

TO: City Council

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

DATE: September 27, 2022

SUBJECT: Ad Hoc Homelessness Committee Update

RECOMMENDATION:

1. Authorize staff to issue a Request for Proposals (RFP) for construction and operation of a navigation center (emergency shelter) at 1205 Lawrence Drive.
2. Adopt resolution declaring the property located at 1205 Lawrence Drive (APN 6670080105) as Exempt Surplus Land pursuant to the Surplus Lands Act; and authorize City Manager to take action(s) necessary to effectuate the purposes of the resolution.
3. Authorize Mayor to sign letter to County of Ventura requesting financial assistance to support capital and operating costs associated with the navigation center.

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time in preparation of this report is included in the Adopted FY 2022-23 General Fund Budget. The Adopted FY 2021-23 CIP Budget includes \$16.2 million in funding to address homelessness and affordable housing efforts (MI 2633). To date, \$10.0 million was spent on the purchase of 384 N. Erbes Road for a future affordable housing development and \$1.8 million was allocated towards the rehabilitation of the Quality Inn & Suites into permanent supportive housing for a total of \$11.8 million. Any potential future costs will be presented for City Council consideration at a later date.

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

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organizations addressing homelessness. Still, the City's efforts to comprehensively serve its unhoused residents and respond to related community concerns remain challenged by an enduring need for emergency shelter (or more precisely, interim housing with housing navigation services) and more permanent supportive housing. Interim and permanent supportive housing are fundamental elements of an effective Homelessness Crisis Response System.

In March 2021, City Council reconfirmed its commitment to "identify and advance solutions for emergency sheltering and permanent supportive housing", listing this initiative among its Top Ten Priorities for FY 2021-22.

Permanent Supportive Housing

In anticipation of the second round of Homekey Program funding, the City issued a Request for Qualifications (RFQ) on June 24, 2021. The RFQ solicited responses from developer/owner/operators to assist the City in identifying a potential location for acquisition and conversion of property into an emergency shelter and/or permanent supportive housing. On September 28, 2021, City Council concurred with the Ad Hoc Committee's recommendation to address the City's permanent supportive housing and emergency shelter needs. The City entered into an agreement with Shangri-La Industries, Los Angeles, CA (SLI) and Step Up on Second to undertake the acquisition and conversion of the Quality Inn & Suites, located at 12 Conejo Boulevard, for permanent supportive housing. A second action aimed to engage Many Mansions, Thousand Oaks, CA (and partners) to identify, acquire, and convert an additional property to provide additional permanent support housing with an emergency shelter component.

SLI proactively identified and entered into a purchase and sale agreement to acquire the former Quality Inn & Suites. SLI's expeditious progress enabled the City to apply for state Homekey Round 2 funding to support the project by the January 31, 2022 submission deadline. After a rigorous review process, the state awarded \$26.7 million to support site acquisition, construction, and initial operational costs associated with the project.

Emergency Shelter/Interim Housing

Many Mansion's efforts to identify a feasible existing building suitable for conversion into a permanent supportive housing/emergency shelter faced significant challenges relating to limited available real estate options, other impacts of high inflation, and unique location preferences. In June 2022, City Council reaffirmed its intention to continue working with Many Mansions "to identify additional homeless housing" as part of Council's FY 2022-23 priority focused on addressing homelessness. However, after additional discussions, Many Mansions, the Ad Hoc Committee, and City staff mutually agreed that the City should begin exploring other options to meet the needs of its unhoused residents.

The Ad Hoc Committee promptly requested City staff identify and evaluate other feasible options to establish an emergency shelter (or more precisely, interim housing facility with onsite housing navigation services) in the City and report back to the Ad Hoc Committee. An interdepartmental team of City staff examined options based on a wide range of factors, including financial investment required, estimated timeline to completion, location, ownership, and other short-term and long-term benefits and trade-offs to the City, its residents, and businesses.

Staff consulted with TOPD and Ventura County Chief Executive Office staff on siting a shelter. City and TOPD staff also visited modular home villages in the region as a part of its research. Staff presented its findings and recommendations to the Ad Hoc Committee on September 1, 2022.

DISCUSSION/ANALYSIS:

An Enduring Need for a Navigation Center for Our Unhoused Residents

An emergency shelter is a type of interim housing. It is often conflated with a drop-in shelter where individuals in need of services may walk up to the facility, congregate outdoors, stand in line, and wait to receive services. The proposed service-enriched emergency shelter (more accurately described as a “navigation center”) will not operate using the drop-in shelter model. Instead, persons experiencing homelessness will be selected on a referral basis from local service providers, various County agencies, and/or by law enforcement.

