

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 12, 2020

CAO File No. 0220-05734-0002
Council File No. 20-0841
20-0687
20-0941
Council District: All

To: The City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Homeless Roadmap

Subject: Proposed Strategy and Funding Recommendations on COVID-19 Homelessness Roadmap - **REVISED**

SUMMARY

On July 1, 2020, Council Motion (Martinez-Price; C.F. 20-0841) was approved, which reserves up to \$100 million of COVID-19 Federal Relief Fund to implement the COVID-19 Homelessness Roadmap. The motion directed the City Administrative Officer (CAO), with the assistance of the Chief Legislative Analyst (CLA), the Bureau of Engineering (BOE), the Department of General Services (GSD), the Housing and Community Investment Department (HCID), and the Los Angeles Homeless Services Authority (LAHSA), to report back within 30 days on the overall plan, including the estimated cost and strategies for implementing the plan, including a status update of Proposition HHH projects that would contribute to this effort and recommendations to ensure that these projects stay on track.

This report provides the status of the overall Homelessness Roadmap plan, cost estimates for implementation and funding recommendations. This report also includes the recommendations included in the Council Motion (Cedillo-Martinez; C.F. 20-0941) report on the State of California Homekey Notice of Funding Availability.

RECOMMENDATIONS

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

1. APPROVE the use of the City-owned site at 19020-19040 West Vanowen Street in Council District 3 for a pallet shelter;
2. APPROVE \$16,778,900 for the construction of the following three (3) pallet shelters:

CD	Site	Number of Beds	Amount
2	11471 Chandler Blvd	66	\$4,933,700
2	6099 Laurel Canyon	200	\$8,456,300
3	19020-19040 W Vanowen Street	104	\$3,388,900

- a. ALLOCATE \$16,628,900 from the COVID-19 Federal Relief Fund No. 63M, Department No. 10, Account No. 10T695 as follows. Eligible costs incurred from these allocations will be reimbursed from the COVID-19 Federal Relief Fund.
 - i. \$4,883,700 to COVID-19 Federal Relief Fund No. 63M, Capital Improvement Expenditure Program (CIEP) No. 54, Account No. 54TXXX, 11471 Chandler Blvd.;
 - ii. \$8,406,300 to COVID-19 Federal Relief Fund No. 63M, CIEP No. 54, Account No. 54TXXX, 6099 Laurel Canyon; and
 - iii. \$3,338,900 to COVID-19 Federal Relief Fund No. 63M., CIEP No. 54 Account.
 - b. REPROGRAM \$150,000 from the Engineering Special Services Fund No. 682, Department No. 50, Account No. 50RVDI, Crisis Bridge Housing Facilities - Various Engineering Services as follows. Eligible costs incurred from these allocations will be reimbursed from the Homeless Emergency Aid Program (HEAP) Grant Special Fund.
 - i. \$50,000 to HEAP Grant Special Fund No. 60P, CIEP No. 54, Account No. 54TXXX, 11471 Chandler Blvd.;
 - ii. \$50,000 to HEAP Special Fund Grant Fund No. 60P, CIEP No. 54, Account No. 54TXXX, 6099 Laurel Canyon; and
 - iii. \$50,000 to HEAP Special Fund Grant Fund No. 60P, CIEP No. 54, Account No. 54TXXX, 19020-19040 Vanowen Street.
3. APPROVE \$12,000,000 in COVID-19 Federal Relief Funds for the construction of new interim housing beds;
 - a. Allocate \$12,000,000 in COVID-19 Federal Relief Funds to No. 63M Department No. 10, Account No. 10T695.
 4. APPROVE \$97,165,429 in Emergency Solutions Grant –COVID funds for Rapid Rehousing and Shared Housing as outlined in this report;
 5. APPROVE \$3,951,600 in Emergency Solutions Grant – COVID funds for leasing of interim units for people experiencing homelessness;
 6. APPROVE \$2,449,650 in Emergency Solutions Grant - COVID funds for outreach to the plan's target population;
 7. DIRECT the Los Angeles Homeless Services Authority to expend the Emergency Solutions Grant - COVID as outlined in this report;

