



City of Culver City

Staff Report

File #: 23-387, Version: 1

Item #: C-14.

CC- CONSENT ITEM: Adoption of a City Council Resolution to Waive Permit Fees in the Amount of \$121,527 Related to the Development of the City Owned Property Located at 3868 and 3900 Sepulveda Boulevard for the Creation of 73 Interim and Permanent Supportive Housing Units to Serve Chronically Homeless Persons Under Project Homekey.

Meeting Date: November 14, 2022

Contact Person/Dept.: Tevis Barnes, Housing and Human Services Department
Phone Number: (310) 253-5782

Fiscal Impact: Yes No **General Fund:** Yes No

Attachments: Yes No

Commission Action Required: Yes No **Date:**
Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (11/09/2022)

Department Approval: John M. Nachbar, City Manager (11/09/2022)

RECOMMENDATION:

Staff recommends the City Council adopt a resolution waiving all City permit fees in the amount of \$121,527 related to the development of the City owned property located at 3868 and 3900 Sepulveda Boulevard for the creation of 73 Interim and Permanent Supportive Housing Units to Serve Chronically Homeless Persons under Project Homekey.

BACKGROUND:

On December 13, 2021, City Council approved the adoption of Resolution No. 2021-R113 to submit an application under the State of California Department of Housing and Community Development ("HCD") Homekey Round 2 Notice of Funding Availability ("NOFA"). To effectuate Goal 1, Action 1a under the 2018 Council-adopted Plan to Prevent and Combat Homeless, which calls for the creation of an emergency shelter through the conversion of a local motel, on January 28, 2022, an application was submitted under the Homekey Round 2 NOFA. On March 15, 2022, HCD announced that Culver City was awarded \$26.6 million in Homekey grant funds for the acquisition and rehabilitation of two local motels for the creation of Interim and Permanent Supportive Housing for single adults

experiencing chronic homelessness. The Culver City Homekey project is the first Permanent Supportive Housing project created in the City and first Interim Housing resource for homeless individuals. The Culver City Homekey project is designed to provide 73 harm reduction-based, low barrier service enriched housing units for chronically homeless individuals. Culver City Project Homekey will focus on housing and supportive services for high users of City emergency services and engagements with the Culver City Homeless Outreach Team.

DISCUSSION:

Cost of Construction/Fee Waiver

On April 25, 2022, Council adopted an updated Resolution No. 2022-R031 authorizing the Homekey Grant fund application and authorizing the acceptance of Homekey grants funds in an amount of \$26.6 million from HCD. The City Council on April 25, 2022, approved a budget amendment by four-fifths vote to enter into a professional services agreement with John Kaliski Architects Inc (“JKA”) in an amount not-to-exceed \$443,861 to provide architectural services and Katz, Okitsu and Associates (“KOA”) in an amount not-to-exceed \$420,280 to provide construction management and inspections services for the development of Project Homekey.

With the use of Homekey grant funds and other local funds from the Low- and Moderate-Income Housing Asset Fund in the amount of \$7.3 million and grant funds from Senator Kamlager in the amount of \$3.41 million, on August 11, 2022, the City closed escrow to acquire two motels located at 3868 and 3900 Sepulveda Boulevard for the purchase price of \$20 million.

The City Council approved the awarding a construction contract to Cornerstone Construction Group, Inc. in the amount of \$8,309,694 to renovate the properties, pursuant to Culver City Municipal Code (CCMC) Section 3.07.090.E.

Based upon information obtained from the Building Safety Division, the estimated City permit fees for the Homekey project is \$121,527. A breakdown of estimated fees is detailed below. The Building permit fees include Park Land Fees and Sewer Fees. Per the Culver City Municipal Code (CCMC) under Sections 15.06.120 and 15.06.325, the Project Homekey 73 units are exempted from the Art in Public Places Fee and the Park Land Fee because the project will serve extremely low-income persons (30% of Area Median Income).

City permit fee breakdown:

3868 Sepulveda

- Building permits = \$27,971.77
- Mechanical permit = \$14,507.38
- Electrical permits = \$6,971.28
- Plumbing permits = \$6,875.88
- Estimated total Building, Mechanical, Electrical, and Plumbing fees = **\$56,326.31**

3900 Sepulveda

- Building permits = \$40,781.22
- Mechanical permit = \$10,637.22
- Electrical permits = \$7,726.87
- Plumbing permits = \$6,055.16
- Estimated total Building, Mechanical, Electrical, and Plumbing fees = **\$65,200.47**

TOTAL ESTIMATED PERMIT FEES = \$121,526.78

FISCAL ANALYSIS:

The City has previously waived permit fees for affordable housing units and other City projects. In 2016, the Council adopted Resolution No. 2016-R007 waiving all permit fees in an amount of \$200,000 related to the development of the Culver City Housing Authority (“Authority”) owned property located at 4044-4068 Globe Avenue for the creation of 10 affordable and workforce ownership housing units. The Globe Estates were completed and fully occupied by the end of 2018. The Globe Estates was first new construction affordable ownership project developed in the City.

Similarly, the proposed resolution to waive City permit fees related to the development of the Project Homekey motel conversion will support the creation of affordable housing and supportive services for the city most vulnerable population. The total cost to acquire both motels was \$20 million. The total construction cost for the Homekey project is \$9.17 million. It is recommended that the Council waive all City permit fees in the amount of \$121,527. These grants funds will then be available to support other elements of the project.

ATTACHMENTS:

1. City Permit Fee Breakdown
2. Proposed Resolution waiving Project Homekey permit fees

MOTION:

That the City Council:

Adopt a resolution waiving all permit fees in an amount of \$121,527 related to the development of the City owned property located at 3868 and 3900 Sepulveda, Culver City, CA for the creation of 73 Interim and Permanent Supportive Housing Units to serve chronically homeless persons under Project Homekey.