Establishment of a navigation center within Thousand Oaks will serve the City in three important ways. First, the center will provide an immediate housing option for residents experiencing homelessness. Second, its onsite support and housing navigation services will assist each person in either preparing to return to stable traditional housing or transitioning into permanent supportive housing based on their unique individual circumstances and needs. Third, it will enhance the City’s enforcement capabilities to preserve public safety and environmental quality.

In recent years, the City – like many other communities in California – has experienced an upward trend in the number of unhoused residents and those at-risk of homelessness. TOPD currently estimates 250 homeless individuals residing in the City. In addition, research shows households that are housing cost-burdened are more likely to experience housing instability and homelessness, due to an inability to save for emergency situations.¹ U.S. Census Bureau data shows

¹ California Legislative Analyst’s Office (LAO) (2019) California Housing and Homelessness Challenges in Context. Retrieved on September 13, 2022 from: https://lao.ca.gov/handouts/state_admin/2019/Housing-Homelessness-Challenges-022119.pdf; Public Policy Institute of California (PPIC) (2019). California’s Future – Housing. Retrieved on September 13, 2022 from: <https://www.ppic.org/wp-content/uploads/californias-future-housing-january->

approximately 27 percent of renters in the City are severely housing cost-burdened, paying 50 percent or more of their income on housing (47 percent pay at least 35 percent). In addition, over 12 percent of homeowners pay 50 percent or more of their income on housing costs (29 percent pay at least 35 percent). Cumulatively, the City's severely housing cost-burdened residents alone occupy approximately 7,560 housing units in Thousand Oaks.²

Furthermore, public safety and environmental quality concerns relating to homeless encampments have increased in recent years. These concerns include unsafe and unhygienic living conditions, accumulation of refuse and human waste, fire risks, and criminal activity, among others.

The state has responded to the escalating prevalence of homelessness and its associated impacts with unprecedented funding commitments, including but not limited to the Homekey Program. Together with additional federal and county-level programs, cities continue to benefit from a momentary opportunity to leverage significant external resources to maximize impact within their respective jurisdictions.

Modular Homes as a Path Forward

Due to limited availability of existing buildings suitable for conversion into a navigation center and high real estate costs, the Ad Hoc Committee asked staff to broaden the scope of its research to include other options. The modular home village model emerged as a financially prudent, dignified, and flexible alternative to the existing building acquisition and conversion approach.

First, modular homes require less financial commitment. A remodel or tenant improvement to an existing building would require the cost of an outside consultant team to develop the bid documents for construction (~\$50,000 – \$100,000). Traditional construction would also be anywhere from \$200/s.f. - \$500/s.f. depending on the existing building conditions, whereas modular units are ~\$110/s.f.

2020.pdf; Glynn, Byrne, and Culhane, "Inflection Points in Community-Level Homeless Rates". Ann. Appl. Stat. 15(2): 1037-1053 (June 2021). DOI: 10.1214/20-AOAS1414. Retrieved on September 13, 2022 from: https://wp-tid.zillowstatic.com/3/Homelessness_InflectionPoints-27eb88.pdf

² U.S Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) (2015-2019). Retrieved September 13, 2022 from: <https://www.huduser.gov/portal/datasets/cp.html#2006-2019> ; and 2016-2020 American Community Survey (ACS) Five-Year Average Estimates, Housing Characteristics, U.S. Census Bureau. Retrieved September 13, 2022 from: <https://dof.ca.gov/reports/demographic-reports/american-community-survey/>

Second, the timeline for acquiring and constructing modular homes is shorter. Traditional construction would require hiring an architecture and engineering team (3-4 months), design development (3-4 months), entitlements, permitting and bidding (6-8 months) plus actual construction (6-8 months) for a total of 18-24 months. The purchase of modular units could reduce that timeline by at least half.

Third, modular homes are transportable. They can be organized to reflect a site's unique characteristics as well as reorganized and even moved to a new location. This flexibility allows the City to adapt to future or unknown needs. For example, the City anticipates the adoption of the General Plan update in 2023. The updated General Plan provides a blueprint for how the City will develop over the next couple of decades with a goal to enhance overall quality of life for its residents. It addresses land use and other policies that can influence and impact human activity in the City. As the General Plan is implemented, the City may see a different site as optimal for the navigation center. The transportability of modular homes will enable the City to swiftly adapt to such opportunities.