8. DIRECT the General Manager of the Housing and Community Investment, or designee, to develop the Emergency Solutions Grant-COVID Consolidated Plan amendment and post for public comment immediately following the approval of this report;
9. AUTHORIZE the City Administrative Officer to apply on behalf of the City to the State of California Homekey Notice of Funding Availability, with the Housing Authority of the City of Los Angeles serving as the lead applicant, for a maximum award of \$265 million; \$250 million for capital and \$15 million in operating subsidies. The City will prioritize properties that:
 - a. may be occupied within 90 days for interim housing
 - b. have minimal or no rehabilitation needs for operation as interim housing; and
 - c. could be converted to permanent housing units within three (3) to five (5) years.
10. AUTHORIZE the City Administrative Officer to enter into an Agreement, reviewed and approved by the City Attorney, with the Housing Authority of the City of Los Angeles outlining the roles and responsibilities as co-applicants to the State of California Homekey Notice of Funding Availability;
11. APPROVE up to \$150 million in COVID-19 Federal Relief Fund monies for the matching funds for successful Homekey applications;
12. AUTHORIZE the City Administrative Officer to transfer up \$150 million in COVID-19 Federal Relief Fund to the Housing Authority of the City of Los Angeles to ensure the timely acquisition of all approved Homekey applications;
13. APPROVE \$30,000,000 in Emergency Solutions Grant - COVID to fund urgent rehabilitation of successful Homekey projects;
14. APPROVE \$100,000 from COVID-19 Federal Relief Fund No. 63M, Department No. 10 Account No. 10T695 to the Department of General Services, No. 40, General Fund 100, Account No. 003040, Contractual Services to conduct appraisals on approved Homekey properties;
15. AUTHORIZE the City Administrative Officer, with the assistance of the Housing and Community Investment Department, to issue a Request for Proposals to select qualified owner/operators for approved Homekey properties;
16. REQUEST that the City Attorney work with the City Administrative Officer, with the assistance of the Housing and Community Investment Department, to develop a deed of trust, regulatory agreement and any other necessary legal document to transfer ownership of approved Homekey properties to the selected owner/operators ensuring the City's interests and the sites' use meet the goals of the City and the Homekey Program;

17. REQUEST that Housing Authority of the City of Los Angeles lease the units it acquires under the Homekey program in compliance with the Homelessness Roadmap Plan;
18. APPROVE \$8,103,000 in Los Angeles County service commitment funds for eight (8) months of funding 740 new interim beds, November 1, 2020 - June 30, 2021;
19. APPROVE \$10,950,000 in Los Angeles County service commitment funds for eight (8) months of funding up to 1,000 new Homekey interim units November 1, 2020 - June 30, 2021;
20. APPROVE \$6,570,000 in Los Angeles County service commitment funds for eight (8) months of funding up to 600 leased units November 1, 2020 - June 30, 2021;
21. APPROVE \$698,700 from the Los Angeles County service commitment for the following sites for overnight safe parking, for 10 months, September 1 to June 30, 2021:

No	Location	Council District	Ownership	Proposed No. of Spaces	Proposed Funding
1	7128 Jordan Ave.	3	Public - LADOT	25	\$205,500
2	11000 National Blvd.	5	Private - Church	30	\$246,60
3	4301 S Central Ave.	9	Public - GSD	10	\$82,200
4	2444-2450 S. Crenshaw Blvd.	10	Public - HCID	10	\$82,200
5	20440 Lassen St.	12	Private - Church	10	\$82,200

22. DIRECT the Los Angeles Homeless Services Authority to work with the Council Offices outlined in recommendation 21 to identify service providers for these safe parking sites;
23. DIRECT the Housing and Community Investment Department, with the assistance of the City Homeless Coordinator, to negotiate a contract with the Los Angeles Homeless Services Authority for Rapid Rehousing and Shared Housing that includes:
- Require service providers to:
 - Assess and enroll (intake) any individual seeking assistance into the Coordinated Entry System (CES), whether or not assistance is readily available at the time it is requested;

2. Submit invoices for reimbursement within two (2) weeks of the end of the reporting period; and
 3. Submit performance data on a monthly basis describing program enrollments, placements, housing retention, and funds expended by program pathway.
- ii. Instruct the Los Angeles Homeless Service Agency to report to the City Administrative Officer's City Homeless Coordinator monthly on program performance, Citywide, by Council District and by service provider, including enrollments, placements, housing retention, and funds expended for each housing pathway.
24. DIRECT the General Manager of the Housing and Community Investment Department or designee, with the assistance of the City Homeless Coordinator, negotiate a contract with the Los Angeles Homeless Services Authority for Outreach for this plan, which clearly outlines target areas and coordinates and tracks the placement process monthly;
25. DIRECT the City Administrative Officer to make funding recommendations as projects are ready for implementation, via motion or report;
26. INSTRUCT the General Manager of the Housing and Community Investment Department or designee, to amend the necessary contracts with the Los Angeles Homeless Services Authority for the Emergency Solutions Grant - COVID funding and the Los Angeles County service commitment approved in this report; and
27. AUTHORIZE the City Administrative Officer to:
- a. Prepare Controller Instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, consistent with the Mayor and Council action in this matter, 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 consistent with the Mayor and Council action on this matter and authorize the Controller to implement these instructions.

DISCUSSION

CITY'S COMMITMENT TO THE HOMELESSNESS ROADMAP

The City of Los Angeles (City) reached an agreement with the County of Los Angeles (County) on June 16, 2020, to develop an additional 6,700 homeless interventions to address the COVID-19

emergency within 18 months. This agreement includes:

- 700 beds in existing agreements with the County within 10 months;
- 5,300 new beds within 10 months; and
- 700 new beds within 18 months.

