

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 5, 2022

CAO File No. 0220-05151-0366

Council File No. 22-0756

Council Districts: All

To: The City Council

From: Matthew W. Szabo, City Administrative Officer

Reference: COVID-19 Homelessness Roadmap

Subject: **REVIEW AND RECOMMENDATIONS REGARDING THE LOS ANGELES HOMELESS SERVICES AUTHORITY'S PROPOSED PLAN TO CLOSE DOWN AND DEMOBILIZE THE CITY'S PROJECT ROOMKEY PROGRAM**

SUMMARY

On June 24, 2022, the City Council instructed (C.F. No. 22-0756) the Los Angeles Homeless Services Authority (LAHSA) develop and present a clear and detailed plan for concluding the City's Project Roomkey (PRK) program, including fully demobilizing the three active PRK sites: the Highland Gardens Hotel, the Airtel Plaza Hotel, and the L.A. Grand Hotel. Subsequent to their direction to LAHSA, and consistent with the City's goal to successfully conclude PRK while also working to ensure that as many PRK participants are placed on a pathway to permanent housing, the Council requested this office review LAHSA's plan and present funding recommendations to implement the necessary components of the plan. Accordingly, this office, along with partners from the Mayor's office, several Council offices, and City departments, met with LAHSA on several occasions during the development of its plan, and provided feedback on their final report. LAHSA released its report on August 4, 2022.

In its report, LAHSA provided information about the current PRK demobilization process and schedule; summarized PRK participant outcome data; and made three recommendations that could be employed by the City to achieve the successful demobilization of the PRK program.

LAHSA's three recommendations are as follows:

- Recommendation 1 – Connect PRK participants to interim housing
- Recommendation 2 – Expand recovery rehousing resources
- Recommendation 3 – Expand access to permanent housing supply

In addition to the information presented in LAHSA's plan, this report recommends additional steps to help ensure the City and LAHSA make every effort to place as many people as possible from PRK into other, longer-term interim and permanent housing solutions, and that as few as possible are exited into unsheltered homelessness. That's a goal shared by all partners.

RECOMMENDATIONS

That the City Council, subject to approval by the Mayor:

1. AUTHORIZE the extension of the PRK program for the following sites:
 - Highland Gardens Hotel through October 31, 2022 (prior end date of 8/31/22);
 - Airtel Plaza Hotel through October 31, 2022 (prior end date of 9/30/22);
 - L.A. Grand Hotel through January 31, 2023 (prior end date of 8/31/22);
2. APPROVE up to \$2,827,434 from the Additional Homeless Services - General City Purposes (AHS-GCP) Fund No. 100/56, Account No. 000931 to the GCP Fund No. 100/56, Account No. 000957, PRK COVID-19 Emergency Response for 10 percent of the cost of the extension of the City's PRK program through January 31, 2023, with expenditure authority for this program as outlined in this report through April 30, 2023;
3. AUTHORIZE an appropriation of up to \$25,446,903 from the Reserve Fund No. 101, to the Unappropriated Balance Fund No. 100/58, and therefrom to the GCP Fund No. 100/56, Account No. 000957, PRK COVID-19 Emergency Response, to fund the extension of PRK through January 31, 2023;
4. TRANSFER up to \$28,274,337 from the GCP Fund No. 100/56, Account No. 000957, PRK COVID-19 Emergency Response to the following departments as needed for the extension of the City's PRK program through January 31, 2023, with expenditure authority for this program through April 30, 2023:
 - a. General Services Department (GSD) and/or Citywide Leasing in the up to amount of \$14,504,070;
 - b. Personnel Department and Office of the City Clerk in the up to amount of \$2,461,754; and
 - c. LAHSA in the up to amount of \$11,308,513;
5. TRANSFER \$600,000 of uncommitted Homeless Housing, Assistance, and Prevention Round 1 (HHAP-1) grant funds from HHAP Fund No. 62Y/10, Account No. 10S656, FC-7: Administrative Costs to HHAP Fund No. 62Y/10, Account No. 10S652, FC-3: Prevention and Shelter Diversion to Permanent Housing;
6. APPROVE \$600,000 of uncommitted HHAP-1 grant funds from HHAP Fund No. 62Y/10, Account No. 10S652, FC-3: Prevention and Shelter Diversion to Permanent Housing to HHAP Fund No. 62Y/43, in a new account entitled, "LAHSA PRK Navigation Services," for LAHSA, and/or one or more service providers, for housing navigation, case management, and time limited subsidies for PRK participants during the ramp down process;
7. APPROVE up to \$2,356,000 in Homeless Housing, Assistance, and Prevention Round 2 (HHAP-2) grant funds from HHAP-2 Fund No. 64J/10, Account No. 10V773, Funding

