

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-06083-0006

Date: August 29, 2023

To: Paul Krekorian, Council President
City Council

Nithya Raman, Chair
Housing and Homelessness Committee

Bob Blumenfield, Chair
Budget, Finance and Innovation Committee

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

Handwritten signature of Matthew W. Szabo in blue ink, with a small 'for' written next to it.

Subject: **HOMELESSNESS EMERGENCY ACCOUNT - GENERAL CITY PURPOSES
FUND SIXTH STATUS REPORT (C.F 22-1545) AS OF FRIDAY, AUGUST 18, 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 for a total of \$50,000,000. 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.

During the annual budget process for FY 2023-24, the Council and Mayor approved an additional \$250 million in funding. An initial allocation of \$65.7 million was appropriated at the beginning of the fiscal year to the HEA with the remaining balance appropriated to the Inside Safe Reserve Fund account. If the available uncommitted balance in the HEA is below \$25 million during the fiscal year, the CAO is instructed to provide a memo to the Mayor, Council, and Controller requesting the Controller to effectuate a transfer within 10 business days of receipt. A transfer of \$25 million from the Inside Safe Reserve Fund account will be completed until the \$184.3 million has been allocated to the HEA. The Council may change this transfer instruction with a majority vote, subject to the Mayor's veto. Regular reporting is required to continue the automatic transfer of funds from the Inside Safe Reserve Fund account for this fiscal year.

DISCUSSION

As of August 18, 2023, a total of \$1,265,056.56 has been expended for FY 2023-24 costs. The paid expenses for this fiscal year primarily consist of hotel and motel invoices as well as an escrow deposit for the Mayfair Hotel acquisition. The CAO has finalized its assessment of last fiscal year expenses and has provided the close out information in a recently released report. Based on known obligations to date, the account is expected to have a cash balance of \$31,078,242.23 by the end of the first quarter and is not expected to need a transfer from the Inside Safe Reserve Fund. It is important to note that the cash balance is based only on information provided to the CAO's Office as of August 18, 2023. Attachment 1 provides a summary of expenditures and anticipated obligations through September 30, 2023 for the Homelessness Emergency Account. Attachment 2 provides budgeted categories for the \$250 million approved in the FY 2023-24 budget.

The CAO's and Mayor's Offices are working with Los Angeles Homeless Services Authority (LAHSA) to project individual service provider costs through June 30, 2024. Additional programmatic planned expenditures will be included in future reports as they are identified.

Council Offices have requested 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. The appendices provided by the Mayor's Office have addressed programmatic and data collection information. The CAO's recently released year-end HEA status report includes leveraged funding reported by LAHSA. If further information is requested, it will be provided in future reports.

Inside Safe Metrics

Regular reporting on the outcomes achieved through the use of funds related to housing individuals is required and is included in this report. The Los Angeles Homeless Services Authority (LAHSA) has developed a data module within the Homelessness Management Information System (HMIS) to track key metrics for Inside Safe. Attachment 3 includes a one-page summary of Inside Safe outcomes as of August 18, 2023, prepared by LAHSA as well as additional breakdown of the participant status by Council Districts and other pertinent metrics. The current retention rate of the program is estimated to be 88 percent. These numbers may change as LAHSA continues to work on further reconciling service provider data with HMIS entries to resolve duplicate placements and other discrepancies as well as refining the new Inside Safe data module.

The Mayor's Office reports that two Inside Safe operations were completed between July 14, 2023, and August 18, 2023. On July 27, 2023, Inside Safe addressed encampments along Grand Avenue and Broadway near the 110 freeway in Council District (CD) 9 providing housing to an estimated 49 people in Inside Safe motel rooms and additional interim housing. On August 10, 2023, an estimated 41 people from encampments along Selma Avenue in CD 13 were housed in Inside Safe motel rooms. The total for this reporting period is an estimated 90 people. Additional information is included in Attachment 4.