6,000 of these beds must be new beds, which are not included in any existing agreements between the City and the County. The County has committed to providing \$60 million in services over five (5) years for a total of \$300 million or half of the estimated \$600 million cost for these beds over the five (5) year term of the agreement. The target population for this effort includes:

- People experiencing homelessness and living in the City within 500 feet of freeway overpasses, underpasses and ramps;
- People experiencing homelessness within the City who are 65 years of age or older; and
- Other vulnerable people experiencing homelessness within the City of Los Angeles.

MEETING THE 6,700 COMMITMENT AND ESTIMATED COST

The CAO and CLA have been working with each Council Office to develop district-specific plans, which outline specific interventions to address the 6,700 commitment. These plans will continue to evolve as new interventions are identified and sites under review for use are cleared and/or developed. The City will have to use every available resource at its disposal to meet this commitment including Rapid Rehousing and Shared Housing, Interim Housing, Leasing, Acquisition, Safe Parking, as well as the City's on-going investment in new permanent and affordable housing, not included in existing County contracts.

It is important to note that other than the permanent housing units in the plan, every intervention will have turnover as individuals are placed in permanent housing solutions. As such, these new interventions will serve more people than the slated 6,000 people over the term of the agreement.

The proposed plan to meet the unit commitment is outlined in Table 1 below (Attachment 1). This plan provides a unit cushion in case proposed interventions are not feasible and the City has to quickly shift to more viable options.

Table 1: Proposed Plan

Type of Unit/Intervention	Number of Units	Estimated Capital Cost	Net New Cost** By Fiscal Year (FY)					Total Cost
			2020-21***	2021-2022	2022-23	2023-24	2024-25	
New Interim Housing Beds								
- ABH Beds	842	34,201,320	19,721,755	18,439,800	18,439,800	18,439,800	18,439,800	\$127,682,275

- Other Interim Beds (Including Pallet Shelters)*	740	34,500,000	8,103,000	12,154,500	12,154,500	12,154,500	12,154,500	\$91,221,000
New permanent housing units/not included in existing County Contracts	908	136,200,000	0	0	0	0	0	\$136,200,000
Acquisition Operations*	1,000	150,000,000	10,950,000	16,425,000	16,425,000	16,425,000	16,425,000	\$226,650,000
Rapid Rehousing/Shared Housing	3,000	N/A	52,160,787	29,960,444	8,696,350	6,347,848	0	\$97,165,429
Leased Facilities*								
- Leasing	600	N/A	3,951,600	5,927,400	5,927,400	5,927,400	5,927,400	\$27,661,200
- Operating	513		6,570,000	\$9,855,000	9,855,000	9,855,000	9,855,000	\$45,990,000
Safe Parking	513	N/A	\$3,744,900	\$5,617,350	\$5,617,350	\$5,617,350	\$5,617,350	\$26,214,300
Housing Units in Existing County Contracts****	700	0	\$3,802,393	\$3,802,393	\$1,118,578	\$2,190,000	\$2,190,000	\$13,102,364
Total Capital and Operating:	8,303	\$354,901,320	\$109,004,435	\$102,181,887	\$78,233,978	\$76,956,898	\$70,609,050	\$791,886,568
County Operating Obligation		N/A	53,000,000	60,000,000	60,000,000	60,000,000	60,000,000	\$293,000,000
City Capital and Operating Obligation		\$354,901,320	\$56,004,435	\$42,181,887	\$18,233,978	\$16,956,898	\$10,609,050	\$498,886,568
Outreach	N/A	N/A	2,449,650	4,899,300	0	0	0	7,348,950
TOTAL City Obligation		\$354,901,320	\$58,454,085	\$47,081,187	\$18,233,978	\$16,956,898	\$10,609,050	\$506,235,518

*Operations for Acquisition Units based on eight months operations in FY 2020-21. Operations for Other Interim Beds, Leased Facilities, and Safe Parking based on eight months average operating time cost in FY 2020-21

**Operating Costs: ABH Beds: \$60/bed/night; Other Interim Beds, Acquisition Units, Leased Facilities: \$45/bed/night; Safe Parking: \$30/car/night

*** City Capital and Operating Obligation in FY 2020-21 does not include ABH Beds, which are fully funded with City HEAP and HHAP funds.

**** A portion of these services have been funded with City HEAP.

Funding Sources for the Proposed Plan

Given the City's precarious financial situation as a result of the COVID-19 crisis, the City needs to use all available resources for this plan without impacting the General Fund in the immediate future.

