

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 14, 2025

CAO File No. 0220-05151-0648
Council File No. 23-1022, 24-0314
Council District: 5, 13

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Alliance Settlement Agreement

Subject: **FOURTH FUNDING REPORT: ALLIANCE SETTLEMENT AGREEMENT PROGRAM (ASAP) FUNDING RECOMMENDATIONS**

SUMMARY

The City of Los Angeles is required to develop 12,915 new interim or permanent housing units or other interventions by June 14, 2027, to accommodate 60 percent of unsheltered persons experiencing homelessness within the City as listed within the 2022 Point-In-Time Count under the June 14, 2022, Alliance Lawsuit Settlement Agreement. This is the fourth Alliance Settlement Agreement Program funding report.

This report programs reimbursed Alliance Settlement agreement funds to a new interim housing site in Council District 5. This report also recommends authority and funding for the leasing of new and existing Alliance sites.

RECOMMENDATION

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

1. APPROVE and APPROPRIATE up to \$240,240 of General City Purposes (GCP) from Fund No. 100/56, Account No. 000932, Alliance Settlement Agreement Program to Los Angeles Housing Department (LAHD) Fund No. 10A/43, Account No. 43YD33, Alliance Other Interim Housing Operations, for the operations of the Tiny Home Village (THV) located at 2377 Midvale Avenue with 33 beds in Council District 5 through June 30, 2025;
2. APPROPRIATE up to \$448,864 from Fund No. 62Y/10, Account No. 10S654, FC-5: Street Strategy, Outreach, Public Health, and Hygiene to Fund No. 62Y/10, Account No. 10S650, FC-1: A Bridge Home Capital and Operating Gap;
3. APPROVE and APPROPRIATE up to \$181,392 of HHAP-1 Fund No. 62Y/10, Account No. 10S650, FC-1: A Bridge Home Capital and Operating Gap to LAHD Fund No. 62Y/43, Account No. 43AD33, in a new account entitled "Alliance Other Interim Housing

Operations”, for Furniture, Fixtures, and Equipment of the THV located at 2377 Midvale Avenue with 33 beds in Council District 5 through June 30, 2025;

4. AUTHORIZE the Department of General Services (GSD) to negotiate and execute a new lease agreement with Whittier First Day to operate the THV located at 2377 Midvale Avenue with 33 beds in Council District 5 for up to 5 years;
5. APPROVE and APPROPRIATE up to \$280,137 from Fund No. 100/56, Account No. 000627, Additional Homeless Services - CD 13 to GSD Fund No. 100/63, Account No. 000027, A Bridge Home Leasing, for leasing costs through Fiscal year 2025-26 of the THV located at 5301 Sierra Vista Avenue in Council District 13 through June 30, 2026;
6. AMEND and REPLACE the approved Recommendation 3 relative to the Third Alliance Funding Report dated December 6, 2024 (C.F. 22-1022-S11) to read as follows:
 - a. AUTHORIZE the Department of General Services (GSD) to negotiate and enter into a lease agreement with GMA-Sierra Vista, LLC and Sierra Vista-Y, LLC 90029, and a sublease agreement with Hope the Mission for the proposed Tiny Home Village located at 5301 Sierra Vista Avenue with 51 beds in Council District 13 for up to 5 years;
7. AMEND and REPLACE the approved Recommendation 4 relative to the Second Alliance Funding Report dated August 1, 2024 (C.F. 22-1022-S6) to read as follows:
 - a. APPROVE \$5,578,379 of ESB funds to support the construction of the Tiny Home units located at the Van Nuys Metrolink station, 7724 Van Nuys Boulevard with 100 beds in Council District 2;
 - i. APPROPRIATE up to \$5,578,379 from Emergency Stabilization Beds Grant Fund No. 67N/10, Account No. 10Y776, Emergency Stabilization Beds Grant to ESB Fund No. 67N/10, in a new account entitled “CD 2 7724 Van Nuys Blvd THV”, for the construction of the Tiny Home Village units located at the Van Nuys Metrolink station, 7724 Van Nuys Boulevard with 100 beds in Council District 2;
8. INSTRUCT the General Manager of LAHD, or their designee, to amend the Alliance Settlement Agreement Program contract (C-141840) with LAHSA to:
 - a. Reflect the increase of \$421,632 for 2377 Midvale Avenue;
9. 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

Under the June 14, 2022, Alliance Lawsuit Settlement Agreement (Settlement), the City is required to develop 12,915 new interim or permanent housing units or other interventions by June 14, 2027, in order to accommodate 60 percent of unsheltered persons experiencing homelessness (PEH) within the City based on LAHSA's 2022 Point-in-Time Count who do not have a serious mental illness. As of December 31, 2024, there are 4,815 new interventions open and occupiable and 4,278 interventions in progress, for a total of 9,093 units or beds that satisfy the intent of the Settlement. The recommendations in this report provide funding for in progress interim housing sites currently in the pipeline.

