

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05151-0226

Date: March 5, 2021

To: The City Council

Council File No.: 20-1385
20-0841
Council District: All

From: Richard H. Llewellyn, Jr.
City Administrative Officer

Sharon M. Tso
Chief Legislative Analyst

Subject: **STATUS REPORT: LOS ANGELES COUNTY FUNDING REQUEST FOR MEASURE H GAP**

SUMMARY

On November 6, 2020, the Mayor and City Council approved three (3) months funding from the City's allocation of Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Emergency Solutions Grant (ESG-COVID) and Community Development Block Grant (CDBG-COVID) programs to support Los Angeles County Measure H strategies, A5 - Prevention for Adults, B4 - Landlord Incentives, C7 – Employment, and D6 - Criminal Record Clearing Project. The City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) were also instructed to evaluate how continued funding of these strategies helps prevent homelessness or contributes to housing people living on the street (C.F. 20-1385) and report with recommendations for continued funding through the end of the current Fiscal Year (FY) 2020-21.

Since the Mayor and Council approved the funding recommendations on December 1, 2020 (C.F. 20-0841), the U.S. Department of Housing and Urban Development (HUD) notified the City that the Criminal Record Clearing Project (Measure H Strategy D6) is not eligible for CDBG-COVID funding. The City Attorney has also informed us that the County Public Defender's Office has identified funding to extend this program from February 1, 2021 through June 30, 2021, eliminating the need for additional funding in this FY. As such, this report recommends the rescission of the previously approved CDBG-COVID funding for this program. The funding for the program cost for the November 1, 2020 – January 31, 2021 period of \$183,667.33, was recommended from the Homeless Emergency Aid Program (HEAP) grant in the Quarterly Report (18-0628), currently pending Mayor and Council approval.

This report recommends funding for the remaining three (3) Measure H Strategies from CDBG-COVID and ESG-COVID through June 30, 2021.

RECOMMENDATIONS

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

1. APPROVE a total of \$4,660,000 to fund Los Angeles County Measure H strategies, A5 - Prevention for Adults, B4 - Landlord Incentives and C7 – Employment. from February 1, 2021 – June 30, 2021;
2. APPROPRIATE \$710,000 from the Emergency Solutions Grant (ESG-COVID) Federal Emergency Shelter Grant Fund No. 517 and \$3,950,000 from the Community Development Block Grant (CDBG-COVID), Community Development Trust Fund No. 424, Department No. 43, for four Measure H strategies A5, B4 and C7 as follows:
 - i. Increase \$710,000 within the ESG Federal Emergency Shelter Grant Fund No. 517, Account No. 43TCV7, LAHSA - HACLA Measure H Strategy B4 (Landlord Incentives);
 - ii. Increase \$2,700,000 within the Community Development Trust Fund No. 424, Account No. 43TCV8, LAHSA Measure H Strategy A5 (Prevention for Adults);
 - iii. Increase \$1,250,000 within the Community Development Trust Fund No. 424, Account No. 43TCV9, Measure H Strategy C7 (Employment);
 1. Transfer \$125,000 from Fund No. 424, Account No. 43TCV9, Measure H Strategy C7 (Employment) to the accounts below as follows:

Fund/Department	Account Number	Account Title	Amount
424 - Housing and Community Investment Department	43T122	Salaries Appropriation	\$86,023
424 – Housing and Community Investment Department	43T299	Related Costs	\$38,977
Total			\$125,000

2. Increase Fund 100, Department 22, Account No. 001010, Salaries General by \$86,023;
3. Transfer \$1,125,000 from Fund No. 424, Account No. 43TCV9, Measure H Strategy C7 (Employment) to City GF Homeless Program Fund No. 10C, Economic and Workforce Development Department No. 22, Account No. 22T889, LA RISE City CDBG-COVID;
3. RESCIND the approved recommendation 19.d. in the City Administrative Officer Technical Corrections on the Third COVID-19 Homelessness Roadmap Project Report, dated November 24, 2020, Council File 20-0841, as this recommendation has been replaced by recommendation 7.d. in the State Homeless Emergency Aid Program Eighth Quarterly Report, dated February 18, 2021, Council File 18-0628;
4. INSTRUCT the City Administrative Officer and Chief Legislative Analyst to report by May 1, 2021 with an update from the County of Los Angeles on the Fiscal Year 2021-22 Measure H funding plan; and

5. AUTHORIZE the City Administrative Officer to prepare any additional Controller instructions or make any necessary technical adjustments consistent with the Mayor and Council action in this matter, and authorize the Controller to implement these instructions.

