County of Los Angeles

Recovery Plan

State and Local Fiscal Recovery Funds

2025 Report

APPROVED:

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County of Los Angeles

2025 Recovery Plan Performance Report

Table of Contents

GENERAL OVERVIEW

Executive Summary

On July 27, 2021, the Los Angeles County (County) Board of Supervisors (Board) approved a Phase One Spending Plan for the American Rescue Plan Act (ARPA) tranche 1 funds totaling $975.0 million across three strategic pillars: (1) $567.9 million for needs-based investments to position the County to recover better than before the pandemic; (2) $239.7 million to support an equitable and inclusive recovery; and (3) $167.4 million to preserve the County's fiscal stability and shore up our safety net programs. On September 13, 2022, the Board approved the Phase Two spending plan for ARPA tranche 2 funds totaling an additional $975 million, for a total investment of $1.9 billion, which provides an additional $401.1 million for targeted community investments to position the County to recover better than before the pandemic; an additional $79.8 million to drive recovery in areas with the greatest need; and another $494.1 million to shore up the County's safety net programs.

The Spending Plan responds to the COVID-19 public health emergency and its economic impacts with substantial and direct investments in communities hardest-hit by the pandemic. The County's ARPA-funded programs (collectively, "ARPA Projects") address entrenched challenges that have grown worse during the pandemic and the unique needs of small businesses, survivors of trauma, including survivors of domestic violence, and people that data show face substantial barriers to services, including older adults, the very poor, and people who do not speak English.

The County's ARPA Projects include data-driven interventions designed to reduce the public health and economic impacts of the pandemic throughout the County's vast and diverse geography and communities. Interventions include, among others, expanding access to public health services in communities showing disproportionate impacts from COVID-19; helping to keep people at risk of evictions in their houses by working with both landlords and tenants; addressing food insecurity by deploying various strategies that help residents, especially older adults, reliably access healthy food; and making it easier for residents in digital deserts to reap the benefits of getting online.

To date, 67 ARPA Projects reported expenditures to the U.S. Department of Treasury (U.S. Treasury) totaling $1.816 billion. Additional information on these projects is included in the attached Project Inventory. Key compliance requirements and other indicators have been identified and evaluated in accordance with the U.S. Treasury's guidance and reporting requirements and is addressed in the attached Project Inventory.

Uses of Funds

The County Spending Plan for the ARPA tranche 1 and 2 funding totals $1.9 billion spread across three strategic pillars: (1) needs-based investments to position the County to recover better than before the pandemic; (2) support an equitable and inclusive recovery based on data demonstrating disproportionate impacts from the pandemic; and (3) to preserve the County's fiscal stability and shore up our safety net programs.

The first pillar recognizes that the State and Local Fiscal Recovery Funds (SLFRF) represent once-in-a generation investments to address the County's most acute and detrimental inequities and proposes investments to address the social determinants which contributed to poor public health outcomes during the pandemic. These investments include housing for people experiencing homelessness through partnerships with cities, creation of more affordable housing, disrupting the poverty-to-prison pipeline, reducing the digital divide, and disrupting the cycle of inter-generational poverty in communities with demonstrated barriers to generational wealth gains.

The second pillar recognizes the need to jumpstart recovery for those whom the pandemic impacted the most and are resourced the least. It provides financial supportive services that support small businesses, entrepreneurs, and nonprofits; supports artists and professionals and organizations in the creative economy; creates employment opportunities for workers and youth; helps tenants avoid evictions and works with homeowners to avoid foreclosure; funds essential childcare, recreational, early education, and home visiting programs for families; further addresses trauma and violence; and provides additional food and nutritional resources.

The third pillar recognizes the need to ensure the County's system of support to residents – the "safety net" – is on firm financial footing as we emerge from the pandemic. This pillar shores up the County's disaster services worker program and backstops a sustained public health response to the COVID-19 emergency. It also expands the County Fire District's Advanced Provider Response Units (APRU), which pairs a nurse practitioner with a firefighter paramedic to reduce unnecessary ambulance transports and emergency room visits.

Revenue Replacement

As of this reporting date, the County allocated a total of $1,009,940,000 in revenue replacement funds across the following categories: $829,108,000 will be applied to the County indigent aid budget, which provides General Relief public assistance payments to relieve and support indigent persons as required under sections 17000-17030.1 of the California Welfare and Institution Code; $179,662,000 will be applied to the County indigent defense program, which provides felony and misdemeanor representation for individuals who qualify for public defender representation pursuant to section 987.2 of the California Penal Code; and $1,170,000 will be applied to the County Fire District, which provides life/safety emergency services pursuant to the County Charter, Article IV, Section 24 1/3 (a)-(j) and County Code section 2.20.

Project-Level Detail

The County has reported expenditures for 67 ARPA programs to the U.S. Treasury. The attached **Project Inventory** includes summaries, goals, categories, and compliance information for each.

Community Engagement

The primary objectives of ARPA-related engagement activities include the following:

- Ensure eligible businesses, Community-Based Organizations (CBOs), and community members are informed of, have access to, and can apply for and receive opportunities to contract, subcontract, and receive grant opportunities;
- Create and expand a vast communication network to widely share critical information about available services and funding opportunities, particularly with hard-to-reach and non-traditional partners; and
- Invest in and provide resources to communities with demonstrated barriers to accessing resources that have were the hardest hit during the pandemic.

Outreach and Engagement on Funding Opportunities: The County's ARPA Contracting Opportunities website and the ARPA Dashboard serve as centralized locations where local businesses and community organizations can find information about various ARPA-related government contracts, requests for proposals (RFPs), and other procurement opportunities. Consolidating these solicitations in one place ensures that eligible candidates have equal access and a fair chance to compete for ARPA-related government contracts. It promotes transparency and enhances the efficiency of the procurement process by streamlining the dissemination of information. As of July 1, 2025, the County had awarded a total of 377 agreements with 263 external agencies, inclusive of service contracts and purchase orders. Awarded agreements totaled a reported $399,849,727.73.

Outreach and Engagement on Program Services: The County is committed to ensuring its constituents receive the support they need to access relief programs that can help them weather the economic downturn caused by the COVID-19 pandemic. To ensure program services are widely promoted and accessible to highly impacted communities, departments are expected to submit a community engagement plan as part of their program design for their individual projects. Engagement strategies will differ depending on the project and target population.

The Board also dedicated funds for community outreach and promotion of ARPA-funded contracts, grants, and services, including the Community Navigators programs.

The Community Navigators project, funded in the Phase Two Spending Plan, helps ensure that residents who work, serve, and live in communities that require more targeted outreach and engagement strategies beyond the County's typical communication channels due to social, geographic, and/or digital isolation, receive notice of and can access ARPA-related contracts, grants, and services. The program's goal is to link participants to the resources they need to regain or strengthen economic and social stability. The County executed the contract for community navigation with an administrator in July 2023 and onboarded eight service providers by June 2024. The navigators provide services in English, Spanish, and Arabic and have employed both traditional outreach strategies and novel approaches, such as phone banking campaigns and a podcast, to disseminate information to community members and small businesses. As of June 2025, the navigators have reported reaching more than 47,000 individuals, nearly 1,500 small businesses, and 540 community-based organizations. These encounters have led to the dissemination of more than 23,500 print materials to help promote services and more than 2,600 referrals to ARPA-funded programs in the County. The program also provides referrals to other federal, state, county, and city programs and benefits, including fire recovery services, housing, utility bill discounts, mental health services, employment and job training opportunities, and case management.

Engaging Non-geographically Concentrated Communities: To ensure the County is increasing access to program services for all communities highly impacted by the COVID-19 pandemic, the County is conducting a participatory mapping project that aims to augment the existing data-mapping tools through data collection and visualization of non-geographically concentrated communities across the County. The County retained a contractor in October 2024 to conduct the study on non-geographically concentrated communities in the County, which entails:

- Developing a study design for the collection of data;
- Focusing on convening various non-geographically concentrated communities to conduct focus groups, administer surveys, and other data collection methods to identify and locate established networks with long-term trusted partners; and
- Analyzing the geospatial and other data and creating additional map layers that correspond with where, and potentially how, to best serve these communities.

To date, the contractor has developed a detailed work plan, identified local CBOs that serve targeted communities with demonstrated barriers to accessing resources, and entered into formal agreements with these agencies to help the contractor administer a survey and facilitate participatory mapping sessions with their constituents. In collaboration with the identified CBOs, the contractor co-designed a facilitation guide and worksheets for the participatory mapping sessions, which will take place between June and August 2025. Once the sessions are complete, the contractor will analyze the data collected to develop a set of findings and proposed map layers to better serve populations traditionally omitted from place-based investments due to the difficulties inherent in mapping their location.

Additionally, the County continues to develop relationships with community leaders, as well as experts with knowledge of best practices on collecting data from communities with the unique histories and challenges encountered by non-geographically concentrated groups. Their feedback is informing the participatory mapping process to ensure more culturally relevant practices are reflected in its execution.

The County's community engagement strategy for SLFRF implementation incorporates a wide range of inclusive methods—including surveys, participatory mapping, community-based partnerships, multilingual campaigns, digital tools, and direct outreach—to ensure input from and access communities most impacted by the COVID-19 pandemic.

Labor Practices

The County has five ARPA projects with infrastructure and capital expenditures, two under Expenditure Category 2.15 focused on long-term housing security, and two under Expenditure Category 5.19 supporting broadband infrastructure aimed at expanding connectivity in communities without reliable access to affordable digital connectivity. These projects adhere to rigorous labor standards to ensure quality delivery and promote workforce development opportunities.

Although the broadband projects are not governed by formal Project Labor Agreements (PLAs), the County's procurement policies require compliance with key labor protections, including:

- Payment of prevailing wages in accordance with California labor laws;
- Geographically-based hiring preferences to support workforce growth within impacted communities; and
- Ongoing contractor responsibility and labor compliance monitoring through the County's contracting system.

These labor practices reflect the County's broader commitment to economic recovery and maintaining high standards in public contracting.

Use of Evidence

The County continues to work diligently to implement ARPA-compliant projects. As of the date of this report and as noted in the attached Project Inventory, there are 65 ARPA projects that are planning to do an evaluation, of which 8 projects are planning to use evidence-based interventions. All departments were required to input their evaluation plan into the County's online data and reporting system as part of their initial project design and to identify indicators and outcomes directly related to their projects' goals and objectives.

Evidence-based interventions referenced are aligned with the U.S. Treasury's classification tiers (Strong, Moderate, Promising Evidence) per the SLFRF Compliance Supplement, where applicable.

To support the execution of project-based evaluation plans and a meta-analysis on the overall efficacy of ARPA funding in supporting an inclusive and robust recovery from the COVID-19 pandemic, the County contracted with a team of evaluators and technical advisors to assist the ARPA projects with evaluation and data reporting. The ARPA evaluation team is responsible for overseeing the evaluation design for each project and the Countywide meta-analysis, including key research questions being evaluated and metrics to collect; managing the collection and reporting of qualitative and quantitative data to the County's online data and reporting system; providing consultation on how to showcase the reported data on the County's public ARPA Dashboard; and providing consulting and technical assistance to County departments and external partners on reporting their ARPA project outcomes as part of their project evaluations. They will also develop the Countywide comprehensive evaluation report. Metrics to measure successful implementation of ARPA will cover uses of funds, outcomes, and fidelity to project designs.

Performance Report

To date, 67 ARPA Projects have reported expenditures to the U.S. Treasury. The attached Project Inventory includes an overview of each project along with additional information. All other ARPA projects listed in the project inventory note whether they are working to compile performance metrics, including performance indicators, output and outcome measures, and relevant data. All projects have completed the design phase and are currently in various stages of implementation and performance data collection. The County is committed to regularly updating these metrics to ensure transparency and to track the effectiveness of ARPA-funded initiatives.

In alignment with the U.S. Treasury guidance, the County provides performance data disaggregated by demographic and cultural backgrounds, income, and other relevant factors to the extent possible. This approach helps the County better assess how programs are performing for different populations, ensuring resources are directed where they can have the greatest impact. All project-level reporting includes demographic data where feasible, in compliance with federal evaluation guidelines.

Project Inventory

All ARPA projects are listed in the attached Project Inventory, which include project names, funding amounts, identification numbers, expenditure categories, and descriptions outlining main activities, timelines, delivery mechanisms, partners, and intended outcomes. The project inventory also identifies whether each project utilizes evidence-based interventions or includes a program evaluation plan and provides associated performance indicators. Justification forms for ARPA-funded capital projects are also included as an attachment.

Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated for Evidence-Based Interventions (Applies to 2 programs)	Other Metrics
DHS - Community Testing	ARPHST114	3	$124,188.91	1.2 COVID-19 Testing	Brief Description of the Program Ensure that no-cost community-ba[illegible] Overview of the main activities Obtaining contractual agreements [illegible] facilities. Intended outcomes The department intended outcome[illegible] Brief description of structure and [illegible] The department will contract with [illegible] - Community testing vendor- will [illegible] - Correctional testing vendor - will [illegible] - Custodial vendor- will provide cu[illegible]	Evaluation	N/A	- Internal other design - The evaluation will be conducted based on the following program outcomes where DHS can assess the following: How many tests were conducted by site, geographic area, and demographic information? What are the positivity rate trends by location and timeline? How the vendors performed within the scope of work duties? Will also review data from DPH and collaborate with DPH Communicable Disease representatives on other data. An analysis of sequencing will provide the type of current Variants that are the primary infection sources.	$0.00	N/A
Total EC 1.2			$124,188.91						$0.00	
CEO: Community Navigators	ARPAOT201	2	$2,750,000.00	1.7 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Brief Description of the Program In response to calls for sustained [illegible] Overview of the main activities - By 4/3/2023, identify a project a[illegible] - By 6/30/23, prepare and enter in[illegible] - By 6/1/23, identify an internal pr[illegible] [illegible] Intended outcomes [illegible] Brief description of structure and [illegible] This program will contract with a p[illegible]	Evaluation	N/A	- Non-experimental design - The department plans to use a data tracking application, to be identified or built by the program administrator, to continuously track outreach activities in real-time. After each outreach, the local partner entity will log data, such as the date and time, location, type of outreach, services provided and outcomes. The local partner entities will communicate data outputs with the program administrator on a to-be-determined basis and check their progress, address concerns, share data trends, ensure data standardization, and troubleshoot any issues. Feedback regarding best practices, lessons learned, opportunities, gaps, and recommendations will be solicited from outreach participants. The department also plans to work in collaboration with each department to identify opportunities to assess overall outcomes of this program.	$0.00	N/A
CEO - DSWs and related costs	Various: DSWHOMELSS DSWCONTACT DSWPHADMIN DSWJIC(Beach & Harbor)	3	$42,460,602.75	1.7 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Fund LA County's ongoing disaster [illegible] and other critical supplies, and pa[illegible]	N/A	N/A	N/A	$0.00	N/A
CEO - Public Health Emergency	ARPPHT110 ARPHST112	3	$12,038,640.43	1.7 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Support the public health response [illegible]	N/A	N/A	N/A	$0.00	N/A
Fire - Advanced Provider Response Units (APRU)	ARPFRT101	3	$6,930,000.00	1.7 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Brief Description of the Program Expand funding for the Fire Distric[illegible] Overview of the main activities The APRU will add itself to low-acu[illegible] Intended outcomes The primary outcome measure is [illegible] Brief description of structure and [illegible] • To reduce the use of emergency [illegible] • To improve quality of care and e[illegible] • To increase the efficiency of eme[illegible]	Evidence-Based	The use of advanced practice providers in the EMS setting has been previously published, but the growth of this practice in Los Angeles County will add to the growing data on the evolution of large EMS systems of care.	N/A	$7,290,00[illegible]	N/A
DMH - Community-Based Outreach	ARPAOT110	3	$7,499,999.97	1.7 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	Brief Description of the Program Support for community-based part[illegible] from the pandemic. Overview of the main activities - DMH staff will provide database [illegible] - DMH will coordinate implementa[illegible] - 25% of UMHP will receive trainin[illegible] [illegible] Intended outcomes The following project outcomes ha[illegible]	Evaluation	N/A	- Non-experimental design - This evaluation will examine the impact of a composite of outreach, engagement, and psychosocial support activities within hyperlocal areas affected disproportionally by the pandemic. At one level, the project's evaluation is designed to explore impact and utility of a biologically based trauma intervention training as one pathway to support recovery and improve mental health outcomes in the high and highest need communities. The evaluation will explore workforce intention, comfort, and utilization of skills learned in the training. In addition, understanding delivery patterns of supports by project workforce will also be considered. These constructs will be explored utilizing a 'within subject' longitudinal design. The evaluation will also examine the impact of this multipronged community engagement approach delivered by project workforce. Exploration of the second pathway to recovery is intended to understand service access and use by community members. Finally, the project seeks to understand perception of supports and to assess indicators of well-being. This area will be explored utilizing non-experimental data collection via surveys utilizing a convenience sample.	$0.00	N/A
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	N/A
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	N/A
Total EC 1.7			[illegible]						[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Number of student visits to a Dream Center per month to-date - 61,704 Number of law enforcement personnel trained to accept hate reports to-date - 2,700 Number of youth who receive leadership skill development opportunities to-date - 17,055 Number of brochures/printed materials distributed promoting LA vs Hate and the ability to report through 211LA to-date - 44,450 Number of people receiving referrals to case management services after reporting pandemic-related bias act to-date - 1,175 Number of youth trained in restorative justice and peer mediation - 1,054
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Number of domestic violence survivors who received referrals to wraparound services - 2,750 Number of grants awarded - 2,750 Total amount of grants funded - $6,875,000

Department / Program	Project Identification Number	LA County Priority	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Community Engagement Plan	Evidence Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated to Evidence Based Interventions (Applies to 1.X programs)	Timeline / Targeted Launch Date	Key Outcome Goals	Population Served (Demographics)	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Mode (Department Administered / Third Party Administrator)	Collaborations (County Departments: Plan County?) If Yes, Which Departments?	Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan	Public Health (EC 1): Describe how funds are being used to respond to COVID-19 and the COVID-19 public health emergency, including community violence interventions and behavioral health	EC Community Violence Interventions (EC 1.11)	EC Community Violence Interventions (EC 1.11)	EC Community Violence Interventions (EC 1.11)	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Evaluation	N/A	awardees, and analyzing the data collected.	$0.00	[illegible]	[illegible]	[illegible]	Y	Third Party Administrator	None. N/A	N	April 2024	[illegible]	$0.00	[illegible] disproportionately impacted [illegible]	N/A	N/A	N/A	N/A
DPH - DV Shelter-Based Program	[illegible]	[illegible]	[illegible]	1.11 Community Violence Interventions	[illegible]	[illegible]	Evaluation	N/A	- Other internal design - The OWH team met to define the evaluation question(s), indicators/performance measures, methods, sources, and frequency of data collection and responsibility of the OWH and subrecipient teams.	$0.00	Launched September 14, 2022	[illegible] This project will: 1) provide shelter and supp[illegible] survivors 2) Support the healing and [illegible]cio-emotional well-being, 3) Increase the levels of sa[illegible]werment through the provision of legal services such as restraining [illegible] 4) Assist participants with s[illegible]ead to their financial and housing independence.	- People Experiencing Housing insecurity; Domestic Violence Survivors - Those experiencing Domestic Violence in LA County.	Y - 7. Impacted Other Households or populations that experienced a negative economic impact.	Third Party Administrator - (C) - Direct to CBOs	None. N/A	N	N/A	$4,588,822.71	$1,685,979.11	OWH reviewed scientific [illegible]	N/A	N/A	N/A	Housing Navigation/Housing Case Management Clients Served - 583 Legal Services for Domestic Violence - Clients Served - 863 Hotel Shelter for Domestic Violence - Clients Served - 324 Counseling Services for Domestic Violence Clients Served - 636 Life Skills Services for Domestic Violence Clients Served - 481 Gift Cards /Household Needs for Domestic Violence Clients Served - 816 Number of Adult Clients Served in the DV Project - 12147 Number of Dependent Children Served in the DV Project - 2,276
Total EC 1.11			[illegible]							$0.00									$11,590,225.12	$5,004,348.91					
[illegible] - System of Care Expansion	[illegible]	[illegible]	$10,500,000.00	1.12 Mental Health Services	[illegible]	[illegible]	Evidence-Based	To reduce exposure to COVID-19 in congregate settings and to treat mental health and substance use disorder issues that have been exacerbated by the pandemic, this program will provide opportunities to safely reduce the pretrial custody population through partnership with community-based and County agencies to provide reentry services that are evidence and data-driven and based on the individual needs of the client, ultimately designed to improve physical and behavioral health outcomes, increase self-sufficiency through economic well-being and educational attainment, and reduce recidivism by strengthening community resources. This work can be measured by tracking the number of people assessed and served by the reentry intensive case management network; collecting data on the demographics of each population served; monitoring the specific planning area in which people reside; reviewing the average length of time in the program across age, race, gender, and ethnicity; and conducting analysis of the reported results of case management services across various service providers, where available.	N/A	$10,500,000.00	Launched July 1, 2023	Our project goals are to en[illegible] • Increased access to inter[illegible] services for 6,000 pre-trial LA County residents in need of menta[illegible] use, medical, housing, employment, benefits establishment, leg[illegible] programs, family reunification, and transportation assistance [illegible] • Diversion of 6,000 pre-tri[illegible] health services by Decemb[illegible] • Reduced COVID-19 sprea[illegible] settings through diversion of 6,000 pre-trial LA County residents from i[illegible] health and mental health services by December 2025	- Pre-trail Individuals, Individuals Experiencing Mental Health Disorders, Individuals Experiencing Substance Use Disorders. - People that are incarcerated, pre-trial, who meet Prop. 47 criteria (that includes anyone who has been arrested, charged, or convicted of a crime and has mild to moderate mental or substance use disorder).	Y - 1. Impacted General Public - 14. Disproportionally Impacted Low Income Households and populations	(P) - Department in Partnership with CBOs	JCIT is not working with any department that has similar ARP projects, but the system of care expansion project is in collaboration with the Office of Diversion and Reentry's-Reentry Intensive Case Management Services team to expand services to the pretrial population in custody that meets Proposition 47 criteria and has mild to moderate mental health or substance use disorder issues. This project would create an opportunity for the pretrial population to be connected to services and treatment outside of custody at the earliest possible opportunity.	N	December 31, 2024	$10,500,000.00	$7,737,610.23	Mental health and substa[illegible]	N/A	N/A	N/A	N/A
Total EC 1.12			$10,500,000.00							$10,500,000.00									$10,500,000.00	$7,737,610.23					
Parks - Recreation Programming at County Parks	[illegible]	[illegible]	$1,700,000.00	1.14 Other Public Health Services	[illegible]	[illegible]	Evaluation	N/A	- Other Internal Design - The internal project evaluation plan will be developed by a team of trained staff with experience administering and/or overseeing evaluations of DPR programs. Prior to Project implementation, the team will meet and collectively formulate a project evaluation plan that will consist of the following elements: • Purpose of the Evaluation • Evaluation Questions • Evaluation Criteria • Timetable • Data Collection Methods to Answer Evaluation Questions • Data Collection Tools and Activities • Data Analysis • Reporting Evaluation Findings	$0.00	Launched July 1, 2022	- Increase access to free r[illegible]ming, activities, and events for 213,000 youth in unincorporated commun[illegible] to access from July 1, 2022 to June 30, 2023. - Increase access to free r[illegible]ming, activities, and events for families (112,000 attendees) in uni[illegible]unities with barriers to access from July 1, 2022 to June 30, 2023. - Increase access to natur[illegible]ed programs for 860,000 visitors, especially for residents living in uninc[illegible]ities with barriers to access, from July 1, 2022 to June 30, 2023. - Increase access to free r[illegible]ming, activities, and events for 56,000 older adults (65+)/seniors in unin[illegible]unities with barriers to access from July 1, 2022 to June 30, 2023.	Target Population: - People with Disabilities - People Experiencing Homelessness This Project will primarily serve historically marginalized and adversely affected groups in high park need communities with barriers to accessing resources in LA County. Most of these communities are also identified as areas in the Highest or High need tier per the COVID-19 Mapping Tool. Assuming a service radius of half-mile (walking distance) of a park, this Project's service population is over 1.4 million. About half (705,757) of the population live in communities in the Highest or High need tier. The Project also serves needy residents in communities in the Moderate, Low, and Lowest need tiers who rely on their local parks, senior centers, and nature centers not only for recreation, but also for health and wellness, and support services.	Y - 1. Impacted General Public - 2. Impacted low or moderate income Households or populations	(D) - Department Administered_Programs	None. N/A	N	June 30, 2024	$1,700,000.00	$1,358,192.14	The presence of recreati[illegible] engaging in moderate to [illegible] pools. Recreation progra[illegible] to children's developmen[illegible] (ACEs) (Ergler et al., 201[illegible] 31.1% of children residin[illegible] experienced two or more [illegible] isolation, which has bee[illegible] (CDC, 2021). Parks whe[illegible] restore, and spaces for p[illegible]	N/A	N/A	N/A	N/A
DPW - PEH Sanitation	[illegible]	[illegible]	[illegible]	1.14 Other Public Health Services	[illegible]	[illegible]	Evaluation	N/A	- Other design - Utilizing a GIS-based dashboard to identify PEH encampments with ongoing need for sanitation services	$0.00	Launched April 1, 2022	The PEH Sanitation Progra[illegible] - Sanitation and garbage c[illegible] to approximately 9500 people experiencing homelessness from April 2[illegible]025 to prevent the spread of COVID-19 in the encampments and the sur[illegible]ties. - Provide access to outrea[illegible]sing support and wraparound services including access to vaccin[illegible]y 9500 people experiencing homelessness from April 2021 to December 2025.	Persons experiencing housing insecurity particularly in those high-need areas identified by the CEO Mapping Tool. That includes those with high COVID rates	Y - 2. Impacted low or moderate income Households or populations	(P) - Department in Partnership with CBOs	The department will collaborate with CEO-HI, LAHSA, and Sheriff's Homeless Outreach Services Team to provide targeted sanitation services for the public health and safety of people experiencing housing insecurity and the surrounding communities	N	June 2023	$3,249,963.56	$0.00	The Program will offer PE[illegible] diseases, in accordance [illegible]ed by the CDC, State, and the County. The Program also will enable outreach [illegible]n receive access to care and improve the quality of life.	N/A	N/A	N/A	N/A
Total EC 1.14			$4,949,963.56							$0.00									$4,949,963.56	$1,358,192.14					
Grand Total of Tracker Programs			[illegible]							$17,790,000.00									$174,902,769.86	$65,661,017.11					

Total Programs	[illegible]
Evidence Based	[illegible]
Evaluation	[illegible]
N/A	[illegible]
Total	[illegible]

A Department / Program	B Project Identification Number	C LA County Pillar	D Funding Amount	E Federal Expenditure Category Number and Name
Aging and Disabilities - Elder Nutrition Program	29102	2	$17,299,500.05	2.1 Household Assistance: Food Programs
BOS - Community Food Resource Grants	ARPBST101	1	$21,861,000.00	2.1 Household Assistance: Food Programs
BOS - Food Distribution	ARPBST103	1	$3,964,430.59	2.1 Household Assistance: Food Programs
DPH - Food Distribution - Emergency Baby Formula Project	ARPPHT109	N/A	$401,546.74	2.1 Household Assistance: Food Programs
DPH - Grocery Voucher	ARPPHT108	2	$19,025,000.00	2.1 Household Assistance: Food Programs
DPH - Market Match	ARPPHT107	2	$3,480,000.00	2.1 Household Assistance: Food Programs
DPSS - Food Assistance Awareness Campaign	ARPSST101	2	$557,999.96	2.1 Household Assistance: Food Programs
Total EC 2.1			$66,589,477.34	
DCBA - Stay Housed LA County	ARPCAT104	2	$30,899,000.00	2.2 Household Assistance: Rent, Mortgage, and Utility Aid
DCBA - LA County Mortgage Relief Partnership	ARPCAT105	2	$6,000,000.00	2.2 Household Assistance: Rent, Mortgage, and Utility Aid
DCBA - Tenant Protections Hotline & Small Claims Advisor Program	ARPCAT117	2	$999,999.98	2.2 Household Assistance: Rent, Mortgage, and Utility Aid
DCBA - Landlord-Tenant Mediations	ARPCAT120	2	$1,000,000.00	2.2 Household Assistance: Rent, Mortgage, and Utility Aid
Total EC 2.2			$40,898,999.98	
Aging and Disabilities - Building a Better Connection for Older Adults	29111	1	$1,000,000.00	2.4 Household Assistance: Internet Access Programs
ISD - Accelerate Digital Equity	ARPIST201	1	$3,895,890.00	2.4 Household Assistance: Internet Access Programs
Library - Laptop and Hotspots Lending and WorkReady Programs	ARPPLT101	1	$3,400,000.00	2.4 Household Assistance: Internet Access Programs
Library - Park and Connect Program	ARPPLT102	1	$1,500,000.00	2.4 Household Assistance: Internet Access Programs
Parks - Public Wi-Fi at County Parks	ARPPKT102	1	$1,700,000.00	2.4 Household Assistance: Internet Access Programs
Total EC 2.4			$11,495,890.00	
DEO - Pandemic Recovery Rapid Reemployment	49101	2	$13,382,999.93	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
DEO - High Road Training Partnerships (HRTP) - (Film & Digital Media Career Pathway, Construction, Healthcare, Apprenticeship Registry, Technology, and Early Childhood Education)	29103	2	$9,225,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)

A Department / Program	H Evidence-Based or Evaluation	I Use of Evidence - Goals of the Project	J Evaluation Description	K Amount of Funds Allocated for Evidence-Based Interventions (Applies to 6 programs)	L Timeline / Targeted Launch Date	M Key Outcome Goals	N Population Served (Demographics)	O Is your project primarily serving disproportionately impacted communities? (Y/N)	P Program Delivery Model (Department Administered / Third Party Administrator)	Q Collaborations (County Departments /Non-County)? If Yes, which Departments?	R Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	S Fully Expended	T Cumulative Expenditures to Date	U Amount Spent Since Last Recovery Plan
Aging and Disabilities - Elder Nutrition Program	Evaluation	N/A	- Non-experimental Design. - The department will review internal project goals and will evaluate number of clients served, meals, and client satisfaction and benefit via self-reporting survey administered by the meal providers and registered dieticians. - The department will use a pre/ post-test evaluation design that will compare the change in qualitative and quantitative from the beginning to end. Qualitative and quantitative data include: • Number # of meal recipients reporting they ate more than they otherwise would have • Number # of meal recipients reporting they ate more fruits and vegetables • Number # of meal recipients reporting they believe they had fewer hospitalizations • Number # of meal recipients who showed improved nutritional risk scores	$0.00	Launched July 1, 2022	Our key project goals are to ensure that older adults (ages 60+) will have better access to nutritious meals that are approved for the dietary benefit of their age group to reduce adverse health outcomes: • The food security needs of the most vulnerable older adults (ages 60+) in LA County are met. • The risk of exposure of older adults to the COVID-19 virus is reduced by providing them with meal services that enable them to stay at home, reducing the frequency of contact with people outside of their households.	Older adults, 60 years and older, in LA County with emphasis on those who are at greatest impact and greatest economic and social need.	Y - 4. Impacted Households that experienced increased food or housing insecurity	(D) - Department Administered_Programs	The department is working with the Department of Parks & Rec to distribute their meals at Park locations.	N	February 2025	$17,299,500.05	$48,404.58
BOS - Community Food Resource Grants	Evaluation	N/A	- Non-experimental design - The Community Food Resource Grants Project TPA will be required to synthesize performance reports from grantees, including progress against defined metrics, for the County lead on a biannual basis. The County will work with CBOs technical assistance providers to complete the evaluation. A mechanism will be developed to withdraw the grant if the grant recipient is not meeting the performance criteria.	$0.00	Launched May 11, 2023	- Increase capacity of community organizations to provide food-related services Through a TPA, increase the capacity of community organizations that offer food-related services in or to communities where there is a high risk of food insecurity by providing technical assistance and funding. - Provide food and related household necessities to households at risk of food insecurity The TPA will subcontract with organizations providing food and related household necessities such as diapers to households at risk of food insecurity and reimburse those organizations for the associated supplies and services.	- People with disabilities; People experiencing housing insecurity; Disproportionately impacted communities and food insecure populations - Including, but not limited to: single-parent households with children; expectant mothers and young children (0-5 yrs.); school-aged children and youth (5-18 yrs.); young adults 18-30 yrs. old; people with disabilities, including SSI recipients; communities of color, specifically Latinx, Black, and API households; and people experiencing housing insecurity.	Y - 21. Disproportionally Impacted Small Businesses operating in Qualified Census Tracts - 24. Disproportionally Impacted Other Small Businesses Disproportionately impacted by the pandemic - 25. Disproportionally Impacted Non-Profits operating in Qualified Census Tracts - 26. Disproportionally Impacted Non-Profits operated by Tribal [illegible]	Third Party Administrator - (C) - Direct to CBOs	This program/grant is part of the Food Roundtable. The structure includes DPSS, DPH, LACOE, and even LA City.	N	N/A	$19,165,949.22	$19,052,695.54

A Department / Program	V REQUIRED METRIC: Negative Economic Impacts (EC 2): Describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including services to households (such as affordable housing, job training, and childcare), small businesses, non-profits, and impacted industries. (Recipients' Approach to Ensuring that Response is Reasonable and Proportional to a Public Health or Negative Economic Impact of COVID-19)	W PERFORMANCE REPORT REQUIRED METRICS (SUB-REPORT): A. Household Assistance (EC 2.2), Long-term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18): Number of households receiving eviction prevention services (including legal representation)	X A. Household Assistance (EC 2.2), Long-term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18): Number of affordable housing units preserved or developed	Y B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of workers enrolled in sectoral job training programs	Z B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of workers completing sectoral job training programs	AA B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of people participating in summer youth employment programs	AB C. Addressing Educational Disparities (EC 2.24-2.26) and Addressing Impacts of Lost Instructional Time (EC 2.27): Number of students participating in evidence-based tutoring programs	AC D. Healthy Childhood Environments (EC 2.11-2.14): Number of children served by childcare and early learning (pre-school/pre-K/ages 3-5)	AD D. Healthy Childhood Environments (EC 2.11-2.14): Number of families served by home visiting	AE OTHER METRICS
Aging and Disabilities - Elder Nutrition Program	The program will continue to provide meal services for older adults that requested meal services during the Covid-19 pandemic. Due to "stay at home" guidelines and older adults being of high risk when considering the Covid-19 pandemic, the demand for meal requests has dramatically increased and continued. Funding would be specifically targeted for the Area Agency on Aging population, which would consist of older adults facing food insecurity throughout the County of Los Angeles.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BOS - Community Food Resource Grants	Eligible entities must provide services to disproportionately impacted populations (shown to have high food insecurity rates) OR they must primarily operate in census tracts that are identified as high- and highest-need via the COVID Recovery Index. Entities serving disproportionately impacted communities outside of high-need census tracts must provide proof that they faced at least one of the following conditions as a result of the pandemic: •Decreased revenue •Financial insecurity •Increased costs •Capacity to weather financial hardship [illegible]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[illegible]

Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name
Aging and Disabilities - Elder	29102	2	$17,299,500.05	2.1 Household Assistance
DEO - Youth@Work	29105	2	$9,662,400.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
DEO - Wraparound Services for Critical Employment Initiatives	29108	2	$1,200,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
DEO - Job Programs for Reentry Populations-Careers for a Cause	29104	1	$5,199,999.98	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
DEO - Youth Workforce Development Partnership	49114	1	$2,661,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
DEO - Childcare Provider Grants Program (LACDA)	29115	2	$39,953,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
ISD - Delete the Divide	ARPIST101	1	$12,050,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
JCOD - Job Programs for Reentry Populations-SECTOR	ARPHST110	1	$2,000,000.00	2.10 Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)
Total EC 2.10			$95,334,299.91	
DPH - Home Visiting	ARPPHT103	2	$7,191,565.00	2.12 Healthy Childhood Environments: Home Visiting
DPH - Nurse Family Partnership	ARPPHT106	2	$4,508,000.00	2.12 Healthy Childhood Environments: Home Visiting
Total EC 2.12			$11,699,565.00	
CEO HI: Conversion of Interim Housing Units to Perm Housing (Homekey 1.0)	ARPAM002	1	$105,929,613.07	2.15 Housing Support: Affordable Housing
CEO-HI: Project Homekey 2.0/3.0	ARPAOT102	1	$122,275,576.39	2.15 Housing Support: Affordable Housing
Alternative Crisis Response - Metro State Hospital	ARPPFD3.9M	1	$3,900,000.00	2.15 Long-Term Housing Security: Affordable Housing
Total EC 2.15			$232,105,189.46	
DEO - Economic Mobility Initiative	29120	2	$13,278,800.00	2.18 Housing Support: Other Housing Assistance

Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Community Engagement Plan	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated for Evidence-Based Interventions (Applies to 6 programs)	Timeline / Targeted Launch Date	Key Outcome Goals	Population Served (Demographics)	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Model (Department Administered / Third Party Administrator)	Collaborations (County Departments /Non-County)? If Yes, which Departments?	Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan	Negative Economic Impacts (EC 2): Describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including services to households (such as affordable housing, job training, and childcare), small businesses, non-profits, and impacted industries. (Recipients' Approach to Ensuring that Response is Reasonable and Proportional to a Public Health or Negative Economic Impact of COVID-19)	A. Household Assistance (EC 2.2), Long-term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18): Number of households receiving eviction prevention services (including legal representation)	A. Household Assistance (EC 2.2), Long-term Housing Security (EC 2.15-2.16) and Housing Support (EC 2.17-2.18): Number of affordable housing units preserved or developed	B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of workers enrolled in sectoral job training programs	B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of workers completing sectoral job training programs	B. Assistance to Unemployed or Under Employed Workers (EC 2.10): Number of people participating in summer youth employment programs	C. Addressing Educational Disparities (EC 2.24-2.26) and Addressing Impacts of Lost Instructional Time (EC 2.27): Number of students participating in evidence-based tutoring programs	D. Healthy Childhood Environments (EC 2.11-2.14): Number of children served by childcare and early learning (pre-school/pre-K/ages 3-5)	D. Healthy Childhood Environments (EC 2.11-2.14): Number of families served by home visiting	
Aging and Disabilities - [illegible]	29102	2	$17,299,500.05	2.1 Household Assistance: [illegible]	[illegible]	[illegible]	Evaluation	N/A	[illegible]	$0.00	Launched July 1, 2022	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	N	February 2025	$17,299,500.05	$48,404.58	[illegible]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Department - Program	Project Identification Number	Increment/Tier	Amount Allocated	Expenditure Category	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Amount of Funds Allocated for Evidence-Based Interventions (Applies to 6 programs)	Timeline / Targeted Launch Date	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Model (Department Administered / Third Party Administrator)	Collaborations (County Departments /Non-County)? If Yes, which Departments?	Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan
Aging and Disabilities - Elder...	29102	2	$17,299,500.05	2.1 Household Assistance	Evaluation	N/A	$0.00	Launched July 1, 2022	Y	(D) - Department Administered_Programs	The department is working with the Department of Parks & ...	N	February 2025	$17,299,500.05	$48,404.58
Arts and Culture - LA County Creative Recovery Initiative	ARPRTT105	1	$2,868,495.57	2.34 Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)	Evaluation	N/A	$0.00	Launched January 18, 2023	Y - 12. Impacted Travel, tourism, or hospitality sectors (including Tribal development districts)	Third Party Administrator - (C) Direct to CBO's	The department has collaborated with the Los Angeles County Development Authority, other Art organizations, and other municipalities for outreach.	N	April 21, 2024	$2,868,495.57	$2,868,495.57
DEO - LA Regional COVID Fund: Nonprofit Grants	ARPCAT103	2	$15,073,000.00	2.34 Assistance to Impacted Nonprofit Organizations	Evaluation	N/A	$0.00	Launched February 22, 2023	Y	Third Party Administrator - (C) - Direct to CBOs	DEO worked closely with LACDA and DCBA to consolidate the programs. They will continue to work with them for outreach and ensuring reaching businesses who had applied for grants offered through CARES Act funding.	N	N/A	$14,811,965.52	$11,369,563.04
Total EC 2.34							$0.00							$46,711,965.37	$41,463,595.12
DEO - Keep LA Dining	29113	2	$10,872,000.00	2.35 Aid to Tourism, Travel, or Hospitality	Evaluation	N/A	$0.00	Launched February 22, 2023	Y	(D) - Department Administered_Programs	DEO worked closely with LACDA and DCBA to consolidate the programs. They will continue to work with them for outreach and ensuring reaching businesses who had applied for grants offered through CARES Act funding.	N	N/A	$9,894,821.53	$8,543,658.73
Total EC 2.35			$10,872,000.00				$0.00							$9,894,821.53	$8,543,658.73
DCBA - Healthy Food Kickstarter Program	ARPCAT106	2	$4,999,999.99	2.37 Economic Impact Assistance: Other	Evaluation	N/A	$0.00	Launched April 3, 2023	Y	(P) - Department in Partnership with CBOs	DCBA will work with other County departments, including the Board offices, LACDA, DPSS, DPH, and DHS to promote the program.	N	N/A	$4,767,218.99	$2,515,727.71
DCBA - Expand Volunteer Income Tax Assistance (VITA) Program	ARPCAT111	1	$2,300,000.01	2.37 Economic Impact Assistance: Other	Evaluation	N/A	$0.00	Launched November 17, 2022	Y	(P) - Department in Partnership with CBOs	- DCBA intends to engage and collaborate with as many departments as they can to promote this program and identify and opportunities for collaboration as they can. - They intend to work with Board Offices, CEO, DEO, Aging, DPSS, DCFS & Parks & Rec.	N	N/A	$2,299,999.50	$1,093,369.85
DCBA - Financial Coaching Partnership	ARPCAT115	1	$1,200,000.00	2.37 Economic Impact Assistance: Other	Evaluation	N/A	$0.00	Launched July 23, 2022	Y	(P) - Department in Partnership with CBOs	- DCBA intends to engage and collaborate with as many departments as they can to promote this program and identify and opportunities for collaboration as they can. - They intend to engage and collaborate with CEO, DEO, Aging, DPPS, DHS, DCFS, LACDA, DPH, Probation and their Board Offices.	N	N/A	$1,050,060.00	$561,670.00
DEO - Shop Local Campaigns	29119	2	$921,799.91	2.37 Economic Impact Assistance: Other	Evaluation	N/A	$0.00	Launched December 7, 2022	Y - 8. Impacted Small Businesses that experienced a negative economic impact	(P) - Department in Partnership with CBOs	No similar ARP programs with other departments. But DEO will engage departments that interface with small businesses to assist with outreach.	N	August 31, 2024	$921,799.91	$592,707.22
Total EC 2.37							$0.00							$9,039,078.40	$4,763,674.78
Grand Total of Tracker Programs							$100,750,000.00							$606,959,675	$425,016,514

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
																					REQUIRED METRIC	OTHER METRICS
Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Community Engagement Plan	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated for Evidence-Based Interventions	Timeline / Targeted Launch Date	Key Outcome Goals	Population Served (Demographics)	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Model (Department Administered / Third Party Administrator)	Collaborations (County Departments /Non-County)? If Yes, which Departments?	Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan	Public Health-Negative Economic Impact: Public Sector Capacity (EC 3): Describe how funds are being used to support public sector payroll, rehiring of public sector workers, and building of public sector capacity. (Recipients' Approach to Ensuring that Response is Reasonable and Proportional to a Public Health or Negative Economic Impact of COVID-19)	
DCFS - DV Experts for DCFS Hotline	ARPCHT101	2	$600,000.00	3.4 Public Sector Capacity: Effective Service Delivery	Brief Description of the Program Co-locate domestic violence experts at the Department of Children and Family Services (DCFS) Hotline to educate hotline operators about the nuances of working with sufferers of domestic violence and assist hotline operators screen callers in real time. Overview of the main activities DCFS will utilize two Domestic Violence experts at the Child Protection Hotline to better train Children's Social Workers and/or screeners to identify the safety and risk factors surrounding an allegation of domestic violence so that more accurate determinations can be made regarding the appropriate level of family intervention, whether that be a warm hand-off to a community provider or a deeper entrée into the child protection system. 1) Embed DV Experts at the Child Protection Hotline to train its CSWs/Screeners in improved recognition and identification of patterns of domestic violence for a more accurate assessment and to prevent inaccurate allegations of general neglect and emotional abuse, from this create training material for distribution to Regional staff. 2) DV Experts will attend Multi-Disciplinary Team meetings with Child Protection Hotline CSWs/Screeners to jointly review calls involving domestic violence without allegations of abuse or neglect to determine the most appropriate services for families that are not being investigated (Evaluate Out). Factors considered are to include: accessibility of services, availability of language specificity, cultural framework in which programs and services are available to the family. 3) DV Experts will provide consultation to Regional staff on 5-Day referrals that have been assigned for an investigation and provide expertise aimed at determining the most appropriate services for families, which will result in CSWs ensuring timely linkage to services in the community to reduce reliance on continued DCFS intervention. Services should be appropriate to meeting the needs of the family to include accessibility, cultural framework, and language needs. 4) Participation in gathering data inclusive of the unique barriers to services within the various communities in which there is need for access to services to the communities with demonstrated barriers to accessing resources. By doing so a cultural lens can be created for promotion and solicitation of services which are needed throughout Los Angeles county communities. Thereby creating an increased capacity for service delivery throughout LA County Communities which are accessible to all the unique needs of the population. Intended outcomes 1) To increase the number of victims of domestic violence that are connected to support services. 2) To reduce the number of referrals investigated for domestic violence in the absence of abuse or neglect. 3) Reduce the number of Dependency court filings in cases that involve domestic violence. 4) Increase community awareness regarding services available via DCFS without DCFS intervention. - This project also intends to make an impact on the following life outcomes: 5) It is the intent of the Domestic Violence Project at the DCFS CPH to reduce lifetime felony convictions by building capacity for implementation of effective service delivery. In doing so, the negative effects of domestic violence will be significantly decreased and the pattern will not be repeated thus reducing felony convictions generationally. 6) By provision of effective service delivery for victims of domestic violence, there will be an increase in stable employment due to increased stability within the home environment. Services provided to this population will create a healing space which will foster employment retention. 7) Effective service delivery for victims of domestic violence will enable this population the ability to graduate from primary and secondary schooling. Families who otherwise would not have access to resources, will be given tools needed to promote healthier and sustainable goals long term to include educational advancement. Brief description of structure and objectives of assistance programs, including public health or negative economic impact experienced 1.) A enhanced awareness, understanding, assessment, and identification of the safety and risk factors in domestic violence allegations by the Child Protection Hotline Social Workers who screen child abuse calls. 2.) An increased awareness and understanding of the cultural factors involving domestic violence by the Regional CSWs who investigate and supervise families involved in the Child Welfare System. 3.) Better capability to identify domestic violence indicators to more accurately identify when an allegation truly is general neglect or emotional abuse of a child(ren). 4.) An increase of 10% of families being referred to intervention services in a 12-month period 5.) A 10% decrease in Dependency court filings in domestic violence-related cases over the first 12-month period 6.) On a monthly basis, the DV experts will review 20 domestic violence referrals involving an allegation of low-risk general neglect and provide guidance aimed at diverting families from investigations and rather to community intervention services which are culturally appropriate. 7.) On a monthly basis, the DV experts will provide expertise aimed at determining the appropriate services which are culturally sensitive on 10 open DV investigations in high-impact areas. 8.) An increase in service delivery to all the unique needs of LA county community populations with demonstrated barriers to accessing resources. 9.) Identifying factors which are relevant in meeting the needs of the various populations with demonstrated barriers to accessing resources which can in turn be promoted and solicited in accessibility and availability of services for LA county communities.	This project was informed and developed through many forum discussions with community organizations, faith-based communities, and families to help identify these needs led by DCFS. Through the many discussions it has been determined that the common goal is inclusive of combatting the negative impacts of the COVID 19 and domestic violence on the population with demonstrated barriers to accessing resources. This will have a significant community impact as a whole.	Evaluation	N/A	- Non-Experimental Design (Correlational) - The internal evaluation plan will be comprised of the DCFS Research Division, the DCFS Business Information Services section, and the Child Protection Hotline operations team who will compare data to determine the impact of the program. A baseline of 12 months of calls resulting in Evaluate Out without provision of linkage to services will be compared to 12 months of Evaluate Out calls with the provision of linkage to services. The prior 12 months of outcomes without the service will be compared to the 12 months with the service. Over the course of 12 months a comparison of number of Court filings will be conducted to determine if there was a marked change in percentage. Over the course of 12 months a comparison of the number of domestic violence calls referred to Community Prevention and Linkage services will be compared to prior year data.	$0.00	Launched March 13, 2023	The primary project outcome goals include the following: • 10% increase in accurate assessment and identification of safety and risk factors involving violence and trauma over the course of 12 months. • 10 % better identification of general neglect and emotional abuse when involving calls related to domestic violence over the course of 12 months. • 10% reduction in the number of domestic violence calls investigated due to assignment of inaccurate allegations of general neglect and/or emotional abuse over the course of 12 months. • 10% increased number of domestic violence calls referred to and/or serviced by Community Prevention and Linkage services over the course of 12 months. • 10% reduction in the number of domestic violence cases being filed in Dependency Court over the course of 12 months. • 10% increased access to services for communities with demonstrated barriers to accessing resources which are specific to their language and cultural needs. The DV experts will have the following responsibilities/goals: • Train Hotline staff (two times within the calendar year) to better assess and understand domestic violence-related calls. • Review domestic violence Evaluated Out (calls received which were determined to not constitute an allegation of abuse or neglect requiring investigation) and referrals that have already been assigned for an investigation within 5 days to provide expertise aimed at providing appropriate determination of services best suited and most timely services for the circumstance of the family. Factors considered are to include: accessibility of services, availability of language specificity, cultural framework in which programs and services are available to the family. • Participation in gathering data inclusive of the unique barriers to services within the various communities in which there is need for access to services to the communities with demonstrated barriers to accessing resources. By doing so a cultural lens can be created for promotion and solicitation of services which are needed throughout Los Angeles county communities.	Los Angeles (LA) County children and family survivors of domestic violence who have had a child abuse or neglect referral called into the Child Protection Hotline and have been negatively impacted by COVID-19. Survivors of domestic violence is inclusive of, however not limited to, developmentally and intellectually delayed, individuals suffering from mental health, lower socioeconomic status, housing insecure, single parents, African Americans, former and current foster youth, and individuals suffering from substance abuse. These targeted populations include residents in East LA/Boyle Heights, Compton/Watts, Van Nuys, Panorama City, Long Beach, and Antelope Valley. - People with Disabilities; Individuals Experiencing Mental Health Disorders; Individuals Experiencing Substance Use Disorders; People Experiencing Housing insecurity; Victims of Domestic Violence	Y - 1. Impacted General Public - 2. Impacted low or moderate income Households or populations - 3. Impacted Households that experienced unemployment - 4. Impacted Households that experienced increased food or housing insecurity - 5. Impacted Households that qualify for certain federal programs - 6. Impacted For services to address lost instructional time in K-12 schools any students that lost access to in- person instruction for a significant period of time - 7. Impacted Other Households or populations that experienced a negative economic impact of the pandemic other than those listed above - 14. Disproportionally Impacted Low Income Households and populations - 15. Disproportionally Impacted Households and populations residing in Qualified Census Tracts - 16. Disproportionally Impacted Households that qualify for certain federal programs - 17. Disproportionally Impacted Households receiving services provided by Tribal governments - 18. Disproportionally Impacted Households residing in the U.S. territories or receiving services from these governments - 19. Disproportionally Impacted For services to address educational disparities, Title I eligible schools - 20. Disproportionally Impacted Other Households or populations that experienced a disproportionate negative economic impact of the pandemic other than those listed above	(D) - Department Administered_Programs	DCFS has worked with the Department of Public Health's DV counsel group	N	March 30, 2025	$600,000.00	$434,369.49	The project is designed to service LA County resident who have had an increase in domestic violence as a result of isolation due to the COVID 19 Pandemic.	Referral resources provided to families impacted by domestic violence - 8,510
Total EC 3.4			**$600,000.00**							**$0.00**									**$600,000.00**	**$434,369.49**		
Grand Total of Tracker Programs			**$600,000.00**							**$0.00**									**$600,000.00**	**$434,369.49**		
			Total Programs	**1**																		
			Evaluation	**1**																		

Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Community Engagement Plan	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated for Evidence-Based Interventions (Applies to EI programs)	Timeline / Targeted Launch Date	Key Outcome Goals	Population Served (Demographics)	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Model (Department Administered / Third Party Administrator)	Collaborations (County Departments, Non-County)? If Yes, which Departments?	Have you issued any advance payments to subrecipients/contractors? If yes, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan	REQUIRED METRIC Negative Economic Impacts (EC 2): Describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including services to households (such as affordable housing, job training, and childcare), small businesses, non-profits, and impacted industries. Assumption: Approach in Ensuring that Response is Reasonable and Proportional to a Public Health or Negative Economic Impact of COVID-19.
ISD - Accelerate Digital Equity – Community Broadband Network 1 (East LA)	ARPIST202	1	$9,377,461.89	5.19 Broadband: Last Mile Projects	Brief Description of the Program Deploy demonstration community-based Wi-Fi mesh networks and educational and outreach supports to address digital deserts in high-needs County neighborhoods. Overview of the main activities Ensure that the contracted Managed Services Provider completes construction of the Core Network Infrastructure by December 31, 2025. - Activity 1.1 - Review and approve Managed Service Provider's Project Control Document with Work Plan and Implementation Schedule - Activity 1.2 - Review and approve Managed Service Provider's Core Network Infrastructure Design Document - Activity 1.3 - Review and approve Managed Service Provider's Cyber Security and Privacy Plan - Activity 1.4 - Review and approve Managed Service Provider's Network Operations and Service Operations Plan - Activity 1.5 - Monitor Core Network Infrastructure construction progress Ensure that the contracted Managed Services Provider conducts marketing & community engagement activities designed to increase subscriber enrollments to the CBN throughout the project. - Activity 2.1 - Review and approve Managed Service Provider's Community Engagement and Marketing Plan - Activity 2.2 - Monitor Managed Service Provider's marketing and community outreach activities, including community events, community-based partners, and multilingual outreach and customer service - Activity 2.3 - Monitor subscription rates and Low Cost Plan enrollments Ensure the Community Broadband Network Managed Service Provider meets the service and performance requirements of the Work Order and the American Rescue Plan Act. - Activity 3.1 - Review and approve Managed Service Provider's Compliance Plan - Activity 3.2 - Monitor Manage Service Provider's monthly and quarterly service and performance metrics - Activity 3.3 - Conduct periodic reviews and performance testing to ensure Manage Service Provider's network and service performance meets Work Order Requirements - Activity 3.4 - Complete required U.S. Treasury Department reporting Intended outcomes The intended outcome is to enable universal access to internet access for entire households at no-cost or low cost in some of the areas of the County that have large numbers of households without internet subscriptions. These areas are correlated with low household incomes (<$50,000/year). While cost is not the only barrier to adoption, the program will establish an public-private partnership service that will be affordable, meet service characteristics that support modern applications by multiple household members at the same time, and are accessible by those with limited English proficiency. Brief description of structure and objectives of assistance programs, including public health or negative economic impact experienced Residents and small businesses within the pilot project areas will enter a service arrangement with the Managed Service Provider for the County's Community Broadband Network similar to how they select an Internet Service Provider. The CBN MSP will have pre-negotiated service rates that cannot have promotional periods, bandwidth caps, or hidden fees. ISD will seek to have the prices fixed for the duration of the initial contract term with the MSP. For those households that qualify for the federal Affordable Connectivity Program, they can elect to have the $30/month subsidy applied (or transferred, if they already are receiving ACP with another provider) toward their internet service bill, potentially making the service free of charge. ISD will negotiate affordable rates for those who are not eligible for the ACP.	• ISD is in direct communication with community advocacy groups who have expressed support for various models and technologies to be used in the CBNs. • ISD is also meeting, presenting, and hearing feedback on the CBN pilot projects and other ADE efforts, including speaking with City Managers and presenting at City Councils. • In December 2022, ISD launched a Community Broadband Interest Form for members of the community to express interest in the CBN initiative. The form included a question for why the person was interested, with the following choices: oMy internet service is too slow oMy internet service is unreliable oThe monthly cost is too high for my budget oI could not establish service because of credit check or deposit requirements oI was told that internet service is unavailable to my address oNot everyone in my household has internet access at home oI run a small business and do not have an internet presence oOther (please specify) • An additional question asks whether any of the following applies to the household: oLack of home computing device to access the internet, such as a laptop, personal computer, or tablet oUnhoused or living in temporary accommodations, such as a motel or hotel oLiving in an Accessory Dwelling Unit, also known as a granny or in-law unit, that is separate from a single family or multi-family dwelling • These and similar surveys, along with input from partners, the future MSP(s)'s outreach, feedback collected by the Delete The Divide staff at community events, through direct resident digital navigation assistance, collaboration with non-profits and CBOs, and other outreach efforts, will inform the design stages and on-going adjustments to the CBN projects. Additionally, ISD participates in many discussions with digital and broadband equity groups, consortia, and other stakeholder groups for input and feedback by those who work closely with the community and who have experience delivering these services. • The Department intends to issue a Work Order Solicitation in October 2023 under the CEO's ARP Program Support Services Master Agreement to acquire a qualified contractor under the Evaluation and Related Services Category. The contractor will be responsible for the design, data collection, data analysis, and reporting on local constituents' experiences and needs regarding broadband internet usage. The contractor's data collection will include electronic data collection, surveys, focus groups, community forums, or other means that directly involve households and residents of Los Angeles County. Reporting will include scheduled and ad-hoc reports and visualizations that represent the current technology experiences of constituents based on geographic areas, annual household incomes, and population diversity (including, at minimum, age, gender, race, ethnicity, veterans' status, and disability), as well as other demographic categories that the Department may add in the future. These insights will inform the community engagement plan, will enable adjustments to the program activities, and document the effectiveness of the program beyond the quantitative service metrics. • ISD will utilize the Digital Assistants, who are ISD Technology Professional Interns under the Delete The Divide program, stationed at libraries, senior centers, community centers, and veterans' centers to raise awareness of the CBNs, to assess needs of individuals (such as lack of a device or affordable internet service), and to assist in residents' sign up for the Affordable Connectivity Program. These DTD Interns hail from underserved communities and have already shown a dedication to helping their communities in getting connected, even before the CBNs are available.	Evaluation	N/A	- Other Internal design - The Department has a Compliance Auditor who is assigned to the project who will assist the Program Manager in formalizing the internal evaluation plan. The Department plans to utilize a consultant as the technical advisor on the Community Broadband Network initiative and will draw upon both the consultant's and ISD's expertise in internet service initiatives and telecommunications contracting, respectively, to shape an evaluation plan that will confirm that the CBNMSP was able to deliver the required services to the public and that the number of households with internet subscriptions increased as the result of this program. The County's Enterprise GIS is expected to track, visualize, and report on this information in the evaluation.	$0.00	Launched April 24, 2024	- Outcome 1.1 - MSP completes construction of the Core Network Infrastructure necessary to offer broadband service to all locations within the East Los Angeles Service Area - Outcome 2.1 - Managed Services Provider onboards at least 15,000 Low Cost Plan subscribers in the East Los Angeles Community Broadband Network service area - Outcome 3.1 - Community Broadband Network subscribers receive reliable and high performance broadband internet service that meets or exceeds the broadband requirements of ARPA & Work Order - Outcome 3.2 - The County is compliant with the requirements of the American Rescue Plan Act - Increase the percentage of households with income above 250% FPL - Increase stable full-time employment - Increase Attainment of Postsecondary Credential w/Labor Market Value	Small Businesses	Y - 1. Impacted General Public - 2. Impacted low or moderate income Households or populations - 14. Disproportionally Impacted Low Income Households and populations - 16. Disproportionally Impacted Households that qualify for certain federal programs	Third Party Administrator	None. N/A	Y - WeLink Communications ($8,473,962). Current expenditures against the advance $6,969,733.	N/A	$6,969,733.00	$6,969,733.00	TBD... Program is ramping up to provide metrics by July 2026
ISD - Accelerate Digital Equity – Community Broadband Network 2 (South LA)	ARPIST203	1	$21,964,648.11	5.19 Broadband: Last Mile Projects	Brief Description of the Program Deploy demonstration community-based Wi-Fi mesh networks and educational and outreach supports to address digital deserts in high-needs County neighborhoods. Overview of the main activities Ensure that the contracted Managed Services Provider completes construction of the Core Network Infrastructure by December 31, 2025. - Activity 1.1 - Review and approve Managed Service Provider's Project Control Document with Work Plan and Implementation Schedule - Activity 1.2 - Review and approve Managed Service Provider's Core Network Infrastructure Design Document - Activity 1.3 - Review and approve Managed Service Provider's Cyber Security and Privacy Plan - Activity 1.4 - Review and approve Managed Service Provider's Network Operations and Service Operations Plan - Activity 1.5 - Monitor Core Network Infrastructure construction progress Ensure that the contracted Managed Services Provider conducts marketing & community engagement activities designed to increase subscriber enrollments to the CBN throughout the project. - Activity 2.1 - Review and approve Managed Service Provider's Community Engagement and Marketing Plan - Activity 2.2 - Monitor Managed Service Provider's marketing and community outreach activities, including community events, community-based partners, and multilingual outreach and customer service - Activity 2.3 - Monitor subscription rates and Low Cost Plan enrollments Ensure the Community Broadband Network Managed Service Provider meets the service and performance requirements of the Work Order and the American Rescue Plan Act. - Activity 3.1 - Review and approve Managed Service Provider's Compliance Plan - Activity 3.2 - Monitor Manage Service Provider's monthly and quarterly service and performance metrics - Activity 3.3 - Conduct periodic reviews and performance testing to ensure Manage Service Provider's network and service performance meets Work Order Requirements - Activity 3.4 - Complete required U.S. Treasury Department reporting Intended outcomes The intended outcome is to enable universal access to internet access for entire households at no-cost or low cost in some of the areas of the County that have large numbers of households without internet subscriptions. These areas are correlated with low household incomes (<$50,000/year). While cost is not the only barrier to adoption, the program will establish an public-private partnership service that will be affordable, meet service characteristics that support modern applications by multiple household members at the same time, and are accessible by those with limited English proficiency. Brief description of structure and objectives of assistance programs, including public health or negative economic impact experienced Residents and small businesses within the pilot project areas will enter a service arrangement with the Managed Service Provider for the County's Community Broadband Network similar to how they select an Internet Service Provider. The CBN MSP will have pre-negotiated service rates that cannot have promotional periods, bandwidth caps, or hidden fees. ISD will seek to have the prices fixed for the duration of the initial contract term with the MSP. For those households that qualify for the federal Affordable Connectivity Program, they can elect to have the $30/month subsidy applied (or transferred, if they already are receiving ACP with another provider) toward their internet service bill, potentially making the service free of charge. ISD will negotiate affordable rates for those who are not eligible for the ACP.	ISD is in direct communication with community advocacy groups who have expressed support for various models and technologies to be used in the CBNs. •ISD is also meeting, presenting, and hearing feedback on the CBN pilot projects and other ADE efforts, including speaking with City Managers and presenting at City Councils. •In December 2022, ISD launched a Community Broadband Interest Form for members of the community to express interest in the CBN initiative. The form included a question for why the person was interested, with the following choices: oMy internet service is too slow oMy internet service is unreliable oThe monthly cost is too high for my budget oI could not establish service because of credit check or deposit requirements oI was told that internet service is unavailable to my address oNot everyone in my household has internet access at home oI run a small business and do not have an internet presence oOther (please specify) •An additional question asks whether any of the following applies to the household: oLack of home computing device to access the internet, such as a laptop, personal computer, or tablet oUnhoused or living in temporary accommodations, such as a motel or hotel oLiving in an Accessory Dwelling Unit, also known as a granny or in-law unit, that is separate from a single family or multi-family dwelling •These and similar surveys, along with input from partners, the future MSP(s)'s outreach, feedback collected by the Delete The Divide staff at community events, through direct resident digital navigation assistance, collaboration with non-profits and CBOs, and other outreach efforts, will inform the design stages and on-going adjustments to the Laptop and Digital Equity Data projects. Additionally, ISD participates in many discussions with digital and broadband equity groups, consortia, and other stakeholder groups for input and feedback by those who work closely with the community and who have experience delivering these services. •The Department issued a Work Order Solicitation on December 18, 2023, under the CEO's ARP Program Support Services Master Agreement to acquire a qualified contractor under the Evaluation and Related Services Category. The contractor will be responsible for the design, data collection, data analysis, and reporting on local constituents' experiences and needs regarding broadband internet usage. The contractor's data collection will include electronic data collection, surveys, focus groups, community forums, or other means that directly involve households and residents of Los Angeles County. Reporting will include scheduled and ad-hoc reports and visualizations that represent the current technology experiences of constituents based on geographic areas, annual household incomes, and population diversity (including, at minimum, age, gender, race, ethnicity, veterans' status, and disability), as well as other demographic categories that the Department may add in the future. These insights will inform the community engagement plan, will enable adjustments to the program activities, and document the effectiveness of the program beyond the quantitative service metrics. •ISD will utilize the Digital Assistants, who are ISD Technology Professional Interns under the Delete The Divide program, stationed at libraries, senior centers, community centers, and veterans' centers to raise awareness of the CBNs, to assess needs of individuals (such as lack of a device or affordable internet service), and to assist in residents' sign up for the Affordable Connectivity Program. These DTD Interns hail from underserved communities and have already shown a dedication to helping their communities in getting connected, even before the CBN is available.	Evaluation	N/A	- Other Internal design - The Department has a Compliance Auditor who is assigned to the project who will assist the Program Manager in formalizing the internal evaluation plan. The Department plans to utilize a consultant as the technical advisor on the Community Broadband Network initiative and will draw upon both the consultant's and ISD's expertise in internet service initiatives and telecommunications contracting, respectively, to shape an evaluation plan that will confirm that the CBNMSP was able to deliver the required services to the public and that the number of households with internet subscriptions increased as the result of this program. The County's Enterprise GIS is expected to track, visualize, and report on this information in the evaluation.	$0.00	Launched April 24, 2024	- Outcome 1.1 - MSP completes construction of the Core Network Infrastructure necessary to offer broadband service to all locations within the South Los Angeles Service Area - Outcome 2.1 - Managed Services Provider onboards at least 35,000 Low Cost Plan subscribers in the South Los Angeles Community Broadband Network service area - Outcome 3.1 - Community Broadband Network subscribers receive reliable and high performance broadband internet service that meets or exceeds the broadband requirements of ARPA & Work Order - Outcome 3.2 - The County is compliant with the requirements of the American Rescue Plan Act - Increase the percentage of households with income above 250% FPL - Increase stable full-time employment - Increase Attainment of Postsecondary Credential w/Labor Market Value	Small Businesses	Y - 1. Impacted General Public - 2. Impacted low or moderate income Households or populations - 14. Disproportionally Impacted Low Income Households and populations - 16. Disproportionally Impacted Households that qualify for certain federal programs	Third Party Administrator	None. N/A	Y - WeLink Communications ($19,844,643). Current expenditures against the advance $16,407,535.	N/A	$16,407,535.00	$16,407,535.00	TBD... Program is ramping up to provide metrics by July 2026
Total EC 5.19			**$31,342,110.00**							**$0.00**									**$23,377,268.00**	**$23,377,268.00**	
Grand Total of Tracker Programs			**$31,342,110.00**							**$0.00**									**$23,377,268.00**	**$23,377,268.00**	
			Total Programs	**2**																	
			Evaluation	**2**																	

Department / Program	Project Identification Number	LA County Pillar	Funding Amount	Federal Expenditure Category Number and Name	Program Summary	Community Engagement Plan	Evidence-Based or Evaluation	Use of Evidence - Goals of the Project	Evaluation Description	Amount of Funds Allocated for Evidence-Based Interventions	Timeline / Targeted Launch Date	Key Outcome Goals	Population Served (Demographics)	Is your project primarily serving disproportionately impacted communities? (Y/N)	Program Delivery Model (Department Administered / Third Party Administrator)	Collaborations (County Departments /Non-County)? If Yes, which Departments?	Have you issued any advance payments to subrecipients/contractors? If so, to who and how much to date?	Fully Expended	Cumulative Expenditures to Date	Amount Spent Since Last Recovery Plan
Administrative Costs	ARPAUT201 ARPAUT201 - Admin ARPCBT203	2	$656,000.00	7.1 Administrative Expenses	Funding for centralized administrative costs, including mapping tool development, website design, data, auditing, and associated costs.	N/A	N/A	N/A	N/A	$0.00	Launched	N/A	N/A	N/A	(D) - Department Administered_DSWs/Costs	N/A	N/A	N/A	$333,237.39	$333,237.39
Total EC 7.1			**$656,000.00**							**$0.00**									**$333,237.39**	**$333,237.39**
Grand Total of Tracker Programs			**$656,000.00**							**$0.00**									**$333,237.39**	**$333,237.39**
			Total Programs	1																

AMERICAN RESCUE PLAN PROPOSAL
BROADBAND INFRASTRUCTURE

Department:	**Internal Services Department**
Program/Expense/Service Title:	**Accelerate Digital Equity – Community Broadband Networks**
Amount Requested:	**$50,000,000.00**

DECISION TREE

1) Is the proposal designed to provide service to households and businesses with one of the following identified needs for additional broadband infrastructure investment? (Treasury Final Rule, pp. 4419)
   - A lack of access to a connection that reliably meets or exceeds symmetrical 100 Mbps download and upload speeds;
   - A lack of affordable access to broadband service; or
   - A lack of reliable broadband service.

   YES☒ NO☐ MAYBE/UNKNOWN☐

2) Is the proposal designed, upon completion, to provide **one** of the following? (Treasury Final Rule, pp. 4452, 4418, 4443, 4420
   - Reliably meet or exceed symmetrical 100 Mbps download and upload speeds;
   - If 100 Mbps download and upload speeds is not practicable due to excessive cost of the project or geography or topography of the area to be served, reliably meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed; or,
   - If 100 Mbps download and upload speeds is not practicable due to excessive cost of the project or geography or topography of the area to be served, be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

   YES☒ NO☐ MAYBE/UNKNOWN☐

3) Does the proposal require the service provider to either participate in the Federal Communications Commission's (FCC) Affordable Connectivity Program (ACP), or otherwise provide access to a broad-based affordability program to low-income consumers in the proposed service area that provides benefits to households commensurate with those provided under the ACP? (Treasury Final Rule, pp. 4452, 4418, 4421)

   YES☒ NO☐ MAYBE/UNKNOWN☐

4) If the proposal does not meet #1-3 above, is it a modernization of cybersecurity, including modernization of hardware and software, for existing and new broadband infrastructure, regardless of their speed delivery standards? (Treasury Final Rule, pp. 4422,)

   YES☐ NO☐ MAYBE/UNKNOWN☐ **NOT APPPLICABLE (#1-3 MET)**

5) Does the proposal obligate funds by 12/31/2024 and have a project completion date no later than 12/31/2026? (Treasury Final Rule, p. 4386 x 2, 4387, 4390, 4433 x 2, 4433, 4434, 4436,)

   YES☒ NO☐ MAYBE/UNKNOWN☐

If your answer was YES to each question above, move to Broadband Infrastructure~ Program Justifications. If not, consult with your County Counsel to see if your program may still be eligible.

BROADBAND INFRASTRUCTURE ~ PROGRAM JUSTIFICATIONS

Departments must provide sufficient detail and supporting information for each question below as it relates to the Program/Expense or Service being provided.

PROJECT DETAILS

1. Provide a brief description of the proposed project.

In Los Angeles County (County), it is estimated that approximately 416,000 households lack broadband internet service. This lack of service disproportionately impacts mostly lower income communities and populations. Several government initiatives are underway to address this crisis, yet digital inequities persist in both rural and urban areas of the County. The County of Los Angeles Board of Supervisors (Board) directed the County Internal Services Department to assess viable options for the County of Los Angeles to facilitate residential access to reliable broadband service in low-income communities where greater than 20% of the households lack internet service, based on data from the United States Census Bureau's American Community Survey. The County's Community Broadband Networks (CBNs) will rely potentially on landlines (wireline) and/or radio links (fixed wireless), leveraging equipment mounted to public buildings, streetlights, and other community real estate assets to deliver high-speed connections to households or other end users who are equipped to receive the signal.

The CBNs will be designed, implemented, and operated by pre-qualified Managed Services Providers under a County Services Master Agreement who are competitively selected under individual Work Order Solicitations for one or more of the CBN service areas. This public-private partnership approach will have the selected MSPs operating as retail internet service providers directly to consumers in the service areas.

- **On August 31, 2021, the Board unanimously adopted a motion to assess options for the County of Los Angeles to facilitate residential access to reliable broadband service in low-income communities that lack affordable, high-speed internet service.**
- **On September 30, 2021, ISD submitted a report outlining options for the Board to consider, including the option to deploy Community Broadband Networks.**
- **On November 16, 2021, the Board unanimously approved a motion to advance the Community Broadband Networks by instructing ISD to coordinate implementation.**
- **The County's Community Broadband Networks will rely potentially on landlines and/or radio links, leveraging equipment mounted to public buildings, streetlights, and other community real estate assets to deliver high-speed connections to households, or to other end users who are equipped to receive the signal.**
- **On January 7, 2022, as part of the planning process, the County of Los Angeles released a Request for Comments (RFC) seeking input from market participants to inform the solicitation requirements, network structure, technical specifications, evaluation metrics, and any other topics that will be instructive to facilitating a competitive solicitation.**
- **On March 21, 2022, the County released a Request for Statement of Qualifications for the Installation and Operation of Community Wireless Networks to Deliver Residential Broadband Services. The Internal Services Department will be continuously accepting Statements of Qualifications through September 13, 2027, but the purpose of this is to accommodate additional, non-ARP funding sources, to potentially include other State and/or federal grants. No new ARP funds will be allocated for services after 2024, nor will any ARP funds be used after 2026.**

- **On July 13, 2022, the County released an addendum to the RFSQ to clarify and rename it to: "Request for Statement of Qualifications for the Installation and Operation of Community Broadband Networks to Deliver Residential Broadband Services."**
- **Beginning in January 2023, ISD released a series of three Work Order Solicitations under the CBNSMA, covering demonstration projects in East Los Angeles, South Los Angeles, the San Fernando Valley, and Southeast Los Angeles. Under these solicitations, the County was seeking qualified Community Broadband Network Services Master Agreement Vendors to deploy and to operate high quality retail broadband internet service, that is affordable and reliable within certain Los Angeles County communities experiencing a lack of broadband internet service. All three WOS are now closed to proposals and are either in the evaluation or award process.**
- **ISD anticipates that at least the first WOS, covering the demonstration projects in East Los Angeles and South Los Angeles, will utilize $50M of $56M of the ARPA SLFRF allocation for the ISD Accelerate Digital Equity project.**

2. Describe how the proposal is designed to provide broadband service to households and businesses with an identified need for additional broadband infrastructure investment, which would include, but not be limited, to a lack of broadband service reliably delivering certain speeds. Also include: 1) how the program is responsive to an identified need to achieve or maintain an adequate minimum level of service, which may include a reasonable projection of increased need, whether due to population growth or otherwise; 2) whether this is a cost-effective means for meeting that need, taking into account available alternatives; 3) how this proposal may provide the greatest public benefit in the area over other options; and, 4) how this proposal encourages high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. (Treasury Final Rule, pp. 4408-4409). **Note: if this proposal relates to cybersecurity, skip questions 2-9**.
    1) **The project addresses the need for affordable, high-speed broadband that enables households in identified areas experiencing the digital divide. These areas are identified as those where the percentage of households without internet subscriptions exceeds 20 percent, and which coincide with household incomes at or below $50,000 per year (generally less than 200% FPL for a household of four). Through a combination of the federal Affordable Connectivity Program (ACP) subsidy, a requirement for a companion low-cost internet plan at $30, and connection rate that both far exceeds the 2015 Federal Communications Commission definition of broadband internet (25/3 Mbps) and also exceeds the proposed update to a new 100/20 Mbps standard, the CBN project will be necessary to address the growing dependency on home broadband for learning, telework, telehealth, and other digital needs for the entire household – at an affordable price.**
    2) **The proposed public-private partnerships are a cost-effective way to provide a retail option in these identified areas that also does not require the County to own and operate the service. These partnerships will leverage public assets that exist in the communities, such as school buildings and streetlights, for providers to place equipment, reducing the costs and enabling the reduction of service rates and addition of consumer-friendly terms for a minimum of five years. Alternatives were considered, to include projects requiring the use of fiber optics to the home as well as fee-for-service proposals, but these options were found to be not feasible and would also require substantial, on-going funding while limiting the number of households that the County can assist. ISD submitted a report to the Board of Supervisors in September 2021 that discusses these options and cost estimates.**

3) **The CBN approach provides the greatest public benefit for several reasons. First, the service areas are coordinated with the cities, who are partnered with the County through agreements to coordinate digital investments. Doing so ensures that the jurisdictions are not competing against each other for funding or pursuing strategies at odds with each other, and that public assets are made available for use in the public-private partnerships. Second, by creating service areas that are large and contiguous, the solicitations are expected to be attractive to the private sector, as proposers can design more efficient, large-scale projects, and have sufficient market-rate customers to support a viable business model despite a large number of ACP-eligible customers. In the identified CBN areas, Spanish and Chinese are the predominant languages used besides English, and the solicitations require that providers conduct outreach and customer service in all of the County's threshold languages. Next, there is public benefit for the CBNs to be part of the Department's comprehensive digital strategy that addresses broadband access (CBN), the need for internet-ready devices (free laptops based upon a needs assessment), adoption of broadband services (community outreach, digital assistance at County libraries, senior centers, community centers, and other locations, and digital literacy training), and technology internships/pre-apprenticeships. Finally, the CBNs are expected to generate local hiring, training, and community-based collaboration opportunities from the CBN Managed Services Providers.**
4) **The CBNs are required to meet built-to-speed and reliability standards that meet modern and forward-looking minimum performance requirements. In addition to pre-qualifying companies that already agree to the County's terms and conditions through the CBN Services Master Agreement and which have previous experience and the financial capacity to deliver these critical projects within the funding performance period, the proposers were required to provide detailed network designs, bills of materials, and were required to respond to at least 85 different requirements or questions. These responses were evaluated and reviewed, including with advice from contracted subject matter experts with expertise in designing and operating wireline and fixed wireless broadband internet service. The cost model assessed the cost of the proposed network over 30 years. The solicitations require completion of the broadband infrastructure no later than December 31, 2025, to ensure quick enablement of retail service and to ensure completion as required by the ARPA deadline of December 31, 2026. As mentioned in #3, the size of the service areas is designed to enable efficiencies and attract the greatest number of proposals versus small, tailored projects that may not be viable for the private sector.**

3. Is the proposal designed, upon completion, to reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds? (Treasury Final Rule, pp. 4452, 4418, 4443, 4420)
   YES☒ NO☐ MAYBE/UNKNOWN☐

   If "yes," move to question #5. If "no," explain why, including a description of why it is not practicable due to excessive cost of the project or geography or topography of the area to be served by the project.
   Not applicable, project is designed to deliver minimum of 100 Mbps download speeds and upload speeds.

