FY 2024-25 and FY 2025-26. If approved, this office will report on funding implications associated

with the new IH bed rates. The goal of the new IH bed rate formula is to support service providers' capacity by increasing compensation and ensure proper staffing at interim housing sites while in turn increasing reporting and contracting expectations.

Enhanced Services

The goal of this report is to propose a bed rate formula for Council and Mayor consideration that encompasses base services that will be provided in all City operated interim housing programs. Base services refer to both the services that will be provided by the onsite service provider, such as case management and food, and site operation services, such as property maintenance, janitorial services, laundry, furniture, and program supplies. The proposed bed rates consist of six main funding components, and the breakdown of these line items can be found in the "Methodology and Proposed Rate Components" section of this report.

Enhanced services are any services that go beyond the base, such as medical, mental health, and substance use disorder (SUD) services. While collaborating with the County in developing the proposed rates, it is confirmed that these are costs that would be in addition to the base rate that will be both funded and provided by the County. This does not apply to enhanced services that will be provided by the onsite service providers, which would trigger an increase to the base bed rate. Program participants will be connected to these services through their onsite case manager, who is accounted for in the base rate.

Staffing

The amount and type of staffing that will be onsite at any given time is based on a proposal from LAHSA and has been accounted for within the proposed bed rates. An example of staffing models can be found on page 5 of this report that demonstrates the type and level of staffing considered in the IH bed rate formula. For wages, the Tier Breakdown for Staff Compensation is included on page 5.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will not have an immediate impact on the General Fund as funding recommendations will be provided in a future report. However, should the proposed increases be adopted and funding is needed for the initiatives, there may be an approximate fiscal impact of up to \$6.3 million in FY 2024-25 and \$179.4 million in FY 2025-26.

FINANCIAL POLICIES STATEMENT

Approval of the recommendations contained in this report complies with the City's Financial Policies as there is no General Fund associated with the action at this time.

Attachments:

1. Adopted Interim Housing Bed Rates effective January 1, 2024
2. Recommendation for Adjusted Interim Housing Bed Rates Effective January 1, 2025
3. Recommendation for Adjusted Interim Housing Bed Rates Effective July 1, 2025
4. Estimated Fiscal Year Funding Costs by Intervention

MWS:ECG:KML:MP:MAG:16250007

Attachment 1: Adopted Interim Housing Bed Rates effective January 1, 2024

Intervention Type	Population	Adopted Rate	Previous Rate ¹
Overnight Safe Parking	Adults, TAY, Family	\$40	\$30
Crisis Housing	Adults, TAY	\$60	\$40
Bridge Housing	Adults, TAY	\$60	\$50
Winter Shelter Program	Adults, TAY	\$60	\$50
Roadmap - IH	Adults	\$60.50	\$55
Tiny Home Village	Adults	\$60.50	\$55
A Bridge Home	Adults, TAY	\$66	\$60
Transitional Housing	TAY	\$77	\$70
Project Homekey	Adults	10% increase	Rates vary by project
Crisis Housing	Family	\$99 - site based \$115.50 - motel based	\$90 - site based \$105 - motel based

¹ Previous Rate column represents the most common rate for sites within the indicated program prior to January 1, 2024.

Attachment 2: Recommendation for Adjusted Interim Housing Bed Rates Effective January 1, 2025

Level Staffing: 1-50 Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
Housing	\$12	\$12	\$12
Food Costs	\$11	\$11	\$11
Supply Costs	\$5	\$5	\$5
(Client) Support Costs	\$2	\$2	\$2
Staff	\$41	\$45	\$50
Base Rate Subtotal (Not incl. Lease)	\$71	\$75	\$80
12% Administration Rate	\$8	\$9	\$10
Bed Rate Total (Staff Starting \$20/hour)	\$79	\$84	\$89

Level Staffing: 51+ Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
Housing	\$12	\$12	\$12
Food Costs	\$11	\$11	\$11
Supply Costs	\$5	\$5	\$5
(Client) Support Costs	\$2	\$2	\$2
Staff	\$32	\$35	\$39
Base Rate Subtotal (Not incl. Lease)	\$62	\$65	\$69
12% Administration Rate	\$7	\$8	\$8
Bed Rate Total (Staff Starting \$20/hour)	\$69	\$73	\$77

