



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 22-965, Version: 1

Item #: C-3.

CC:HA - CONSENT ITEM: (1) Adoption of an Updated Resolution Authorizing the Homekey Grant Fund Application; (2) Authorize Acceptance of Homekey Grants Funds in an Amount of \$26.6 Million from the California Department of Housing and Community Development; (3) **FOUR-FIFTHS VOTE REQUIREMENT:** Approval of a Related Budget Amendment; (4) Approval of Related Professional Services Agreements with John Kaliski Architects Inc (JKA) in an Amount Not to Exceed \$443,861; and KOA Corporation (KOA) in an Amount Not-to-Exceed \$420,280; and (5) Authorization to the City Manager to Approve Amendments to the Contracts in an Aggregate Amount Not-to-Exceed \$129,621 (15%).

Meeting Date: April 25, 2022

Contact Person/Dept.: Tevis Barnes Community Development/Housing
Todd Tipton Community Development/Economic Development

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

Attachments: Yes ☒ No ☐

Commission Action Required: Yes ☐ No ☒

Public Notification: (E-Mail) Meetings and Agendas - City Council (04/20/2022);

Department Approval: Sol Blumenfeld, Community Development Director (04/19/2022)

RECOMMENDATION

Staff recommends the City Council (1) adopt an updated resolution authorizing the Homekey Grant Fund Application; (2) authorize acceptance of Homekey Grants Funds in an amount of \$26.6 million from the California Department of Housing and Community Development; (3) approve of a related budget amendment (**requires a four-fifths vote**); (4) approve related professional services agreements with John Kaliski Architects Inc (JKA) in an amount not-to-exceed \$443,861; and KOA Corporation (KOA) in an amount not-to-exceed \$420,280; and (5) authorize the City Manager to approve amendments to the contracts in an aggregate amount not-to-exceed \$129,621 (15%).

BACKGROUND

Project Homekey is a statewide program funded through the California Department of Housing and Community Development (HCD). The Homekey program is intended to encourage cities, counties, and other public entities to develop a range of permanent or interim housing types for people experiencing homelessness with up to \$1.45 billion in funding opportunities.

On December 13, 2021, Council approved the adoption of Resolution No. 2021-R113 (Original Resolution) to submit an application to the State of California Housing and Community Development Department (HCD) under the Homekey Round 2 Notice of Funding Availability (NOFA). The City's application proposed the creation of 39 interim housing units and 37 permanent supportive housing units to address the supportive service and housing needs of the City's unhoused residents. 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 NOFA.

On March 15, 2022, HCD announced Culver City was awarded \$26.6 million to create interim and supportive permanent housing (Homekey Award).

DISCUSSION

Project Homekey Resolution

City staff was notified recently by HCD of additional items needed to finalize the Homekey Award. HCD has requested revisions to the Original Resolution approving application submission. The Original Resolution includes a contingency that requires the Council to approve receipt of the award and approve expending the award. HCD requires a resolution that does not include this contingency. The Original Resolution (Attachment 1) states - "*if the application is successful, the city must seek City Council approval to accept and expend funds*". HCD requires a resolution without the contingency, giving the City the flexibility to accept and expend funds without City Council approval.

In addition, per the Original Resolution, the City Manager is the signatory for the Homekey Award. Under the Homekey application, the Community Development Director is the signatory. The revised resolution gives the City Manager or their designee authority as signatory for the Homekey Award.

Finally, HCD has requested the City include additional language in the updated resolution clarifying that grant funding will be subject to the NOFA rules and a Standard Agreement that will be issued by HCD.

Upon HCD's approval of the updated resolution (Attachment 2), a Standard Agreement will be issued by HCD to the City with terms governing the \$26.6 million and the funding will be released thereafter. Escrow on the two motels is set to close late April/early May and construction is anticipated to start in July 2022. The motels are anticipated to be 90% occupied by mid-November 2022, becoming the first in the City and one of the few such housing options for the City's unhoused residents in the West Los Angeles area.

Grant Award & Budget Appropriation

The total grant award from Project Homekey to the City is \$26.6 million, which includes:

- \$22.1 million for acquisition and rehabilitation costs
- \$ 4.5 million for operating costs

The City is also in receipt of \$3.4 million from the State through Senator Sydney Kamlager's efforts for acquisition and rehabilitation costs and up to \$7.3 million can be dedicated from the City's Low- and Moderate-Income Housing Asset Fund (LMIHAF) to support capital costs associated with the permanent supportive housing component of the project.

While this initial budget request includes only capital funding, operating costs will be appropriated in subsequent budgets. To fund operating costs associated with the permanent supportive housing component, the County of Los Angeles (County) has dedicated \$945,000 for up to 5 years through the Department of Health Services (DHS)/Intensive Case Management Services (ICMS) and \$1.7 million for 3 years from the County Homeless Chief Executive Officer (CEO) Office. The City has committed \$4.9 million of General Funds for 5 years to support operating costs for both the interim and permanent supportive housing components.