BACKGROUND

In June 2020, the County of Los Angeles (County) projected Fiscal Year (FY) 2020-21 Measure H revenue would be \$335 million, or \$63 million (17 percent) less than the pre-COVID-19 projection of \$398 million. To partially offset this reduction, the County allocated alternative sources of one-time funding, including, County Homeless Housing, Assistance, and Prevention Program (HHAP) funding originally budgeted for FY 2021-22, Los Angeles Homeless Services Authority (LAHSA) HHAP funding, and other funding available through County departments. With these additional resources, the FY 2020-21 Measure H budget recommended fully funding priority Measure H Strategies (e.g. Interim Housing, Rapid Rehousing, and Outreach). Four (4) strategies were funded by County Measure H dollars through October 31, 2020.

The County allocated funds from its Coronavirus Aid, Relief, and Economic Security (CARES) Act Emergency Solutions Grant (ESG-COVID) award to offset the reduction for these four (4) strategies in County unincorporated areas and in cities that did not receive a direct ESG-COVID grant. The County requested that the six (6) cities that received ESG-COVID awards (Los Angeles, Long Beach, Pomona, El Monte, Pasadena, and Glendale) allocate 18.5 percent of their grants to support the four (4) Measure H strategies from November 1, 2020 through June 30, 2021.

The Mayor and City Council acted to continue funding for these programs through January 31, 2021, as described in Table 1 below. One (1) of the underfunded Measure H strategies – Strategy B4 Landlord Incentives is eligible for ESG-COVID funding. The other three (3) strategies were funded with Community Development Block Grant (CDBG-COVID) funding. The City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) were instructed to report back on how continued funding for the Measure H strategies assists in housing people currently living on the street, or prevents people from falling into homelessness.

Table 1. Measure H Strategies Funded Through January 31, 2021

Measure H Strategy	Dept.	Total Amount Funded through January 31, 2021	Funding Sources	
			ESG-COVID	CDBG-COVID
A5 - Prevention for Adults	LAHSA	\$1,620,000	\$0.00	\$1,620,000
B4 - Landlord Incentives	HACLA	\$426,000	\$426,000	\$0.00
C7 – Employment	EWDD	\$750,000	\$0.00	\$750,000
D6 - Criminal Record Clearing Project	City Attorney	\$232,965	\$0.00	\$232,965
Total		\$3,028,965	\$426,000	\$2,602,965

DISCUSSION

As instructed by the Mayor and City Council, the following provides a discussion of how continued funding for these four (4) Measure H Strategies assists to house people currently living on the street, or prevents people from falling into homelessness.

A5 - Prevention for Adults – Los Angeles Homeless Services Authority (LAHSA)

Program Overview

The County's Homeless Initiative includes prevention services through Strategy A5 in response to continued inflow into homelessness outpacing housing placements. The goal of Strategy A5 is to assist individuals and households resolve housing crises so that they may retain or quickly regain permanent housing.

Through Strategy A5, LAHSA contracts with homeless services providers to deliver short-term assistance to low-income individuals who are at imminent risk of homelessness. Common forms of prevention assistance include, financial assistance, mediation with landlords and/or property managers to avoid eviction, housing stabilization planning, and legal services. By ensuring that participants have access to those resources as quickly and efficiently as possible, prevention services can stabilize persons in their current housing or quickly re-house participants, preventing their entry into the homeless services system.

Often, a participant's crisis can be resolved with one-time financial assistance to recover from an emergency that prevented timely rental payments. In those instances, homeless service providers work with landlords and/or property managers to pay rental arrears to avoid eviction and the tenant continues to pay rent going forward. In other cases, legal services are provided to resolve disputes. As such, a portion of funding for Strategy A5 funds a legal services program to resolve legal barriers that impact housing stability. In addition to resolving landlord/tenant disputes, these legal services include, but are not limited to, assistance with eviction prevention, benefits advocacy, and other legal interventions.

LAHSA uses extensive research and data to develop and improve targeting tools for homelessness prevention, to maximize the impact in preventing future homelessness. Targeting tools are intended to determine eligibility for prevention and provide limited financial resources to individuals and households most likely to be prevented from becoming homeless.

Program Outcomes

Prevention program data obtained from the Homeless Management Information System (HMIS) finds that Strategy A5 has been successful in diverting participants from the homeless services system.