This Office proposes that the plan be funded as outlined in Table 2 (Attachment 2) in Fiscal Year (FY) 2020-21. This funding proposal would allocate Coronavirus Relief Fund (CRF), Emergency Solutions Grant-COVID (ESG-COVID), and the County of Los Angeles service funding commitment dollars to implement the plan. The State of California Homeless grants, the Homeless Emergency Aid Program (HEAP) and the Homeless Housing, Assistance and Prevention (HHAP), have already been allocated to cover the construction and operating costs for the A Bridge Home Program beds included in this effort.

Table 2: Proposed Funding in FY 2020-21

Type of Unit/Intervention		Units	HEAP/ HHAP	CRF	ESG- COVID	State/ Federal Housing Funds	County Service Commitment
New Interim Housing Beds							
- ABH Beds	Capital	842	\$34,201,320				
	Operating		\$19,721,755				
- Other Interim Beds (Including Pallet Shelters)**	Capital	740		\$34,500,000			
	Operating						\$8,103,000
New permanent housing units/not included in existing County Contracts		908				\$136,200,000	
Acquired Units**	Match	1,000		\$150,000,000			
	Operating						\$10,950,000
	Rehabilitation				\$30,000,000		
Rapid Rehousing/ Shared Housing***		3,000			\$97,165,429		
Leased Facilities**	Leasing	600			\$3,951,600		
	Operating						\$6,570,000
Safe Parking**		513					\$3,744,900
Housing Units in Existing County Contracts		700					
Outreach					\$2,449,650		
Administration				\$2,500,000 (BOE) \$100,000 (GSD)	TBD		

TOTAL	8,303	\$53,923,075	\$187,100,000	\$133,566,679	\$136,200,000	\$29,367,900
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** Operating Costs: ABH Beds: \$60/bed/night; Shelters, Leased Facilities: \$45/bed/night; Safe Parking: \$30/car/night, based on average operating time of eight months operations for Other Interim Beds, Acquired Units, Leased Facilities, and Safe Parking in F 2020-21.

*** Reflects the entire cost of the program for four (4) years using ESG-COVID.

STATUS OF PLAN AND FUNDING RECOMMENDATIONS

New Beds as of June 16, 2020

New Beds

The City has created 377 new beds through its A Bridge Home Program (ABH) since June 16, 2020. An additional 385 new beds are scheduled to open by September 10, 2020, and 80 more by December 31, 2020.

New Beds in Existing County Agreements/Proposition HHH Units and ABH Beds

147 of the beds in existing County service agreements have opened since June 16, 2020 and an additional 506 will be completed by December 31, 2020. These beds include eight (8) Proposition HHH projects with 404 units, all of which are track to be completed by January 2021. It also includes four (4) ABH projects with 347, which will be in operation by December 2020.

Development of New Beds/Inventions

City-owned sites for interim housing use are extremely limited, given that the City has been assessing public sites for interim and permanent housing development since 2016. Most of the feasible City-owned sites are being used for the A Bridge Home Program (ABH) and/or are in development for permanent supportive and affordable housing.

As of June 16, 2020, City staff have reviewed over 90 publicly and privately-owned for interim housing, safe parking, and leasing potential, not including the sites being reviewed for the State Homekey acquisition grant described below. Of these sites, 29 have been deemed infeasible. Six (6) sites are in layout and design phase for pallet shelters with the Bureau of Engineering (BOE) and five (5) are being recommended in this report for safe parking. The Department of General Services (GSD) has initiated lease negotiations on (4) sites and three (3) California Department of Transportation (Caltrans) have been submitted for use approval to the Federal Highway Administration (FHWA). The remaining sites are undergoing review and vetting with the site owners.

Interim Housing Sites in Development

The Bureau of Engineering (BOE) is completing the layout of six (6) pallet shelter sites and will be releasing two (2) sites for design/bid. We recommend \$34,500,000 in CRF monies; \$22,500,000 previously approved, and an additional \$12,000,000 recommended in this report for these six (6) sites. If the sites are not completed by December 2020, the remaining costs for the sites may have to be transferred to another source given the CRF expenditure deadline. This report also recommends funding for three (3) of these sites, for a total of 370 beds. Two (2) of these sites are underutilized Department of Recreation and Parks (RAP) sites. The RAP Commission approved the use of these sites on August 6, 2020. These funding recommendations are based on BOE's rough order of magnitude (ROM); final costs will be adjusted when the contractors for each site are selected. To determine the sites feasibility, BOE surveyed the sites, assessed utility and sewer accessibility, prepared sites plans, and conducted a California Environmental Quality Act (CEQA) analysis of the proposed sites. BOE will transmit CEQA analysis under separate cover and the City Council and Mayor must approve BOE's determination that this use is categorically exempt from CEQA. These include:

CD	Site	Number of Beds	Amount
2	11471 Chandler Blvd	66	\$4,933,700
2	6099 Laurel Canyon	200	\$8,456,300
3	19020-19040 W Vanowen Street	104	\$3,388,900

Rapid Rehousing and Shared Housing

In response to Motions from the Los Angeles City Council (Martinez – Buscaino – O'Farrell – Krekorian – Price; C.F. 20-0687) and County Board of Supervisors, the Los Angeles Homeless Services Authority (LAHSA) has proposed a countywide COVID-19 Recovery Plan for Homelessness (Plan). The Plan proposes three (3) pathways for persons experiencing homelessness to be permanently housed in units in the private rental market using resources made available from the State and Federal governments in response to the COVID-19 pandemic. The total cost to implement the Plan Countywide is \$806,595,605 over three (3) years. The County of Los Angeles has committed \$308.6 million toward the Plan.

