

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 31, 2018

CAO File No. 0220-05151-0046
Council File No. 18-0628
Council District: All

To: The City Council

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

Reference: Homeless Emergency Aid Program

Subject: **City of Los Angeles' Application for the State of California Homeless Emergency Aid Program (HEAP)**

SUMMARY

The State of California's Homeless Emergency Aid Program (HEAP) is a \$500 million block grant program designed to provide direct assistance to cities and Continuums of Care to address the homeless crisis. HEAP was authorized by Senate Bill 850 and signed into law by Governor Jerry Brown in June 2018. Under the program, the City of Los Angeles received an allocation of \$85,013,607, and is required to submit an application to receive the funds. This report outlines the recommended activity categories for the City's application, pursuant to the Council Motion (Harris-Dawson, Wesson, Bonin) (CF# 18-0628), and the funding approval process.

RECOMMENDATIONS

That the Council, subject to approval by the Mayor,

1. **APPROVE** the proposed activity categories for the City's Homeless Emergency Aid Program application:

	Activity Category	Amount
1	Capital and Operating Support for Short Term Housing Interventions and Capital for Permanent Housing	\$45,000,000.00
2	Capital and Operating Support for Short Term Housing Interventions, Capital for Permanent Housing, and Homeless Services in the Skid Row Area of Los Angeles	20,000,000.00
3	Capital and Operating Support for Short Term Housing Interventions, Homeless Prevention and Diversion Programs, General Homeless Services and Hygiene Services	11,512,246.30
4	Homeless Services for Youth or Youth at Risk of being homeless (min of 5%)	4,250,680.35
5	Administrative Costs (capped at 5%)	4,250,680.35
	Total	\$85,013,607.00

2. **DIRECT** the City Administrative Officer to submit the City's application for the Homeless Emergency Aid Program to the State of California Business, Consumer Services and Housing Agency, immediately following approval of this report;

- 3. **AUTHORIZE** the City Administrative Officer to execute any necessary documents to accept Homeless Emergency Aid Program funding on behalf of the City;
- 4. **APPROVE** the funding approval process outlined in this report;
- 5. **DESIGNATE** the Homeless Strategy Committee as the governance body for the Homeless Emergency Aid Program, with the City Administrative Officer serving as grant administrator;
- 6. **AUTHORIZE** the Controller to a) establish a new Special Fund, entitled "HEAP," within Department 10, to receive and disburse the Homeless Emergency Aid Program funds, b) create appropriation accounts, account numbers to be determined, aligned with the Activity Categories in recommendation 1 above, and c) upon receipt of Homeless Emergency Aid Program funds, increase appropriations within the newly created appropriation accounts as follows:

Special Fund: HEAP

<u>Account Name</u>	<u>Amount</u>
AC1- Capital and Operating Support	\$45,000,000.00
AC2- Capital and Operating Support -Skid Row	20,000,000.00
AC3- Programs and Services	11,512,246.30
AC4 - Homeless Services for Youth	4,250,680.35
AC5 - Administrative Costs	4,250,680.35
Total:	\$85,013,607.00

- 7. **REQUEST** that the City Attorney, with the assistance of the Office of the City Administrative Officer and the Controller, draft an ordinance to implement the adopted recommendations in this report;
- 8. **AUTHORIZE** the City Administrative Officer to make technical changes, including adjustments to the names of the Special Fund accounts in recommendation 6 above, as needed to implement Mayor and Council intentions.

BACKGROUND

Under the State of California’s Homeless Emergency Aid Program (HEAP) administered by the Business, Consumer and Housing Agency (BCHA), the City of Los Angeles will receive an allocation of \$85,013,607 in one-time dollars to provide immediate assistance to people experiencing homelessness. Eligible uses for these funds include:

- Capital
- Operating Support (Services)

- Homelessness prevention activities;
- Criminal justice diversion program for homeless individuals with mental health needs;
- Establishing or expanding services meeting the needs of homeless youth or youth at risk of homelessness;
- Emergency aid (shelters, shelter beds, public bathrooms and shower facilities are eligible uses).