Inside Safe Motel and Hotel Invoicing

As of August 18, 2023, the motel invoices received to date include 556 invoices from 39 individual hotels, totaling 80,636 hotel room nights. The current hotel room interim housing stock based on invoices received through August 18, 2023 is 657 rooms, which includes rooms for service providers and security. It does not account for double or multiple occupants sharing a room. Including the 481 rooms in LA Grand, the total hotel room interim housing stock is 1,138 rooms. The number of individual hotels has more than doubled since the CAO's first report ending March 31, 2023, from 17 to 39 hotels. The average increase in monthly invoices over the last few months is approximately 36.50%.

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. If payments exceed a certain amount, the City Attorney's Office will review as well; however, this step is not necessary if there is a booking agreement (i.e. contract) with the hotel location. Once a booking agreement is executed with a hotel owner, payment processing is completed quicker than when a booking agreement is not in place. As of August 18, 2023, there were 36 executed booking agreements. The Mayor's Office and the General Services Department (GSD) are taking the lead on this effort with the City Clerk's Office completing the entries into the City's Financial Management System (FMS). Finally, the Controller's Office remits payment to the motel owners. The CAO has implemented an internal approval system to help streamline submissions to the Mayor's Office for approval and City Clerk for processing.

Facility expenses incurred to date total \$41,418, including property improvements, repairs/damages, and valuation reports.

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 expended through June 30, 2023, were \$8,749,680.83. Estimated remaining lease costs through February 1, 2024, are projected to be \$13,194,609.16, which may increase based on occupancy. The City is obligated to pay a minimum monthly cost based on an occupancy rate of 85 percent.

Mayfair Hotel

On August 18, 2023, Council approved the acquisition of the Mayfair Hotel for Inside Safe. The site has 294 rooms with a three-level 183 parking space garage which is located in Council District 1. It was previously used as a part of Project RoomKey (PRK). A cash flow loan of \$42,879,270 was authorized from the HEA for reimbursement from the Community Development Block Grant (CDBG) Fund (\$27,687,000), Proposition HHH Fund (\$5,192,270), and the Municipal

Housing Finance Fund (MHFF) (\$10,000,000). Non-reimbursable costs from the HEA will total \$15,633,100 and include escrow costs transferred to the General Services Department (GSD) for escrow (\$1,000,000), CBRE contracted costs for due diligence and project management (\$266,100), first year of operations costs (\$5,067,000), and rehab costs and associated project management (\$9,300,000).

LAHSA Service Provider Contracts

The Los Angeles Homeless Services Authority (LAHSA) and the Mayor's Office are involved in ongoing assessments of service provider budgets, with an estimated total of \$16,088,774 allocated to twelve service providers (including LAHSA administrative costs) from the beginning of the program through September 30, 2023. Budgets for FY 2022-23 have been leveraged by LAHSA and service providers using other existing funds for homelessness services and LAHSA has reported this information per the CAO and Mayor's Offices' request. This information has been included in the recent year-end status report. To date, two supportive services-specific invoices have been submitted to the City for reimbursement from the Homelessness Emergency Accountant.

Since June 1, 2023, Weingart has been providing services at the LA Grand and will continue through January 31, 2024. The negotiated amount for the Weingart contract is \$9,019,449.

The Inside Safe program model also includes housing fairs, which provide staffing, necessary materials, and Uber rides to clients to visit different housing options. No additional housing fairs occurred since the last report. So far, 17 housing fairs have been held, which cost approximately \$59,459.45 total to date. The Mayor's Office has approved \$20,000 from the HEA for these costs. Of the 17 events, four were considered mobile events that included county, state, and federal agencies to assist participants with obtaining birth certificates, Department of Public Social Services benefits (Cal-Fresh, General Relief, Medi-Cal, etc.), social security cards, and DMV identification readily available onsite. One housing fair has been held since the start of the fiscal year and is included in the stated total. 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.

LAHSA continues to work with providers to ensure all exit data is entered into HMIS and is up to date and has committed to providing reconciled and verifiable exit data for Inside Safe regular reporting.

City Department Costs

LAPD has submitted for reimbursement a total of 92.7 overtime hours related to Inside Safe since the beginning of the fiscal year, at the cost of \$8,162.74. The projected straight line costs based on last year's expenditures is approximately \$273,000. 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.

