



City Council
MEMORANDUM

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TO: City Council

FROM: Claudia Bill-de la Peña, Mayor
Bob Engler, Mayor Pro Tem

DATE: September 28, 2021

SUBJECT: **Emergency Shelter and Permanent Supportive Housing Update**

RECOMMENDATION:

1. Authorize City Manager to enter into an agreement with Shangri-La Industries (Los Angeles, CA) (and partners), and the County of Ventura, to undertake the acquisition and conversion of the Quality Inn and Suites (12 Conejo Boulevard) to provide permanent supportive housing.
2. Authorize City Manager to enter into an agreement with Many Mansions (and partners), and the County of Ventura to undertake the identification, acquisition, and conversion of a property to provide permanent supportive housing and interim housing.

FINANCIAL IMPACT:

No Additional Funding Requested. Indirect costs associated with staff time in preparation of this report are included in the Adopted FY 2021-22 General Fund Budget. The Adopted FY 2021-22 Capital Budget has a total of \$16.27 million set aside to address affordable housing and homelessness. The City will partner with each entity to apply for State Project “Homekey” grant funding. Any future budget and/or expenditure requests for these projects will be brought back to City Council for approval.

BACKGROUND:

In recent years, the combined efforts of the Ad Hoc Homelessness Committee, City staff, Thousand Oaks Police Department (TOPD), Ventura County Continuum of Care (CoC), local social service organizations, and other government agencies have helped to increase awareness, secure funding, respond to citizen complaints and calls for service, and increase communication amongst all agencies and organizations addressing homelessness.

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Despite these collective efforts, Thousand Oaks continues to be hampered in its ability to comprehensively serve the unhoused population due to a lack of emergency shelter and available permanent supportive housing. Emergency shelter and permanent supportive housing are fundamental elements of an effective homelessness crisis response system.

In August 2020, TOPD and local service organizations conducted a thorough count and identified 242 unsheltered homeless persons residing in Thousand Oaks. In addition, there are a number of persons who experience episodic homelessness, or are at risk of becoming homeless, and are unaccounted for in the TOPD count. The limited availability of emergency shelters and permanent supportive housing in the City and across the County has resulted in long waiting lists for housing and a growing number of persons experiencing unsheltered and sheltered homelessness, including in encampments. In addition, there have been growing concerns, challenges, and costs related to encampments.

A recent study commissioned by the Ventura County CoC examined data from across County and local city departments administering safety net and public safety systems to calculate the estimated cost of addressing homelessness through the current programmatic and service landscape. The study reviewed costs related to homelessness prevention, shelters, law enforcement and fire department dispatch and response, courts, jails, emergency and other health-related services (e.g. ambulance, hospitalization, behavioral health), as well as clean-up costs associated with encampments. The report honed in on individuals classified as experiencing persistent or long-term homelessness with particular attention on “high-utilizers” of County and city programs and services among this group (approximately 25 percent of the persistent or long-term homeless). The results showed that the County and cities currently expend between \$37,500 and \$57,000 per-person annually on average to respond to high-utilizer homeless through its current framework (which lacks shelter and supportive housing).

The City Council Ad Hoc Homelessness Committee last presented an update to City Council on June 22, 2021. The update highlighted the upward trend in homelessness in the City in recent years, ongoing related issues, as well as key actions the City has taken to-date to develop and strengthen the response to homelessness in Thousand Oaks. These actions have helped to advance programs and services for members of the community experiencing homelessness. However, the City's efforts and impact have remained constrained by an ongoing need for emergency shelter and permanent supportive housing in the City. Emergency shelter and permanent supportive housing are fundamental elements of an effective homelessness crisis response system.

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At the March 30, 2021, City Council Goal Setting meeting, City Council affirmed its commitment to “identify and advance solutions for emergency sheltering and permanent supportive housing”, listing it among its Top Ten Priorities for FY 2021-22. In alignment with this City Council priority and the previously adopted Countywide Memorandum of Understanding (MOU), preparations for anticipated state funding through the Homekey Program were initiated.