4. Explain how the project will do one of the following:

a. Reliably meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed; or,
b. Be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

(Treasury Final Rule, pp. 4452, 4418, 4443, 4420)

The Work Order Solicitations require the proposers to design and implement last-mile (that is, the final leg of a network that provides service to the home, business or community institution[1]) broadband networks that will reliably deliver service to each subscribing household at a minimum download speed of 100 Mbps and 100 Mbps upload speed, thus meeting the requirement in 4a. The Work Order Solicitations include the County's option to consider 100 Mbps download speed and 20 Mbps upload speed, scalable to 100 Mbps upload speed, however, the County has received at least one proposal in each of the first four Work Order Solicitations that has not required the County to consider the lesser requirement.

5. How will you ensure that the broadband infrastructure provides "reliable" service at required speeds (and not simply rely on providers' advertised speeds in their assessments)? (Treasury Final Rule, p. 4420)
   In the Work Order Solicitations, the County requires detailed network designs, down to the site and equipment level, for the defined service areas in order to clearly demonstrate that the proposers' designs have the network coverage and capacity to deliver the required speeds and reliability based on a take rate assumption of 40 percent of the households in each Census Block. These design proposals are evaluated by the Evaluation Committee, advised by subject matter experts who conduct an engineering review of the proposals to validate the ability of the network designs to meet the service requirements.

6. Does the proposal prioritize providing service to locations not currently served by a wireline connection that reliably delivers at least 100 Mbps of download speed and 20 Mbps of upload speed?If so, how? (Treasury Final Rule, pp. 4419)
   The Community Broadband Networks projects are designed to provide a retail broadband service option within the service areas to all consumers, to include those communities with demonstrated barriers to accessing resources. Depending on the awarded contractors' network designs and implementation plans, the roll-out plan may implement the unserved locations first if economically and technically feasible.

7. Does the proposal prioritize fiber optics, if feasible? (Treasury Final Rule, pp. 4417, 4418, 4420 x 2,)
   The Work Order Solicitations allow for either type of wireline, including fiber optics, or fixed wireless last mile connections. The County is soliciting for public-private partnerships that provide the best value, including the use of a financial model that assesses the value of proposals over a 30-year lifespan and considers other factors, such as community benefits, that comply with the Treasury's built-to-speed and affordable plan requirements. The Treasury Final rule encourages, but does not require, the prioritization of fiber optics.

8. If the proposal will deploy broadband to locations where there are existing enforceable federal or state funding commitments for reliable service at speeds of at least 100 Mbps download speed and 20 Mbps upload speed, how will you ensure that SLFRF funds are designed to address an identified need for

[1] https://cdt.ca.gov/middle-mile-advisory-committee/middle-mile-faq/

additional broadband investment that is not met by existing federal or state funding commitments? (Treasury Final Rule, pp. 4418, 4422,)

The Community Broadband Networks demonstration projects are meant to primarily address the lack of affordability of residential broadband internet services in the service areas, which exhibit high percentages of homes that lack internet subscriptions despite overall broadband service availability by one or more providers. According to the California Public Utilities Commission Federal Funding Account Map, compared to the Community Broadband Networks proposed service areas, there are only 12,958 unserved households (defined as locations with either unreliably legacy wireline technologies or without a wireline provider that reliably offers broadband service of at least 25 Mbps downstream and 3 Mbps upstream) over 145 square miles, contrasted to approximately 524,000 households in that same area, and an estimated 217,000 of those households are without an internet service subscription. This is the basis for the County's identified need of additional broadband investment that is not met by existing federal or state funding commitments.

9. Does the proposal prioritize last-mile connections to households and businesses, either by focusing directly on funding last-mile projects or by ensuring that funded middle-mile projects have commitments in place to support new and/or improved last-mile service? (Treasury Final Rule, pp. 4418, 4421)

   Yes. The Community Broadband Networks demonstration projects will provide last-mile broadband connections to households and businesses in the identified service areas.

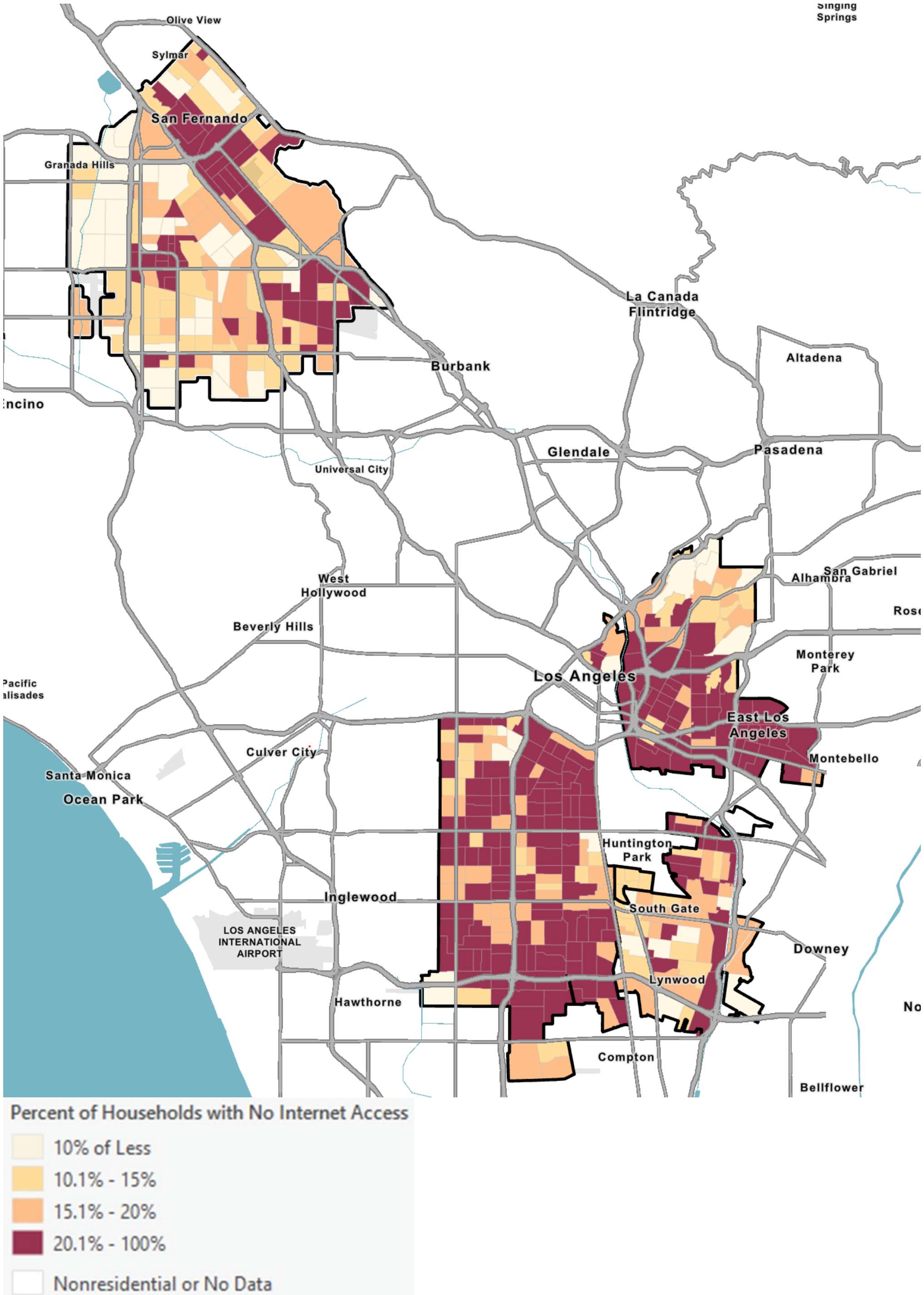
10. Does this proposal relate to cybersecurity, including modernization of hardware and software, for existing and new broadband infrastructure, regardless of their speed delivery standards? If so, how? (Treasury Final Rule, pp. 4422,)

    The Work Order Solicitations require proposers to operate a secure service provider network with comprehensive cyber security operations and governance programs to ensure the confidentiality, integrity, and availability of the Service and customers. This includes, but is not limited to, 24x7x365 cyber security monitoring, incident response, and timely remediation.

11. How were areas of areas for investment determined? (Treasury permits SLFRF recipients to choose to consider any available data, including but not limited to documentation of existing broadband internet service performance, federal and/or state collected broadband data, user speed test results, interviews with community members and business owners, reports from community organizations, and any other information they deem relevant. In evaluating such data, recipients may take into account a variety of factors, including whether users actually receive internet service at or above the speed thresholds at all hours of the day, whether factors other than speed such as latency, jitter, or deterioration of the existing connections make their user experience unreliable, and whether the existing service is being delivered by legacy technologies, such as copper telephone lines (typically using Digital Subscriber Line technology) or early versions of cable system technology (DOCSIS 2.0 or earlier), and other factors related to the services to be provided by the project. Recipients may consider the actual experience of current broadband customers when making their determinations; whether there is a provider serving the area that advertises or otherwise claims to offer broadband at a given speed is not dispositive.) (Treasury Final Rule, pp. 4419)

    The areas were determined by a combination of factors, including:

    - **Areas where, on average, 20 percent or more households lack broadband subscriptions, according to the U.S. Census Bureau's American Community Survey data**



- **Agreement through Memorandum(s) of Understanding with the local city/cities to ensure coordination of investment and cooperation on available public assets.**
- **Agreement with the relevant Supervisorial District**
- **Uniform geography and built topology that would be suitable for efficient broadband deployment**
- **Large enough area to enable efficient network infrastructure designs and offer a business case for the Managed Services Providers to sustain their business operations.**

Additionally, the Department utilized the conclusions from a 2021 report by the California Emerging Technology Fund and the University of Southern California that surveyed 1,650 California adult residents. It concludes that income is a key determinant of broadband

adoption, with only 74 percent of low-income residents (below 200% of FPL) connected to the internet at home through a computing device other than a smartphone. For residents who are not of low-income status, the adoption rate is 96 percent.

The identified areas exceed the Board of Supervisors-approved Per-Capita Allocation in the County's data mapping tool. The combined Highest and High actual need tiers account for 83.4% of the Census Tracts, exceeding the target of 75% for those two tiers. Moderate, Low, and Lowest-need tiers make up only 16.6 percent of the Census Tracts.

Within the target areas as of November 2023, there are 510 K-12 schools with 271,574 students, of whom 251,567 are socio-economically disadvantaged, with 71,376 English learners, according to the 2022-2023 school-level demographics from the California Department of Education. With the sunset of the FCC's Emergency Connectivity Fund due to the ending of the COVID-19 public health emergency, the reimbursement of schools for equipment and services to keep students and staff connected will end on June 30, 2024. The Community Broadband Networks can be a way to ensure that students in these areas have affordable, reliable, and high-speed broadband at home to support remote learning as well as access to educational resources.

SERVICE PRICING

12. Does the proposal require that services include at least one low-cost option offered without data usage caps and at speeds that are sufficient for a household with multiple users to simultaneously telework and engage in remote learning? If yes, how? (Treasury Final Rule, p. 4418, 4421)
Yes. The Work Order Solicitations require the proposers to fix plan pricing for a minimum of five years and to provide a low-cost service plan that meets the following criteria:
• Must not include data usage caps, surcharges, or usage-based throttling;
• Must offer a minimum speed of 100/100 Mbps;
• Must cost no more than $30 per month, inclusive of all taxes, fees and charges;
• Must not charge for installation or setup;
• Must provide a free modem, router, or other similar CPE;
• Must not require a minimum term;
• In the event the Proposer later offers a service plan at the same or lower cost with higher speeds downstream and/or upstream, the provider must permit subscribers to the low-cost service plan to upgrade to the faster and/or lower cost plan.

13. Does the proposal require the service provider to either participate in the Federal Communications Commission's (FCC) Affordable Connectivity Program (ACP), or otherwise provide access to a broad-based affordability program to low-income consumers in the proposed service area that provides benefits to households commensurate with those provided under the ACP? (Treasury Final Rule, pp. 4418, 4421, 4452,)
Yes. The Work Order Solicitations require the proposers to provide a low-cost residential broadband service plan and participate in the federal Affordable Connectivity Program (ACP). The Proposer must be either an Eligible Telecommunications Carrier (ETC) in the state of California or approved by the FCC to provide Affordable Connectivity Program (ACP) benefits in California as a non-ETC broadband provider.

PROJECT FUNDING

14. Can you confirm that SLFRF funds will not be used for costs that will be reimbursed by the other federal or state funding streams? (Treasury Final Rule, p. 4418, 4422)
    Yes. At this time, there are no costs that will be reimbursed by other state or federal funding streams. The Department has applied for a state grant (Last Mile Federal Funding Account) and has indicated in that grant application that it would coordinate the funding to ensure that there is no duplication of funding should the County be awarded that grant. This would likely involve partitioning the funded broadband infrastructure between federal and state grants.

15. Can you ensure that SLFRF funds will not be used to procure or obtain certain telecommunications and video surveillance services or equipment as outlined in 2 CFR 200.216 and 2 C.F.R. 200.471? (Treasury Final Rule, p. 4418, 4422)
    Yes. The Work Order Solicitations included requirements for the proposers to comply with the Treasury Final Rule, as well as to list the manufacturers of all equipment in the network design bill of materials. The Department will ensure that no equipment or services in the network design will use the prohibited telecommunications equipment or services listed in the 2 CFR 200.216. The required provision will be included in the Work Orders.

16. What is the deadline to obligate funds (must be by 12/31/2024)? (Treasury Final Rule, p. 4452, 4418, 4443, 4420)
    The Department is setting a deadline of September 30, 2024, to complete the obligation of funds to ensure adequate time to complete the obligation by December 31, 2024.

17. What is the project completion date (must be by 12/31/2026)? (Treasury Final Rule, p. 4452, 4418, 4443, 4420)
    The Department anticipates project completion no later than September 30, 2026, although in the Work Order Solicitations, it is requiring the completion of the network infrastructure construction by December 31, 2025, to ensure adequate time to complete the project prior to the required latest completion date of December 31, 2026.

CONTRACTING & REPORTING

18. Does the proposal encourage the use of strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions? If so, how? (Treasury Final Rule, p. 4409)
    The Work Orders require compliance with the prevailing wages for applicable positions covered by the State of California Department of Industrial Relations Determinations. Proposers are encouraged, but not required, to provide employment opportunities for local workers in the projects within their communities.

19. Does the proposal require that all contracts in excess of $100,000 involving employment of mechanics or laborers include a provision for compliance with certain provisions of the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5)? (Treasury Final Rule, p. 4409, 4393)
    The Work Orders will contain the required provision.

20. Does the proposal comply with applicable federal, state, and local laws, including:
    - Environmental and permitting laws and regulations; and

- Meeting design and construction methods and use materials that are approved, codified, recognized, fall under standard or acceptable levels of practice, or otherwise are determined to be generally acceptable by the design and construction industry.

(Treasury Final Rule, p. 4393, 4409)

Yes, the Master Agreement includes the requirement to comply with applicable federal, state, and local laws and that "All tasks, subtasks, deliverables, Assets, goods, Services, and other work shall be completed in accordance with this Master Agreement and industry standards." The Work Order Solicitations include an evaluated response that requires the proposers to confirm that their proposed solution complies and to show how it complies with a requirement that it be constructed according to industry standards.

The Work Orders will include requirements related to compliance with the California Environmental Quality Act, and the Department will be the Lead Agency that makes the CEQA determinations.

The selected providers are required to secure permitting for the project and comply with local ordinances. The relevant County and municipal planning and public works departments will review and approve the providers' applications and plans, negotiate license agreements, and inspect the work as applicable.

21. As part of your selection process, do you plan to consult with the community on the general affordability needs of the target markets in the proposed service area? If yes, how? (Treasury Final Rule, pp. 4418, 4421)
    Yes, the Department plans on engaging a contractor to conduct data collection, analysis and reporting on community digital needs across the County, including affordability. The Work Order Solicitations already contemplate an Affordable Connectivity Program requirement in conjunction with a low-cost plan of no more than $30/month for 100 Mbps download speed and 100 Mbps upload speed, which would reduce the plan to no-cost for those enrolled in ACP and applying their benefit toward the service.

22. Does the proposal prioritize support for broadband networks owned, operated by, or affiliated with local governments, nonprofits, and cooperatives? If yes, how? (Treasury Final Rule, pp. possibly 4417, 4418, 4421,)
    Yes, the Community Broadband Network projects are affiliated with the County of Los Angeles and its partner municipal jurisdictions. The Department has entered into Memorandums of Understanding with these cities and the Los Angeles County Office of Education to coordinate digital connectivity investments.

23. Does the proposal prioritize employers (including contractors and subcontractors) without recent violations of federal and state labor and employment laws? (Treasury Final Rule, pp. 4409, 4393,)
    The WOS requires proposers to disclose all judgments and litigation. The Work Orders will include requirements to comply with the State prevailing wage law, including applicable determinations by the State of California Department of Industrial Relations. The Master Agreement includes the requirement that, "In the performance of this Master Agreement, Contractor shall [comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Master Agreement are hereby incorporated herein by reference."

24. Does the proposal prioritize procurement decisions on employers who can demonstrate that their workforce meets high safety and training standards (e.g., professional certification, licensure, and/or

robust in-house training), that hire local workers and/or workers from communities with demonstrated barriers to accessing resources, and who directly employ their workforce or have policies and practices in place to ensure contractors and subcontractors meet high labor standards? (Treasury Final Rule, pp. 4409, 4393)
Ten percent of the scoring of the Work Order Solicitations comprises the County's evaluation of the proposer's approach to reporting, transparency, and compliance. An evaluated component of the category includes the proposers' workforce training and safety standards, including safety, certifications, and licensing, and whether there are professional certifications and/or in-house training in place to ensure that deployment is done at a high standard. The WOS also included the County's statement that employment opportunities for local workers on projects situated within their communities are a key element of County investments and that construction and operation of the Community Broadband Network is expected to improve workforce and job readiness among fiber and telecom workers.