- Category 3 - Street Strategy, Outreach, Public Health, and Hygiene to HHAP-2 Fund No. 64J/43, in a new account entitled, "LAHSA PRK Navigation Services," for LAHSA, and/or one or more service providers, for housing navigation, case management, and time limited subsidies for PRK participants during the ramp down process;
8. REQUEST LAHSA to execute a new contract, or amend an existing one, with a to-be-determined service provider for housing navigation, case management, and time limited subsidies for PRK participants during the ramp down process;
 9. REQUEST LAHSA to amend their contract with Volunteers of America Los Angeles in the amount of \$500,000, as allocated to LAHSA in the Fiscal Year 2022-23 General Fund Budget for PRK Navigation Services, to provide housing navigation services, case management, and time limited subsidies for PRK participants;
 10. DIRECT LAHSA to provide the City with detailed weekly PRK data reports through the conclusion of the PRK program in 2023, to include at a minimum: participant PRK history (de-identified), EHV or other voucher status, CES score, Veteran status, exit data (i.e., date, destination category, and location), shelter and permanent housing offer(s), placement information, and referrals or linkages to other services and programs;
 11. DIRECT LAHSA to create a plan, with clear deliverables, and timeline for prioritizing PRK participants with Emergency Housing Vouchers (EHVs), other permanent housing vouchers, or rental assistance in hand for placements in permanent housing and to report back to Council with details on the proposed plan and funding needs;
 12. DIRECT LAHSA to work with the Housing Authority of the City of Los Angeles (HACLA) to expedite any EHV applications from PRK participants that are currently in process, to ensure all applications are submitted and reviewed as expeditiously as possible and to report back to Council with details on the status of the applications;
 13. DIRECT LAHSA to prioritize matching eligible PRK participants with higher acuity levels (based on LAHSA's recent analysis of PRK participants) with the appropriate County program or resource, or other relevant services and housing programs;
 14. DIRECT LAHSA to develop a plan, with clear deliverables and timelines, for prioritizing the placement of PRK participants who do not have EHVs or other housing vouchers or rental subsidies in the City's interim housing facilities, as well as other interim housing beds across Los Angeles County, and to report back to Council with details on the proposed plan and funding needs;
 15. DIRECT LAHSA to create a schedule of Housing Fairs, built around the demobilization schedule of each PRK site, to be held in partnership with the Mayor's Office, the Housing Authorities, providers operating the PRK sites, Recovery Re-housing and Housing

Navigation, Department of Transportation, and other stakeholders, and to report back to Council with details on the proposed schedule and funding needs;

16. INSTRUCT the General Manager of the Los Angeles Housing Department, or their designee, to amend Roadmap Contract No. C-137223 with LAHSA to reflect the service funding allocations in this report for PRK;

17. AUTHORIZE the CAO to:

- a. Prepare Controller instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions; and
- b. Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material or permit costs related to projects in this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions.

BACKGROUND

The PRK program was established in March 2020 as part of the State of California’s response to the COVID-19 pandemic. The purpose of PRK is to provide non-congregate shelter options for people experiencing homelessness who are at high risk for medical complications, serious illness, or death from COVID-19 to live temporarily in isolation to protect human life and minimize strain on healthcare system capacity.

As of August 5, 2022, the City has committed a total of \$245,723,875 to PRK, from various funding sources. The breakdown of funding sources is detailed in Table 1 below. The City’s total expense for this program may include activities that are not eligible for FEMA reimbursement. In recommending a Reserve Fund appropriation for the 90 percent of expected FEMA reimbursement, which is based upon their current cost share formula, it is important to acknowledge that reimbursement requests are subject to FEMA review and this office cannot guarantee the \$25 million appropriation will be repaid in full.

Table 1. PRK Funding Commitments as of 8/4/2022

Funding Source		Council File	Amount
State	CA Homeless COVID	20-0369	\$17,143,938
State	HHAP-1	19-0914	\$32,503,165
State	County - CDSS	20-0841	\$29,998,367
City Loan	CEF	20-0147-S46	\$22,650,655

City Loan	Building and Safety Permit Enterprise Fund	21-0262	\$75,000,000
City GF	GCP AHS	20-0841	\$43,797,388
	Reserve Fund	20-0841	\$24,630,362
			\$245,723,875

To date, the City has submitted a total of three PRK projects totalling \$65,160,691.95 to FEMA for reimbursement:

- PRK expenditures from inception to August 15, 2020, totalling \$13,493,428.63. This amount has been obligated, but the City has not received payment yet.
- PRK expenditures from August 16 - Dec. 19, 2020, totalling \$41,995,937.16. This project is in the final review by FEMA.
- PRK expenditures from Dec. 20, 2020 - Jan. 30, 2021, totalling \$9,670,691.95. This project was just recently submitted and is being reviewed by FEMA.

LAHSA'S REPORT ON PRK DEMOBILIZATION

In its report to the Council, LAHSA provided information about the current PRK demobilization process and schedule; summarized PRK participant outcome data; and made three recommendations that could be employed by the City, in partnership with LAHSA and other system partners, to achieve the successful demobilization of the PRK sites and ensure that participants have a pathway to exit homelessness permanently.