Based on City Council’s Top Ten Priorities for FY 2021-22, the City and County of Ventura issued a Request for Qualifications (RFQ) on June 24, 2021, to solicit responses from developer/owner/operators to assist the City in identifying a potential location for acquisition and conversion into an emergency shelter and permanent supportive housing.

DISCUSSION/ANALYSIS:

RFQ Response

The RFQ was carefully crafted to attract only the most experienced and qualified proposers. The City received a total of four proposals from the following consultants:

	Proposer Name	Location
1	<i>Lead:</i> EAH Housing <i>Partner:</i> Lutheran Social Services of Southern California	Tarzana, CA Thousand Oaks, CA
2	<i>Lead:</i> Many Mansions <i>Partner:</i> Area Housing Authority of the County of Ventura <i>Partner:</i> Turning Point Foundation	Thousand Oaks, CA Newbury Park, CA Ventura, CA
3	<i>Lead:</i> Salvation Army <i>Partner:</i> N/A	Ventura, CA N/A
4	<i>Lead:</i> Shangri-La Industries <i>Partner:</i> Step-Up (on Second)	Los Angeles, CA Santa Monica, CA

A proposal Evaluation Committee comprised of six City and County of Ventura staff members was established to review the proposals submitted. The Committee included representatives from the City Manager’s Office (Economic Development), Finance Department, and Community Development Department; and representatives from the County of Ventura Executive Office, CoC and Community Development Division.

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The proposal evaluation criteria (outlined in the RFQ) was modeled closely after the state's initial Homekey Program and consisted of the following:

- A. Experience Developing Motel Conversions and/or Adaptive Re-Use
- B. Experience with Development of Permanent Supportive Housing
- C. Experience Operating Permanent Supportive Housing
- D. Experience Operating Congregate and/or Non-Congregate Shelter
- E. Demonstrated Understanding of the Scope of Work and Proposed Strategy to Accomplish the Scope
- F. Housing First and Coordinated Entry System Participation

The Evaluation Committee reviewed each proposal for content, qualifications, and quality, and found three submittals to be most responsive to the scope of work outlined in the RFQ. These three proposers were invited to present and interview with the Evaluation Committee on August 16, 2021. Following the interviews, the Evaluation Committee continued its due diligence by way of requesting/reviewing responses to detailed follow-up questions, as well as checking references.

RFQ Recommendation

The Evaluation Committee concluded two proposers were the most experienced and qualified to successfully and effectively complete the scope of work detailed in the RFQ within a timely and cost-effective manner, while also being highly responsive to the target population's needs, as well as the broader community's interests. The two proposers were the following:

- 1) Shangri-La Industries and Step-Up; and
- 2) Many Mansions, Area Housing Authority of the County of Ventura, and Turning Point Foundation.

Shangri-La Industries and their partners at Step Up present significant motel conversion experience, including two existing Homekey projects in geographically and characteristically different cities, which demonstrates their agility. Notably, these projects were among the top 10 percent most cost-effective Homekey projects in California. Their experience with the Homekey Program is advantageous to the City in seeking Round 2 funds from the state. Moreover, Shangri-La Industries has proactively identified and leveraged its own capital to enter a purchase and sale agreement on an optimal site (based on best practices and Homekey Program criteria) within the City for Permanent Supportive Housing. Shangri-La Industries does not require any financial capital assistance from the City at this time for acquisition or rehabilitation of the site, which is located at 12 Conejo Boulevard (the Quality Inn and Suites).

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Step Up is a primary partner of Shangri-La Industries in delivering permanent supportive housing. In addition to its extensive co-developer motel conversion qualifications, Step Up also brings 25 years of property management experience to the table. Above all, Step Up is a renowned national leader in providing permanent supportive housing support services. Step Up highlights a 97 percent retention rate of those they house. This near-perfect retention rate means individuals and families Step Up assists are more likely to maintain ongoing access to support services that can render a positive shift in the trajectory of persons' lives otherwise predisposed to chronic homelessness.