On May 2, 2024, the City and County of Los Angeles executed a Memorandum of Understanding, under which the County has allocated up to \$259 million for services for the City's interim housing requirements under the Settlement. The City is responsible for initially funding the beds and invoicing the County in arrears for the cost of services. The County will reimburse at the bed rates established by the City and the Los Angeles Homeless Services Authority (LAHSA), which were approved by the City Council on December 3, 2024. The County will contract for and directly fund permanent supportive housing (PSH) services for PSH units established by the City. The MOU will terminate on June 30, 2027.

DISCUSSION

2377 Midvale Avenue Tiny Home Village (THV) in Council District (CD) 5

On October 27, 2023, the Mayor concurred with the City Council's approval of the City Administrative Officer report (C.F. 23-1066) that recommended \$4,597,353 of Homeless Housing, Assistance, and Prevention funds (HHAP-1) and Council Community Projects funds for the construction of a 33 bed THV located at 2377 Midvale Avenue in CD 5. The THV is built on lot #707, which is owned by the Los Angeles Department of Transportation and utilizes modular units prefabricated by LifeArk SPC. On June 13, 2024, the Mayor concurred with Council's approval of the motion introduced by Council Member Katy Yaroslavsky (C.F. 23-1066; June 7, 2024), which approved \$980,000 of Emergency Stabilization Beds (ESB) Grant funds for support with construction costs. Through this funding allocation, this site counts towards the City's fulfillment of the State 500 Tiny Home agreement with the Governor's Office (C.F. 24-0314). Additionally, this site will provide 33 beds towards the City's Alliance Settlement bed obligation.

The Midvale THV will be operated by Whittier First Day, who was awarded the service provider contract through a Request for Proposals conducted by the Los Angeles Homeless Services Authority (LAHSA). This report recommends a total of \$421,632 to support the one time cost of Furniture, Fixtures, and Equipment (\$181,392), as well as site operations (\$240,240) through

June 30, 2025. Furthermore, this report recommends the authority for the Department of General Services (GSD) to execute a lease agreement with Whittier First Day for up to five years.

5301 Sierra Vista Avenue Tiny Home Village in CD 13

The THV located at 5301 Sierra Vista Avenue in CD 13 received funding approval for construction in the CAO's Third Alliance Funding report (C.F. 23-1022-S11; C.A.F. December 19, 2024), along with the authority for GSD to enter into a lease agreement with the property owner, GMA-Sierra Vista, LLC. The recommendations in this report clarify the name of ownership to GMA-Sierra Vista, LLC and Sierra Vista-Y, LLC 90029. Furthermore, this report recommends \$280,137 of CD 13's allocation of Additional Homeless Services - General City Purpose funds to support the lease costs with an estimated start date of April 1, 2025, through June 30, 2026. Construction is estimated to commence in October 2025 with an estimated completion date of July 2026.

Van Nuys Metrolink Station THV Units in CD 2

In the Second Alliance Funding report (C.F. 23-1022-S6), a total of \$4,894,086 of ESB Grant funds were approved for the construction of the Tiny Home units at the Van Nuys Metrolink Station located at 7724 Van Nuys Boulevard. This report amends recommendation four of the Second Alliance Funding report to reflect the correct construction total of \$5,578,379, which is part of the State approved allocation and award within the ESB Grant. The previously approved amount was based on a different typology that was changed between the release of the report and the finalization of the State grant award.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of the recommendations in this report. The recommendations in this report utilize the State Emergency Stabilization Beds funding and unspent HHAP-1 funds. There is a potential impact on the General Fund for future Fiscal Years relative to supporting ongoing services and leases, if not addressed through the budget.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies in that budgeted funds are being used to fund recommended actions.