This Plan includes landlord incentives and move-in assistance, such as security deposits, furniture and household goods. LAHSA anticipates that shared housing will be heavily relied upon as a placement option to extend funding for rental assistance to as many individuals and households as possible.

LAHSA's Recovery Plan dovetails with the City's need to tap into the private rental market to meet the target number of units in the City's COVID-19 Homelessness Roadmap (Roadmap). Making this investment would also reduce the City's operations obligation in years 2-5 of this effort. As such, the CAO requested a proposal from LAHSA outlining how the programs included in the Plan can be used to address the populations specified in the Roadmap. LAHSA's response outlined a plan to house 7,500 individuals in 18 months and 10,000 in 24 months for a total cost of

\$264,890,902 over four (4) years. The proposal identified costs for four (4) years, because a limited number of program participants will require rental assistance and case management support beyond the initial 18-month placement period, at a cost of \$4,784,517.

At this time, the CAO recommends funding in the amount of \$97,165,430 over four (4) years for 3,000 placements in 18 months – an average of 200 placements per Council District. The three (3) Plan pathways, the number of individuals and households anticipated to be housed through each, a projected placement schedule, funds requested for each pathway, and proposed accountability requirements are described below.

COVID-19 Recovery Plan for Homelessness Pathways

The three (3) pathways in the Plan provide varying levels of rental assistance, case management and other supports to place persons from the target populations into rental units in the private market. These pathways include:

Pathway 1 (Bridge Subsidy): Designed to house individuals who need more support and are eligible for permanent supportive housing (PSH).

- Proposed for 1,201 (40%) of the 3,000 placement target:
 - 961 of these individuals will receive 100% rent subsidy and intensive case management until a PSH unit becomes available; and
 - 240 are estimated to be able to stabilize enough to remain in their unit and taper to a shallow subsidy of \$300-750 per month.

Pathway 2 (Recovery Housing): For lower-need participants who can transition to private housing, deep rental assistance for 12-18 months with case management, tapering to either no rental assistance or to a shallow subsidy. This intervention also includes problem-solving resources to transition people to permanent housing without any ongoing rental assistance.

- Proposed to assist 1,514 (50%) of the 3,000 placement target:
 - 1,062 of these individuals or households are expected to be able to maintain their unit permanently without the need for ongoing subsidies:
 - 683 will taper off the subsidy within 18 months;
 - 379 within 12 months;
 - 171 additional individuals are expected to be able to taper to a shallow subsidy of up to \$530 per month after 18 months of deeper rental assistance; and
 - 281 individuals are expected to be able to obtain and maintain permanent housing with problem solving resources such as family reunification, obtaining benefits, move-in assistance, etc., and no rental subsidy.

Pathway 3 (Shallow Subsidy): Provides an ongoing shallow subsidy of up to \$530 per month to 285 individuals with sufficient income to cover some, but not all of market rent. Table 3 below summarizes these pathways and expected outcomes:

Table 3. COVID-19 Recovery Plan for Homelessness Proposed for the City of Los Angeles

Pathway	Outcome	Number	Percent
1. Bridge Subsidy	PSH	961	32%
	Shallow Subsidy	240	8%
<i>Subtotal – Bridge Subsidy</i>			
2. Recovery Housing	No Subsidy after 18 Months Rental Assistance	683	23%
	No Subsidy after 12 Months Rental Assistance	379	12%
	Shallow Subsidy after 18 Months Rental Assistance	171	6%
	Problem Solving, no Rental Assistance	281	9%
<i>Subtotal – Recovery Housing</i>			
3. Shallow Subsidy	Ongoing Shallow Subsidy	285	10%
Total		3,000	100%

Expected Placement schedule

With funding for these rental subsidies and services, LAHSA estimates that 3,000 people experiencing homelessness can be housed in the next 18 months as described in Table 4 below.

Table 4. Placement Schedule by Pathway

Placement Schedule				
Pathway	FY 2020-21 Q1-Q2	FY 2020-21 Q3-Q4	FY 2021-22 Q1-Q2	Total
Bridge Subsidy	650	551		1,201
Recovery Housing	600	914		1,514
Shallow Subsidy	80	115	90	285
Total	1,330	1,580	90	3,000

LAHSA estimates the total cost of all of these interventions is \$97,165,430 million over four (4) years. Costs are summarized by pathway in Table 5 below.

