

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-06083-0002

Date: June 2, 2023

To: Paul Krekorian, Council President
City Council

Nithya Raman, Chair
Housing and Homelessness Committee

From: Matthew W. Szabo, City Administrative Officer
Office of the City Administrative Officer



Subject: **HOMELESSNESS EMERGENCY ACCOUNT - GENERAL CITY PURPOSES
FUND THIRD STATUS REPORT (C.F 22-1545) AS OF FRIDAY, MAY 26, 2023**

On January 18, 2023, the City Council and Mayor approved the motion (C.F. 23-0033) to establish the Homelessness Emergency Account (HEA) to address the City's homelessness crisis and approved the transfer of \$23,462,698.25 from the COVID-19 Emergency Response account and \$26,537,301.75 from the Additional Homeless Services - General City Purposes account. The City Council and Mayor also authorized the City Administrative Officer to spend the funds as directed by the Mayor, and to provide reports to Council on the expenses incurred and purposes for which the funds were used.

As of May 26, 2023, \$2,793,981.56 has been expended from the HEA with \$47,206,018.44 remaining. Based on projections of known services as of May 26, 2023, \$32,166,997 is expected to be obligated by the end of the fiscal year, June 30, 2023. However, based on anticipated costs projected between May 26, 2023, and the end of the fiscal year, we expect that \$39,895,103 will be obligated by the end of the fiscal year. The difference in the year-end projections from the previous report is due to lower than projected costs for LA Grand and City Departments. Conservative budget projections anticipated a higher provider cost at the LA Grand. Upon negotiation, a lower cost was agreed upon and is now reflected in the above amounts.

Attachment 1 provides a summary of committed funding and authorized expenditures from the Homelessness Emergency Account for the week ending May 26, 2023.

INSIDE SAFE METRICS

The Motion also directs this Office to report on the outcomes achieved through the use of funds related to housing individuals. A data system is in development by the Mayor's Office in collaboration with designated departments and City partners to track key metrics for Inside Safe. Attachment 2 provides a summary of these outcomes as of May 26, 2023.

The Mayor's Office reports that two Inside Safe operations were completed before May 26, 2023. Between May 10, 2023, and May 11, 2023, 27 people from an encampment along San Vicente Boulevard in Council District (CD) 5 were housed in Inside Safe motel rooms. The next operation was the southern zone of the CD 9 Grand Corridor, which was a continuation of the operation that began in April addressing encampments underneath multiple I-110 overpasses. This operation was completed on May 16, 2023, and housed 54 people: 45 in Inside Safe motels, eight 8 in ABH, and one in a congregate shelter location. Additional information is included in Attachment 3.

DISCUSSION

As of May 26, 2023, the Homelessness Emergency Account (HEA), established to support the rollout of Inside Safe, has incurred expenses totaling \$18,836,468, including \$2,793,981.56 paid out, and total obligations of \$32,166,997 projected through the end of the fiscal year. The expenses incurred so far primarily consist of hotel and motel invoices, lease and operating costs of the LA Grand Hotel, Los Angeles Police Department (LAPD) charges for encampment cleanup support, Los Angeles Department of Transportation (LADOT) expenses for transportation of Inside Safe participants, and costs provided by the Los Angeles Homeless Services Authority (LAHSA) related to service provider budgets for encampment resolution. Additionally, the costs for thirteen housing fairs (which helped move people to permanent housing) are included in these expenses. However, it is important to note that the obligated number does not include any projections of future departmental costs and is only based on funding requests provided to the CAO's Office as of May 26, 2023.

This Office has received requests from Council Offices for additional information to be included in these reports to assess the total cost of the Inside Safe Program, describe services provided at sites, as well as reporting on contributions by the County. Due to the timing and to ensure the most accurate information is provided, this information will be addressed in upcoming reports.

Inside Safe Motel and Hotel Invoicing

As of May 26, 2023, the motel invoices in progress include 220 invoices received from 30 different hotels, totaling 33,205 hotel room nights. The invoice process involves sites submitting invoices to the CAO's Office for review by both Service Providers and CAO staff. Once the review is complete, the CAO submits the invoice to the Mayor's Office for payment approval and subsequently to the City Clerk for payment processing. Finally, the Controller's Office remits payment to the motel owners. The CAO is currently working on an internal approval system to help streamline submissions to the Mayor's Office for approval and City Clerk for processing.

