



City of Culver City

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Staff Report

File #: 21-729, **Version:** 1

Item #: A-2.

CC/HA - 1) Discussion of Affordable Housing Programs, Including Creation of Affordable Modular Housing Units or Development of a Homeless Shelter on Identified Sites; 2) Discussion of Findings and Recommendations of the Motel Reuse Feasibility Study to Provide Shelter Beds or Permanent Supportive Housing; 3) Update on the COVID-19 Emergency Rental Assistance Program and Provide Direction for Extending the Program; and (4) Direction to the City Manager on the Foregoing Items as Deemed Appropriate.

Meeting Date: March 22, 2021

Contact Person/Dept: Tevis Barnes/CDD, Housing Division
Sol Blumenfeld/CDD

Phone Number: 310-253-5780

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: Committee on Homelessness (03/16/21); Landlord Tenant Mediation Board (03/16/21); Saint Joseph Center (03/16/21); Upward Bound House (03/16/21)(E-Mail) Meetings and Agendas - City Council (03/18/2021)

Department Approval: Sol Blumenfeld, Community Development Director (03/16/2021)

RECOMMENDATION:

Staff recommends the City Council (Council) and Housing Authority Board (Board):

- 1) Discuss affordable housing programming, including the creation of affordable modular units or a homeless shelter on identified sites;
- 2) Discuss findings and recommendations of the Motel Reuse Feasibility Study to provide shelter beds or permanent supportive housing and provide direction;
- 3) Receive an update on the COVID-19 Emergency Rental Assistance Program and discuss program guideline modification for a second-round application process using unexpended funds; and

- 4) Provide direction to the City Manager on the foregoing items as deemed appropriate.

BACKGROUND:

With the elimination of the former Culver City Redevelopment Agency (RDA), the Council and Board expressed interest in examining alternatives for incentivizing and increasing affordable housing opportunities.

On March 12, 2018, the Council and the Board jointly approved a strategy to produce new affordable units through the units of the Low-and-Moderate Income Housing Asset Fund (LMIHAF). Programming focused on the following areas:

1. Creation of New Units
2. Preservation Existing Affordable Units
3. Expansion of Homeless Services
4. Administration of On-Going Housing Programs

DISCUSSION:

The City is tasked with the creation of 3,333 housing units during the next Regional Housing Needs Assessment (RHNA) cycle, with 2,267 of those units designed for very low to moderate income. Program funding identified in Attachment 1 addresses some of the RHNA affordability requirements using publicly owned sites (previously identified in two feasibility studies for creation of new units) and preservation of existing units. A total of \$7.5 million in housing funds is programmed for FY21/22 to create shelter beds for the unhoused and creation of new affordable housing units on identified sites. The Council and the Board are being asked for direction on the allocation of FY 21/22 program funds as reviewed and recommended by the Council Housing and Homeless Ad Hoc Subcommittee (Subcommittee) and summarized below:

<u>Location</u>	<u>Funding</u>	<u>Project Description</u>
<u>Venice Parking Lot</u>	<u>\$2.5 million</u>	<u>10 modular units</u>
<u>Virginia Parking Lot</u>	<u>\$2 million</u>	<u>70-bed shelter</u>
<u>Community Garden Site</u>	<u>\$1 million</u>	<u>6 modular units</u>
<u>Culver Palms Methodist Church Site</u>	<u>\$2 million</u>	<u>Approx. 100 units</u>
Total	\$7.5 million	

A detailed program summary over a five-year planning period reflecting funding, the number of units created, households served, and related demographics are shown in Attachment 1 (Affordable Housing Program Matrix). Staff will provide a presentation of all of the programs for Council/Board review and direction at the hearing.

COVID-19 Emergency Rental Assistance Program

Program Update

The COVID-19 Emergency Rental Assistance Program (COVID-19 ERAP) is comprised of a 3-month catch-up grant and 12-month rental assistance to provide temporary renter relief during the pandemic. The program is designed to prevent homelessness among Culver City low-income renters impacted by COVID-19.¹ A total of 79 applicants were approved for two program components. Eight applicants were approved for the 3-month catch-up grant and 71 applicants were approved for the 12-month rental assistance program. A status report of the COVID-19 ERAP (Attachment 2) was presented to the Subcommittee for review and recommendation.

Second-Round Application Process

The projected expenditure for all 79 approved applicants is \$1,145,143 and will leave a balance of \$489,532 of program funds to serve up to 11 additional households. Staff recommends the Council and the Board approve a second application round to expend the balance of unspent funds appropriated COVID-19 ERAP to continue the program during the pandemic.

Revision of COVID-19 ERAP Guidelines

If approved and directed by the Council and the Board, all previous COVID-19 ERAP Program Guidelines (Guidelines) will apply to the second-round application process except for the areas surrounding maximum allowable assets, receipt of additional rental assistance for other entities and direct payment of the subsidy to the property owner.

The Council/Board is being asked to authorize applicants to receive the rental subsidy from other sources if the subsidies are not concurrent. This does not include applicants residing in subsidized housing or Section 8 Program Participants. Under the Guidelines it states, “applicants receiving a rental subsidy from another Federal, State or local program or already residing in a subsidized unit are ineligible to participate in COVID-19 ERAP.” Through direct communication with the Los Angeles County Development Authority (LACDA) staff, it was found that five Culver City applicants have received LACDA COVID-19 Rent Relief and 18 have pending applications. All applicants who either received or applied for the LACDA COVID-19 Rental Relief are currently in a pending status.

