

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 1, 2024

CAO File No. 0220-05151-0591
Council File No. 23-1022; 19-0914;
20-1524
Council District: 1, 2, 5, 6, and 15

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Alliance Settlement Agreement

Subject: **SECOND 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 under the June 14, 2022, Alliance Lawsuit Settlement Agreement. This is the second Alliance Settlement Agreement Program funding report.

This report recommends the programming of Emergency Stabilization Beds Grant funds awarded by the State of California for the construction of four new interim housing sites with a total of 436 beds that will count towards the City's Alliance bed obligation in Council Districts 1, 2, 6, and 15, along with exemption determinations to the California Environmental Quality Act (CEQA). This report also provides recommendations for sites in Council District 5, including amended recommendations for a previously approved construction project, and the necessary authorities for the leasing and operations of a new interim housing site.

RECOMMENDATION

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

1. DETERMINE that the construction, lease, and operation of the residential interim housing/navigation centers at 600 E. 116th Place and 503 San Fernando Road and the tiny home villages at 7724 Van Nuys Boulevard and 8358 San Fernando Road, for those experiencing homelessness, are statutorily exempt from the California Environmental Quality Act (CEQA) under Public Resources Code (PRC) Section 21080.27, Government Code Section 65660(b), applicable to City of Los Angeles (City) low barrier navigation centers; Government Code Section 8698.4, governing homeless shelter projects under a

shelter crisis declaration; 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.

2. APPROVE \$4,352,268 of Emergency Stabilization Beds Grant (ESB) funds to support the construction of the Tiny Home Village located at 600 E. 116th Place with 64 beds in Council District 15;
 - a. APPROPRIATE up to \$4,352,268 from Emergency Stabilization Beds Grant (ESB) Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. Fund No. 67N/10, 10A753, CD 15 600 East 116th Place THV, for the construction of the Tiny Home Village located at 600 E. 116th Place with 64 beds in Council District 15;
3. APPROVE \$9,077,181 of ESB funds to support the construction of the Tiny Home Village located at 503 San Fernando Road with 64 beds in Council District 1;
 - a. APPROPRIATE up to \$9,077,181 from ESB Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. 67N/10, in a new account entitled "CD 1 503 San Fernando Rd THV", for the construction of the Tiny Home Village located at 503 San Fernando Road with 64 beds in Council District 1;
4. APPROVE \$4,894,086 of ESB funds to support the construction of the Tiny Home units located at the Van Nuys Metrolink station, 7724 Van Nuys Boulevard with 100 beds in Council District 2;
 - a. APPROPRIATE up to \$4,894,086 from Emergency Stabilization Beds Grant Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. 67N/10, in a new account entitled "CD 2 7724 Van Nuys Blvd THV", for the construction of the Tiny Home Village units located at the Van Nuys Metrolink station, 7724 Van Nuys Boulevard with 100 beds in Council District 2;
5. APPROVE \$9,387,727 of ESB funds to support the construction of the Tiny Home Village located at the Sun Valley Metrolink Station, 8358 San Fernando Road with 208 beds in Council District 6;
 - a. APPROPRIATE up to \$9,387,727 from Emergency Stabilization Beds Grant Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. 67N/10, in a new account entitled "CD 6 8358 Van Nuys Rd THV", for the construction of the Tiny Home Village located at the Sun Valley Metrolink Station, 8358 San Fernando Road with 208 beds in Council District 6;
6. AUTHORIZE Department of General Services (GSD) to enter into a lease agreement with 7253 Melrose Partners, LLC and a sublease agreement with People Assisting the Homeless (PATH) for the proposed interim housing site located at 7253 Melrose Avenue in Council District 5 for up to 5 years;

7. APPROPRIATE \$1,283,581.84 of unspent funds from Homeless Housing, Assistance and Prevention Funds Round 2 (HHAP-2) Fund No. 64J/10, Account No. 10V754, CD 14 850 North Mission Road THV to HHAP-2 Fund No. 64J/10, Account No. 10V771, FC-1 COVID-19 Homelessness Roadmap Operating Costs;
8. APPROVE up to \$1,140,000 of HHAP-2 funds for GSD leasing costs at the proposed interim housing site located at 7253 Melrose Avenue in Council District 5 through June 30, 2025;
 - a. APPROPRIATE \$1,140,000 from HHAP-2 Fund No. 64J/10, Account No. 10V771, FC-1 COVID-19 Homelessness Roadmap Operating Costs to Citywide Leasing Fund No. 100/63, 000027, A Bridge Home Leasing for leasing costs at the proposed interim housing site located at 7253 Melrose Avenue with 60 beds in Council District 5 through June 30, 2025;
9. AMEND and REPLACE the approved Recommendation 32 relative to the 21st Homelessness Roadmap Report dated December 1, 2023 (C.F. 20-0841-S40), to read as follows:
 - a. REQUEST LAHSA to include 2377 Midvale Avenue with 33 beds in Council District 5 in the Fall 2024 procurement of its adult beds portfolio, or other qualifying competitive process, to identify a qualified service provider to operate the aforementioned interim housing site, expected to open no sooner than January 2025;
10. APPROVE and APPROPRIATE up to \$169,248.02 from Homeless Housing, Assistance and Prevention Funds Round 1 (HHAP-1) Fund No. 62Y/10, Account No. 10S650, FC-1: A Bridge Home Capital and Operating Gap to the Capital Improvement Expense Program Fund No. 100/54, Account No. 00Y990, CD 5 Midvale IH for construction costs at the interim housing site;
11. APPROVE and APPROPRIATE \$30,751.98 from HHAP-2 Fund No. 64J/10, Account No. to the Capital Improvement Expense Program Fund No. 100/54, Account No. 00Y990, CD 5 Midvale IH for construction costs at the interim housing site;
12. 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 June 30, 2024, there are 4,017 new interventions open and occupiable and 4,646 interventions in progress. The recommendations in this report will add 436 in progress interventions to the City's Alliance Settlement bed obligation, for a new in progress total of 5,082 interventions and an updated delta of 3,187 requiring development.