LA Grand Hotel

On February 24, 2023, the CAO released the Revised Sixteenth Roadmap Report (C.F. 20-0841-S31), which authorized the extension of the LA Grand Hotel lease from February 1, 2023, through February 1, 2024, for use as interim housing. The lease covers a total of 481 rooms with a rate of \$154/night, which includes meals. Lease costs through June 30, 2023 are approximately \$8,749,681. Facility expenses incurred to date total \$26,536, including property improvements, repairs/damages, and valuation reports.

LAHSA Service Provider Contracts

LAHSA is involved in ongoing assessments of service provider budgets, with a total of \$14,612,781 allocated to eleven service providers to date. These budgets have been leveraged by LAHSA and service providers using other existing funds for homelessness services. This office will work with LAHSA and other key partners to assess the total amount leveraged and include it in a future report. To date, one supportive services-specific invoice has been submitted to the City for the reimbursement from the Homelessness Emergency Accountant.

For the LA Grand, LAHSA has arranged nursing, security, and contracted with The Salvation Army to provide supportive services, with an estimated cost of \$4,704,678, based on four months of the total contract amount of \$5,151,678, which was extended through June 14, 2023. A new service provider, Weingart, will begin transitioning services on June 1, 2023, and continuing through January 31, 2024. The overlap of services is to ensure a seamless transition between providers. The negotiated amount for the new provider is less than initially budgeted.

The Inside Safe program model also includes housing fairs, which provide staffing, necessary materials, and even Uber rides to clients to visit different housing options. So far, thirteen housing fairs have been held, which cost approximately \$15,708 total to date. The primary objective of these housing fairs is to simplify the process of moving someone into permanent housing by bringing together all the necessary resources under one roof. Services are offered to help individuals with lease up, such as obtaining an ID, birth certificate or social security card, or locating an apartment. Applications and lease signing can be completed on the same day as well.

LAHSA is working with providers to ensure all exit data is entered into HMIS and is up to date. LAHSA has committed to providing reconciled and verifiable exit data for upcoming CAO reports.

City Department Costs

LAPD has charged for 1,341.5 overtime hours related to Inside Safe from December 19, 2022 through May 26, 2023, at the cost of \$127,945.28. Primarily, LAPD has been providing support for, and ensuring the safety of, City staff and Inside Safe participants. To date, there have been zero arrests during the initial phase of operations.

LADOT has charged \$84,921.57 in operating costs associated with citywide transportation of Inside Safe participants. The department has utilized existing contracts with shuttle services to provide transit from encampment sites for people experiencing homelessness and their belongings to hotels and motels. This amount has been adjusted to reflect actual costs.

Personnel has continued to hold its contract with Chrysalis to provide facilities support at the LA Grand. The total costs from February 1, 2023, through June 14, 2023, are estimated to be \$944,509.56.

Governmental Collaboration and Non-Profit Organizations

Since the launch of the Inside Safe Initiative, many organizations have come together to strategize and implement the goals set forth by Mayor Bass and supported by City Council. Government partners at the State and Federal levels have shown support in addition to Los Angeles County representatives declaring a homelessness emergency shortly after the City's declaration.

Numerous non-profit organizations have been collaborating with City departments and the County to continue to provide homelessness services. These organizations include, but are not limited to: Los Angeles Homeless Services Agency (LAHSA), The People Concern, LA Family Housing, PATH, HOPICS, St. Joseph Center, Hope the Mission, The Salvation Army, First to Serve Inc., Helpline Youth Counseling, Union Station Homeless Services, Urban Alchemy, VOALA, Weingart Center, PATH, Harbor Interfaith Services, and Downtown Women's Center.

Should you require any additional information, please contact Kendra Leal, Senior Administrative Analyst II, at kendra.leal@lacity.org.