Table 5. Costs by Pathway

Annual Cost						
Recovery Housing Pathway	FY 2020-21 Q1-Q2	FY 2020-21 Q3-Q4	FY 2021-22	FY 2022-23	FY 2023-24	Total
Bridge Subsidy*	\$9,520,767	\$15,026,657	\$6,366,132	\$2,544,480	\$2,544,480	\$36,002,516
Recovery Housing*	\$8,549,854	\$17,633,037	\$20,993,417	\$3,684,186	\$1,335,684	\$52,196,178
Shallow Subsidy	\$407,029	\$1,023,443	\$2,600,896	\$2,467,684	\$2,467,684	\$8,966,736
Total	\$18,477,650	\$33,683,137	\$29,960,444	\$8,696,350	\$6,347,848	\$97,165,430

*Includes landlord engagement and shallow subsidy costs associated with these pathways.

Recommended Reporting Requirements:

This recommendation represents a significant portion of the 6,700 persons the City has committed to house as part of the Roadmap. This is also a substantial expansion of the City's rental assistance and rehousing infrastructure on a very aggressive timeframe. As such, in order to ensure the City has sufficient information to assess progress and that funding or programmatic adjustments can be made quickly as needed, we recommend the following reporting and accountability requirements for LAHSA and the service providers that will carry out this program:

1. Require service providers to:
 - a. Assess and enroll (intake) any individual seeking assistance into the Coordinated Entry System (CES), whether or not assistance is readily available at the time it is requested;
 - b. Submit invoices for reimbursement within two (2) weeks of the end of the reporting period; and
 - c. Submit performance data on a monthly basis describing program enrollments, placements, housing retention, and funds expended by program pathway.
2. Instruct LAHSA to report to the City Administrative Officer's City Homeless Coordinator monthly on program performance, Citywide, by Council District and by service provider, including enrollments, placements, housing retention, and funds expended for each housing pathway.

Leasing

The City is also exploring leasing options, and at least 19 sites are being assessed for interim housing. The General Services Department (GSD) is actively engaged in four (4) lease negotiations. Three (3) of these sites are vacant lots; one (1) is a community center owned by the Knights of Columbus in Council District 3. Brilliant Corners, under contract with the City for real estate evaluation services for interim housing, is assessing the capital improvements that would be needed to use the Knights of Columbus site for interim housing. Pending confirmation of owner interest the BOE will be requested to provide draft designs and cost estimates for the three (3) vacant lots to further determine feasibility, in collaboration with the Council Offices. This Office will provide leasing and funding recommendations regarding these and any other private sites deemed feasible for interim housing in subsequent reports.

Acquisition - State of California: Notice of Funding Availability HomeKey Program

The State of California Department of Housing and Community Development (state) issued a Notice of Funding Availability Homekey Program (Homekey) for approximately \$600 million of grant funding to expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19 on July 16, 2020. The \$550 million is from the state's direct allocation of the federal Coronavirus Aid Relief Funds (CRF) and \$50 million is derived from the state's General Fund to supplement the acquisition fund and provide initial operating subsidies for Homekey sites. The state will fund up to \$200,000 per door on these acquisitions if the jurisdiction provides a match of \$150,000 per door. The state has set-aside \$161.5 million as the

allocation for the Los Angeles County Region, but has indicated additional funding beyond this amount may be available.

Given the CRF expenditure deadline of December 30, 2020, the state's priority application deadline is August 13, 2020, with a final deadline of September 29, 2020. Because of this short turn around, my Office recommends that the City partner with the Housing Authority of the City of Los Angeles (HACLA), to apply for feasible properties. HACLA has existing real estate acquisition capabilities and has agreed to work with the City on this acquisition effort. HACLA will acquire the properties on behalf of the City, which thereafter, would be transferred to a qualified service provider/owner/operator selected by the City through a competitive Request for Proposals (RFP). The City will place a Deed of Trust and a Regulatory Agreement on the property to ensure the City's control over the use of the site.

As we are proposing to use the CRF funds allocated to the City as the matching source for this effort, the City Attorney has advised that we prioritize properties that can be occupied within 90 days, given that this is a COVID-response program. We also recommend that properties be prioritized in the following manner:

1. Properties for interim housing use only given the lack of operating (rental vouchers), that could be occupied immediately and within 90 days;
2. Prosperities with no or minimal rehabilitation need; and
3. Properties that could be converted to permanent housing within three (3) to five (5) years.

