

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE


0220-06083-0007

Date: September 27, 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

Subject: **HOMELESSNESS EMERGENCY ACCOUNT - GENERAL CITY PURPOSES
FUND SEVENTH STATUS REPORT (C.F 22-1545) AS OF FRIDAY, SEPTEMBER
15, 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 September 15, 2023, a total of \$54,796,726 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 costs associated with the Mayfair Hotel acquisition, such as an escrow deposit, rehabilitation costs, and fund loans that will be reimbursed. Based on known obligations to date, the account is expected to have an unencumbered balance of \$27,548,219.19 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 September 15, 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.

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 September 15, 2023, prepared by LAHSA as well as additional breakdowns of the participant status by Council Districts and other pertinent metrics. The current housing retention rate of the program is estimated to be 84 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 one Inside Safe operation was completed between August 19 and September 15, 2023. Between September 12 and 13, an estimated 52 people from encampments along Aetna Street in Council District (CD) 6 were housed in Inside Safe motel rooms. The total for this reporting period is an estimated 52 people. Additional information is included in Attachment 4.

Inside Safe Motel and Hotel Invoicing

As of September 15, 2023, the motel invoices received to date include 676 invoices from 40 individual hotels, totaling 98,900 hotel room nights. The current hotel room interim housing stock based on invoices received through September 15, 2023 is 745 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 1,226 rooms. The number of individual hotels has more than doubled since the CAO's first report

ending March 31, 2023, from 17 to 40 hotels. The average increase in monthly invoices over the last few months is approximately 32.76%.

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 September 15, 2023, there were 36 executed booking agreements and one executed occupancy agreement. A booking agreement is executed with a hotel that confirms a fixed nightly rate, but hotel rooms may fluctuate given the number of participants at a location and room availability at a given time. An occupancy agreement includes a fixed nightly rate as well as a guaranteed number of rooms regardless if they are filled or not. The Mayor's Office is working with Service Providers and hotels/motels to ensure that rooms are consistently filled and closely monitored to ensure that vacant rooms are not empty for long periods of time. 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 \$51,012.28, 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. The current occupancy is 318 individuals as of September 15, 2023.

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, which includes utilities, facility management, and other associated expenses for building upkeep (\$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. The Mayor's Office and LAHSA have been meeting regularly to understand the Service Provider budgets for the remainder of this fiscal year and plan to come to a consensus shortly. LAHSA is planning to release a procurement in the coming months to provide an opportunity for new service providers to participate in the Inside Safe Program.

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 September 15, 2023
4. Appendix from Mayor's Office of Housing & Homelessness Solutions

Attachment 1: FY 2023-24 Homeless Emergency Account Expenses

Current Assets	
Cash Available July 1, 2023	\$65,700,000.00
FY23 HEA Cash Reappropriation	\$31,856,857.11
Revised Cash Available	\$97,556,857.11
Less Liabilities/Expenses through September 15, 2023	
Mayfair Escrow	\$1,000,000.00
Mayfair Rehabilitation Costs	\$9,300,000.00
Mayfair CDBG Loan ³	\$27,687,000.00
Mayfair Prop HHH Loan ²	\$5,192,270.00
Mayfair MHFF Loan ²	\$10,000,000.00
FY24 Motel Invoices Paid	\$1,617,456.00
FY23 Motel Invoices Paid	\$2,810,961.88
Revised Cash Available	\$39,949,169.23
Less Anticipated Liabilities/Expenses through September 30, 2023 ¹	
LAPD Overtime (est.)	\$27,000.00
LA Grand Lease (est.)	\$8,019,479.00
LAHSA Service Providers	\$1,646,998.00
Motel Invoices (est.)	2,707,473.04
Anticipated Cash Available	\$27,548,219.19

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

² Fund loans are anticipated to be reimbursed from Prop HHH and MHFF prior to September 30, 2023.

³ Fund Loan from CDBG is anticipated to be reimbursed in October 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	