RECOMMENDATION

Note and file.

cc: The City Council
The Honorable Karen Bass, Mayor
Mercedes Márquez, Office of the Mayor
Sharon Tso, Chief Legislative Analyst
Kenneth Mejia, City Controller
Hydee Feldstein Soto, City Attorney
Dr. Va Lecia Adams Kellum, Chief Executive Officer, LAHSA

Attachments:

1. Inside Safe Costs and Expenditures through May 26, 2023
2. Inside Safe Program Metrics as of May 26, 2023
3. Appendix from Mayor's Office of Housing & Homelessness Solutions

Attachment 1: Inside Safe Costs and Expenditures through May 26, 2023

Item	Incurred costs through May 26 ¹	Projected Amount Remaining through June 30 ²	Total Costs through June 30	Note
Private Motel Costs ³	\$3,763,378	\$3,835,780	\$7,599,159	Total costs incurred and paid for provides support for approximately 33,205 motel room nights through May 26, 2023. The projected amount estimates an additional 33,840 motel room nights through June 30, 2023. ⁴
Contracted Motel Costs (LA Grand)	\$6,704,561	\$2,045,120	\$8,749,681	LA Grand incurred costs are based on 481 rooms including food. Total costs are based on submitted invoices by GSD.
Facility Expenses	\$26,536	\$3,464	\$30,000	Facility expenses incurred to date include property improvements, repairs/damages, and valuation reports related to motels.
Subtotal Motels	\$10,494,475	\$5,884,364	\$16,378,340	
LAHSA Service Provider Costs	\$7,214,617	\$7,398,164	\$14,612,781	LAHSA Proposed Provider Costs include eleven service providers for encampment resolutions as well as supportive services to LA Grand occupants. The incurred amount is estimated based on sole source contract amounts for LA Grand through May 31, 2023, in addition to a reimbursement request submitted by LAHSA. Total costs are based on proposed budgeted expenses submitted by LAHSA.
Subtotal LAHSA Costs	\$7,214,617	\$7,398,164	\$14,612,781	
City Departments	\$1,127,376	\$48,000	\$1,175,376	The incurred amount includes LAPD overtime through May 26, 2023, LADOT passenger transportation for people experiencing homelessness participating in the Inside Safe Program, and Personnel's Chrysalis contract for facility support at LA Grand.
Subtotal City Operations	\$1,127,376	\$48,000	\$1,175,376	
Grand Total	\$18,836,468	\$13,330,529	\$32,166,997	

¹ The Incurred Amount column represents funding requests received for actual services provided and paid as of May 26, 2023.

² The Projected Amount column represents estimated requests for funding for anticipated services to be completed by June 30, 2023.

³ The Mayor's Office has coordinated with hotel owners to book individual rooms to move persons experiencing homelessness (PEH) indoors while pending permanent housing placement.

⁴ Projected motel costs from May 26, 2023, through June 30, 2023, are based on invoices received as of May 26, 2023. This does not include any invoices that were not submitted to the CAO's office.

Attachment 2: Inside Safe Program Metrics as of May 26, 2023

Table 1. Inside Safe Program Metrics as of May 26, 2023

Number of Encampment Operations	17
Number of Targeted Inside Safe Efforts ¹	7
Number of Council Districts	10
Number of Initial Placements ²	1,286
Number of Arrests During Initial Encampment Operations	0
Number of Housing Fairs To Date	13
Pounds of Waste Removed	238,850

¹ Includes scattered encampment relief efforts to move PEH into hotel rooms as well as transitioning Augmented Winter Shelter and Project Roomkey transfers into Inside Safe.

² This amount may change pending further documentation.

Table 2. Inside Safe Encampment Operations by Council District as of May 26, 2023

Council District	No. of Operations
Council District 2	1
Council District 3	1
Council District 4	1
Council District 5	2
Council District 8	3
Council District 9	2
Council District 11	3
Council District 13	1
Council District 14	2
Council District 15	1
Total Operations as of May 26, 2023	17

Attachment 3: Appendix from Mayor's Office of Housing & Homelessness Solutions

This appendix serves to highlight Inside Safe processes and data-related inquiries the Mayor's Office of Housing & Homelessness Solutions has received.

Encampment Selection Process

The encampment selection process for Inside Safe operations begins by meeting with City Council office staff to discuss their priorities and current/historical efforts. Planning future efforts will also require intensive collaboration between the Mayor's office and City Council offices to create geographic strategies to leverage and maximize resources. Factors considered alongside Council office priorities include:

1. Service provider capacity
2. Public health and public safety concerns
3. Availability of interim housing
4. Proportion of City's homeless population
5. Equitable distribution of resources citywide
6. Presence of vehicles/vehicle dwellers

Outreach Strategies

LAHSA teams and/or SPA leads have often been doing general service outreach to encampment residents before a site is selected for Inside Safe, sharing valuable information as we identify housing and service resources. We work with City Council staff, LAHSA and service providers to lead outreach, engaging encampment residents and offering interim housing resources, while also working with County-funded MDT teams to identify required services and/or specialized beds.