Table 2: A5 Homeless Prevention Enrollment and Outcomes, 7/1/2019 – 6/30/2020

Detail	SPA 2	SPA 4	SPA 5	SPA 6	SPA 8	Total (Unduplicated)
Newly Enrolled	46	272	35	152	84	589
Actively Enrolled	83	428	89	195	123	918
Exits to Permanent Housing	70	273	47	77	101	568
Exits to Any Destination	71	308	65	94	118	656
% Exits to Permanent Housing	99%	89%	72%	82%	86%	87%
Avg. Length of Services for exited person (days)						140

In FY 2019-2020, 918 participants were actively enrolled in prevention services in the City. Of all program exits, 87 percent of participants either maintained their housing or transitioned directly into other permanent housing without falling into homelessness.

Ongoing funding to support the continued provision of prevention services will be critical, given the expected increase in enrollments into prevention programs once temporary pandemic eviction moratoria are lifted and more residents face imminent risk of homelessness. LAHSA anticipates that the expiration of State and local eviction moratoria, paired with the pandemic’s economic impact will drive significant inflow into prevention services over the next year.

B4 - Landlord Incentives – Housing Authority of the City of Los Angeles (HACLA)

Program Overview

As a part of the Measure H Strategy B4 – Landlord Incentives, the Homeless Incentive Program (HIP), allows homeless individuals and families who are recipients of HACLA vouchers to better compete in a rental housing market with limited affordable options. Security deposit assistance provides additional support by enabling voucher holders to provide landlords with the market standard security deposit amount, which allows homeless families to transition into permanent housing.

Moreover, HIP provides a holding fee, which incentivizes landlords and property managers to partner with HACLA, allowing time for property inspections required by federal regulations. HACLA has committed to assist 1,200 homeless families annually through this program and has established partnerships throughout the City to provide clients and owners with retention services, problem solving, home visits, and mediation. These partnerships enable clients to successfully find and maintain housing.

Program Outcomes

HACLA reports that between July 1, 2017 and December 8, 2020, 2,082 eligible families and individuals with a Section 8 or Continuum of Care (CoC) Shelter Plus Care voucher leased a unit with the help of the landlord holding fee incentive payment. HACLA received CARES Act funding for landlord incentives for Section 8 vouchers through December 31, 2021. As such, City funds are only needed to offset the loss the of Measure H support for CoC Shelter Plus Care

assistance, which provides permanent housing with supportive services to chronically homeless persons with disabilities, such as mental illness, substance abuse, or HIV/AIDS.

Table 3 below provides data for eligible families and individuals who received HIP assistance for a CoC Shelter Plus Care voucher in FY 2019-20. HACLA does not track the security deposit, utility deposit and other move-in assistance by the number of households that receive these services. As such, households may have received multiple benefits under the categories below, and a cumulative total of households served is not available.

Table 3: Measure H Strategy B4 Metrics for FY 2019-20

	Number	Total Amount
Incentives provided to landlords	190	\$280,760
Security Deposits Paid	202	\$492,091
Utility Deposit/ Connection Fees	182	\$128,189
Other Move-in Assistance	126	\$16,821
		\$917,861

C7 – Employment – Economic and Workforce Development Department (EWDD)

Program Overview

The Los Angeles Regional Initiative for Social Enterprise (LA:RISE) program provides transitional, subsidized employment and other services to people with a history of homelessness or who are at-risk of homelessness. After working in a transitional job with training services at a social enterprise business, individuals work with a retention partner for up to one (1) year, who acts as a safety net against potential barriers that can emerge on their path to self-sufficiency, and competitive employment. Obtaining competitive employment helps people currently experiencing homelessness or at risk of homelessness to secure housing.

Funding provided by Measure H through October 31, 2020 supported the continuation of transitional employment, including wage support for social enterprise employers, and job readiness services for the 150 LA:RISE Measure H participants enrolled during the first four (4) months of the program. The funding provided by the City will provide transitional employment to 117 additional LA:RISE participants from November 1, 2020 to June 30, 2021.

Program Outcomes

Most Measure H LA:RISE participants are in the process of completing the transitional employment phase. Therefore, the number of participants who have been placed into competitive employment is minimal at this time. The table below reflects performance as of October 31, 2020 for the Measure H participants.