On May 2, 2024, the City and County of Los Angeles executed a Memorandum of Understanding, under which the County has allocated \$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 not to exceed total 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. The recommendations in this report program these monies to the selected projects.

To provide authority for these site renewals, the Bureau of Engineering (BOE) has conducted CEQA analysis for these sites, 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.

600 East 116th Place in Council District 15

The property located at 600 E. 116th Place in Council District 15 is owned by the Los Angeles County Metropolitan Transportation Authority, also known as Metro. This site previously received funding and approval within the 11th Roadmap funding report (C.F. 20-0841-S23) for a Tiny Home Village with 41 beds, and was allocated Additional Homeless Services - General City Purposes (AHS-GCP) funds and Homeless Housing, Assistance, and Prevention Grant Program Round 2 (HHAP-2) funds in the total of \$3,752,687. Construction did not proceed as the original typology but \$616,512 was expended for initial site prep. The site now has a total of \$3,136,175 available of the original allocation and is now proposed for the State Tiny Home bed obligation. This project will now utilize modular units that will serve families with a total of 64 beds, and this report recommends an additional \$4,352,268 of ESB funds to support the new typology.

503 San Fernando Road in Council District 1

The proposed community located at 503 San Fernando Road in CD 1 is adjacent to the current North East New Beginnings community that provides up to 100 beds to people experiencing homelessness. This site will utilize 16 modular units that house up to 4 individuals at a time, providing up to 64 beds. This is the same typology utilized at the North East New Beginnings community, as these programs will operate concurrently. This report recommends \$9,077,181 of ESB funds to support the construction of the community.

7724 Van Nuys Boulevard in Council District 2

The property located at 7724 Van Nuys Boulevard in Council District 2 is an active A Bridge Home (ABH) site that became open and operational on August 17, 2020. The construction of the original membrane structure and modular trailers were funded with General Fund monies, which was subsequently reimbursed with Homeless Housing, Assistance, and Prevention Funds Round 1 (HHAP-1)(C.F. 19-1307). The site currently provides 100 beds to people experiencing homelessness and is operated by Hope this Mission. This report recommends \$4,894,086 of ESB funding to expand the ABH site by adding 50 Tiny Homes, which will provide an additional 100 beds. The recommendations in this report will expand this program from 100 beds to 200 beds.

8358 San Fernando Road in Council District 6

Council District 6 has proposed to use the City-owned property located at 8358 San Fernando Road for interim housing. The interim housing program will use about 50 percent of the property, while the other 50 percent will maintain its current Metro use for parking. The program will include 84 units for 208 beds to people experiencing homelessness, which will include trailers from a previous CD 6 intervention located at 14333 Aetna Avenue. This report recommends \$9,387,727 of ESB funds for the construction of the program.

7253 Melrose Avenue in Council District 5

This report recommends the authority for the Department of General Services (GSD) to enter into a lease agreement with 7253 Melrose Partners, LLC for the property located at 7253 Melrose Avenue in Council District 5 for an interim housing intervention. The site will provide up to 60 beds to people experiencing homelessness. Additionally, this report recommends the authority for GSD to enter into a sublease agreement with the selected service provider, People Assisting the Homeless, also known as PATH.

The site is expected to operate for a term of three years with two, one-year, options to extend for a total of five years. This report recommends allocating up to \$1,140,000 of Housing Homeless, Assistance and Prevention Round 2 funds to support leasing costs at the proposed interim housing site.

2377 Midvale Avenue in Council District 5

On December 21, 2023, the Mayor concurred with the City Council's approval of the recommendations in the 21st Roadmap funding report (C.F. 20-0841-S40). Recommendation 32 instructed LAHSA to conduct a Request for Proposals (RFP), or any other qualifying competitive process, to identify a qualified service provider for the proposed interim housing site located at 2377 Midvale Avenue in Council District 5. LAHSA has since conducted a competitive process, however, the construction schedule has changed which has impacted the timeframe of service provider selection.

Furthermore, LAHSA will conduct an RFP for the entire City adult interim housing portfolio in the Fall of 2024. In an effort to expand the pool of candidates for the Midvale project, this report recommends amending the approved recommendation from the 21st Roadmap funding report to re-solicit for service provider proposals within that procurement. Lastly, this report recommends \$200,000 of HHAP-2 funds to support the continued construction of the Midvale project, particularly the electrical connection of the two parcels that the program encompasses.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of the recommendations in this report. The recommendations in this report utilizes the Emergency Stabilization Beds and Homeless Housing, Assistance, and Prevention funds for homelessness interventions.

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.