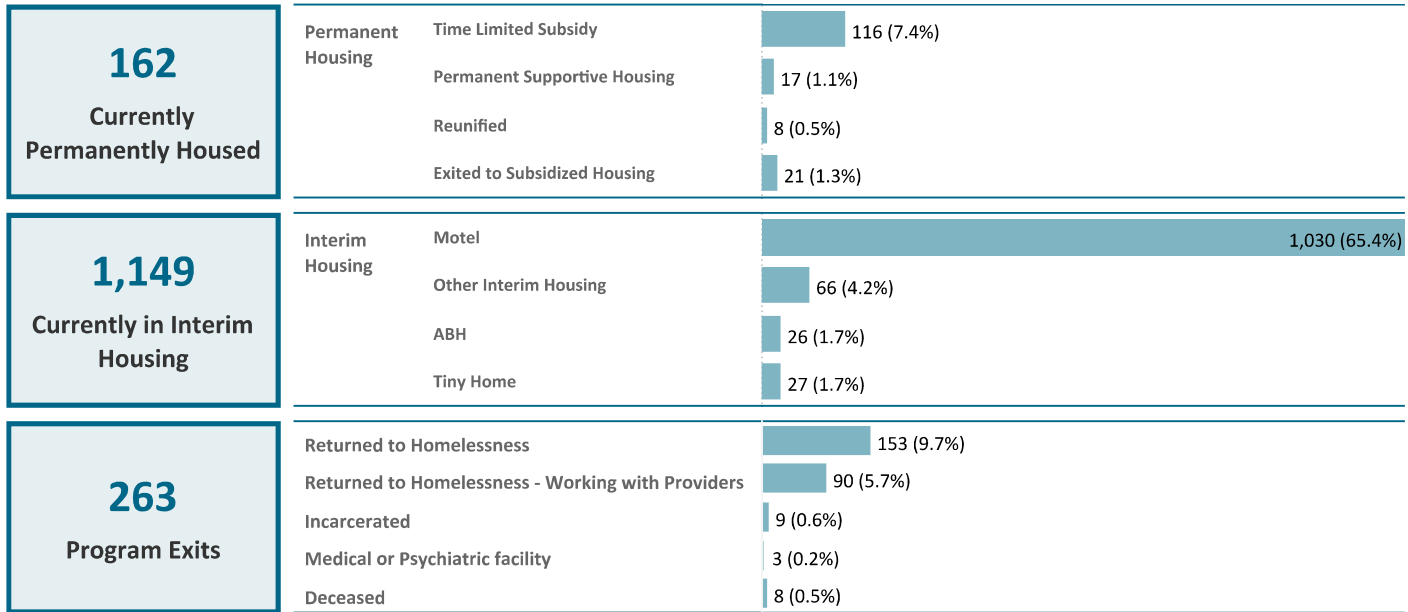
Inside Safe

Los Angeles Homeless Services Authority Report

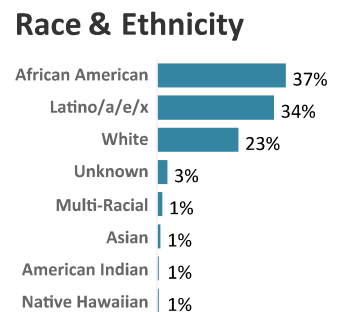
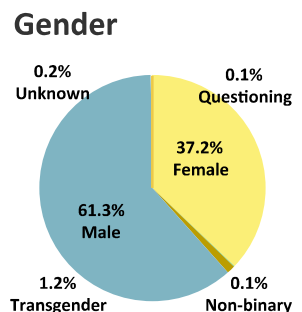
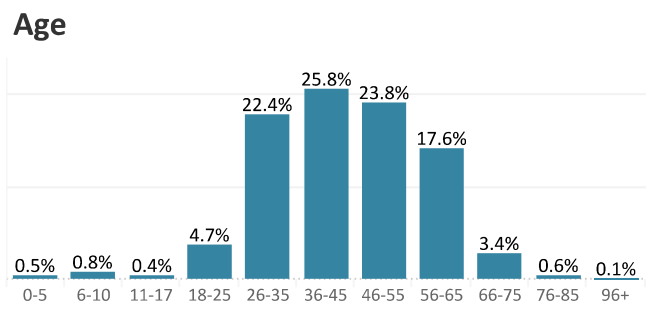
Updated September 15, 2023. Please disregard all previous reports.



Current Status of Clients Who Entered Interim Housing



Demographics



Individuals Served: Includes all clients who were engaged on the day of the encampment. In addition to the encampment operations, Inside Safe also includes clients who were living in other ad hoc 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 nonspecific encampment-based clients comprise 323 individuals.

Entered Interim Housing: Includes only clients who entered interim housing. This cohort is the basis for all reporting.

Housing Retention: The percentage is calculated by dividing the sum of people who are Currently Permanently Housed and Currently in Interim Housing by the number of people who entered Interim Housing. This figure excludes clients that have passed away as they did not voluntarily exit the programs.

Returned to Homelessness- Working with Providers: This includes clients who have left interim or permanent housing, but who are currently still engaging with outreach and housing programs.

Returned to Homelessness: Clients who have left the program and are not active in any other homeless services program in HMIS.

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. The identified data discrepancies we are currently working to resolve include Discrepancies in total clients served at winter shelter sites and 19 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.

Percentage Permanently Housed: Calculated from all clients who entered interim housing who have not exited from program.

Duplicative Clients: As a note there have been 16 clients who have been involved in more than one resolution. They are deduplicated in the total count.

Attachment 3: Inside Safe Program Metrics as of September 15, 2023

Table 1. Inside Safe Participant Breakdown by Council District as of September 15, 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	18	1	2	11
3	44	31	1	0	2	1	9
4	29	22	0	0	2	2	3
5	69	49	3	0	0	6	11
6	44	40	0	3	0	0	1
7	50	46	2	0	1	0	1
8	86	60	0	0	0	19	7
9	135	105	0	0	5	11	14
10	41	40	0	0	0	1	0
11	160	81	3	0	0	43	33
12	56	50	0	0	1	0	5
13	138	116	1	0	6	7	8
14	277	192	1	0	4	16	64
15	119	85	2	2	0	10	20
N/A	298	117	10	4	46	44	77
Total¹	1,590	1,043	26	27	68	162	264

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

² Table includes 16 duplicative clients as noted by LAHSA.