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. FY 2023-24 Homeless Emergency Account Expenses
2. FY 2023-24 Inside Safe Budget Categories and Breakdown
3. Inside Safe Program Metrics as of August 18, 2023
4. Appendix from Mayor's Office of Housing & Homelessness Solutions

MWS:BC:SBL:KML 16240015

Attachment 1: FY 2023-24 Homeless Emergency Account Expenses

Current Assets	
Cash Available July 1, 2023	\$65,700,000.00
Less Liabilities/Expenses through August 18, 2023	
Mayfair Escrow	\$1,000,000.00
FY24 Motel Invoices Paid	\$265,056.56
FY23 Motel Invoices Paid	\$1,724,999.10
Revised Cash Available	\$62,709,944.34
Anticipated Assets	
FY23 HEA Cash Reappropriation	\$31,856,857.11
Revised Cash Available	\$94,566,801.45
Less Anticipated Liabilities/Expenses through September 30, 2023 ¹	
Los Angeles Police Dept. Overtime (est.)	\$27,000.00
LA Grand Lease (est.)	\$4,200,000.00
Los Angeles Homeless Services Authority (LAHSA) Service Providers (est.)	\$8,300,000.00
Motel Invoices (est.)	\$8,082,289.22
Community Development Block Grant (CDBG) Loan ²	\$27,687,000.00
Proposition HHH Loan ²	\$5,192,270.00
Municipal Housing Finance Fund (MHFF) Loan ²	\$10,000,000.00
Anticipated Cash Available	\$31,078,242.23

¹ Project HomeKey 3 has \$31M budgeted; however, a transfer timeline has yet to be determined.

² Fund loans are anticipated to be reimbursed prior to September 30, 2023.

Attachment 2: FY 2023-24 Inside Safe Budget Categories and Breakdown

Interim Housing		Comments
Motel Nightly Rentals	\$92,000,000	\$150 per night estimate due to reaching capacity of 2-star motel inventory
Operating Expenses	\$18,000,000	Includes insurance, damage mitigation, incidentals, furnishings
<i>subtotal</i>	<i>\$110,000,000</i>	
Service Provider Support Services		
Street Engagement	\$6,000,000	Staff costs: long-term, on-going/pre-operation outreach efforts to build relationships with PEH prior to coming indoors
Case Management	\$16,000,000	Staff costs: includes individual case management in motels as well as housing navigators
Indirect	\$16,000,000	Overhead to include support staff, facility costs (rent, utilities)
Resident Monitors	\$10,000,000	Each motel has resident monitor to support PEH and liaise with motel staff
Food	\$13,000,000	\$21 per person, per day (meal delivery services, grocery store gift cards)
Storage	\$1,000,000	Includes storage rental for PEH surrender belongings
<i>subtotal</i>	<i>\$62,000,000</i>	
Permanent Stay		
Move-In Support	\$13,000,000	Includes landlord incentive, security deposit, furnishing, utility deposit, and other move-in costs
Rental Assistance	\$18,000,000	2-year Time-limited subsidies (\$1,833per month) for 400 people transitioning from motels to PSH pipeline
<i>subtotal</i>	<i>\$31,000,000</i>	
Acquisition		
Motel Acquisition	\$47,000,000	This \$47M would leverage \$31M in Project HomeKey 3 funding. The City could acquire 3-4 larger motels (154 rooms total) and fully fund 5 years of operations and maintenance.
Total	\$250,000,000	

Inside Safe

Los Angeles Homeless Services Authority Report

Updated Aug 25, 2023. Contains data related to operations up to August 18. Please disregard all previous reports.

