



AGENDA REPORT

TO: Edward D, Reiskin
City Administrator

FROM: Sara Bedford
Director, Human Services

SUBJECT: Supplemental Report - Lake Merritt
Lodge Lease Extension

DATE: March 7, 2022

City Administrator Approval

Date:

Mar 10, 2022

RECOMMENDATION

Staff Recommends That The City Council Accept A Supplemental Report To Update The Staff Report That Published On March 4, 2022 For The March 15, 2022 City Council Meeting.

REASON FOR SUPPLEMENTAL

On March 1, 2022 the Biden Administration issued a memo extending the time period of the Federal Emergency Management Agency (FEMA) reimbursements for COVID response activities, including emergency non congregate shelter, through June 30, 2022. As a result, the costs of the proposed policy alternatives need to be adjusted. The full White House Memo can be found here: <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/03/01/memorandum-on-maximizing-assistance-to-respond-to-covid-19-2/>

ANALYSIS AND POLICY ALTERNATIVES

Policy Direction for FY 22-23

Staff recommends that the City Council provide some policy direction during its mid-cycle budget deliberations on the final disposition of the building. The updated chart below (**Table 2**) identifies three policy alternatives for Council consideration and their associated costs for supporting the building and providing permanent housing placements for all clients. All alternatives assume 6 months are necessary to successfully place all clients and estimates the cost of those placements at \$2.2 million. All three options below have been updated to reflect full FEMA reimbursement through June 30, 2022.

Table 2: Policy Alternatives

| Policy Alternatives | Scenario 1: 6 Months | Scenario 2: 9 months | Scenario 3: 15 months |
|---|---|--|---|
| Term | April 2022-September 2022 | April 2022-December 2022 | April 2022-June 2023 |
| Actions | Building does not backfill vacancies starting April 1, 2022 and closes in September 2022. | Building does not backfill vacancies starting July 1, 2022 and closes in Dec 2022. | Building does not backfill vacancies starting January 1, 2023 and closes in June 2023 |
| Building Lease*** | \$1,140,000 | \$2,280,000 | \$3,420,000 |
| Client Support Services | \$569,262 | \$1,138,524 | \$1,707,786 |
| Exit Resources | \$2,200,000 | \$2,200,000 | \$2,200,000 |
| Total Funding Needed | \$1,709,262 | \$5,618,524 | \$7,327,786 |
| Resources already budgeted and available ** | \$2,200,000 | \$2,200,000 | \$2,200,000 |
| Funding Gap* | +\$500,000 | \$3,418,524 | \$5,127,786 |

*Funding Needed to be identified

**Funding Currently Available

***Maximum costs as lease terms may lead to lower leasing costs as individual floors are vacated.

During the mid-cycle budget deliberations, staff recommends that the City Council identify the funding to adopt *policy alternative #2* that will support LML through December 2022 and provide sufficient funding for exit strategies for all households in the facility. With this plan, LML would maintain current clients and continue work on exit strategies. During the six months between July and December no backfill of rooms will take place and all residents will be supported to have a safe and stable exit to permanent housing. The cost of this scenario is estimated at a maximum of \$5,618,524 and of this cost, \$2.2 million is already available for the exit in Measure W, requiring additional funding of \$3.4 million to be identified.

In addition, keeping the building open through December 2022 provides time for staff to explore any new opportunities for using the building on a permanent basis (through purchase or long term lease). This could include HomeKey round three funds from the state or other new funding opportunities. Without a permanent funding source identified to buy and operate the building, staff does not recommend keeping the building open past December 2022.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Accept A Supplemental Report To Update The Staff Report That Published On March 4, 2022 For The March 15, 2022 City Council Meeting.

For questions regarding this report, please contact Lara Tannenbaum, Community Homelessness Services Manager, at 510-238-6187.

Respectfully submitted,



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