25. Are you prepared to report speed, pricing, and any data allowance information as part of mandatory reporting to Treasury? (Treasury Final Rule, pp. 4418, 4421)
Yes. The Work Order Solicitations included requirements for the Contractor to report on service and pricing attributes that are required for reporting to the Treasury Department.

Click or tap to enter a date.

Name: **Eric Sasaki** December 7, 2023
Title: **Manager, Major Programs**

Are there any attachments? YES☐ NO☒

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

■Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
■Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)

■Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)

☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)

☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)

■Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)

☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)

■Permanent supportive housing (FR pg. 108)

☐Affordable housing developments targeted to specialized populations (FR pg. 108)

☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)

☐Rehabilitation or repair of public housing (FR pg. 108)

☐Job and work force training centers (FR pg. 117)

☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)

☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)

☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)

■Vacant or abandoned property (FR pgs. 134-136):

- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ■Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
- ☐Conversion of vacant or abandoned properties to affordable housing
- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)

☐Potential expenditures for nonprofits (FR pg. 155)

☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)

☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

■Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: Chief Executive Office
Program/Expense/Service Title: Los Angeles County Care Community at Metropolitan State Hospital
Amount Requested: $5,000,000

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ■ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ■ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ■ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ■ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☐
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

<u>If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.</u>

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
    - Los Angeles County Care Community at Metropolitan State Hospital

- Administered by the Department of Mental Health, Department of Public Works, and Chief Executive Office - Capital Programs.

2. Provide a brief description of the Capital Project/Expenditure proposal.

   - The abatement work includes conducting thorough inspections to evaluate the presence and condition of hazardous materials; as well as safely removing and properly disposing of hazardous materials from the site, in compliance with federal, state, and local regulations. Additionally, the make-ready work would include preparing the buildings and courtyard for construction.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

   - Project cost projected to be $5,000,000.

   The project funded as follows:

   - $3,900,000 in ARPA CLFRF funds from Internal Services Department-administered Accelerate Digital Equity Community Broadband Network 3 Program; and
   - $1,100,000 of ARPA CLFRF funds via ARP's revenue loss provision from the CEO Homeless Initiative administered Safe Parking program to increase the appropriation.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

   - $3,900,000 in American Rescue Plan Act (ARPA) to be fully obligated by December 31, 2024, and fully expended before December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

   - As a result of COVID-19, more housing and treatment facilities need to be developed to address the housing emergency.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   - The State and County have identified a portion of the Metropolitan State Hospital campus in the City of Norwalk that is underutilized and can be renovated and transformed into a continuum of housing and treatment options for people with mental health challenges – the proposed Los Angeles County Care Community at Metro State Hospital.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

   - The Los Angeles Care Community at Metro State Hospital will provide:

     1. Mental Health Rehabilitation Center (Psychiatric Subacute) Male/Female;
     2. Interim Housing for Adult & TAY; and
     3. Permanent Supportive Housing.

   - The project scope is for the removal and remediation of environmental contaminants or hazards from the vacant properties. The scope will be conducted in compliance with applicable environmental laws or regulations.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   - N/A

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   - No

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    - See the "Written Justification" below.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

Matthew J. Diaz Digitally signed by Matthew J. Diaz Date: 2024.12.16 15:58:17 -08'00'

Name/Signature of high-level department person

12/16/24

Date

Are there any attachments? YES ■ NO ☐

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

■ Affordable Housing (FR pg 6)
☐ Childcare facilities (FR pg 6)
☐ Schools (FR pg 6)
☐ Hospitals (FR pg. 6)
☐ Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐ Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐ Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐ Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐ Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐ Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐ Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐ Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐ Installation and improvements of ventilation systems (FR pg. 61)
☐ Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐ Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐ Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐ Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐ Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
■Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
■Permanent supportive housing (FR pg. 108)
☐Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
■Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ■Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐Potential expenditures for nonprofits (FR pg. 155)
☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
■Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION
(Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

    - With the onset of the pandemic, the number of deaths among People Experiencing Homelessness (PEH) in the County increased, going from 1,271 deaths pre-pandemic (March 31, 2019-April 1, 2020) to 1,988 deaths (April 1, 2020-March 31, 2021). While COVID-19 became the third leading cause of death among PEH in the post-pandemic onset year, the overall increase was driven to an equal or more considerable degree by increases in overdoses, homicide, congenital heart disease, and traffic injury deaths.

    - Evidence shows the COVID-19 pandemic may have exacerbated stressors already present in the lives of PEH, leading to increases in other causes of death, even as we intensified our COVID-19 prevention efforts in this population.

    - This project will help reduce these stressors and create more stability for PEH, increasing their ability to secure safe housing and comprehensive supportive services to stabilize and maintain their housing.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

- This investment focuses on renovating facilities for permanent supportive housing units, subacute treatment facilities, and interim housing. This is a long-term solution rather than temporary fix.
- Investing in housing and supportive services can significantly improve the quality of life for individuals experiencing homelessness, leading to better health outcomes and increased productivity.
- By investing in comprehensive solutions that combine housing with services like mental health care, substance abuse programs, and job training, municipalities can address the root causes of homelessness more effectively.

a. Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.

- The County of Los Angeles continues to develop ideas and solutions regarding homelessness and affordable housing options. Through the County's efforts, a group of buildings at the Metropolitan State Hospital campus has been identified to provide a continuum of housing options for people experiencing homelessness.
- This site is centrally located in an area that does not provide similar services.

b. Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.

Addressing the housing emergency in LA County requires a multifaceted approach, where policy changes and additional funding alone may not be enough without corresponding capital expenditures. Here are several reasons why:

1. Infrastructure and Development Costs: Rehabilitating existing buildings necessitates significant capital investment. This includes construction materials, labor, and compliance with local regulations. Without capital expenditures, even the best policies or increased funding for services won't translate into physical housing solutions.

2. Long-Term Solutions: Housing emergencies often stem from systemic issues such as inadequate supply, rising costs, and displacement. Policy changes may provide temporary relief or improve access to services, but without the investment in actual housing development, these solutions will not address the root of the problem.

3. Maintenance and Operations: Funding for programs may help in the short term, but ongoing capital investment is essential for the maintenance and operation of housing

projects. Without it, existing properties may fall into disrepair, undermining efforts to provide stable housing.

In summary, while policy changes and additional funding are important components in addressing the housing emergency, they must be paired with significant capital expenditures to create actual housing solutions and infrastructure that can support long-term stability in LA County's housing market.

3. **Provide a comparison of the proposed capital expenditure against alternative capital expenditures:** (Recipients should provide an objective comparison of the proposed capital expenditure against at least two alternative capital expenditures that could be made. Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

   a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Rehabilitating an existing structure vs. new construction

- Rehabilitating an existing structure typically has lower upfront costs compared to new construction.
  - Possible financial incentives, such as tax credits or grants, for rehabilitating historic buildings.
  - Ongoing maintenance costs may be higher if the property is older and requires significant updates.
  - New construction has higher initial costs due to land acquisition, construction materials, and labor.
- Rehabilitating an existing structure is typically faster than new construction.
  - Generally faster to complete than new construction, especially if the structure is in reasonable condition, therefore can be a quicker way to bring units to market and address housing shortages.
  - Longer timeframes can lead to increased costs due to inflation and changing market conditions.
- Rehabilitating an existing structure has social impacts.
  - Preserves community character and history, which can enhance social cohesion.
  - Often addresses issues of blight and vacancy, improving overall community aesthetics.

Rehabilitating an existing structure vs. leasing from private owner

- Rehabilitating an existing structure vs. leasing a structure from private owner.
  - Lease payments may increase over time.
  - Leased facilities offer less flexibility with the use of the facility.

In summary, while new construction and leasing from a private owner is an option, refurbishing and existing underutilized building is the option that is deemed most beneficial to address the County's housing needs.

b. If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.

- N/A

4. Consider the following factors in comparing this proposal to other alternatives:

a. Compare the effectiveness of capital expenditures in addressing the harm identified. (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

- The Project will add an additional 50 permanent supportive housing; 32 psychiatric subacute; and 137 interim housing for adult & transitional age youth opportunities for and people experiencing homelessness. The County is entering
- a long term gratis or low-cost lease with the State of California for the use of the structures, parking lot and surrounding courtyards.

b. Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures.

- This project is projected to be completed by December 2025.
- This project is part of the development stage of three subsequent projects to rehabilitate six buildings, three courtyards and a parking lot to create the Los Angeles Care Community at Metro State Hospital.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- This phase of the project will be funded with $5 million ARPA revenue. DPW will deliver the abatement and make-ready activities on five of the six buildings in compliance with all ARPA obligations, spending, and other requirements.

- The overall rough order magnitude (ROMs) for the project are as follows:

Program	Hard Cost	Soft Cost	Total ROM
Mental Health Rehabilitation Center Male and Female Facilities (Psychiatric subacute)	$53,560,000	$ 9,050,000	$62,610,000
Interim Housing Adult and TAY Facilities	$44,900,000	$ 8,700,000	$53,600,000
Permanent Supportive Housing Facility	$38,000,000	$ 11,000,000	$49,000,000

To date, the anticipated/secured funding by project component is as follows:

- Abatement and make-ready work - $5M (Secured)
- Permanent Supportive Housing- No Place Like Home Funding - $20M (Secured) $29M TBD.
- Mental Health Rehabilitation Center - BHCIP/Prop 1 Funding - $62.61M (Pending Application Approval)
- Interim Housing Adult and TAY Facilities - BHBH and MHSA Funding (TBD).

Funding sources for the psychiatric subacute and interim housing options has been identified and the County expects to make future applications for Behavioral Health Bridge Housing and Proposition 1 funding, respectively. For the permanent supportive housing opportunity, the County is currently administering the No Place Like Home program, under which the State Department of Housing and Community Development provided more than $700 million to assist in the development of supportive housing for those experiencing homelessness, chronic homelessness or are at-risk of chronic homelessness, and living with mental illness.

The No Place Like Home funding program is administered by LACDA and DMH. $20 million of this funding has been allocated to this project.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

- See response for 3(a) above.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - <u>Initial Eligibility Screening</u>:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - <u>Detailed Capital Project Program Justification</u>:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - <u>Written Justification/Reporting Documentation:</u>

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
    1) COVID-19 Mitigation and Prevention
    2) Medical Expenses
    3) Behavioral Health, and
    4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
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☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☒Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 1.0 – Whittier / Clifford Beers Housing**
Amount Requested: **$20M**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Whittier / Clifford Beers Housing

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 located in Whittier, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Motel 6 in Whittier to Clifford Beers Housing (CBH). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, CBH will renovate and convert the property from temporary housing to PSH (Project). CBH proposes maintaining the 98 units – 97 for PSH units and a manager unit. Each of the units will be renovated to include a kitchenette and new flooring. CBH will maintain the existing ADA rooms. Planned resident and community amenities include community room and kitchen, service desks and onsite personnel and laundry facilities. Case management and supportive services will be available onsite for PEH.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $20M, which is the ARP amount needed to support the renovations. However, the entire capital project cost, which includes County's previous acquisition of the property and CBH's projected renovation cost, is $30M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and all renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 21, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide

PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increased number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 98 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒Affordable housing (FR pg. 190)

   The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

    Attached.

______________________Elizabeth Ben-Ishai   2-1-2023
Name/Signature of high level department person   Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒Permanent supportive housing (FR pg. 108)
☒Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐ Potential expenditures for nonprofits (FR pg. 155)
☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☒ Affordable housing (FR pg. 190)
☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION
(Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 98 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.

The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

b. Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.

Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.

Alternative 1: <u>New construction</u>
Building PSH units from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing interim housing to permanent housing here is $204,081.

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey Program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from local jurisdictions. For the Motel 6 in Whittier, the State awarded the County $10,327,147 of the total $10,393,050 acquisition costs. The proposed renovation Project is $20M. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County much more in capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it.

The approval processes could slow down progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $52.1M to $54.7M for new PSH construction for 98 units; and
- Alternative 2: Expected County cost to acquire and renovate a 98 unit building into a PSH would be approximately $30M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - <u>Initial Eligibility Screening</u>:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - <u>Detailed Capital Project Program Justification</u>:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - <u>Written Justification/Reporting Documentation:</u>

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19, or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
    1) COVID-19 Mitigation and Prevention
    2) Medical Expenses
    3) Behavioral Health, and
    4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)

☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)

☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)

☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)

☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)

☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)

☐Permanent supportive housing (FR pg. 108)

☐Affordable housing developments targeted to specialized populations (FR pg. 108)

☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)

☐Rehabilitation or repair of public housing (FR pg. 108)

☐Job and work force training centers (FR pg. 117)

☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)

☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)

☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)

☐Vacant or abandoned property (FR pgs. 134-136):

- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
- ☐Conversion of vacant or abandoned properties to affordable housing
- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)

☐Potential expenditures for nonprofits (FR pg. 155)

☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)

☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☐Affordable housing (FR pg. 190)
- ☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
- ☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e., not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 1.0 – Baldwin Park/A Community of Friends**
Amount Requested: **$9.9M**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☐ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☐
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure?
   Homekey 1.0 – Baldwin Park

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 located in Baldwin Park, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of Motel 6 Baldwin Park to A Community of Friends (ACOF). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, ACOF will renovate and convert the property from temporary housing to PSH (Project). The property will have 40 units consisting of 37 one-bedroom units, two studios, and one two-bedroom manager unit. Case management and supportive services will be provided on site.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $9.9M, which is the ARP amount needed to support the renovations. However, the entire capital project, which includes County's previous acquisition of the property and ACOF's projected renovation cost, is $22.5M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by end of 2024. As such, funds will be obligated by December 31, 2024 and fully expended by December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increase in the number of people are living in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 40 PSH units to serve people experiencing homelessness. PEH will have permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☐Affordable housing (FR pg. 190)

   The renovation costs/expenses are consistent with the appraised value of the property. The project was underwritten by the County and California Department of Housing and Community Development (HCD) as a part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)
   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)
   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)
    Attached.

_____________________Elizabeth Ben-Ishai
Name/Signature of high level department person

_2/6/2023___________
Date

Are there any attachments? YES ☐ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☐Permanent supportive housing (FR pg. 108)
☐Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐Potential expenditures for nonprofits (FR pg. 155)
☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☐Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION
(Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	**and the use is enumerated by Treasury as eligible, then**	**and the use is beyond those enumerated by Treasury as eligible, then**
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and other supportive services, housing, and economic opportunities. The homelessness crisis in Los Angeles County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health or having underlying conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH in Los Angeles County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in Los Angeles County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among people experiencing homelessness increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

   The Project will create more affordable housing by providing an additional 40 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership, nearly 500,000 low-income households in LA County do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 12,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

   a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**
   The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing, so existing capital properties would not meet the need.

   b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

   Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

   a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

   Alternative 1: New construction
   Building PSH from the ground up – new construction – is considerably more expensive than a motel conversion. According to a report issued by the City of Los Angeles Controller, the average cost per a studio unit for PSH built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for the Baldwin Park project proposed here is $425,000 per unit for larger one-bedroom units.

   Alternative 2: Acquire building outside of the State of California Homekey Program
   The State of California allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to acquire and develop homeless housing,

with local jurisdictions providing matching funds. For Baldwin Park, the state awarded the County $7,100,000M of the total $7,134,720 acquisition cost. If the County of Los Angeles pursued this acquisition outside of the Homekey program, it would need to contribute nearly twice the amount of capital funding for this project. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it might otherwise be – and allowing the County to serve this population sooner.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way and to the same extent, but because they are costlier, they would result in less funding available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed project construction will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 might take a similar amount of time, but longer approval processes could slow down progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately over $22M (which is the average of above listed per unit costs for new PSH construction for 40 studio units)
- Alternative 2: Expected County contribution (ARP) would increase from $9.9M to $22.5M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State of California's report on the first round of Homekey funding, which supported motel and hotel conversions to homeless housing, as well as other innovative housing types, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - <u>Initial Eligibility Screening</u>:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - <u>Detailed Capital Project Program Justification</u>:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - <u>Written Justification/Reporting Documentation:</u>

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒ Permanent supportive housing (FR pg. 108)
☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐ Rehabilitation or repair of public housing (FR pg. 108)
☐ Job and work force training centers (FR pg. 117)
☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐ Vacant or abandoned property (FR pgs. 134-136):
    ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    ☐ Conversion of vacant or abandoned properties to affordable housing
    ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐ Potential expenditures for nonprofits (FR pg. 155)
☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☒Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 1.0 – Long Beach East/Linc Housing**
Amount Requested: **$11,872,791**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Long Beach East / Linc Housing

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 located in Long Beach East, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Motel 6 in Long Beach East to Linc Housing (Linc). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, Linc will renovate and convert the property from temporary housing to PSH (Project). The property will have 40 units – 39 residential units at 215 sq. ft., and a manager's unit, including two case manager offices. Case management and supportive services will be available onsite for PEH.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $11,872,791, which is the ARP amount needed to support the renovations. However, the entire capital project cost, which includes County's previous acquisition of the property and Linc's projected renovation cost, is $21.5M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 21, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increase in the number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 40 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

   ☒Affordable housing (FR pg. 190)

   The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

    Attached.

______________________Elizabeth Ben-Ishai   _2/6/2023____________

Name/Signature of high-level department person   Date

Are there any attachments? YES ☒   NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒Permanent supportive housing (FR pg. 108)
☒Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

<table>
<tr><th>If a project has total expected capital expenditures of</th><th>and the use is enumerated by Treasury as eligible, then</th><th>and the use is beyond those enumerated by Treasury as eligible, then</th></tr>
<tr><td>Less than $1 million</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td></tr>
<tr><td>Greater than or equal to $1million, but less than $10 million</td><td>Written Justification but recipients are not required to submit as part of regular reporting to Treasury</td><td rowspan="2">Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
<tr><td>$10 million or more</td><td>Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
</table>

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 40 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 12,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Additional funding would not on its own, without capital expenditures, increase the supply of affordable housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Alternative 1: <u>New construction</u>
Building PSH units from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing interim housing to permanent housing here is $242,500.

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from the local jurisdiction. For the Motel 6 in Long Beach East, the State awarded the County $5,615,000 of the total $5,646,668 acquisition costs. The proposed renovation Project is $11,872,791. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County almost twice the amount of capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it. The approval processes could slow down the progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $21.5M to $22.3M for new PSH construction for 40 units; and
- Alternative 2: Expected County cost to acquire and renovate a 40 unit building into a PSH would be approximately $21.5M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒ Permanent supportive housing (FR pg. 108)
☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐ Rehabilitation or repair of public housing (FR pg. 108)
☐ Job and work force training centers (FR pg. 117)
☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐ Vacant or abandoned property (FR pgs. 134-136):
  - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
  - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
  - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
  - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
  - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
  - ☐ Conversion of vacant or abandoned properties to affordable housing
  - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities

☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐ Potential expenditures for nonprofits (FR pg. 155)
☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☒Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

WORKSHEET 1 - INITIAL ELIGIBILITY SCREENING

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 1.0 – Harbor City/Brilliant Corners**
Amount Requested: **$16,129,999**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Harbor City/Brilliant Corners

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 Harbor City, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Motel 6 Harbor City to Brilliant Corners. The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, Brilliant Corners will renovate and convert the property from temporary housing to PSH (Project). The property will have 50 units, including 49 for permanent supportive housing (PSH) and one studio unit for property management. Additionally, Brilliant Corners has designed renovations to include administrative space, ADA accommodations, and each unit to have a kitchenette. Case management and supportive services will be provided on site.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $16,129,999, which is the ARP amount needed to support the renovations. However, the entire capital project cost, which includes County's previous acquisition of the property and Brilliant Corners' projected renovation cost is $23M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide

PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused, an increase in the number of people are living in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by created an additional 50 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housnig environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒ Affordable housing (FR pg. 190)

The rehabilitation costs/expenses are consistent with the appraised value of the property. The project was underwritten by the County and California Department of Housing and Community Development (HCD) as a part of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)
   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)
   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)
Attached.