Enforcement programs and sanitation clean-up costs are not eligible for this funding. A minimum set-aside of five (5) percent of the grant must be used to meet the needs of homeless youth or youth at risk of homelessness. Administrative costs are capped at five (5) percent of the grant, which would make it difficult to support new positions. Because of this cap, we would recommend that the City focus on one-time capital costs or to fill gaps for services/programs that are already being implemented. The grant has strict expenditure deadlines, 50 percent of the funds must be obligated by January 1, 2020, and 100 percent of the funds must be expended by June 30, 2021.

Requirements to Receive the Funds

The City must apply for its \$85 million allocation and must have declared a shelter crisis, which it did on April 17, 2018. The State application period opens on September 5, 2018. The funds would be available to the City within 60 days of its application submission. The City Administrative Officer (CAO) will submit the application immediately following the Mayor’s concurrence with the City Council’s action on this report.

State Reporting Requirements

The State BCHA is in the process of developing its reporting requirements for HEAP, but we anticipate that we would be required to report at least annually on the use of funds, obligations and expenditures.

HEAP APPLICATION TO THE STATE BCHA

The State draft application for HEAP is streamlined, requiring the City to provide proposed uses of funds by activity category, not by specific project. The CAO proposes the following activity categories to align with those outlined in the CF# 18-0628, attached to this report:

	Activity Category	Amount
1	Capital and Operating Support for Short Term Housing Interventions and Capital for Permanent Housing	\$45,000,000.00
2	Capital and Operating Support for Short Term Housing Interventions, Capital for Permanent Housing, and Homeless Services in the Skid Row Area of Los Angeles	20,000,000.00
3	Capital and Operating Support for Short Term Housing Interventions, Homeless Prevention and Diversion Programs, General Homeless Services and Hygiene Services	11,512,246.30
4	Homeless Services for Homeless Youth or Youth at Risk of being homeless (min 5% set-aside)	4,250,680.35
5	Administrative Costs (capped at 5%)	4,250,680.35
	Total	\$85,013,607.00

Funds in Activity Category 1 would provide \$3 million per Council District (a total of \$4.3 million with the \$1.3 million per Council District designated in the FY 2018-19 Budget \$20 million Crisis and Bridge Housing Fund). If these funds are unallocated by Council motion by December 31, 2018, funds will become available for Citywide use. The funds in Activity Category 2 are specifically targeted to the Skid Row area of Los Angeles. Activity Category 3 funds include funding for homeless prevention and general homeless services. Activity Category 4 specifically addresses the requirement to set-aside at least five (5) percent of the City’s HEAP allocation for homeless youth or youth at risk of homelessness. Per the State BCHA, this set-aside does not include homeless youth who are part of a family unit, as assumed in the Council motion. The final category is the maximum cap for administrative costs of five (5) percent.

Once received, these funds would be deposited in the newly created Special Fund with accounts corresponding to the activity category listed above. The City would be able to reprogram during the term of the program if it needs to reallocate funds between activity categories.

FUNDING APPROVAL PROCESS

Funding Requests for Potential Bridge Housing

The City is currently evaluating 15 proposed bridge housing sites that have been identified via Council motion. If these sites are deemed feasible and projects are approved, the funding under Activity Categories 1 and 2 (if applicable) would be used to construct and/or operate these sites. We recommend that funding for Bridge Home sites continue to be initiated via a site feasibility motion by the respective Council Office.

The sites that are currently under review include:

Potential Bridge Home Interim Housing Sites (under review)

#	Address	CD
1	11471 Chandler Blvd	2
2	7621 Canoga Avenue	3
3	5161 Sepulveda Blvd	4
4	7915 Beverly Blvd	5
5	1018 Hilgard Ave	5
6	5975 St. Andrew Place	8
7	2817 S Hope St	9
8	1819 Western Ave	10
9	625 La Fayette Pl	10
10	100 Sunset Ave	11
11	VA West LA Campus	11
12	310 Main St (Old Children’s Museum)	14
13	2316 E Imperial Hwy	15
14	828 Eubank Ave	15
15	515 N Beacon St	15

Funding Requests for All Other Purposed Activities

The CAO recommends the following process for HEAP funding requests:

1. Council Office Initiated

A funding request introduced via Council motion should include the following information in the body of the motion:

- Amount of Funding Request;
- Justification for request (need and description of program/project);
- Other funding sources secured (leverage), if any;
- If administrative funds are being requested, what these funds will cover, and potential gaps.
- Service area;
- Homeless population to be served;
- Number of homeless individuals to be served;
- If the request is not for a one-time use, the plan to continue to fund the program starting in July 1, 2021.