During the application vetting process, it was found that a small percentage of applicants had assets at or exceeding \$100,000 with the highest amount at \$300,000. These assets were all in the form of savings held in traditional savings banking accounts. As a point of reference, the LACDA capped assets at \$7,500 for households at 50% of Area Median Income (AMI) which represents a four-person household with a maximum income of \$56,000 and \$10,000 for households at 30% of AMI which represents a four-person household with a maximum income of \$33,800. Staff recommends utilization of LACDA formula to cap assets if a second-round application process is approved.

Staff is also seeking direction on the matter of a property owner’s refusal to accept the COVID-19 ERAP. The Guidelines state that all rental subsidy payment will be provided directly to the property owner. There are currently two property owners who refuse to accept the rental subsidy. Staff requests that the Council and Board allow the release of the rental assistance directly to the applicant in cases where the property owner refuses payment. To assure that the payment is utilized for rental

payments, staff will require the applicant sign a statement under penalty of perjury that the payment will be used to pay rent. The applicant will also be required to provide the Housing Division with a receipt of the rental payment made to the property owner.

Motel Reuse Feasibility Study

Through Measure H City Implementation Grant funds, John Kaliski Architects (JKA) was retained to survey the City's existing motel/hotel sites and to develop screening methodology for candidate motel/hotel properties most suitable for adaptive reuse for bridge or affordable housing. JKA surveyed and GIS mapped available motel sites (Sites) and the surrounding neighborhood context and verified the operation status of the surveyed properties. Based upon the survey findings, JKA developed a set of criteria for the preliminary screening to evaluate, rank, and select a several candidate sites.² The findings were presented to the Subcommittee for review and recommendation. The Sites will be reviewed for further Council/Board direction following a presentation of the Study by JKA.

FISCAL IMPACT:

A total of \$7.9 million in the LMIHAF is proposed to support the above programs over the next fiscal year. That includes a second-round of COVID-19 rental relief and the creation of shelter beds and permanent affordable units at the Venice and Virginia Parking lots, repurposing the Community Garden site for affordable units and the community garden, and Culver Palms Methodist Church (Culver Palms) property for a 100% affordable mixed-use development. The unspent COVID-19 ERAP funds of \$489,532 in Acct# 47650890.618100 remains available to support up-to 11 renter households impacted by COVID-19 with 6-month catch-up grants.

ATTACHMENTS:

1. Affordable Housing Program Matrix
2. COVID-19 ERAP Status Chart
3. COVID-19 ERAP Guidelines
4. Executive Summary Motel Reuse Feasibility Study

MOTION:

That the City Council and Housing Authority Board:

1. Discuss affordable housing programming, including the creation of affordable modular units or a homeless shelter on identified sites;
2. Discuss findings and recommendations of the Motel Reuse Feasibility Study to provide shelter beds or permanent supportive housing;
3. Receive an update on the COVID-19 Emergency Rental Assistance Program and discuss program guideline modification for a second-round application process using unexpended funds;

and

4. Provide direction to the City Manager on the foregoing items as deemed appropriate

NOTES:

1. COVID-19 Emergency Rental Assistance Program

The second-round will provide a 6-month catch-up grant. For those applicants who previously received a 3-month catch-up grant, they will be allowed to apply for and receive an additional 3-months of rental assistance. Previously approved 3-month applicants will be given a preference and all other applicants will be selected by electric lottery conducted by the Housing Division application software system. The 3-month catch-up grant will be based on the 2-bedroom payment standard of \$2,366 per month or \$14,196 for 6 months.

The LACDA COVID-19 Rent Relief Program provided up-to \$10,000 to assist renters through 12/31/2020. It should be noted that the LACDA program also prohibits the receipt of several rental assistance programs concurrently from different entities. The LACDA distributed its payments in November and December. Thus, if approved Culver City payments would be released from January to current which would prevent an overlap of the Culver City and LACDA programs.

2. Motel Reuse Study - Summary of Findings

- One motel owner of two adjacent motels expressed interest in selling both properties.
- All motels are located within the Commercial General (CG), Commercial Neighborhood (CN), or Commercial Downtown (CD) zones where 1) motels/hotels and 2) mixed use projects with multi-family residential, SROs, and/or supportive & transitional housing are allowed.
- All hotels utilize surface parking. Approximately one parking space is provided for each room.
- New motel/hotel development on these sites is constrained by maximum allowable building height typically at 43' and/or 56' and the parking ratio at 1.05 space/room. Assume 56' maximum height and surface parking, a typical site may realize a maximum density of approximately 100 guest rooms per acre.
- Redeveloping these sites with market-rate multifamily residential uses is constrained by the maximum residential density base allowance at 35 DUs/acre or less. The residential density may be increased to 50 DUs/acre utilizing a local density bonus. If a site is within 1 mile of a major transit stop or within a Transit Priority Area (TPA) as defined in the California Public Resources Code, a 65 DUs/acre density may be realized. With provision of affordable housing units, the residential density may be additionally increased by 35% utilizing the Affordable Housing Density Bonuses per State law.
- Over 50% of motels and all the hotels are located within walking distance to two intersecting major bus/rail transit lines.
- No motel and four hotels are located within 500' of at least one (1) of the City-designated social service amenities.
- All motels/hotels except for one are within 500' of an R-1, R-2, or R-3 zoned property.
- The majority of these motels/hotels were initially constructed between the 1920s and the 1970s with two being historically significant.

- All motel sites are approximately rectangular in site configuration and range from x sf to y sf in lot area.