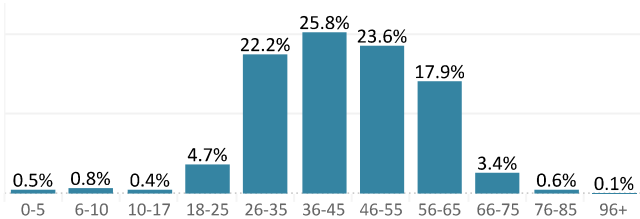
24 Encampment Operations	1,563 Individuals Served	1,531 Entered Interim Housing	84% Housing Retention	88% Program Retention	11% Permanently Housed
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Current Status of Clients Who Entered Interim Housing

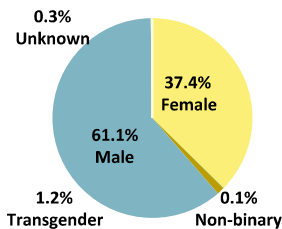
148 Currently Permanently Housed	Permanent Housing	Time Limited Subsidy	109 (7.1%)
		Permanent Supportive Housing	15 (1.0%)
		Reunified	7 (0.5%)
		Exited to Subsidized Housing	17 (1.1%)
1,133 Currently in Interim Housing	Interim Housing	Motel	1,013 (66.2%)
		Other Interim Housing	64 (4.2%)
		ABH	29 (1.9%)
		Tiny Home	27 (1.8%)
57 Served from the Streets	Served from the Streets		57 (3.7%)
193 Program Exits	Left Program		182 (11.9%)
	Medical or Psychiatric facility		2 (0.1%)
	Incarcerated		3 (0.2%)
	Deceased		6 (0.4%)

Demographics

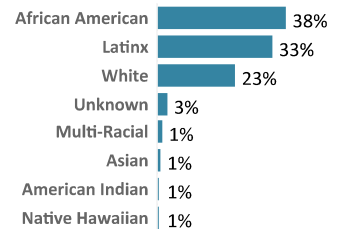
Age



Gender



Race & Ethnicity



Individuals Served: In addition to the encampment operations, Inside Safe also includes clients who were living in other adhoc encampments throughout the city since January 2023 and clients that were living in the LA Grand on Feb 1, 2023 when transition from a PRK site. The non specific encampment based clients comprise 323 individuals.

Housing Retention: Includes people who have moved into and are currently living in interim and permanent housing. The percentage is calculated by distinct count of individuals currently in housing divided by distinct count of clients served excluding those that have passed away.

Served from the Streets: This includes clients who have left interim or permanent housing, but who are currently still engaging with outreach and housing programs.

Left Program: Clients who have left the program and are not active in any other homeless services program in HMIS.

Percentage Permanently Housed: Calculated from all clients currently not exited from program

Duplicative Clients: As a note there have been 15 clients who have been involved in more than one resolution. They are deduplicated in the total count.

Data Quality:

The report includes only data that providers have entered into HMIS. Providers have up to 72 hours after an interaction with, or a change in status of, a client to make a record in HMIS. Due to the dynamic nature of the program and its participants, this process may take longer than 72 hours. There may also be additional activities that have yet to be captured in HMIS. LAHSA and service providers strive for complete, accurate, and timely data in HMIS. The Data Management team at LAHSA is actively collaborating with providers to resolve any data discrepancies. Below are the identified data discrepancies we are currently working to resolve:

- 18 clients who have no record of ever entering interim housing, but who should have a record
- Clients enrolled in LA Grand after Feb.1 that did not originate from an Inside Safe encampment resolution
- Discrepancies in total clients served at winter shelter sites
- 6 clients who have rental assistance recorded, but no move in date or address recorded. These individuals will not be counted as permanently housed until a move in date is recorded.



Attachment 3: Inside Safe Program Metrics as of August 18, 2023

Table 1. Inside Safe Participant Breakdown by Council District as of August 18, 2023 ¹

CD	Total Participants ²	Motels + LA Grand	ABH	THV	Other Interim Housing	Permanent Placements	Other Exits, dispositions, or in Data Reconciliation
2	44	9	3	20	1	2	9
3	44	32	1	0	1	1	9
4	29	23	0	0	3	1	2
5	69	51	3	0	0	5	10
7	50	48	2	0	0	0	0
8	86	61	0	0	0	18	7
9	135	104	0	0	5	11	15
10	41	41	0	0	0	0	0
11	160	84	4	0	0	41	31
12	56	50	0	0	1	0	5
13	138	119	1	0	6	5	7
14	277	197	0	0	4	15	61
15	119	84	2	2	0	10	21
N/A	298	122	13	5	45	39	74
Total¹	1,546	1,025	29	27	66	148	251

¹ This information may change pending further updates from LAHSA. Table only used for diagnostics.