Many Mansions possesses unparalleled development experience in Thousand Oaks and operates 18 affordable properties in the City, including Esseff Village (a permanent supportive housing building currently serving the target population). The Area Housing Authority of the County of Ventura is the public housing agency for Thousand Oaks and is responsible for implementing the Section 8 voucher program within the City and across other parts of Ventura County.

The Turning Point Foundation, a partner with Many Mansions, currently operates shelters within Ventura County, including the only 24/7 shelter and service center specializing in adults with mental illness. Through their programs, Turning Point maintains a high shelter to permanent supportive housing transition rate. Together, Many Mansions and their partners are distinctly qualified to serve Thousand Oaks residents experiencing homelessness.

The Evaluation Committee presented their findings and recommendations to the City Council's Ad Hoc Committee on Homelessness on September 1, and September 20, 2021, to discuss recommendations and direction. The Ad Hoc Committee requested the full City Council consider the recommendation to establish cooperating agreements with the two proposers. These agreements are not a financial commitment from the City, but rather a greenlight for the two development teams to take the necessary steps to identify and review potential project sites and rehabilitation plans for City Council's consideration.

Homekey Program, Round 2

The State of California has committed unprecedented financial resources to combat homelessness and support temporary and permanent supportive housing through the Homekey Program. This large financial commitment presents a unique and momentary opportunity for the City to access significant funding to help the City achieve the commitments specified in City Council's Top Ten Priorities, as well as outlined in the MOU.

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The recommendation to move forward with two agreements is in alignment with the City Council priority and commitment to advance permanent supportive housing and emergency shelter solutions within the City. The scope and benefits of the two individual agreements complement one another, position the City advantageously to access this anomalous state funding opportunity, and leverage those resources alongside City and County resources to maximize the impact of the City's efforts to address the needs of individuals experiencing homelessness.

Shangri-La Industries proactively identified a potential site for permanent supportive housing that aligns acutely with Homekey site criteria and best practices, including close proximity to local social services, County medical offices, and transit. Shangri-La Industries has entered a purchase and sale agreement for the site, which is the Quality Inn and Suites located at 12 Conejo Boulevard. Shangri-La Industries does not currently require any funding from the City to complete acquisition or rehabilitation of the site for permanent supportive housing.

These factors are favorable for achieving City Council's goal to add to the City's limited existing permanent supportive housing stock expeditiously and in a cost-effective manner. Should City Council approve the Ad Hoc Committee's recommendation to move forward with an agreement, Shangri-La Industries would complete its due diligence on the property and aim to close escrow by December 2021. Once this process is complete and a comprehensive financial feasibility analysis can be performed, staff would return to City Council with a recommendation regarding the City's ongoing financial support for the project and a request for authorization to apply for Homekey funding.

While the prospective Shangri-La Industries Homekey project would contribute to the City's critical need for permanent supportive housing, it would not satisfy the entirety of the permanent supportive housing supply needs. Shangri-La Industries and Step-up are renowned for their experience in the permanent supportive housing sphere, yet emergency shelter is not within their programmatic scope. Thus, they are unable to fulfill the City's need for a shelter.

For these reasons, a second agreement with the Many Mansions team to pursue a companion project would be beneficial to the City. As previously noted, Many Mansions possesses unparalleled experience developing and providing housing options and access to wrap-around services to low-income residents in Thousand Oaks, including permanent supportive housing for those experiencing homelessness. Turning Point Foundation adds dynamic capacity to a second prospective Homekey project through their experience operating Ventura County's only year-round shelter specializing in serving homeless individuals with mental health issues. Further, Many Mansions has engaged the Area Housing Authority of the County of Ventura to secure their support for this prospective Homekey

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project serving Thousand Oaks. A second agreement with Many Mansions (and partners) would enable the City to pursue additional Homekey funding from the state to address the need for an emergency shelter, as well as supplement the remaining permanent supportive housing needs.