The CAO received over 100 properties from Council Offices, Project Roomkey service providers and the County for acquisition vetting. The Department of General Services initiating the vetting process by ensuring the owner's interest in selling the property. Given the tight deadline for priority applications, and capacity, the CAO submitted 31 properties to HACLA for vetting, ensuring Council District priority sites, Project Roomkey sites, and a Council District mix. The goal is for the HACLA and the City to submit its applications by August 13th to ensure properties are considered on the rolling basis.

In addition to assisting the City with its acquisition efforts, HACLA proposes to acquire properties that HACLA will own and operate as permanent housing units. HACLA will cover the matching funds for any properties that the agency intends to own and operate, but will prioritize the City's 6,000 new bed target population for occupancy of these HACLA units.

This report recommends approval for applying for up to \$250 million in state funds. This would allow the City and HACLA to apply for up to 1,250 units. The City's estimated match if all properties are successful would be a maximum of \$150 million. Included in the recommendation is authority for the CAO to enter into an Agreement with HACLA outlining roles and responsibilities. We are also requesting an allocation of \$30 million in ESG-COVID for any emergency rehabilitation that may be needed for City acquired properties. We will report on the need for these funds once the properties have been acquired.

The Mayor's Office and the Housing and Community Investment Department (HCID) are working on a potential second round of City of Homekey applications. The Mayor's Office and HCID will work with HACLA and selected development partners, if state funding and City matching funds are available, to submit these applications by the final Homekey September 29, 2020 deadline. HCID will report on the process and timeframe for this effort.

Safe Parking

There are 26 sites with 513 spaces proposed in Council District Plans for Safe Parking. 20 of these sites are on publicly-owned property and 6 are private sites. For the first set of Safe Parking recommendations, this Office provided a list of nine (9) sites to LAHSA to review according to the need for safe parking both Council Districtwide and in close proximity to the proposed sites. Need was assessed based on the density of people experiencing homelessness living in vehicles close to the site and the utilization rate of any other Safe Parking programs nearby. The sites provided to LAHSA were either owned by the City or by private entities that had expressed interest in allowing their property to be used for Safe Parking free of charge.

Based on LAHSA's assessment, we recommend approval of the following five (5) sites and funding for new Safe Parking programs described in Table 6 below. As these sites are available free of charge, funding will cover the services for overnight parking at each site. We further recommend that the Mayor and City Council instruct LAHSA to work with Council Offices to identify providers for each of these new sites from the existing list of safe parking operators.

Table 6. Recommended Safe Parking Sites

No.	Location	Council District	Ownership	Proposed No. of Spaces	Proposed Funding
1	7128 Jordan Ave.	3	Public - LADOT	25	\$205,500
2	11000 National Blvd.	5	Private - Church	30	\$246,60
3	4301 S Central Ave.	9	Public - GSD	10	\$82,200
4	2444-2450 S. Crenshaw Blvd.	10	Public - HCID	10	\$82,200
5	20440 Lassen St.	12	Private - Church	10	\$82,200
	Total			85	\$698,700

The CAO will continue to review sites proposed for Safe Parking in the Council District Plans with LAHSA, and will provide recommendations for approval of additional sites and funding in subsequent reports.

In the process of reviewing these sites, LAHSA reported that Safe Parking sites Citywide are currently underutilized as a result of relaxed parking requirements.

Services

In order to expedite the process of identifying homeless service providers to operate new interventions developed under the COVID-19 City Homeless Roadmap, LAHSA will issue a Request for Information (RFI), which will include specifications for anticipated interventions. The RFI will result in a list of providers interested in operating these sites. As sites are approved by the Mayor and Council, the City will also identify providers from this list and instruct LAHSA to execute contracts for the operation of each site. Based on lessons learned from ABH Program, this process is intended to provide potential operators with standard information regarding City interventions in advance to avoid delays.

Upon approval of this report, LAHSA will issue the RFI. The RFI will be issued on a rolling basis so that new providers can be added as responses are received; however the initial list of potential operators will be available three (3) weeks after the date of issuance. This office expects the operator list to be available for sites recommended for approval in the next report on the City COVID-19 Homelessness Roadmap.

Outreach

A dedicated outreach program is needed to ensure that City interventions are targeted for the populations in City COVID-19 Homelessness Roadmap. LAHSA reports that one (1) dedicated outreach team will be needed in each Council District to coordinate identification and navigation of individuals from the City COVID-19 Homelessness Roadmap target populations into newly created interventions. These teams will work closely with the Mayor and Council Offices to identify target areas, create by-name lists of people residing in these areas and coordinate and track the placement process monthly.

The total annual cost for this program is \$4,899,300 or \$7,348,950 over the 18-month program. This includes \$206,500 per team, or \$3,097,500 annually for 15 teams. LAHSA has also identified additional support needed for this effort, including: five (5) including housing navigators; two (2) program coordinators; four (4) project managers; one (1) dedicated interim and permanent housing matcher; and associated analyst, data management, and supervisory support. The annual cost of these additional positions is \$1,801,800.