2. City Department Initiated

For City departments, including the Los Angeles Homeless Services Authority, that wish to request funding for one-time emergency homeless services/programs, a letter outlining the following information should be submitted to the CAO:

- Amount of Funding Request;
- Justification for request (need and description of program/project);
- Other funding sources secured (leverage), if any;
- If administrative costs are requested, what these funds will cover and if there will be General Fund impact.
- Service area;
- Homeless population to be served;
- Number of homeless individuals to be served; and
- If the request is not for one-time funding, the plan to continue to fund the program starting in July 1, 2021.

We recommend that initial departmental requests be submitted to the CAO by October 31, 2018. Starting in January 2019, we recommend an open process for these requests.

Review and Approval of Funding Requests

The CAO will review and submit all funding requests to the Homeless Strategy Committee (HSC) for consideration. The HSC will forward its funding recommendations to the City Council and Mayor for final determination.

FISCAL IMPACT

There is no impact to the General Fund as a result of approving the recommendations in this report. The City will receive \$85,013,607 from the State of California for emergency homeless assistance. Any future impact to the General Fund due to funding specific services or programs would be addressed when projects are considered for approval.

Attachment

RHL:YC

ATTACHMENT

MOTION

TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED

#56

There is a homelessness crisis in the state of California and in the City of Los Angeles. According to the 2018 Point-in-time Homeless Count, there are approximately 31,516 homeless individuals in the City of Los Angeles. To address this need, the State Budget for fiscal year 2018-19 allocates \$609 million for homelessness programs throughout the State. There is \$500 million available statewide for Emergency Aid Block Grants to Local Governments. The Los Angeles area Continuums of Care will receive approximately \$180 million. In addition, Los Angeles Homeless Services Authority (LAHSA) and the City of Los Angeles will receive \$166 million. Of this amount, the City of Los Angeles will receive \$85 million in direct allocation.

Below is the proposed allocation to expend the \$85 million:

- \$45 million to A Bridge Home / Crisis and Bridge Housing Fund (General City Purposes)
To increase the Crisis and Bridge Housing Fund to \$65 million to provide up to \$4.3 million per Council District for temporary crisis / bridge housing and safe parking. State funds deposited into the CBHF's Council District accounts, if unallocated to projects by Council motion by December 31, 2018, funds will become available for citywide use. State grant funds deposited into the CBIIF may also be used to gap finance Proposition HHH-funded supportive housing projects or for alternative housing projects (e.g., accessory dwelling units, shared housing, etc.).
- \$20 million to Skid Row Emergency Response (Unappropriated Balance)
To create a \$20 million fund for homeless emergency response programs and projects for Skid Row, including temporary crisis and bridge housing, storage, hygiene programs and reentry services for formerly incarcerated individuals.
- \$5.75 million to Youth/Family Housing and Services (Unappropriated Balance)
For crisis and bridge housing, prevention programs or other homeless services for youth and their families.
- \$10 million to Various Homeless Services Program (Unappropriated Balance)
To increase the Unappropriated Balance for Various Homeless Services Programs to \$20 million for citywide use, including gap funding for A Bridge Home, Proposition HHH-funded supportive housing projects, prevention programs, storage and Clean Streets/Sanitation programs.
- \$4.25 million in Homeless Program Administration (Unappropriated Balance)
For Department costs to implement A Bridge Home and other emergency response programs, including the Unified Homeless Response Center.

I THEREFORE MOVE that the City Council instruct the City Administrative Officer (CAO), with the assistance of any necessary departments, to prepare and submit an application to the State for funding from the Emergency Aid Block Grants to Local Governments in the State Budget for 2018-19 on behalf of the City.

Presented By:

Marqueece Harris-Dawson
Councilmember, 8th District

Herb J. Wesson, Jr.
Councilmember, 10th District

Seconded By:

ORIGINAL

JUN 27 2018