Table 2. Inside Safe Program Metrics as of September 15, 2023

Number of Encampment Operations	25
Number of Targeted Inside Safe Efforts ¹	7
Number of Council Districts	14
Number of Initial Placements ²	1,574
Number of Arrests During Initial Encampment Operations	0
Number of Housing Fairs To Date	17
Pounds of Waste Removed	340,968

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 September 15, 2023

Table 3. Inside Safe Encampment Operations by Council District as of September 15, 2023

Council District	No. of Operations
Council District 2	1
Council District 3	1
Council District 4	1
Council District 5	2
Council District 5	1
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 September 15, 2023	25

Introduction

This appendix was created to provide programmatic and policy updates. This report provides additional information on Inside Safe and related matters.

Waivers from HUD to Bring Angelenos Inside Faster

With support from the Mayor’s Office, HACLA successfully petitioned the U.S. Department of Housing and Urban Development’s Public and Indian Housing and Community Planning and Development Departments, and the following waivers were implemented by HACLA in late August and early September: 1) tenant self-certification of Social Security Number, date of birth, disability, and income; and 2) landlord self-certification of initial inspection within the Continuum of Care program. They apply to all HACLA homeless assistance programs, including all Continuum of Care grants awarded to the agency.

Per HACLA, the waivers will help expedite the processing for tenant-based voucher issuance and permanent supportive housing project-based voucher leasing, effectively reducing the application processing time by two weeks to several months. Eligibility documentation is now valid for 120 days. In the Continuum of Care program, the landlord self-certification of initial inspection will allow those new contracts to be executed much more quickly, reducing the processing time for that phase of work for that group by similar time periods. The Mayor’s Office has been informed that cities across the country are looking to replicate this model.

In September, HACLA was notified that HUD also approved the Agency’s request for an increase in the voucher payment standard (VPS) for its tenant- and project-based voucher programs, allowing the VPS to be set at 120% of the new Fair Market Rents (FMRs) citywide. Comparable increases to Small Area FMRs (SAFMRs) for high opportunity areas were approved as well. The new VPS’s take effect October 1, 2023 for new housing contracts. The published rates are the maximum contract rent allowable if supported by a rent comparability study. Increased FMRs allow voucher holders to access a greater number of apartments and neighborhood markets. The adjusted citywide voucher payment standard is as follows:

BEDROOM(S)	VOUCHER PAYMENT STANDARDS
Studio	\$2,132
1	\$2,407
2	\$3,052
3	\$3,915
4	\$4,320
5	\$4,968
6	\$5,616

State Encampment Resolution Grant (ERF-2)/LA Grand Hotel Update

The Mayor's Office began work in January 2023 with the Housing for Health division of LA County Department of Health Services (DHS) on a joint application to the State of California's second round of Encampment Resolution Funding (ERF-2). In June 2023, the State announced the \$60M grant award, at which time the stakeholders began to prepare for the July 1, 2023 funding start date. City, County, Weingart Center and other stakeholders are utilizing awarded funds to fulfill the proposals of the Skid Row Action Plan to service high-acuity Skid Row residents over the next three years.

According to the Weingart Center, as of September 22, 2023, there are 317 participants enrolled in the LA Grand program. All residents have been assessed for acuity levels. 50% of residents qualify for inclusion in the ERF grant program based on the grant criteria, which include: 1) originating from Skid Row, and 2) a demonstrated high level of physical, mental, substance use disorder and/or behavioral need. These higher-acuity Skid Row participants will transfer to the Mayfair Hotel when renovations are completed. Given that the LA Grand has a 481-room capacity, we will fill remaining vacancies with Skid Row residents who match the ERF-2 grant criteria.

Lower-acuity and non-Skid Row residents who currently reside at the LA Grand but do not qualify for inclusion in the ERF grant program will transition to permanent housing or alternate interim housing destinations before January 31, 2024, when the LA Grand lease expires. Weingart Center, LAHSA, County DHS and the Mayor's Office are working together to establish a demobilization plan for these residents, with weekly demobilization planning calls to begin in October 2023.

Grants

Several new funding sources have been secured by the City of Los Angeles to aid in encampment resolution and the construction of affordable housing. At the end of August, LAHD was awarded \$156.9M in state grant funds under the Round 7 Affordable Housing and Sustainable Communities (AHSC) Program, marking the seventh year in a row that the LA Housing Department (LAHD) has received this funding. Over \$99.2M of these funds will go to the production of 466 units of affordable housing that will include the Peak Plaza Apts in CD 9, HHH New Hampshire and Crenshaw Crossing in CD 10, and the Downtown Women's Center Campus Expansion in CD 14.

Additionally, on August 25, 2023, HACLA was awarded \$35.7M from the Department of Housing and Community Development's Infill Infrastructure Grant Program, a program that supplies grants through an over-the-counter process to serve as gap funding in the development of infill housing. The funds secured by this grant will fund the construction of five multi-family rental projects and two homeownership opportunities, totaling 665 new units of affordable housing across the city.