FISCAL IMPACT

There is no impact to the General Fund as a result of the recommendations in this report at this time. All of the recommendations in this report will be funded with CARES Act funding or the County of Los Angeles service funding commitment in FY 2020-21.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies.

Attachments

1. Table 1: Proposed Plan
2. Table 2: Proposed Funding in FY 2020-21

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Attachment 1

Table 1: Proposed Plan

Type of Unit/Intervention	Number of Units	Estimated Capital Cost	Net New Cost** By Fiscal Year (FY)					
			2020-21***	2021-2022	2022-23	2023-24	2024-25	Total Cost
New Interim Housing Beds								
- ABH Beds	842	34,201,320	19,721,755	18,439,800	18,439,800	18,439,800	18,439,800	\$127,682,275
- Other Interim Beds (Including Pallet Shelters)*	740	34,500,000	8,103,000	12,154,500	12,154,500	12,154,500	12,154,500	\$91,221,000
New permanent housing units/not included in existing County Contracts	908	136,200,000	0	0	0	0	0	\$136,200,000
Acquisition Operations*	1,000	150,000,000	10,950,000	16,425,000	16,425,000	16,425,000	16,425,000	\$226,650,000
Rapid Rehousing/Shared Housing	3,000	N/A	52,160,787	29,960,444	8,696,350	6,347,848	0	\$97,165,429
Leased Facilities*								
- Leasing	600	N/A	3,951,600	5,927,400	5,927,400	5,927,400	5,927,400	\$27,661,200
- Operating	513		6,570,000	\$9,855,000	9,855,000	9,855,000	9,855,000	\$45,990,000
Safe Parking	513	N/A	\$3,744,900	\$5,617,350	\$5,617,350	\$5,617,350	\$5,617,350	\$26,214,300
Housing Units in Existing County Contracts****	700	0	\$3,802,393	\$3,802,393	\$1,118,578	\$2,190,000	\$2,190,000	\$13,102,364
Total Capital and Operating:	8,303	\$354,901,320	\$109,004,435	\$102,181,887	\$78,233,978	\$76,956,898	\$70,609,050	\$791,886,568
County Operating Obligation		N/A	53,000,000	60,000,000	60,000,000	60,000,000	60,000,000	\$293,000,000
City Capital and Operating Obligation		\$354,901,320	\$56,004,435	\$42,181,887	\$18,233,978	\$16,956,898	\$10,609,050	\$498,886,568
Outreach	N/A	N/A	2,449,650	4,899,300	0	0	0	7,348,950
TOTAL City Obligation		\$354,901,320	\$58,454,085	\$47,081,187	\$18,233,978	\$16,956,898	\$10,609,050	\$506,235,518

*Operations for Acquisition Units based on eight months operations in FY 2020-21. Operations for Other Interim Beds, Leased Facilities, and Safe Parking based on eight months average operating time cost in FY 2020-21

**Operating Costs: ABH Beds: \$60/bed/night; Other Interim Beds, Acquisition Units, Leased Facilities: \$45/bed/night; Safe Parking: \$30/car/night

*** City Capital and Operating Obligation in FY 2020-21 does not include ABH Beds, which are fully funded with City HEAP and HHAP funds.

**** A portion of these services have been funded with City HEAP.

Attachment 2

Table 2: Proposed Funding in FY 2020-21

Type of Unit/Intervention		Units	HEAP/ HHAP	CRF	ESG- COVID	State/ Federal Housing Funds	County Service Commitment
New Interim Housing Beds							
- ABH Beds	Capital	842	\$34,201,320				
	Operating		\$19,721,755				
- Other Interim Beds (Including Pallet Shelters)**	Capital	740		\$34,500,000			
	Operating						\$8,103,000
New permanent housing units/not included in existing County Contracts		908				\$136,200,000	
Acquired Units**	Match	1,000		\$150,000,000			
	Operating						\$10,950,000
	Rehabilitation				\$30,000,000		
Rapid Rehousing/ Shared Housing***		3,000			\$97,165,429		
Leased Facilities**	Leasing	600			\$3,951,600		
	Operating						\$6,570,000
Safe Parking**		513					\$3,744,900
Housing Units in Existing County Contracts		700					
Outreach					\$2,449,650		
Administration				\$2,500,000 (BOE) \$100,000 (GSD)	TBD		
TOTAL		8,303	\$53,923,075	\$187,100,000	\$133,566,679	\$136,200,000	\$29,367,900

** Operating Costs: ABH Beds: \$60/bed/night; Shelters, Leased Facilities: \$45/bed/night; Safe Parking: \$30/car/night, based on average operating time of eight months operations for Other Interim Beds, Acquired Units, Leased Facilities, and Safe Parking in F 2020-21.

*** Reflects the entire cost of the program for four (4) years using ESG-COVID.