² Table includes 15 duplicative clients as noted by LAHSA.

Table 2. Inside Safe Program Metrics as of August 18, 2023

Number of Encampment Operations	24
Number of Targeted Inside Safe Efforts ¹	7
Number of Council Districts	13
Number of Initial Placements ²	1,531
Number of Arrests During Initial Encampment Operations	0
Number of Housing Fairs To Date	17
Pounds of Waste Removed	310,448

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 updates from LAHSA.

Attachment 3: Inside Safe Program Metrics as of August 18, 2023

Table 3. Inside Safe Encampment Operations by Council District as of August 18, 2023

Council District	No. of Operations
Council District 2	1
Council District 3	1
Council District 4	1
Council District 5	2
Council District 7	1
Council District 8	3
Council District 9	3
Council District 10	1
Council District 11	3
Council District 12	1
Council District 13	3
Council District 14	2
Council District 15	2
Total Operations as of August 18, 2023	24

Attachment 4: Appendix from Mayor's Office of Housing & Homelessness Solutions

Introduction

This appendix was created to provide programmatic and policy updates on Inside Safe and other relevant matters.

Inside Safe Data

Our data team is preparing another direct survey of service providers to collect data for comparison with LAHSA's HMIS reporting. We expect to be ready to share this in the next HEA report.

Cost Benefit Analysis

The Mayor's Offices of Housing and Homelessness Solutions and Budget and Innovation have agreed to a set of meetings with ITA and the CAO to explore data sources to help us develop an Inside Safe cost benefit analysis.

Additional Software and Data Updates

The CAO has streamlined Inside Safe motel invoicing. The Mayor's office seeks similar improvements across all fiscal and programmatic processes, such as tracking bed availability. The Mayor's office also continues to seek HMIS access and data use agreements to expand Inside Safe encampment data collection.

The LA Grand Hotel Update

The Mayor's office collaborated with the County of Los Angeles to secure a \$60M Encampment Resolution (ERF-2) grant from the State of CA to fund services and house high acuity residents from Skid Row. This requires two steps from the City. First, we are beginning the process of filling vacancies at the Grand with eligible Skid Row residents. Secondly, since the Grand will be fully demobilized by January 2024, we are working on housing plans for residents of the LA Grand who are not covered by the ERF grant. Participants who are part of the ERF Grant will transfer to the Mayfair Hotel when the Grand is demobilized.

LAHSA Roles & Responsibilities For Inside Safe

As Inside Safe has evolved through its pilot phase and the FY 2023/24 budget process, we have had meaningful discussions about the subject of outreach and the assignment of LAHSA's role throughout the City. During budget hearings, the Mayor's office communicated our intention to design the outreach roles between LAHSA and Mayor's office teams to ensure there is no

Attachment 4: Appendix from Mayor's Office of Housing & Homelessness Solutions

duplication of resources. The Mayor's office is appreciative of the many meetings with Councilmembers and staff as well as LAHSA leadership.

Throughout all phases of Inside Safe operations, LAHSA's primary responsibilities are to: 1) manage HMIS data entry, tracking, and reporting; 2) triage and shelter participants who are not on the by-name list (tier 2); and 3) provide/support housing resources and navigation. As the contracting body for service providers, LAHSA is key to service provider engagement and oversight as well as coordination of stakeholding organizations in each targeted encampment. Additionally, LAHSA outreach will conduct regular check-ins on the status of previously completed operations and encampment locations, establish and manage emergency interim housing locations for people experiencing homelessness during inclement or extreme weather (rain/flooding or heat-related), managing referrals for participants demobilizing from an emergency shelter, and address encampments in unincorporated areas or other cities within LA County.

Council Office Priority Encampments

The Mayor's Office of Housing & Homelessness created a form for Council staff to submit their priority encampments for future Inside Safe operations and shared it with Council office Chiefs of Staff and homeless liaisons on Wednesday, August 9th. If your office has any questions or didn't receive the email, please reach out.