



Legislation Text

File #: 23-0110, **Version:** 1

Recommendation to adopt Specifications No. RFP HE-22-125 and award a contract to First to Serve, of Los Angeles, CA, to provide site operations and interim housing services at a 78-unit motel property at 5950 Long Beach Boulevard (Subject Property) that was acquired through the California Department of Housing and Community Development (HCD) Project Homekey Program, in an annual amount not to exceed \$2,219,200 for a period of one year, with the option to renew for an additional 36-month period, at the discretion of the City Manager; and authorize City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary amendments;

Increase appropriations in the Health Fund Group in the Department of Health and Human Services by \$24,979,145 for the acquisition, facility renovations, and maintenance of the Subject Property and to support program operations costs, offset by HCD Homekey Program grant revenues;

Increase appropriations in the General Fund Group in the Department of Economic Development by \$16,100,000, for the purchase of Subject Property, offset by a transfer from the Health Fund Group in the Department of Health and Human Services; and

Increase appropriations in the General Fund Group in the Department of Economic Development by \$367,195 for the purchase of Subject Property, offset by funds available. (District 8)

City Council approval is requested to enter into a contract with First to Serve to provide site operations and interim housing services at a 78-unit motel property located at 5950 Long Beach Boulevard that was acquired through the California Department of Housing and Community Development (HCD) Project Homekey Program (Homekey).

On September 9, 2021, the HCD released a Notice of Funding Availability (NOFA) for approximately \$1.45 billion in grants as part of the Homekey Program Round 2. The program continues a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness or at risk of homelessness and impacted by COVID-19 by partnering with local entities to acquire and rehabilitate a variety of housing types. Eligible grant activities include acquisition or rehabilitation of motels and hotels in support of those experiencing homelessness.

Upon notification of potential availability of Homekey funds and considering the extensive need for interim and permanent housing opportunities within Long Beach, the City's Affordable Housing Workgroup, comprised of representatives from the City Manager's Office

and Departments of Development Services, Health and Human Services, and Economic Development, discussed possible opportunities to leverage these funds, including utilizing Homekey Round 2 funds toward the acquisition or master lease, and operations of an existing motel into interim housing, similar to the previous acquisition of the former Best Western location with Homekey Round 1 funds. On April 19, 2022, the City Council authorized an agreement with HCD for the Homekey grant application and award of grant funds, for the acquisition and conversion of a motel property.

Property Acquisition

On May 10, 2022, the City Council authorized exclusive negotiating agreements with various sites, one of which was 5950 Long Beach Boulevard, Assessor Parcel Number 7307-017-002 (Subject Property) (Attachment A).

On July 28, 2022, the City of Long Beach (City) was notified that it had been awarded \$24,979,145 for the proposed conversion of the Subject Property into 78 units of interim or temporary housing for people experiencing homelessness. The total Homekey Capital Award funding for the acquisition and renovation of the property is \$21,252,813. The Homekey Award also includes an operating subsidy totaling \$3,726,332 for the first three years of operations, which will be used to offset the ongoing operational and maintenance costs.

On September 13, 2022, the City Council authorized an Agreement for Acquisition of Real Property and Escrow Instructions, with H.B., LLC, a California limited liability corporation, for the purchase of the Subject Property, in an amount not to exceed \$16,500,000. An additional amount up to \$100,000 was expended for acquisition costs and escrow and closing fees. The City took possession of the Subject Property on November 1, 2022.

The Subject Property is approximately 68,126 square feet and is improved with a 78-room motel, known as the Luxury Inn of Long Beach. The acquisition will assist in filling a crucial gap in the City's Homeless Services. The proposed 78 units represent 4.3 percent of the unsheltered population identified in the Long Beach 2022 Homeless Count and will ensure more effective transitions into permanent housing.

City staff have conducted an in-depth building assessment and will complete needed renovations or upgrades to the Subject Property to ensure effective use as interim housing. The cost of immediate facility renovations will be funded through the Homekey Capital Award, one-to-one match portion, as well as the required match from the General Fund Group in the Citywide Activities Department. These renovations include repairs and upgrades to the laundry and common areas, HVAC and electrical system, roof, and individual room upgrades (including flooring, ADA upgrades, electrical upgrades, AC units, furniture and fixtures, and painting).