Table 4: LA:RISE- County Measure H Outcomes (goals reflect the initial \$1 Million funding received for 4-months of the program- 7/1/2020-10/31/2020)

Metric	Goal	Actual Performance	% of Goal
Number of participants enrolled	150	154	103%
Number of participants placed in subsidized transitional job	150	154	103%
Number of participants co-enrolled in WIOA	105	116	110%
Number of participants placed in un-subsidized bridge or competitive employment	75	3	4%

D6 - Criminal Record Clearing Project – City Attorney

Program Overview

The D6 Criminal Record Clearing Project consists of two programs to assist individuals to clear their criminal records. The Los Angeles City Attorney receives Measure H funding for the Homeless Engagement and Response Team (HEART), which administers the Los Angeles County Homeless Court Program (Homeless Court), while mobile outreach teams are funded through the Los Angeles County Public Defender’s Office. The D6 Criminal Record Clearing Project assists those who cannot afford to pay fines and fees associated with low-level criminal cases and who need to clear past convictions. Fees and past convictions create barriers to housing and employment. As such, the HEART Program provides an important service to help individuals exit or avoid homelessness.

HEART helps unhoused individuals or individuals at risk of experiencing homelessness resolve low-level criminal cases with outstanding fines and fees. The base fine may only be \$100 but when state penalties and civil assessments are added, the amount owed can reach up to \$800.

The LA County Public Defender provides comprehensive services by confidentially interviewing clients to assess what record clearing options are available. The services include providing information about clearing warrants, reducing, dismissing and expunging criminal records, as well as sealing records for victims of human trafficking.

Prior to the Pandemic, HEART deployed a mobile team with the Public Defender to park spaces, shelters, service providers, and libraries. HEART hosted sessions of the Los Angeles County Homeless Court Program, helping individuals resolve minor criminal infraction citations, such as having an open container, or unlicensed driving. To cope with COVID-19, HEART shifted from onsite engagement with participants to accepting referrals from homeless service agencies and non-profit legal partners.

Program Outcomes

Funding HEART provides legal services to 1,200 participants per year. In FY 2018-19, HEART assisted 1,211 participants, resolved 1,102 outstanding criminal cases, and supported 56 outreach events. In FY 2019-2020, HEART assisted 995 participants, resolved 2,705 outstanding criminal cases, and supported 47 outreach events.

HEART also leads large-scale initiatives, organizing one of the biggest dismissal projects in the history of Los Angeles, resolving 2,023,802 criminal cases with outstanding charges and/or unpaid fines and fees in 2019.

RECOMMENDED FUNDING

Given the critical impact of these strategies, the CAO and CLA recommend funding for three (3) of the four (4) Measure H Strategies through June 30, 2021, as outlined in Table 5 below. The Criminal Record Clearing Project (Strategy D6) is not eligible for the \$232,965 previously approved from the CARES Act Community Development Block Grant (CDBG-COVID) as determined by the U.S. Department of Housing and Urban Development (HUD) and the County Public Defender’s Office has identified funding for the remainder of the Fiscal Year. The CAO, therefore, had to identify an eligible source to reimburse the program cost of \$183,667.33 for the November 1, 2020 to January 31, 2021 period. The CAO recommended funding from the State Homeless Emergency Aid Program (HEAP), given that savings had been identified and the program’s expenditure deadline is June 30, 2021. The funding recommendation is included in the HEAP Eighth Quarterly Report (C.F. 18-0628), which was approved by the Council on March 2, 2021.

Table 5: Funding Recommendations for Measure H Strategies from 2/1/2021-6/30/2021

Measure H Strategy	Dept.	Funding Approved November 1, 2020 – January 31, 2021	Total Additional Recommended Funding February 1, 2021 - June 30, 2021	Recommended Funding Sources	
				ESG-COVID	CDBG-COVID
A5 - Prevention for Adults	LAHSA	\$1,620,000	\$2,700,000	\$0.00	\$2,700,000
B4 - Landlord Incentives	HACLA	\$426,000	\$710,000	\$710,000	\$0.00
C7 – Employment	EWDD	\$750,000	\$1,250,000	\$0.00	\$1,250,000
D6 – Criminal Record Clearing*	City Attorney	\$183,667.33 (HEAP)	\$0.00	\$0.00	\$0.00
Total		\$2,979,677.33	\$4,660,000	\$710,000	\$3,950,000

*HEAP funding was approved by the Council on March 2, 2021.

As this is one-time funding, we further recommend that the CAO and CLA be instructed to report by May 1, 2021 with an update from the County of Los Angeles on the Fiscal Year 2021-22 Measure H funding plan.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund, inasmuch as all of the recommendations in this report will be funded with CARES Act CDBG-COVID and ESG-COVID funding for the remainder of

Fiscal Year 2020-21. The County has been notified that this is one-time funding to fill the Measure H gap. The CAO and CLA will report on the status of Measure H revenue in May 2021.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City Financial Policies.