Future Funding Considerations

The financing structure for permanent supportive housing and emergency shelter is complex and typically involves an amalgamation of various funding sources. City staff, County staff, and the respective development teams will evaluate all potential funding sources to identify a combination of funding sources most beneficial to the City and achieving the City Council's Priority.

The State's Notice of Funding Availability (NOFA) for Homekey Program Round 2 was issued September 9, 2021. The NOFA details the state's commitments to support selected eligible projects with capital and operating costs. These funding commitments for selected projects include the following:

- Capital Award per Door: between \$150,000 and \$200,000 per door. (Additional 1:1 matching funds are also available up to \$100,000 per door.) (**Note: Door refers to number of units at the time of acquisition before any rehabilitation has taken place.*)
- Operating Award per Unit: Between \$1,000 to \$1,400 per unit per month. (In addition, the State will provide an operating subsidy to cover costs for two years if the applicant commits to three years of operating funding, or three years if the applicant commits four years of operating funding.) (**Note: Unit refers to the livable spaces created after the project is completed which are made available for operations.*)

City Council set aside \$16.27 million in the City's FY 2021-2023 Adopted Budget to address needs related to homelessness and affordable housing. On August 31, 2021, City Council authorized the use of \$10.0 million from this set aside to purchase the former Hillcrest Christian School site located at 384 N. Erbes Road for a future affordable housing project. Therefore, \$6.27 million of City Council's budgeted amount remains to address related needs. Should City Council approve the recommendation to move forward with the proposed agreements, staff would return to City Council to request appropriation of specific funding relating to Homekey Program applications.

In addition to the funding City Council has set aside, staff is actively working with the County of Ventura to identify additional sources of funding available through County-administered programs to support the prospective Homekey projects

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servicing Thousand Oaks. Moreover, the County Board of Supervisors has conceptually agreed to cost-matching for shelter operations and has entered into agreements to cost-share with cities on the western side of the County.

If City Council authorizes moving forward with the proposed agreements, an agreement for cost-sharing for shelter operations with the County of Ventura would be prepared and presented to City Council for consideration. Further, other sources of potential funding would continue to be pursued.

Next Steps

If City Council approves the recommendation to enter an agreement with Shangri-La Industries (and partners), Shangri-La Industries will complete its due diligence review of Quality Inn and Suites located at 12 Conejo Boulevard and seek to secure site control.

If City Council approves the recommendation to enter an agreement with Many Mansions (and partners), the Many Mansions development team will work with City staff to explore and identify potential sites for permanent supportive housing with an emergency shelter component.

When site control is secured by Shangri-La Industries and/or Many Mansions, City Council authorization to apply for Homekey Program funding and City funding to support the project will be requested.

There is no guarantee any project will receive Project Homekey funding in Thousand Oaks. To provide background, share general information and promote transparency, staff will add a page to the City's website regarding Project Homekey, including frequently asked questions, opportunities for engagement, and contact information.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goals A, B, C, and D:

- A. Create a more equitable, accessible, safe, welcoming, and inclusive government and community regardless of race, color, ethnicity, religion, sex, physical or mental ability, sexual orientation, gender identity and expression, age, language, education, and/or socio-economic status.
- B. Provide municipal government leadership, which is open and responsive to residents, and is characterized by ethical behavior, stability, promoting public trust, transparency, confidence in the future, and cooperative

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interaction among civic leaders, residents, business representatives, and staff, while recognizing and respecting legitimate differences of opinion on critical issues facing the City.

- C. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.
- D. Maintain strong commitment to public safety (including Police, Fire, Emergency Medical Services, and Emergency Management) to ensure City remains one of the safest Cities in the United States with a population over 100,000.

PREPARED BY: Dusty Russell, Economic Development Analyst

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