Once hired, Inside Safe outreach teams will lead encampment outreach, pre-operational logistics, service provider hand-off and support, and community engagement in coordination with Council offices. These teams will coordinate with LAHSA and HACLA to ensure that once in interim housing, Inside Safe participants are connected to housing fairs and the proper organizations and vouchers to facilitate access to permanent housing. Inside Safe Outreach Teams will also provide quality control across operations and serve as a liaison for both clients and hotel owners.

LAHSA outreach teams will be re-trained and re-deployed to focus on ensuring accurate HMIS data entry, promoting document readiness for Inside Safe participants, augmenting housing navigation services and addressing severe weather shelter needs.

Interim Housing Availability

The Mayor's office has conducted extensive outreach to h/motels in every Council District via phone, email, and in-person visits. We have identified substantial motel resources in some districts and virtually no availability in others. While we work to house Angelenos in the same geographic area as their encampment, this lack of affordable hotel rooms in certain areas of the

Attachment 3: Appendix from Mayor's Office of Housing & Homelessness Solutions

city has occasionally necessitated the use of resources across a Council District boundary. As we look at long-term leasing and purchasing, we will target larger properties that can serve as hubs for areas that do not currently have sufficient local interim options with the goal of equitably distributing resources both geographically and inclusive of current data on the concentration of unhoused populations.

Hotel Locations and Rates

As of 5/31/23, we have 35 active motels* (not inclusive of the LA Grand) currently booked motels at a total average rate of \$111.57/night.

- Two motels are located in SPA2 with an average nightly rate of \$127
- Four are located in SPA4 with an average nightly rate of \$106.25
 - The LA Grand is also in SPA4 and not included in the above calculation. That rate includes three meals a day and is \$159 single/\$188 double
- Two are located in SPA5 with an average nightly rate of \$137.50
- Twenty-two are located in SPA6 with an average nightly rate of \$105
- Five are located in SPA8 with an average nightly rate of \$108

*Note that while the CAO reported the 30 motels that have invoiced the City as of May 26, 2023, there are an additional two who are still completing that paperwork and three additional motels that were added to the portfolio after May 26, 2023.

With the exception of the LA Grand, we currently pay nightly rates for the rooms in use. Purchasing and long term leasing motels will bring down these prices significantly. For example, if we are able to acquire the Mayfair Hotel, operating costs would break down to a room rate of \$43.86/night.

Avoiding Duplication of Resources

It is vital that the Mayor's Office of Housing & Homelessness Solutions has the tools to address service needs efficiently and directly when planning and executing an encampment operation. This includes the ability to tap into provider and County resources to ensure all participants are receiving a full assessment and complement of services. We have added Dr. Etsemaye Agonafer as our Director of Community Health to our department to lead our community health strategy and ensure these resource needs are met and provided by the agencies who are contracted to provide them.

State and county departments have and will continue to provide needed resources to ensure all Inside Safe participants in interim housing receive the documentation they need to access permanent housing resources. These resources can be accessed directly or through Inside Safe housing fairs which include these document-readiness resources.

Attachment 3: Appendix from Mayor's Office of Housing & Homelessness Solutions

A number of City departments are important resource partners in Inside Safe operations including Sanitation, Transportation, and LAPD. These departments serve specific roles within our operations.

Permanent Housing Pipeline

The current lack of permanent housing resources is a barrier for residents in interim housing across the city. As units come online, Inside Safe will work to increase throughput for all City interim housing sites, including those we did not initially fill (ie ABH and tiny homes). This will not only ensure that unhoused individuals are finding a permanent home, but will allow us to continually open our existing beds to bring more Angelenos inside.

Data Transparency

As the Mayor's office has noted in Council, we have been unable to get accurate, reconciled data from LAHSA, particularly on demographics, exits, and permanent housing placements. This is a multi-layered issue connected both to service provider reporting discrepancies and errors in the Inside Safe HMIS program module that LAHSA created.

Numerous team members from the Office of Housing & Homelessness Solutions have been meeting multiple times a week with LAHSA's data team to try to urgently resolve this issue. Our office shares Council and public frustration that we do not have accurate exit or permanent housing data from LAHSA. This data is essential to our ability to assess our own program in addition to providing the transparency required.

We look forward to resolving these data issues and being able to share this data with you via our regular reports.