Attachment 3: Recommendation for Adjusted Interim Housing Bed Rates Effective July 1, 2025

Enhanced Staffing: 1-50 Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
Housing	\$12	\$12	\$12
Food Costs	\$11	\$11	\$11
Supply Costs	\$5	\$5	\$5
(Client) Support Costs	\$2	\$2	\$2
Staff	\$74	\$82	\$90
Base Rate Subtotal (Not incl. Lease)	\$104	\$112	\$120
12% Administration Rate	\$12	\$13	\$14
Bed Rate Total (Staff Starting \$20/hour)	\$116	\$125	\$134

Enhanced Staffing: 51+ Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
Housing	\$12	\$12	\$12
Food Costs	\$11	\$11	\$11
Supply Costs	\$5	\$5	\$5
(Client) Support Costs	\$2	\$2	\$2
Staff	\$50	\$55	\$61
Base Rate Subtotal (Not incl. Lease)	\$80	\$85	\$91
12% Administration Rate	\$9	\$10	\$11
Bed Rate Total (Staff Starting \$20/hour)	\$89	\$95	\$102

Attachment 4: Estimated Fiscal Year Funding Costs by Intervention

FY 2024-25 Funding Costs						
Bed Category	Intervention Type	No. of Sites	No. of Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	A Bridge Home	4	131	\$272,948	\$377,928	\$120,908
	Interim Housing	8	176	\$550,332	\$680,652	\$810,972
	Project Homekey	3	129	-	\$29,308	\$71,843
	Tiny Home Village	1	38	-	-	-
Sub-Total		16	474	\$823,280	\$1,087,888	\$1,003,723
51 Beds or More	A Bridge Home	13	1,207	\$836,401	\$1,402,569	\$2,204,037
	Interim Housing	17	1,552	\$1,989,099	\$2,657,252	\$4,209,690
	Project Homekey	7	602	\$369,240	\$543,000	\$716,760
	Safe Sleep	1	88	-	-	-
	Tiny Home Village	12	1,518	\$2,285,438	\$3,346,822	\$4,408,206
Sub-Total		50	4,967	\$5,480,178	\$7,949,643	\$11,538,693
IH Bed Rate Mid-FY IncreaseTotal		66	5,441	\$6,303,458	\$9,037,531	\$12,542,416
FY 2024-25 Budget		\$140,915,663				
FY 2024-25 IH Beds Costs Total				\$147,219,121	\$149,953,194	\$153,458,079

FY 2025-26 Funding Costs						
Bed Category	Intervention Type	No. of Sites	No. of Beds	Tier 1 (\$20 Starting)	Tier 2 (\$22 Starting)	Tier 3 (\$25 Starting)
50 Beds or Less	A Bridge Home	4	131	\$1,122,090	\$1,552,425	\$1,982,760
	Interim Housing	8	176	\$1,736,670	\$2,232,705	\$2,874,740
	Project Homekey	3	129	\$1,172,672	\$1,596,437	\$2,020,202
	Tiny Home Village	1	38	\$55,480	\$180,310	\$305,140
Sub-Total		16	474	\$4,086,912	\$5,561,877	\$7,182,842
51 Beds or More	A Bridge Home	13	1,207	\$9,193,255	\$11,836,585	\$14,920,470
	Interim Housing	17	1,552	\$14,053,762	\$17,480,017	\$21,463,627
	Project Homekey	7	602	\$2,877,907	\$3,602,797	\$5,030,319
	Safe Sleep	1	88	-	\$192,720	\$417,560
	Tiny Home Village	12	1,518	\$14,783,114	\$18,107,534	\$21,986,024
Sub-Total		50	4,967	\$40,908,038	\$51,219,653	\$63,818,000
IH Bed Rate Increase Total		66	5,441	\$44,994,950	\$56,781,530	\$71,000,842
FY 2025-26 Projected Base Budget		\$140,915,663				
FY 2025-26 IH Beds Costs Total				\$185,910,613	\$197,697,193	\$211,916,505