

TO: Honorable Members of the Homelessness and Poverty Committee
FROM: Ann Sewill, General Manager, HCIDLA
DATE: May 13, 2021
RE: Opportunities to Improve Contracting of City Funds to LAHSA

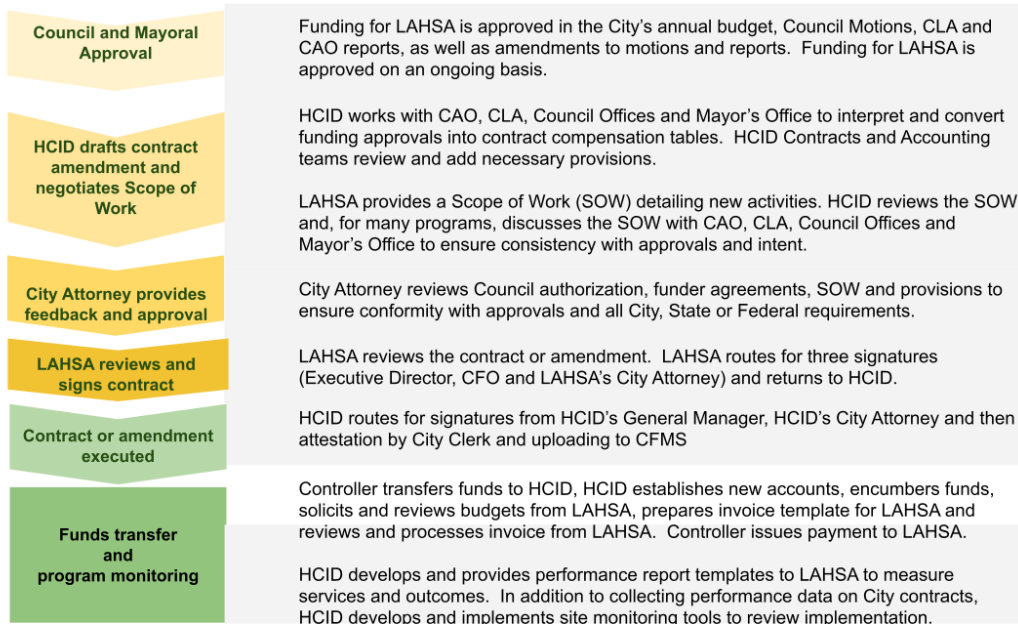
BACKGROUND

The Los Angeles Housing + Community and Investment Department (HCIDLA) administers 10 contracts between the City and LAHSA that currently authorize over \$325 million for LAHSA for services provided by LAHSA staff and subcontracted service providers. This includes the City's Roadmap Recovery programs, as well as shelters, interim housing, safe parking, storage programs, support for CES providers, and LAHSA staff programs, such as street outreach and the homeless count.

HOW AN IDEA BECOMES A CONTRACT AND FUNDING FOR LAHSA

Funding for LAHSA is approved through a variety of motions, reports and amendments to motions and reports. HCIDLA is the grant administrator for the Federal ESG, ESG-CV and CDBG funding. CAO is the grant administrator for State HEAP, HHAP and County funding. Council and Mayor directly approve General Fund allocations. To implement the significant number of new funding approvals, HCID has amended current LAHSA contracts 30 times.

City Contracting Process to Transfer Funds to LAHSA



OPPORTUNITIES TO ACCELERATE FUNDING TO LAHSA AND SERVICE PROVIDERS

- **Approve Funding in Fewer Categories.** The City should approve LAHSA funding in 6-8 program categories instead of 100 separate programs and budget line items across 10 contracts. This means establishing fewer FMS accounts and fewer separate program components in contracts and amendments by adding new funding to already-approved accounts and programs. City Council and Mayor can still direct LAHSA and service providers to operate specific sites with specific budget amounts; this level of detail can be tracked administratively in budget documents between HCIDLA and LAHSA.
- **Transfer new appropriation of General Funds in June.** To ensure service providers have adequate liquidity, Council and Mayor should instruct HCIDLA and the City Controller to establish new accounts and to provide advance General Funds to LAHSA in June, preceding the beginning of the fiscal year.
- **Standardize Approval Format.** Funding for LAHSA and service providers is approved in multiple documents that follow different formats: annual City Budget, annual Consolidated Plan, Council Motions, CAO reports, CLA reports and amendments and substitute motions that revise each of these documents. LAHSA and service providers will more quickly initiate new or expanded

programs if each approval includes the same level of detail about funding amount, program design, length of term, number of persons to be served and any geographic designation.

ADDITIONAL STEPS TO CONSIDER

In addition to these immediate actions, HCIDLA encourages Councilmembers to consider two additional changes as part of reviewing LAHSA governance:

- **Single Operating Agreement.** Approve one, multi-year contract between the City and LAHSA to include all funding sources and programs. This should enable faster amendments and streamline oversight by consolidating overlapping terms, provisions, programs and reporting requirements into one contract.
- **Simplify Procurement.** The Los Angeles Administrative Code requires LAHSA to use an RFP and competitive bidding to select service providers. This methodology is incompatible with the current emergency to deploy funds urgently, resulting in the City directing LAHSA to sole source most service providers. The City should permit LAHSA to transition to a performance-based procurement system.

OVERVIEW OF 2020-21 HCID CONTRACTS WITH LAHSA

Contracts	Amendments To Date	Allocation	Program Components	Invoices To Date
General Fund	3	\$41 million	24	5
ESG PY 46	1	\$4.6 million	4	0
ESG PY45 (3)	4	\$2.9 million	4	16
CDBG PY 46	2	\$1.8 million	2	1
HEAP (State)	8	\$29 million	39	14
HHAP (State)	4	\$15 million	13	3
COVID Relief	5	\$27 million	3	10
Roadmap	3	\$204 million	19	1
10	30	\$325 million	109	50