______________________Elizabeth Ben-Ishai _2/6/2023___________
Name/Signature of high level department person Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

- ☐Affordable Housing (FR pg 6)
- ☐Childcare facilities (FR pg 6)
- ☐Schools (FR pg 6)
- ☐Hospitals (FR pg. 6)
- ☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
- ☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
- ☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
- ☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
- ☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
- ☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
- ☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
- ☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
- ☐Installation and improvements of ventilation systems (FR pg. 61)
- ☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
- ☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
- ☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
- ☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
- ☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐ Behavioral health facilities and equipment (FR pg. 69)
☐ Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒ Permanent supportive housing (FR pg. 108)
☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐ Rehabilitation or repair of public housing (FR pg. 108)
☐ Job and work force training centers (FR pg. 117)
☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐ Vacant or abandoned property:
   ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
   ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
   ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
   ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
   ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
   ☐ Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

- ☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION (Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

<table>
<tr><th>If a project has total expected capital expenditures of</th><th>and the use is enumerated by Treasury as eligible, then</th><th>and the use is beyond those enumerated by Treasury as eligible, then</th></tr>
<tr><td>Less than $1 million</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td></tr>
<tr><td>Greater than or equal to $1million, but less than $10 million</td><td>Written Justification but recipients are not required to submit as part of regular reporting to Treasury</td><td rowspan="2">Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
<tr><td>$10 million or more</td><td>Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
</table>

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a person experiencing homelessness in Los Angeles County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among people experiencing homelessness increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 50 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH. The County has a deficit of affordable housing. According to the California Housing Partnership, nearly 500,000 low-income households in LA County do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 12,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing with the County; existing capital properties would not meet the need.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Alternative 1: New construction
Building permanent supportive housing (PSH) from the ground up – new construction – is considerably more expensive than a motel conversion. According to a report issued by the City of Los Angeles Controller, the average cost per unit for PSH built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for the project proposed here is $455,500.

Alternative 2: Acquire building outside of the State of California Homekey Program The State of California allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to acquire and develop homeless housing, with local jurisdictions providing matching funds. For the Motel 6 Harbor City, the state awarded the County $6,507,967 of the total $6,979,734 acquisition cost. If the County of Los Angeles pursued this acquisition outside of the Homekey program, it would need to contribute more than 3 times the amount of capital funding for this project. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it might otherwise be – and allowing the County to serve this population sooner.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed project construction will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it. The approval processes could slow down the progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $28M (average of above listed average per unit costs for new PSH construction for 50 units)
- Alternative 2: Expected County contribution (ARP) would increase from $16M to $23M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like LA County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
    1) COVID-19 Mitigation and Prevention
    2) Medical Expenses
    3) Behavioral Health, and
    4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☐Permanent supportive housing (FR pg. 108)
- ☐Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐Rehabilitation or repair of public housing (FR pg. 108)
- ☐Job and work force training centers (FR pg. 117)
- ☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐Vacant or abandoned property (FR pgs. 134-136):
  - ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
  - ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
  - ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
  - ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
  - ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
  - ☐Conversion of vacant or abandoned properties to affordable housing
  - ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐Potential expenditures for nonprofits (FR pg. 155)
- ☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☐Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: CEO
Program/Expense/Service Title: Project Homekey 1.0 – Hacienda Heights/WORKS
Amount Requested: $31,555,250

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☐ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☐
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Motel 6 Hacienda Heights

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project of Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 Hacienda Heights, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of Motel 6 Hacienda Heights to Women, Organizing Resources, Knowledge & Services (WORKS). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, WORKS will renovate and convert the property from temporary housing to PSH (Project). The property will have 156 residential units with 2 manager's units. Unit sizes will remain the same averaging about 234 sq. ft. Case management and supportive services will be available onsite for PEH.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $31,555,250, which is the ARP amount needed to support the renovations. However, the entire capital project, which includes County's previous acquisition of the property and WORKS's projected renovation cost, is $54M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.
Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increase in the number of to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 156 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☐Affordable housing (FR pg. 190)

   The rehabilitation costs/expenses are consistent with the appraised value of the property. The project was underwritten by the County and California Department of Housing and Community Development (HCD) as a part of the Homekey Program, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)
   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)
   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

Attached.

_____________________Elizabeth Ben-Ishai _2/6/2023___________
Name/Signature of high level department person Date

Are there any attachments? YES ☐ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☐Permanent supportive housing (FR pg. 108)
☐Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
   ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
   ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
   ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
   ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
   ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
   ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐Potential expenditures for nonprofits (FR pg. 155)
☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☐Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and other supportive services, housing capacity, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health or having underlying conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among PEH increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 156 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH. The County has a deficit of affordable housing. According to the California Housing Partnership, nearly 500,000 low-income households in LA County do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 12,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**
The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing, so existing capital properties would not meet the need.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure against alternative capital expenditures:** (Recipients should provide an objective comparison of the proposed capital expenditure against at least two alternative capital expenditures that could be made. Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Alternative 1: New construction
Building PSH from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per unit for PSH built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for the Hacienda Heights project proposed here is $219,000.

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to local jurisdiction to purchase and rehabilitate hotel and

other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from local jurisdictions. For the Motel 6 Hacienda Heights, the State awarded the County $12,450,000 of the total $12,516,932 acquisition cost. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into PSH, it would cost the County more than 3 times the amount of capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed project construction will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it. The approval processes could slow down progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $42M (average of above listed average per unit costs for new PSH construction for 156 units)
- Alternative 2: Expected County contribution (ARP) would increase from $31,555,250 to $54M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motel and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19, or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☒Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e., not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: CEO
Program/Expense/Service Title: Project Homekey 1.0 – Compton/SSG HOPICS
Amount Requested: $16,185,090

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
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- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Compton/SSG HOPICS

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Travel Plaza located in Compton, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Travel Plaza in Compton to Special Services for Groups/HOPICS (SSG). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, SSG will renovate and convert the property from temporary housing to PSH (Project). The property will have 40 units. The scope of work consists of converting the interior and exterior of the building suitable for long term occupancy by residents, including adding of kitchenettes to each unit, upgraded services and community space and water and energy saving features throughout the project. Case management and supportive services will be provided on site.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $16,185,090, which is the ARP amount needed to support the renovations. However, the entire capital project cost, which includes County's previous acquisition of the property and SSG's projected renovation cost, is $18.5M. The County contributed $5,000 in Coronavirus Relief Funds (CRF) to the acquisition of the property.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increased number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating additional PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒Affordable housing (FR pg. 190)

The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)
   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)
   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)
    Attached.

______________________Elizabeth Ben-Ishai
Name/Signature of high level department person

_2/6/2023___________
Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

- ☐Affordable Housing (FR pg 6)
- ☐Childcare facilities (FR pg 6)
- ☐Schools (FR pg 6)
- ☐Hospitals (FR pg. 6)
- ☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
- ☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
- ☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
- ☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
- ☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
- ☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
- ☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
- ☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
- ☐Installation and improvements of ventilation systems (FR pg. 61)
- ☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
- ☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
- ☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
- ☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
- ☐Establishing an outdoor patio for restaurants (FR pg. 64)

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NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
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☐Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
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☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
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POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

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- ☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION (Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

<table>
<tr><th>If a project has total expected capital expenditures of</th><th>and the use is enumerated by Treasury as eligible, then</th><th>and the use is beyond those enumerated by Treasury as eligible, then</th></tr>
<tr><td>Less than $1 million</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td><td>No Written Justification required (Supporting documentation must still be maintained.)</td></tr>
<tr><td>Greater than or equal to $1million, but less than $10 million</td><td>Written Justification but recipients are not required to submit as part of regular reporting to Treasury</td><td rowspan="2">Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
<tr><td>$10 million or more</td><td>Written Justification required and recipients must submit as part of regular reporting to Treasury</td></tr>
</table>

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or having underlying conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH the County, which is a 4.1% increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among people experiencing homelessness increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 40 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 12,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Additional funding would not on its own, without capital expenditures, increase the supply of affordable housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Alternative 1: New construction
Building permanent supportive housing (PSH) from the ground up – new construction – is considerably more expensive than a motel conversion. According to a report issued by the City of Los Angeles Controller, the average cost per unit for PSH built

using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for the project proposed here is $387,000.

Alternative 2: Acquire building outside of the State of California Homekey Program The State of California allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to acquire and develop homeless housing, with local jurisdictions providing matching funds. For the Travel Plaza Inn Compton, the state awarded the County $6,580,000 of the total 6,584,835 acquisition cost. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would need to contribute more than the amount of capital funding for this project. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it might otherwise be – and allowing the County to serve this PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our vulnerable PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way and to the same extent, but because they are costlier, they would result in less funding available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed project construction will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual processes to acquire a building and then renovate it. The approval processes could slow down progress.

c. Compare the expected total cost of the capital expenditures. (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $22M (average of above listed average per unit costs for new PSH construction for 40 units)
- Alternative 2: Expected County contribution (ARP) would increase from $16M to $18.5M.

d. Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness). (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motel and hotel to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

- ☐Affordable Housing (FR pg 6, 106, 108)
- ☐Childcare facilities (FR pg 6)
- ☐Schools (FR pg 6)
- ☐Hospitals (FR pg. 6)
- ☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
- ☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
- ☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
- ☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
- ☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
- ☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
- ☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
- ☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
- ☐Installation and improvements of ventilation systems (FR pg. 61)
- ☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
- ☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
- ☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
- ☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
- ☐Establishing an outdoor patio for restaurants (FR pg. 64)
- ☐Behavioral health facilities and equipment (FR pg. 69)
- ☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☒Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 1.0 – Motel 6 Norwalk/Weingart**
Amount Requested: **$14,557,270**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Motel 6 Norwalk / Weingart

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Motel 6 located in Norwalk, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Motel 6 in Norwalk to Weingart Center Association & Valued Housing (Weingart). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, Weingart will renovate and convert the property from temporary housing to PSH (Project). The property will have 55 units – 54 studio units and a one-bedroom manager unit. The property will also have three case management offices and a property management office. Weingart proposes to add a number of amenities such as a dog run, bicycle racks, a community laundry room, and an outdoor shaded seating area. Case management and supportive services will be available onsite for PEH.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $14,557,270, which is the ARP amount needed to support the renovations. However, the entire capital project cost, which includes County's previous acquisition of the property and Weingart's projected renovation cost, is $20M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 31, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide

PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increase number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 55 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒ Affordable housing (FR pg. 190)

   The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

    Attached.

_____________________Elizabeth Ben-Ishai　　　　　　　　　　_2/6/2023___________
Name/Signature of high level department person　　　　　　　Date

Are there any attachments? YES ☒　　NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒Permanent supportive housing (FR pg. 108)
☒Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION (Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The Project will create more affordable housing by providing an additional 55 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Additional funding would not on its own, without capital expenditures, increase the supply of affordable housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

Alternative 1: <u>New construction</u>
Building PSH from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing interim housing to permanent housing here is $369,000.

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey Program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from the local jurisdiction. For the Motel 6 in Norwalk, the State awarded the County $5,740,000 of the total $5,772,327 acquisition costs. The proposed renovation Project is $14,557,270. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County much more in capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it.

The approval processes could slow down progress.

c. Compare the expected total cost of the capital expenditures. (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $19.2M to $30.7M for new PSH construction for 55 units; and
- Alternative 2: Expected County cost to acquire and renovate a 55 unit building into a PSH would be approximately $20M.

d. Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness). (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for tchronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - <u>Initial Eligibility Screening</u>:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - <u>Detailed Capital Project Program Justification</u>:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - <u>Written Justification/Reporting Documentation:</u>

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☒Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

WORKSHEET 1 - INITIAL ELIGIBILITY SCREENING

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: CEO
Program/Expense/Service Title: Project Homekey 1.0 – Long Beach West/Linc Housing
Amount Requested: $21,444,973

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 1.0 – Long Beach West / Linc Housing

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

As part of the State Project Homekey Round 1 Program, Los Angeles County (County) acquired several properties to use as housing for People Experiencing Homelessness (PEH) impacted by COVID-19 (Homekey 1 Properties). The Homekey 1 Properties, which include the Holiday Inn located in Long Beach West, are currently operating as interim housing and will be converted to permanent supportive housing (PSH). The County will transfer ownership of the Holiday Inn in Long Beach West to Linc Housing (Linc). The California Department of Housing and Community Development has approved the transfer of ownership of the property. With the ARP funds, Linc will renovate and convert the property from temporary housing to PSH (Project). The Project plan contemplates 133 studios reserved for PSH, ranging from 265 to 334 sq. ft. and two manager units. To maximize the number of PSH units, Linc is not planning to consolidate any rooms into larger units. The Project is supported by the Long Beach City Council District 6. Case management and supportive services will be available onsite for PEH.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $21,444,973, which is the ARP amount needed to support the renovation. However, the entire capital project cost, which includes County's proposed acquisition of the property and Linc's projected renovation cost, is $67M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and renovations will be completed by the end of 2024. As such, the funds will be obligated by December 31, 2024 and fully expended by December 21, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)

Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County. This is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide

PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic has caused an increase number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating an additional 133 PSH units to serve people experiencing chronic homelessness. PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

   ☒Affordable housing (FR pg. 190)

   The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The Property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as a part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is <u>not</u> specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact <u>and</u> is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

    Attached.

______________________Elizabeth Ben-Ishai
Name/Signature of high level department person

2/6/2023____________
Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)

☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)

☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)

☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)

☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)

☒Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)

☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)

☒Permanent supportive housing (FR pg. 108)

☒Affordable housing developments targeted to specialized populations (FR pg. 108)

☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)

☐Rehabilitation or repair of public housing (FR pg. 108)

☐Job and work force training centers (FR pg. 117)

☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)

☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)

☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)

☐Vacant or abandoned property:

- ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
- ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
- ☐Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

- ☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 69,144 PEH within the County, which is a 4.1 percent increase from the last count in 2020 when the count was at 66,436. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

   The Project will create more affordable housing by providing an additional 133 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 12,000 units.

   a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

      The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

   b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

      Additional funding would not on its own, without capital expenditures, increase the supply of affordable housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

   a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

      Alternative 1: <u>New construction</u>
      Building PSH units from the ground up – new construction – is considerably more expensive than renovating and converting a motel/hotel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing interim housing to permanent housing here is $504,000.

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels/motels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from the local jurisdiction. For the Holiday Inn in Long Beach West, the State awarded the County $17,550,000 of the total $20,506,759 acquisition costs. The proposed renovation Project is $21,444,973. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County more than three times the amount of capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. Consider the following factors in comparing this proposal to other alternatives:

a. Compare the effectiveness of capital expenditures in addressing the harm identified. (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it. The approval processes could slow down progress.

c. Compare the expected total cost of the capital expenditures. (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately \$70.7M to \$74.3M for new PSH construction for 133 units; and
- Alternative 2: Expected County cost to acquire and renovate a 133 unit building into a PSH would be approximately \$67M.

d. Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness). (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☐Permanent supportive housing (FR pg. 108)
- ☐Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐Rehabilitation or repair of public housing (FR pg. 108)
- ☐Job and work force training centers (FR pg. 117)
- ☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐Vacant or abandoned property (FR pgs. 134-136):
    - ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐Conversion of vacant or abandoned properties to affordable housing
    - ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐Potential expenditures for nonprofits (FR pg. 155)
- ☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☐Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: CEO
Program/Expense/Service Title: Homekey 2.0 – HOTV 818
Amount Requested: $10M

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☐ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☐
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 2.0 – HOTV 818; CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.
   The 818 Project is the acquisition and conversion of a 100-door motel into a 100 units family interim housing in the high amenities community of Woodland Hills, Los Angeles in the County of Los Angeles ("County") to serve families experiencing homelessness. The project will not only provide temporary housing for homeless families but will also offer supportive services, meals, and housing navigation. The County has a shortage of interim housing units. The building is in good condition and will be rehabilitated and placed in service within 8 months of Homekey award. The scope of rehabilitation includes filling the pool and converting the area to open space, ADA improvements and general unit repair, and upgrades to the lobby and service areas. The Project enjoys wide support from the community. The California Department of Housing and Community Development (HCD) has approved and awarded some funds for the acquisition and rehabilitation of the property. ARP funds will be used to complete the acquisition of the property.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)
   The total project cost is $38.5M. HCD has awarded $28.5M for the acquisition and rehabilitation of the property. ARP funds of $10M will be used to complete the acquisition.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.
   Yes, the property acquisition and rehabilitation will be completed by December 31, 2022.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)
   The 818 Project is ~~a motel acquisition and conversion that will produce~~ 100 interim housing units in the County of Los Angeles ("County") to serve people experiencing homelessness. The project will not only provide temporary housing for homeless individuals but will also offer supportive services, meals, and housing navigation. The County has a shortage of interim housing units. There are 66,436 people experiencing homelessness within the County per the 2020 Greater Los Angeles Homeless Count. The Project will increase the supply of interim housing units in the County and assist the most people experiencing homelessness, who are heavily impacted by

COVID-19 due to limitations on homeless and other supportive services, reduced housing capacity, and fewer economic opportunities. The homelessness crisis in Los Angeles County pre-dates the pandemic, but was exacerbated by the pandemic, both due to the economic impacts on communities and because many people experiencing homelessness are in poor health or having underlying conditions that made them more vulnerable to COVID-19.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.
Due to the COVID-19 pandemic impacts, a growing number of people are living in the streets. People of color are disproportionately represented among the homeless population in Los Angeles County prior to the pandemic, but the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, people experiencing homelessness are also greatly impacted by the limited homeless and supportive services and housing/shelter availability due to the pandemic. This Project will provide non-congregate shelter and supportive services to people experiencing homelessness, who are inherently impacted by COVID-19 or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)
The acquisition costs/expenses are consistent with the appraised value of the property. The Project was underwritten by the County and HCD as a part of the Homekey Program, with appraisals and other due diligence documentation reviewed by County and HCD staff. The alternative of leasing properties for the same use is highly cost-ineffective because the cost is approximately $100 or more per unit per night, amounting to more than $36,000 per year per unit.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)
N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)
No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

    Attached.

5/25/2022

Name/Signature of high level department person

Date

Are there any attachments? YES ☐ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☐Permanent supportive housing (FR pg. 108)
☐Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
  ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
  ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
  ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
  ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
  ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
  ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐Potential expenditures for nonprofits (FR pg. 155)
☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☐Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   People experiencing homelessness were heavily impacted by COVID-19 due to limitations on homeless and other supportive services, reduced housing capacity, and fewer economic opportunities. The homelessness crisis in the County of Los Angeles ("County") pre-dates the pandemic, but was exacerbated by the pandemic, both due to the economic impacts on communities and because many people experiencing homelessness are in poor health or having underlying conditions that make them more vulnerable to COVID-19. According to data from the most recently completed Greater Los Angeles Homeless County, there are more than 66,000 people experiencing homelessness in Los Angeles County. Further, between the 12-month period preceding the first reported COVID-19 death of a person experiencing homelessness in Los Angeles County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among people experiencing homelessness increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The County has a shortage of housing units, including interim housing. Interim housing is an important component of the continuum of care for people experiencing homelessness. It provides a safe environment and the stability needed to plan for and obtain permanent housing. With more than 48,000 people experiencing unsheltered homelessness in the County, there is a critical need for shelter options to bring people inside immediately. Moreover, the Project offers non-congregate shelter. There are very few permanent non-congregate shelters in the County, with most being temporary programs created during the pandemic, which will terminate in the coming year. Non-congregate shelters are well suited for people experiencing homelessness who are vulnerable to communicable diseases because they provide the ability to self-isolate when needed. Further, for many people experiencing homelessness, the privacy afforded by non-congregate shelter is much more desirable than congregate shelter, making it more likely that they will come inside and begin their pathway to exiting homelessness.