Site Operations

The Request for Proposals (RFP) HE-22-125 was advertised in the Long Beach Press-Telegram on November 2, 2022, and 217 potential proposers specializing in site operations

and interim housing services were notified of the RFP opportunity. Of those potential proposers, 43 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 43 local, minority-owned, and woman-owned business groups. There were two proposals received on December 6, 2022. Of those two proposers, one was Minority-owned Business Enterprise (MBE), none were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local). The Selection Committee determined that First to Serve, of Los Angeles, CA (MBE), was the most qualified agency to provide site operations and interim housing services based on the agency's demonstrated competence and ability to meet the project requirements and terms of the RFP, history of successful comparable engagements, subject matter expertise, and reasonableness of cost for providing the necessary services in accordance with the project's timeline.

This matter was reviewed by Deputy City Attorney Anita Lakhani on January 19, 2022, Purchasing Agent Michelle Wilson on January 9, 2022, and by Budget Analysis Officer Greg Sorensen on January 23, 2022.

City Council action to adopt Specifications to RFP No. HE-22-125 and award a contract concurrently is requested on February 7, 2023 to ensure the contract is in place expeditiously. This will minimize interruptions and provide support to people at risk of or experiencing homelessness.

The total grant award for the conversion of the Subject Property into 78 units of interim or temporary housing for people experiencing homelessness is not to exceed \$24,979,145. Of this amount, \$21,252,813 is for the acquisition and renovation of the Subject Property. As mentioned in the September 13, 2022 City Council Letter, funding sources used to purchase the Subject Property are as follows:

Amount	Funding Source
\$15,600,000	Transfer from Health Fund Group in the Health and Human Services Department (Homeless Services Bureau), offset by HCD Homekey Program grant revenue (No Match Required)
\$500,000	Transfer from Health Fund Group in the Health and Human Services Department (Homeless Services Bureau), offset by HCD Homekey Program grant revenue (Matching Portion)
\$500,000	General Fund Group Match
\$16,600,000	Total

Of the \$500,000 General Fund Match funding source, the Economic Development Department expended \$132,805 for acquisition costs in Fiscal Year 2022 (FY 22) and will receive an appropriation increase for said amount in the FY 22 Year-End Performance Report, which is planned for presentation to the City Council on February 7, 2023. The remaining amount of \$367,195 appropriation increase is being requested at this time.

In addition, City staff estimates approximately \$4,700,000 will be needed to bring the Subject Property into operating condition, based on preliminary inspections. Also mentioned in the September 13, 2022 City Council letter, the intended funding sources in FY 23 will use the match portion of the Award to support facility renovations, as follows:

Amount	Funding Source
\$2,350,000	Health Fund Group in the Health and Human Services Department (Homeless Services Bureau), offset by HCD Homekey Program (Matching Portion)
\$2,350,000	General Fund Group Match
\$4,700,000	Total

Also, the City's Homekey Award includes an operating subsidy, totaling \$3,726,332, that will subsidize the first three years of operations.

The following requests for budget adjustments are necessary to appropriate the funding of the purchase, facility renovations, maintenance, and operations for the first three years, as described above:

- Increase appropriations in the Health Fund Group in the Health and Human Services Department by \$24,979,145 for the acquisition, facility renovations and maintenance of the Subject Property and to support the program operations costs, offset by grant revenue.
- Increase appropriations in the General Fund Group in the Economic Development Department by \$16,100,000, for the purchase of the Subject Property, including acquisition-related costs, offset by a transfer of grant revenues in the amount of \$16,600,000 from the Health Fund Group in the Health and Human Services Department.
- Increase appropriations in the General Fund Group in the Economic Development Department by \$367,195, for the purchase of the Subject Property, including acquisition-related costs, offset by funds available.

This recommendation has a moderate staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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APPROVED:

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