City staff and TOPD utilized their visits to multiple modular home villages in the region to learn more about their experience with respect to development and operations. Various topics were discussed with operators, including on-site staffing, support services, transportation, food, site security, unit design, utilities, accessibility, calls for service, community outreach and engagement, among other issues. The additional information gathered during these site visits helped inform cost and timeline differentials for potential sites in Thousand Oaks.

Ad Hoc Committee's Site Recommendation

Potential sites were examined based on a wide range of factors. Ultimately, other sites were not selected due to financial costs, long timelines to completion, and other challenges and trade-offs the Ad Hoc Committee did not find acceptable. For example, the next best sites would cost more and/or take longer to prepare than the 1205 Lawrence Drive location.

The Ad Hoc Committee recommends the City-owned parcel at 1205 Lawrence Drive to serve as the initial location for the City's navigation center. The site will support 30 modular homes, administration office and onsite clinic units, laundry and shower facilities, furnishings, storage, and other necessary equipment.

City ownership provides key advantages such as an abbreviated construction timeline, streamlined entitlement process, and financial savings by not having to purchase or lease the site. City staff estimate the site could be developed within approximately 12-18 months.

The location of the site also offers access to essential services often required to obtain homelessness funding support such as proximity to grocery and pharmacy (less than 1 mile) as well as transportation options (bus stop 0.5 miles). The site is also not visible from the freeway and there are no protected trees onsite. Furthermore, the proposed use provides the City with an opportunity to improve a currently underutilized and blighted City-owned property.

Anticipated Costs and Funding Considerations

Preliminary total capital cost estimates for the proposed 30-unit modular home navigation center at 1205 Lawrence Drive are anticipated between \$2.0 and \$3.5 million. Civil and construction costs account for the largest portion (approximately \$2.0-2.5 million) of this total amount and includes design and engineering, environmental review, grading, ADA accessibility upgrades, fire department requirements, utilities, lighting, hardscape and landscaping, security fencing and screening, and other site design features. The navigation center facilities make up the smaller portion (approximately \$650,000-\$750,000) of these total capital costs.

Annual operational costs are estimated at approximately \$1.0 million (or \$30,000-\$35,000 per unit). Annual operating costs include 24-hour onsite security, case management and administrative staff, housing navigation services, and other direct assistance services (e.g., health and mental health services, and job training), costs relating to food, transportation, utilities, site maintenance and repairs, and insurance.

Various sources of funding may be available to support the navigation center's operations, including competitive grant funding opportunities through the CoC and other state programs. The County of Ventura has been a steady and reliable partner providing financial and staff support to cities across the County working to address homelessness. As the City seeks to establish a navigation center in Thousand Oaks, a letter from the Mayor to the County requesting the County's support is included as Attachment #1.

Surplus Lands Act

In response to the affordable housing crisis, the California Surplus Lands Act was amended to promote affordable housing development on unused or underutilized public land. The changes require City Council to declare property as "surplus land" or "exempt surplus land" before it may dispose of a property. Any lease over 5 years is considered a "disposition" by California Department of Housing and Community Development (HCD).

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In the case of the Lawrence Drive site, City Council's approval of tonight's recommendation would represent a declared intention to dispose of the property for the purpose of affordable housing in the form of a homeless navigation center, pursuant to an open competitive process. Disposition of the property pursuant to this process qualifies the property as "exempt surplus land." The City must also send a written notice of availability for the purpose of developing low- and moderate-income housing to the following:

- Any local public entity, as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located; and
- Housing sponsors, as defined by Section 50074 of the Health and Safety Code, that have notified the Department of Housing and Community Development of their interest in surplus land for the purpose of developing low- and moderate-income housing.

Adoption of the resolution (Attachment #2) is required to declare the Lawrence Drive site as "exempt surplus property" and move the Project to the next phase.

Next steps

Should City Council approve the Ad Hoc Committee's recommendations, City staff would issue a Request for Proposals for a developer/operator shortly thereafter. In addition, staff will conduct educational outreach with an emphasis on adjacent businesses and residents. Finally, staff will return to the City Council on December 6, 2022, with a recommended developer/operator. Thereafter, City staff would work with the developer/operator on the design of the navigation center and would process any required permits and entitlements.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goals:

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

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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

Attachments:

Attachment #1 – City Request for Navigation Center Support

Attachment #2 –Lawrence Drive Project Exempt Surplus Determination Resolution