LAHSA's three recommendations are as follows:

- Recommendation 1 – Connect PRK participants to interim housing
- Recommendation 2 – Expand recovery rehousing resources
- Recommendation 3 – Expand access to permanent housing supply

In general, this office does not disagree with LAHSA's recommendations. The City has committed, and will continue to commit, significant resources toward expanding both interim and permanent housing opportunities for persons experiencing homelessness in the City. The City believes, as does LAHSA, that PRK participants have benefited greatly from the additional state and federal resources that have allowed LAHSA to provide housing vouchers for PRK participants, for many ending their homelessness permanently. The City also concurs with LAHSA's proposed ramp down schedule, which was developed in collaboration with the City, and was based on numerous factors, including LAHSA's capacity, the capacity of the CoC to absorb such a large number of people in a short amount of time, Mayor and Council priorities, funding

availability, and the need for PRK participants to have safe, stable, and appropriate shelter or housing options presented to them. The new ramp down schedule is detailed below in Table 2, and represents the final PRK extension timeline.

Table 2: Current and Proposed PRK Ramp Down Schedule by Location and End Date

Council District	Site	Rooms	Start Date	Current Lease End Date	Recommended New End Date
14	L.A. Grand Hotel	473	5/11/2020	8/31/2022	1/31/2023
4	Highland Gardens	70	7/8/2021	8/31/2022	10/31/2022
6	Airtel Plaza Hotel	237	4/15/2021	9/30/2022	10/31/2022

FEASIBILITY REVIEW OF EXTENSION OPTIONS

The process for considering extension and funding options of existing PRK sites requires various approvals. First, GSD confirms whether the hotel or motel owner is interested and willing to extend their agreement with the City. Next, LAHSA confirms whether the nonprofit homeless services provider is willing to extend their contract, or whether they need to identify a new service provider. Then, LAHSA submits an updated ramp down schedule to the CAO for review. Additionally, GSD makes a determination, in consultation with City Council and the Mayor, about the sites' proposed closure schedules and logistics, taking into consideration numerous factors, such as LAHSA and the service provider's capacity, internal City capacity, and the development of housing plans for PRK residents. Lastly, the CAO confirms funding availability.

In this instance, all of the partners together have confirmed that the owners are interested and willing to extend; that the service providers are willing to extend their contracts; that the ramp down schedule is realistic and achievable; and that there is funding available.

Funding Recommendations

This report recommends extending the City's three current PRK sites: the Highland Gardens Hotel through October 31, 2022; the Airtel Plaza Hotel through October 31, 2022; and the L.A. Grand Hotel through January 31, 2023. The total cost for these extensions is \$28,274,337. This report additionally recommends extending the expenditure authority through April 30, 2023, beyond the closure of these sites, to allow City departments and LAHSA to thoroughly inspect, clean, and/or repair all rooms and complete the appropriate close out procedures.

Funding for Housing Navigation Services and Time Limited Subsidies

In support of the extension, this report recommends up to \$2,956,000 for LAHSA to provide housing navigation services, case management, and time limited subsidies for PRK participants. As detailed in LAHSA's Response to Request for Report on Project Roomkey Demobilization, dated August 4, 2022, housing navigation services are designed to meet the individualized needs of participants to assist them in overcoming barriers to achieving permanent housing. Services include developing personalized housing needs plans for participants, accompanying participants to meetings with

landlords and unit viewings, assisting participants with rental applications and obtaining necessary documents, and paying for application fees, transportation fees, and limited security deposits. The funding recommended in this report would support participants with EHV's with finding permanent housing placements and would provide housing navigation services paired with time limited subsidies for participants without EHV's or other permanent housing vouchers. There was no per participant cost for housing navigation services included in LAHSA's August 4th report. Accordingly, the CAO used the cost estimate provided in LAHSA's budget memo, dated April 29, 2022 which estimated the per participant cost for individuals without housing resources at \$4,000.

LAHSA's Recommendation for Demobilization

Successful demobilization of the City's PRK sites will involve an all-hands-on-deck approach, creative solutions, the mobilization of resources, including interim and permanent housing beds across the entire Continuum of Care, and consideration of alternative housing options, as well as damage assessment, site repairs, security, and cleaning. Client intake has already stopped at the three PRK sites. Additionally, the recent experience with demobilizing the Mayfair Hotel in Council District 1, highlighted the importance of being collaborative, strategic, and transparent all the way through to the end. Perhaps the most important lesson learned throughout the more than two years of PRK, is the need to have a clear, detailed plan that identifies all the steps, partners, and resources necessary to implement it. While LAHSA's plan identified several critical components in that process, the above recommendations from this office add further considerations that, taken together, comprise the necessary blueprint for a successful end to PRK in the City.

FISCAL IMPACT STATEMENT

There is a potential impact to the General Fund associated with the Reserve Fund appropriation. FEMA will reimburse jurisdictions for expenditures that are documented and are determined to be in support of quarantining or isolating individuals for COVID related medical reasons. As of July 1, 2022, FEMA will reimburse jurisdictions for 90 percent of expenditures that meet these requirements. If FEMA does not reimburse all expenses submitted for reimbursement, then the Reserve Fund appropriation may not be fully repaid.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies.