



# City of Culver City

## Staff Report

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**CC:HA - ACTION ITEM: (1) Status Update on the Implementation of the Homekey Round 2 Grant Award Of \$26.6 Million for Motel Conversion of 3868 and 3900 Sepulveda Boulevard; and (2) Approval of a Three-Year Professional Services Agreement with Exodus Recovery Inc., as Lead Supportive Service Provider, Operator and Property Manager of the 74 Unit (Plus Two Manager Units) Service-Enriched Interim and Permanent Supportive Housing Homekey Motel Conversion Project for Fiscal Years 22/23 through 24/25 in an Aggregate Amount Not-to-Exceed \$12,189,429 (FY 22/23 \$4,043,019; FY 23/24 \$4,013,010; FY 24/25 \$4,133,400).**

**Meeting Date:** June 27, 2022

**Contact Person/Dept:** Tevis Barnes, CDD/Housing Division

**Phone Number:** (310) 253-5780

**Fiscal Impact:**  Yes  No

**General Fund:**  Yes  No

**Attachments:**  Yes  No

**Commission Action Required:**  Yes  No

**Public Notification:** (Email) Meetings and Agendas-City Council and Housing (06/22/2022); Exodus Recover Inc. (06/01/2022); Advisory Committee on Housing and Homelessness (06/21/2022)

**Department Approval:** Sol Blumenfeld, Community Development Director (06/20/2022)

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### **RECOMMENDATION:**

Staff recommends the City Council and Culver City Housing Authority Board (1) receive a status update on the implementation of the Homekey Round 2 \$26.6 million grant award for motel conversion of 3868 and 3900 Sepulveda Boulevard; and (2) approve a professional services agreement with Exodus Recovery Inc., (ERI) as lead supportive service provider, operator and property manager of the 74-unit service-enriched Interim Housing (IH) and Permanent Supportive Housing (PSH) Homekey Motel Conversion Project (Project) for a three-year term in an amount not-to-exceed \$4,043,019 for Fiscal Year (FY) 2022-2023; \$4,013,010 for FY 2023-2024; and \$4,133,400 for FY 2024-2025.

## **BACKGROUND/DISCUSSION**

### **Homekey Status Update**

On March 15, 2022, the State of California Housing and Community Development Department (HCD) formally announced that Culver City was awarded \$26.6 million under Project Homekey Round 2 for the creation of 74 units (plus two manager units) of Interim and Permanent Supportive Housing through motel conversion of adjacent properties located at 3868 and 3900 Sepulveda Boulevard (Project). The Homekey Round 2 Standard Agreement was executed by the Housing Authority and HCD on June 3, 2022, and a release of funds is anticipated in the next two weeks. Based on information from HCD, funds are released as a lump sum through wire transfer. The Homekey grant award is a key element of the Housing Authority programming to combat homelessness and promote affordable housing. <sup>1</sup>

### **Project Due Diligence and Motel Rehabilitation**

An interdepartmental team consisting of the City Manager's Office, City Attorney's Office, Community Development Department and Finance has been assembled to manage the implementation of the Project and meets weekly to coordinate both capital and operational aspects of the Project.

All project due diligence has been completed to acquire the motel properties including Phase I and Phase II Environmental Studies, receipt of property title reports, ALTA survey, asbestos survey, and property condition assessment reports in conformance with the Housing Authority motel properties Purchase and Sales Agreement (PSA) and Homekey guidelines. Escrow is expected to close in early July and construction is scheduled to commence soon thereafter.

On April 25, 2022, Council/Authority approved John Kaliski and Associates (JKA) for the provision of architectural services and Katz, Okitsu and Associates (KOA) for construction management services.

Both JKA and KOA participate in the weekly City interdepartmental Homekey coordination meeting. To select a general contractor to rehabilitate the motels for expedited occupancy by mid-November 2022, a Request for Qualifications (RFQ) was released on June 17, 2022. Based on the RFQ outcome, a short-list of qualified construction firms is scheduled to be prepared by July 14, 2022.

### **Project Operations**

Focusing on the operations and supportive services component of the Project, staff is working with the County of Los Angeles Department of Health Services (DHS) and the Los Angeles Homeless Services Authority (LAHSA) to ensure best practices for program participant selection and referrals to occupy the Project units. As required by the Homekey guidelines, all program participants must enter the Project through the Coordinated Entry System (CES). The lead agency over the CES is Saint Joseph Center (SJC) who also work with City staff to administer the City's local homeless outreach services. The Project will focus on serving chronically unhoused adults who are high users of outreach and emergency services. These individuals will be referred by a By-Name List developed in concert with the local SJC Homeless Outreach Team, Culver City Police and Fire Departments, Exodus Recovery, Inc., and LAHSA.

### **Exodus Recovery, Inc.**

Exodus Recovery, Inc. (Contractor) was recommended as Project operator and is proposed to

provide operational services for the IH and PSH.<sup>2</sup> The Contractor has over 35 years of experience developing, implementing, and operating innovative behavioral, health and substance use disorder services and programs in Los Angeles, Orange, San Diego, Fresno, Solano and Napa counties, through funding from Department(s) of Mental Health, Department of Health Services and Department of Public Health. The Exodus system of care is designed to promote a full array of services including alternative crisis services, outreach and engagement (including homeless outreach), mental health, health and substance use disorder and sobering services, homeless care support services, services to justice involved populations, tenancy support services, housing navigation and bridge housing, benefits advocacy, care coordination and support for the medically fragile and complex. The Contractor provides these services in a strengths-based integrated, field-based delivery system that bring hope, empowerment, self-sufficiency and recovery to the most vulnerable individuals in the communities they serve. Through demonstrated successful outcomes, the Exodus model of care has proven their ability to provide field/community based, integrated services which effectively coordinate behavioral health, co-occurring conditions and social services to improve the health and well-being of medically complex, high users of multiple systems.

At the Council meeting of December 13, 2021, a presentation was given by the Contractor highlighting their experience and service. A tour of the Exodus Baldwin Park IH Project was given to Council Members on January 20, 2022. The Contractor gave a presentation to the Advisory Committee on Housing and Homelessness (ACOHH) on June 21, 2022, to review the components of the Project.

The Contractor conducted a walk-through of the Project site with the Project architect, JKA on April 28, 2022, to discuss how to design the Project to meet Project operational needs related to location of laundry (both industrial and personal), meal service, staffing offices and counseling space. A meeting was held on June 2, 2022, with the Contractor, JKA and KOA to continue discussions on Project design for daily programming, necessary furnishings, fixtures, and equipment (FFEs), and more detail on staff, clinician, program and program participant storage (including bike storage), open and congregate space. The Project will also allow for service animals, and JKA and KOA will work with the Contractor to design open space for service animals.

### **Exodus Recovery Agreement**

The selection of the Exodus Recovery, Inc. as lead supportive service provider is exempt from the competitive bidding requirements pursuant to Section 3.07.065.A. of the Culver City Municipal Code (CCMC), provided competitive quotes are obtained, whenever practical, as determined by the City Manager. In this case, competitive quotes have been determined to be impractical, based on the following:

- (1) To be considered for geographic set-aside funds under the Homekey Notice of Funding Availability (NOFA) and additional bonus funding up-to \$740,000, applications had to be submitted by January 31, 2022. This timeframe did not allow for an extensive Request for Proposal (RFP) process and the City had to be expeditious in its actions to retain an operator and service provider for the Project.

- (2) Housing staff surveyed three agencies that provide housing, mental health and substance use supportive services in Los Angeles County and determined that the Contractor has local knowledge of Culver City's unhoused residents, direct experience working with the Culver City Saint Joseph Center (SJC) Outreach Team, and Culver City Police and Fire Departments in addressing the needs of residents (both housed and unhoused) experiencing crisis, and experience in administering Homekey IH and PSH projects.
- (3) On January 24, 2022, the City Council approved entering into a Memorandum of Understanding (MOU) with the Contractor, as part of the City's application submission for funding under the Homekey NOFA. A condition of the MOU was the City would enter into a professional services agreement if the Homekey funding was secured.

### **FISCAL ANALYSIS**

The proposed agreement with the Contractor is not to exceed \$4,043,019 for FY 2022/2023, \$4,013,010 for FY 2023/2024, and \$4,133,400 for FY 2024/2025. The proposed budget for FY 2022/2023 includes \$3,896,126 for staffing, operations, and services for 74 units for both the IH and PSH and \$189,912 for startup costs for furnishings and supplies for a total amount of \$4,043,019. The two subsequent fiscal years do not include the startup costs but do reflect an annual 3% cost of living increase on staffing, operations, and services.

Sufficient funding has been included in the Proposed Budget for Fiscal Year 2022/2023 in Accounts 47655920.619800 (Homekey Interim Housing - Other Contractual Services) and 47655930.619800 (Homekey Permanent Housing - Other Contractual Services) for the first year of the agreement. Funding for the subsequent two years will be included in future fiscal year budgets.

The operations, supportive services and property management of the Project will be supported by funds from Homekey Round 2, the County of Los Angeles Department of Health Services (DHS) Intensive Case Management Service (ICMS), the County of Los Angeles CEO Homeless Initiative Office and the City's General Fund for a period of up to 5 years depending on the terms of the funding source.

The Project budget also includes capital costs and funding sources for the acquisition and rehabilitation including predevelopment costs. These capital costs are one-time expenditures. The capital funding sources include:

TOTAL HOMEKEY PROJECT (PF034 & PF035) - REVENUE SOURCES		
Revenue Source/Account	Account	Revenue Amount
Kamlager Funding	42380000.340429.PF034	1,710,000
Kamlager Funding	42380000.340429.PF035	1,700,000
Homekey Funding	42380000.348220.PF034	16,145,500
Homekey Funding	42380000.348220.PF035	6,000,000
<b>TOTAL REVENUE SOURCES:</b>		<b>\$ 25,555,500</b>

*\*NOTE: Additional \$7.3 million transfer of fund balance from LMIHAF*

**ATTACHMENTS**

None.

**MOTION**

That the City Council and Housing Authority Board:

1. Receive a status update on the implementation of the \$26.6 Homekey grant award for the motel conversion of 3868 and 3900 Sepulveda Boulevard;
2. Approve a professional service agreement with Exodus Recovery Inc., as lead supportive service provider, operator and property manager of the 74-unit service-enriched Interim Housing and Permanent Supportive Housing Homekey Motel Conversion Project for a three-year term in an amount not-to-exceed \$4,043,019 for Fiscal Year (FY) 2022-2023; \$4,013,010 for FY 2023-2024; and \$4,133,400 for FY 2024-2025;

Authorize the City Attorney/Housing Authority General Counsel to review/prepare the necessary documents; and

3. Authorize the City Manager/Executive Director to execute such documents on behalf of the City.

**NOTES:**

1. Plan to Prevent and Combat Homelessness/Motel Conversion

Witnessing the growth of homelessness in Culver City and in the region, the City continues to implement goals outlined in the 2018 Council-adopted Plan to Prevent and Combat Homelessness (Plan). Under the Plan, Goal 1 is to Increase Bridge Housing Options and Increase the Numbers of Persons served. More specifically, Action 1a calls for the creation of an emergency shelter through the conversion of a local motel. The Homekey Round 2 award and selection of the Contractor would

effectuate this goal by serving as the lead operator, service provider, and property manager of the Project.

#### Homekey Round 2 Grant Award

To effectuate Goal 1 of the Plan and create vastly needed housing for the chronically homeless in our community and address a desperate need in the region, on December 13, 2021, Council approved a resolution to apply for the creation of IH and

PSH units under the State Housing and Community Development Department (HCD) Homekey Notice of Funding Availability (NOFA). This NOFA made \$1.2 billion available statewide for the production/programming of housing and services for the unhoused. On March 15, 2022, HCD announced that Culver City was awarded \$26.6 million for the creation of 74 units of IH and PSH. On April 25, 2022, the Council adopted an updated resolution to authorize acceptance the Homekey Round 2 award and a four-fifths vote requirement approval of related budget amendment.

#### Homekey MOU Terms/Conditions

Purpose - The City will acquire and rehabilitate two adjacent motels and convert one to 38 units of IH and the other to 35 units of PSH. The Project will target the chronic homeless who are high users of emergency and outreach services.

Work/Scope of Work - Exodus shall satisfactorily perform all services set forth in the Scope of Works attached as exhibits to the MOU. The SOWs also include IH and PSH House Rules of Conduct for the Project and Management Plans.

Term - The term of the Homekey MOU should be from the date Council approves the MOU to 45 days after grant award announcement from HCD Homekey Round 2. If the grant funds are not awarded, this MOU will terminate and neither party will be obligated to the terms and provisions of the Homekey MOU. If the Homekey funds are awarded, the City will enter into a Professional Service Agreement (PSA) with Exodus to serve as the operator and lead service provider of the Project.

Payment/ Budget -There was no payment associated with entering into this Homekey MOU. If the Homekey funds are awarded the City will enter into a PSA with a defined budget for the Project. Budget and payment will be negotiated as part of the PSA.

Target Population - The Project will target the chronic homeless population who are higher users of emergency and outreach services. Occupants of the Project will be selected through the Coordinated Entry System (CES). The lead CES agency for Adults in Culver City, as part of Service Planning Area 5, is Saint Joseph Center (SJC). The City has entered into an agreement with SJC to provide outreach services our unhoused residents.

HCD Homekey Requirements - In the receipt of Homekey Funds Exodus must provide certification of good standing with the State of California, Articles of Incorporation, Bylaws and any amendments, and adhere to the HCD requirements under Tenant Selection, Housing First, Statewide and local Homeless Management Information Systems (HMIS) and Accessibility and Non- Discrimination (Notes).

#### Homekey NOFA/ Article V - Other Program Requirements

##### Section 501. Housing First

The Eligible Applicant shall certify to employ the core components of Housing First, as set forth at

Welfare and Institutions Code section 8255, in its property management and tenant selection practices. Projects shall accept tenants regardless of sobriety, participation in services or treatment, history of incarceration, credit history, or history of eviction in accordance with practices permitted pursuant to Housing First practices, including local Coordinated Entry System prioritization protocols, or other federal or state Project funding sources.

#### Section 502. Tenant Selection

Referrals to Homekey Assisted Units shall be made through the local Coordinated Entry

System (CES) for persons who are experiencing Homelessness. For persons At Risk of Homelessness, CES or another comparable prioritization system based on greatest need shall be used. All referral protocols for Homekey Assisted Units must be developed in collaboration with the local CoC and implemented consistent with the requirements set forth in this NOFA. CoC collaboration in Project and supportive service design is also strongly encouraged to help target and serve greatest need populations.

#### Section 503. Participation in Statewide HDIS/HMIS

All Homekey Grantees shall support CoC participation in the statewide Homeless Data Integration System (HDIS), and, in accordance with state and federal law (including all applicable privacy law), disclose relevant data to the local Homeless Management Information System (HMIS).

#### Section 505. Accessibility and Non-Discrimination

All developments shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II.

In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 8, or HUD's modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

### Memorandum of Understanding

A Homekey Round 2 submission requirement involved the engagement through a Memorandum of Understanding (MOU) with a qualified service provider of the designated targeted population. Under the MOU, the service provider and City will work jointly to implement the Project to effectively serve unhoused residents. On January 24, 2022, the Council approved entering into a Memorandum of Understanding (MOU) (Attachment 1) with the Contractor, which defined the roles and responsibilities of the Contractor as the lead operator, supportive service provider, and property manager of the Project (Note #1). The time of performance for the MOU was from the date of Council approval to 45 dates after the Homekey grant award announcement of March 15, 2022. There was no payment associated with entering into the MOU. As conditioned by the MOU, if there was a positive outcome to the Homekey funding application, the City will enter into a PSA with a defined budget and Scope of Work (SOW) for the Project. The MOU included terms and provisions defined by both the City and in the HCD Homekey Round 2 NOFA (Note #2). A summary of these term/conditions is detailed below under the Notes section of this report.

#### 2. Exodus Recovery Permanent Supportive Housing Scope of Work

The Contractor shall provide oversight of the day-to-day operations for the PSH, property maintenance and management, and supportive services. A detailed description of the PSH Scope of Work (SOW) is location under Attachment 2. The Contractor's responsibilities shall include, but are not limited to, the following:

- Provide high-quality PSH to high-barrier chronically unhoused clients matched to PSH units through the Coordinated Entry System (CES), prioritizing highest-need adults with a documented connection to services or residence in Culver City.
- Oversee day-to-day, routine maintenance, janitorial, Information Technology (IT), and landscaping needs of tenants as well as common areas/the property as a whole.
- Provide on-site case management
- Provide on-site 24-hour property management
- Provide on-site security services as required by the City.
- Provide low-cost laundry facilities for personal use.
- Work with community partners as needed to address health and safety-related client, property, and community issues
- Partner with hospitals, health and behavioral health providers, support service providers, and public agencies to assist clients during their transition to Permanent Supportive Housing.
- Employ a "whatever it takes approach" to assist clients in their transition from homelessness to permanent housing. A "whatever it takes" approach is collaborative, person-centered, trauma-informed, Housing First, no-wrong-door, and low-barrier.
- Attend monthly Advisory Committee on Housing and Homelessness meetings and provide periodic updates to Council on the status of the Project.
- Participate in quarterly meetings with surrounding neighbors to provide updates on the implementation of the Project and to address any concerns.

### Interim Housing Scope of Work

The Contractor shall provide oversight of the day-to-day operation for Interim Housing. Attachment 3 provides full detail of the IH SOW. The Contractor's responsibilities shall include, but are not limited to, the following:

- Provide on-site high-quality case management services and health monitoring activities under the framework of harm reduction, low-barrier, and Housing First service provision in an interim housing facility to clients identified as chronically unhoused and referred through the CES prioritizing highest-need and unhoused listed on the Culver City By-Name List.
- The Contractor will prioritize enrollment for high-acuity adults experiencing substance use disorder and/or mental health challenges while unhoused.
- Provide health monitoring for clients 24-hours a day, 7 days a week.
- Provide on-site case management.
- Provide 3 nutritious warm meals daily.
- Weekly laundry service of bedding and linens and make available free laundry facilities for personal use.
- Provide on-site management, janitorial, basic landscaping, and routine maintenance of the Project grounds and facilities
- Provide transportation, mail and reception/front desk services (directly or through a subcontractor).
- Provide site security services as required by the City.
- Provide 24-hour on-site property management.
- Work with community partners as needed to address health and safety-related client, property, and community issues.
- Partner with hospitals, health and behavioral health providers, support service providers, and public agencies to assist clients during their transition from injury or illness and further transitions to other interim housing options (if needed) and to permanent housing.
- Employ a “whatever it takes approach” to assist clients in their transition from homelessness to interim and permanent housing. A “whatever it takes” approach is collaborative, person-centered, trauma-informed, Housing First, no-wrong-door, and low-barrier.
- Attend monthly Advisory Committee on Housing and Homelessness meetings and provide periodic updates to Council on the status of the Project.
- Participate in quarterly meetings with surrounding neighbors to provide updates on the implementation of the Project and to address any concerns.