Professional Services Agreements

Since receiving the award of Homekey Funding, the City has been meeting interdepartmentally and with various consultants in effort to prepare for funding release and project implementation. The project requires architectural and construction management services. Staff was able to commence services under pre-existing agreements to explore project feasibility pending funding notification. City Council authorization is being requested to continue services with the following firms:

- *JKA - Architectural Services:* At its December 10, 2018 Meeting, the City Council awarded a professional services agreement to JKA to conduct a Motel Reuse Feasibility Study. The results were used as the bases for the City's recommendation for candidate motel/hotel properties most suitable for adaptive reuse for bridge or affordable housing. Due to their familiarity and understanding of the project and the implementation timeline, staff is recommending continued use of JKA for architectural & engineering (A&E) services for the rehabilitation of the two motels.
- *KOA - Construction Management Services:* In September 2021, the Community Development Department conducted an informal Request for Quotes (RFQ) for On-Call Construction Management Services related to Economic Development projects. Following evaluation of the proposals, KOA was selected as the preferred vendor under administrative authority in an amount not-to-exceed \$50,000 per fiscal year. The firm was initially engaged to assist in project review and Homekey Grant Application development. Due to their existing understanding of this project and the implementation timeline, staff is recommending continued use of KOA for construction management services for the rehabilitation of the two motels.

Pursuant to Culver City Municipal Code Section 3.07.065.A, professional services are exempt from formal competitive bidding procedures provided the agreement is based upon competitive quotations,

whenever practical, as determined by the City Manager or designee. In this instance, it is not feasible to acquire competitive quotations due to the accelerated timeline to meet Project Homekey implementation deliverables. Staff will reclassify consultant hours relative to the project from prior agreements to the Homekey initiative, as needed and allowable. Project Homekey allows grantees to claim eligible project expenditures dating back to March 2021. Further authorization is requested to allow the City Manager or designee authority to approve additional amendments to the contracts up to 15% of the aggregate total in an effort to proceed quickly as emergency and/or unforeseen issues are identified.

FISCAL ANALYSIS

A budget amendment, which requires a four-fifths vote, in the amount of \$32,885,500 for project acquisition and rehabilitation costs is being requested. Funds received will be deposited between projects PF034 (Interim Housing) and PF035 (Permanent Housing) for monitoring and reporting purposes. This funding request additionally includes a transfer request from the Low-Moderate-Income-Housing Asset Fund (LMIHAF) in an amount not-to-exceed \$7.3 million. The table below details the allocation of funds:

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
TOTAL REVENUE SOURCES:		\$ 25,555,500

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

TOTAL HOMEKEY PROJECT (PF034 & PF035) - PROJECT EXPENSES		
<i>Interim Housing - Deano's (PF034)</i>		
Funding Source/Allocation	Account	Project Budget
Kamlager Funding	423800000.730100.PF034	1,710,000
Homekey Funding	423800000.730100.PF034	16,145,500
TOTAL ESTIMATED INTERIM HOUSING PROJECT:		\$ 17,855,500
<i>Permanent Housing - Sunburst (PF035)</i>		
Funding Source/Allocation	Account	Project Budget
LMIHAF Funding	47650890.730100.PF035	7,300,000
Kamlager Funding	42380000.730100.PF035	1,700,000
Homekey Funding	42380000.730100.PF035	6,000,000
TOTAL ESTIMATED INTERIM HOUSING PROJECT:		\$ 15,000,000
TOTAL ESTIMATED HOMEKEY PROJECT:		\$ 32,855,500

ATTACHMENTS

1. 2022-04-25_ATT 1_Project Homekey Resolution (Original)

2. 2022-04-25_ATT 2_Updated Project Homekey Resolution

MOTIONS

That the City Council:

1. Adopt an updated resolution authorizing the Homekey Grant Fund Application;
2. Authorize acceptance of Homekey Grants Funds in an amount of \$26.6 Million from the California Department of Housing and Community Development;
3. Approve a related budget amendment **(requires a four-fifths vote)**;
4. Approve Project Homekey related professional services agreements with:
 - John Kaliski Architects Inc (JKA) in an amount not-to-exceed \$443,861;
 - Katz, Okitsu & Associates (KOA) in an amount not-to-exceed \$420,280;
5. Authorize for the City Manager to approve amendments to the contracts in and aggregate amount not-to-exceed \$129,621 (15%);
6. Authorize the City Attorney to review/prepare the necessary documents; and
7. Authorize the City Manager to execute such documents on behalf of the City.