### Project Performance Measure

As defined by HCD, the Contractor must evaluate Project implementation based on the following performance measures:

- Residential Stability: Tenant maintains permanent housing.
- Increase Skills and/or Income. Tenants gain job related skills, gain job-related training or education, gain stipend part-time or full-time employment, gain access to mainstream services/income support programs for which they are eligible.
- Greater Self-Determination: Tenants gain daily living skills and ability to plan and for themselves to maximize independence and self-sufficiency.

### Project Performance Outcomes

Based on the above HCD defined performance measures, the Project anticipates the following outcomes during the first year of operation.

#### Residential Stability

- 65% of IH participants will exit to PSH.
- 75% of PSH participants will retain their PSH unit for more than 1 year.
- 10% of PSH participants will retain permanent housing through family reunification, shared housing, Housing Opportunities for Persons with Aids (HOPWA), Veterans Affairs Supportive Housing (VAISH), or Independent Living Program (ILP).

#### Increase Skills and/or Income

- 30% of IH/PSH participants will increase monthly income by applying for qualified programs such as Supplemental Security Income (SSI), Veteran Affairs (VA) Disability Compensation, General Relief (GR), etc.
- 20% of IH/PSH participants will find and maintain employment for more than 1 year.
- 20% of IH/PSH participants will increase their ability to be self-sufficient through the utilization of cross-referrals to board-and-care, Skilled Nursing Facilities (SNFs), In Home Supportive Services (IHSS), end-of-life services, and/or Home Safe Workforce, Development, Aging and Community Services (WDACS) program, and any other education, workforce and/or trade program.
- 100% of IH/PSH participants will receive life skills training based on individual needs.
- 90% of IH/PSH participants will have working cell phones and functional voicemail.
- 50% of IH/PSH participants will have functional email.
- 100% of IH/PSH participants will have access to mail service.
- 100% of IH/PSH participants will receive assistance in securing essential documents and identification.

#### Greater Self-Determination

- 100% of IH/PSH participants will have Coordinated Entry System (CES) Triage Tool scores measured at intake and at each key event for the duration of program enrollment to evaluate acuity.
- 80% of IH/PSH participants will obtain library cards.
- 10% of IH/PSH participants will open a checking account.

### Project Implementation Timeline

The operations and supportive service component of the Project will be implemented based on the following timeline.

Execute PSA with ERI/Contractor	07/07/2022
Contractor Hires Program Director	07/07/2022
Contractor Hires Project Staff /Provides Paid Training	08/15/2022
Finalize By-Name List for IH/PSH	08/22/2022
Installation IT, Furnishing	10/05/2022
Project Opens	10/05/2022
Begin IH/PSH Lease-up Process	10/05/2022
90% Occupancy at both IH and PSH	11/14/2022

### Exodus Staffing Descriptions/Definition of Degree Requirements

- Program Director (LMFT/LCSW) - Oversees staff; facility operations; referrals & intake, contract compliance, client escalation support, reporting, etc. Responsible for the day-to-day housing, including the intake and exit processes. Minimum Qualifications: Bachelor's degree preferable or 2 years' experience providing direct services persons experiencing homelessness.
- Admission Coordinator/Team Lead - Track's referrals and admissions, ensures smooth process and coordinates logistics for client's arrival, supports facility operations (including data entry with CHAMP & HMIS), etc. Provides administrative support to program.
- Mental Health Clinicians (MSW) - Provides mental and behavioral health support to participants.
- Case Manager/CD Coordinator - Provides case management to participants, including care coordination, skills building, and support around substance use issues.
- Licensed Vocational Nurses (LVN) (Days) - Provides medication support and education, and infection control screening to participants. LVN shifts can be 12 hour shifts 4 days per week. 1 LVN on day shift- 7 days a week.
- Community Navigator (Days/Nights) - Perform housekeeping duties, assist with food service, assist clients with laundry, etc. 3 staff per day shift, 7 days/wk.

### Definition of Degree Requirements

- Certified Nursing Assistant (CNA)
- Licensed Clinical Social Worker (LCSW)

- Licensed Marriage and Family Therapist (LMFT)
- Master of Social Work (MSW)
- Medical Assistant (MA)