Further, the State of California's report on the first round of Homekey funding, which supported motel and hotel conversions to homeless housing, as well as other innovative housing types, found that it promoted expedient, cost-effective housing solutions.

a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

As noted, there is a shortage of housing units in the County and there are very few permanent non-congregate shelters available for people experiencing homelessness. Existing non-congregate shelters are leased from hoteliers, who will soon return them to their usual use after Project Roomkey concludes.

b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

Project Roomkey provided emergency housing to many people experiencing homelessness amid the pandemic. As the Project Roomkey program ramps down, the non-congregate interim housing supply is also dwindling. Additional funding to continue to lease hotels/motels, if hoteliers were willing, would not meet the need because the cost of leasing vacant hotel/motel rooms as non-congregate shelter would be so high that it would lead to the County reducing homeless services and investments in other areas, which would negatively impact the homeless population. Leasing costs are approximately $100/per room/per night in the County.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information

and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.

Alternative 1: Leasing hotels/motels for use as interim housing

During the first two years of the COVID-19 pandemic, the County of Los Angeles leased hotels as a part of Project Roomkey, in order to provide non-congregate shelter to people experiencing homelessness who are vulnerable to serious illness or death if infected with COVID-19. Leasing hotels in this manner would be an alternative to acquisition and rehabilitation of the 818 Hotel.

The per unit total development cost for the proposed ARP funded project (818 Hotel) is approximately $385,500 per unit. The cost for the Project Roomkey leases was approximately $100/unit per night, or approximately $36,000 per unit per year. At this rate, the cost of leasing a hotel would match the cost of acquiring the 818 Hotel within fewer than 11 years. Since there will be a 15-year affordability covenant on the 818 Hotel upon completion of renovations, it is known that it will be used for interim housing for at least 15 years, and likely beyond. In addition to leasing costs, the County incurred costs for damages and biohazard cleanings while leasing the sites, which would further increase the cost of leasing. Therefore, within the 15 year period that the site must be used for interim housing, the County would expend more funds on leasing than it would have for this acquisition.

As the County recovers from COVID-19, fewer motel and hotel owners are willing to lease their sites and are moving back toward their typical tourism functions. The return of tourism will also likely push up the lease rates owners would demand for their properties.

Alternative 2: Acquire building outside of the State of California Homekey Program

The State of California allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to acquire and develop homeless housing, with local jurisdictions providing matching funds. For the 818 Project, the state is providing $28.5M of the total $38.5M costs. If the County of Los Angeles pursued this acquisition outside of the Homekey program, it would need to contribute more than 3 times the amount of capital funding for this project, approximately $38.5M. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it otherwise would– allowing the County to serve this population quickly – and allowing the County to serve this population quickly.

b. If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.

In the County of Los Angeles, most of the existing interim housing sites are congregate sites, so adding or improving existing sites would not meet the need because they are not set up to be used a non-congregate shelters and are already providing shelter to others. See the comparison to leasing in "Alternative 1."

4. Consider the following factors in comparing this proposal to other alternatives:

a. Compare the effectiveness of capital expenditures in addressing the harm identified. (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

Alternative 1:
Leasing hotels/motels for use as interim housing

The cost of leasing hotels/motels would exceed that of acquiring the 818 Hotel within 11 years. Therefore, leasing would result in reduced availability of County funds for other purposes related to serving people experiencing homelessness – including for acquisition or lease of additional properties – which would hinder the County's ability to address the harms identified.

Alternative 2: Acquire building outside of the State of California Homekey Program
This alternative is costlier and would result in less funding available for other critical interventions to serve people experiencing homelessness.

b. Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures.

Alternative 1 would not require time for construction, but the time needed to identify properties for lease could be significant. As the County recovers from COVID-19, fewer motel and hotel owners are willing to lease their sites and are moving back toward their typical tourism functions.

Alternative 2 might take a similar amount of time, but may first have to comply with the entitlement and CEQA review process, potentially adding a year or more to the process.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: The cost of leasing ($36,000 per year per unit or more) would exceed the cost of acquisition and rehabilitation of the 818 Hotel ($385,500 per unit) within 11 years, which is less than the length of the affordability covenant required for this acquisition (15 years). As such, leasing is more expensive in the medium term. The County expects to have an ongoing need for this type of interim housing for the foreseeable future.
- Alternative 2: Expected County contribution (ARP) would increase from $10M to $38.5M.

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State of California's report on the first round of Homekey funding, which supported motel and hotel conversions to homeless housing, as well as other innovative housing types, found that it promoted expedient, cost-effective housing solutions. Similarly, the Homekey Round 2 opportunity, which this project is partially funded through, presents a similar opportunity for highly cost-effective and impactful development of homeless housing. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County of Los Angeles to considerably increase the availability of homeless housing and address the homelessness crisis.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☐Permanent supportive housing (FR pg. 108)
- ☐Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐Rehabilitation or repair of public housing (FR pg. 108)
- ☐Job and work force training centers (FR pg. 117)
- ☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐Vacant or abandoned property (FR pgs. 134-136):
    - ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐Conversion of vacant or abandoned properties to affordable housing
    - ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐Potential expenditures for nonprofits (FR pg. 155)
- ☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☐Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 2.0 - The Wiengart Greenleaf**
Amount Requested: **$10.2M**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☐ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☐
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 2.0 - The Weingart Greenleaf. CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

The Count of Los Angeles, Wiengart Center Association (Weingart), and Valued Housing II, LLC (Valued) will be acquiring Greenleaf a 101-unit property. The Property is currently under construction as the current owner is in the process of renovating what was operating as a hotel to studio apartments. The owner received his letter of determination for the conversion process in November 2019. Weingart and Valued are purchasing the property after the current owner completes the renovations needed to convert the units to apartments. The renovations the owner is currently undertaking include but are not limited to: new roof for the building, new plumbing, new wiring, new fire alarms, new sprinkler systems, adding kitchenettes (range, sink, cabinets and small countertop), adding bicycle parking and ADA upgrades to 5% of the rooms. The California Department of Housing and Community Development has approved and awarded some funds for the acquisition of the property. ARP funds will be used to complete the acquisition of the property.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The total projected cost of the Capital Project is $41M. The California Department of Housing and Community Development has awarded $30.8M for the acquisition of the property. ARP funds of $10.2M will be used to complete the acquisition.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property acquisition will be completed by December 31, 2022.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)

The project is a motel acquisition and rehabilitation that will create 101 permanent supportive housing units in the County of Los Angeles to serve people experiencing chronic homelessness. This property will provide permanent, supportive housing for homeless individuals by providing rental subsidies and on-site supportive services, including intensive case management services. The County has a shortage of affordable housing units and there are 66,436 people experiencing homelessness within the County per the 2020 Greater Los Angeles Homeless Count. The project will increase the supply of affordable housing unit in the County and assist the most people experiencing homelessness, who are inherently impacted by COVID-19 or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   Due to the COVID-19 pandemic impacts, a growing number of people are living in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, people experiencing homelessness were also greatly impacted by the limited homeless and supportive services and housing/shelter availability due to the pandemic. The project will increase the supply of affordable housing in the County and provide a safe and stable housing environment with supportive services to help people experiencing homelessness exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

   Affordable housing (FR pg. 190)

   The acquisition costs/expenses are consistent with the appraised value of the property. The project was underwritten by the County and California Department of Housing and Community Development (HCD) as a part of the Homekey Program, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

   N/A

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

   No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

    Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

Attached.

_____________________________________ _5/25/2022___________

Name/Signature of high level department person Date

Are there any attachments? YES ☐ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☐Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☐Permanent supportive housing (FR pg. 108)
☐Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
  - ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
  - ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
  - ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
  - ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
  - ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
  - ☐Conversion of vacant or abandoned properties to affordable housing

- ☐Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

☐Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
☐Potential expenditures for nonprofits (FR pg. 155)
☐Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
☐Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
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☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
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☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

- ☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

WORKSHEET 3 - WRITTEN JUSTIFICATION AND REPORTING JUSTIFICATION

(Required by U.S. Department of Treasury)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	**and the use is enumerated by Treasury as eligible, then**	**and the use is beyond those enumerated by Treasury as eligible, then**
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   People experiencing homelessness were heavily impacted by COVID-19 due to limitations on homeless and other supportive services, reduced housing capacity, and fewer economic opportunities. The homelessness crisis in Los Angeles County pre-dates the pandemic, but was exacerbated by the pandemic, both due to the economic impacts on communities and because many people experiencing homelessness are in poor health or having underlying conditions that make them more vulnerable to COVID-19. According to data from the most recently completed Greater Los Angeles Homeless County, there are more than 66,000 people experiencing homelessness in Los Angeles County. Further, between the 12-month period preceding the first reported COVID-19 death of a person experiencing homelessness in Los Angeles County (April 1st, 2019-March 31st, 2020) and the 12-month pandemic period that followed (April 1st, 2020-March 31st, 2021), the overall number of deaths among people experiencing homelessness increased by 56%, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

The most effective response to homelessness is to provide housing to people experiencing homelessness. Los Angeles County has a deficit of affordable housing. According to the California Housing Partnership, nearly 500,000 low-income households in LA County do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 12,000 units.

a. Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.

As noted, there is a shortfall in affordable and supportive housing, so existing capital properties would not meet the need.

b. Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.

Additional funding would not on its own, without capital expenditures, increase the supply of housing. Leasing facilities is also not a viable option, since the ongoing cost of leasing is extremely high, costing at least $100 per unit per night, or $36,000 per unit per year.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

a. Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.

Alternative 1: New construction
Building permanent supportive housing (PSH) from the ground up – new construction – is considerably more expensive than a motel conversion. According to a report issued by the City of Los Angeles Controller, the average cost per unit for PSH built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). Therefore, the average cost per unit, taking into account the HHH costs for projects under construction and projects in pre-development, is $545,279. In comparison, the per unit cost for the Weingart Greenleaf project proposed here is $408,465. Further, without the legislative exemptions provided in the

HOMEKEY program, potentially years long entitlement and CEQA review process may be required before any such project could begin. This will significantly delay services to this population.

Alternative 2: Acquire building outside of the State of California Homekey Program The State of California allocated $1.45B to the Homekey Program for fiscal year 2021-2022. This program provides funding to acquire and develop homeless housing, with local jurisdictions providing matching funds. For the Weingart Greenleaf, the California Department of Housing and Community Development has awarded $30.8M for the acquisition and renovation of the property. ARP funds of $10.2M will be used to complete the acquisition and renovations. If the County of Los Angeles pursued this acquisition outside of the Homekey program, it would need to contribute more than 4 times the amount of capital funding for this project, or approximately $41M. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the project to be completed faster than it otherwise would be - thus allowing the County to serve this population sooner.

b. If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.

Improving existing capital assets would not result in increased housing availability or supply because the improvements would not yield additional units of housing at the scale created by the new acquisition in this project. Leasing other capital assets would be much more costly in the long term, with leasing costs amounting to approximately $36,000 per unit per year or more, ongoing.

4. Consider the following factors in comparing this proposal to other alternatives:

a. Compare the effectiveness of capital expenditures in addressing the harm identified. (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

While the alternatives discussed above would ultimately address the same harms, those alternatives would be much costlier, thus resulting in less funding available for other critical interventions to serve people experiencing homelessness, and would take potentially years longer to implement, thus delaying help to this population.

b. Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures.

For the proposed project construction will be complete by December 2022 and occupancy will begin immediately.

Alternative 1 would take significantly longer both because new ground up construction will take a significantly longer period of time to complete compared to modifying an existing structure, and because the County may first have to comply with the entitlement and CEQA review process, potentially adding a year or more to the process.

Alternative 2 (independently acquiring a motel to refurbish/reconfigure) might take a similar amount of time for the construction work but may first have to comply with the entitlement and CEQA review process, potentially adding a year or more to the process.

c. Compare the expected total cost of the capital expenditures. (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $55M (assuming the average HHH unit cost of $545,279, for the 101 units in this project)
- Alternative 2: Expected County contribution (ARP) would increase by $31M because the County would bear the entire cost of the project rather than just the local match.

d. Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness). (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State of California's report on the first round of Homekey funding, which supported motel and hotel conversions to homeless housing, as well as other innovative housing types, found that it promoted expedient, cost-effective housing solutions. Similarly, the Homekey Round opportunity, which this project is partially funded through, presents a similar opportunity for highly cost-effective and impactful development of homeless housing. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like LA County to considerably increase the availability of homeless housing and address the homelessness crisis.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - <u>Initial Eligibility Screening</u>:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - <u>Detailed Capital Project Program Justification</u>:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - <u>Written Justification/Reporting Documentation:</u>

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6, 106, 108)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)
☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
☒Affordable housing (FR pg. 190)
☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)
☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 3.0 – Knight's Inn / Palmdale**
Amount Requested: **$12M**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

WORKSHEET 2 - DETAILED CAPITAL PROJECT PROGRAM JUSTIFICATION

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 3 – Knight's Inn Palmdale / Hope the Mission

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

The County of Los Angeles and Hope the Mission will be acquiring Knight's Inn Palmdale, a 100-unit property.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

The projected cost of the Project is $12M. which is the ARP amount needed to support the renovations. However, the entire capital project cost including Hope the Mission's projected renovation cost is over $40M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

Yes, the property transfer and all renovations will be completed by the end of 2026. As such, the funds will be obligated by December 31, 2024 and fully expended by December 21, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, <u>but must meet the test by being related to COVID-19</u>.)

Based on the recent Greater Los Angeles Homeless Count, there are 75,518 PEH within the County. This is a 9 percent increase from the last count in 2022. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

The impacts of the COVID-19 pandemic have caused an increased number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating over 100 PSH units to serve people experiencing chronic homelessness.

PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒Affordable housing (FR pg. 190)

The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

Attached.

Elizabeth Ben-Ishai   12-19-2023
Name/Signature of high level department person   Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐ Behavioral health facilities and equipment (FR pg. 69)
☐ Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒ Permanent supportive housing (FR pg. 108)
☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐ Rehabilitation or repair of public housing (FR pg. 108)
☐ Job and work force training centers (FR pg. 117)
☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐ Vacant or abandoned property:
    ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
    ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
    ☐ Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

- ☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 75, 518 PEH within the County, which is a 9 percent increase from the last count in 2022 when the count was at 64,199. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

   The Project will create more affordable housing by providing an additional 100 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

   a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

      The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

   b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

      Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

   a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

      Alternative 1: <u>New construction</u>
      Building PSH units from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing hotel to permanent housing here is $300,000 (total Capital Cost of Approx $30M/100 units).

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey Program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from local jurisdictions. For the Motel in Palmdale, the State awarded Hope the Mission $28M of the total $40M. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County much more in capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it.

The approval processes could slow down progress.

c. Compare the expected total cost of the capital expenditures. (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $53M for new PSH construction for 100 units; and
- Alternative 2: Expected County cost to acquire and renovate a 100 unit building into a PSH would be approximately $40M

d. Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness). (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

I. TABLE OF CONTENTS:

II. INSTRUCTIONS FOR COMPLETING THE CAPITAL EXPENDITURES ELIGIBILITY WORKSHEETS IN THIS DOCUMENT:

1. Worksheet 1 - Initial Eligibility Screening:

Complete Worksheet 1 as the initial screening for eligibility of a capital project/expenditure. If your answer is NO to any questions on the Initial Eligibility Screening, or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 is YES, move to Detailed Capital Project ~ Program Justification (Worksheet 2).

2. Worksheet 2 - Detailed Capital Project Program Justification:

Complete Worksheet 2 if your answer to 1, 2, 4, and 5 is YES on the Initial Eligibility Screening Worksheet 1. This form will provide further details to support eligibility.

3. Worksheet 3 - Written Justification/Reporting Documentation:

Complete Worksheet 3 only if the capital project is preliminarily approved to proceed or as directed. Worksheet 3 is required as a written justification by the U.S. Treasury and may be required to be submitted as part of the County's reporting obligations for the American Rescue Plan Funding.

III. BASIC ELIGIBILITY FOR CAPITAL PROJECTS – TWO-PART TEST:

Part 1. Capital Expenditures must respond to an eligible public health impact of COVID-19 or a negative economic response caused by COVID-19.

- An eligible **public health response** is defined as a response to a negative public health impact or harm experienced by individuals or a class. The Final Rule lists 4 types of public health problems demonstrating a public health response to the public health emergency. (FR pg. 20)
  1) COVID-19 Mitigation and Prevention
  2) Medical Expenses
  3) Behavioral Health, and
  4) Preventing and Responding to Violence
- The Final Rule describes "responding to" the public health emergency as addressing the SARS-CoV-2 virus itself, supporting efforts to prevent or decrease spread of the disease, and addressing other impacts of the pandemic on public health. (FR pgs. 53-54) (See the Eligible Projects from FR on Pages 3, 4, 5, and 6 below.)
- An eligible **response to the negative economic impacts of the pandemic** is designed to respond to a harm or impact experienced by a beneficiary or a class of beneficiaries to whom the capital expenditure will benefit. Tends to address a need of individuals, businesses or nonprofits that were disproportionately impacted or impacted by the pandemic.
- For Capital Expenditures, the Final Rule identifies potentially eligible projects from all categories but primarily eligibility falls in two categories: 1) Mitigation and Prevention of COVID-19; and 2) Responding to the Negative Economic Impacts of COVID-19. All enumerated eligible uses from the Final Rule are listed on the Enumerated Eligible Projects List on Pages 3, 4, 5, and 6 below.

Part 2: Capital Expenditures must be related and reasonably proportional to the harm identified. (FR pgs. 57, 192)

- Reasonably proportional refers to the scale of the response (i.e. project) to the scale of the harm. (FR pg. 91) The cost cannot be grossly in excess of the amount needed to address the harm, or the negative economic impact.
- Examples in the Final Rule include affordable housing projects that increase the supply of affordable housing for low-income individuals. While there may be less costly alternatives, targeted increase in supply could still be cost effective. (FR pg. 106.)
- Capital projects under $1 million are presumed proportional so long as they respond to a harm caused or exacerbated by the pandemic. (FR pg. 193)
- However, the Final Rule also cites as an example of a lack of proportionality that a capital project used to expand a public building to increase social distancing compared to other less time-consuming and resource intensive alternatives would not be proportional. (FR pg. 194)

ENUMERATED CAPITAL PROJECTS/EXPENDITURES; INELIGIBLE PROJECTS; AND GENERAL RULES

Below is the list of Treasury's enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are related and reasonably proportional responses to the harm identified:

MITIGATION & PREVENTION OF COVID-19

- ☐Affordable Housing (FR pg 6, 106, 108)
- ☐Childcare facilities (FR pg 6)
- ☐Schools (FR pg 6)
- ☐Hospitals (FR pg. 6)
- ☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
- ☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
- ☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
- ☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
- ☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
- ☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
- ☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
- ☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
- ☐Installation and improvements of ventilation systems (FR pg. 61)
- ☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
- ☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
- ☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
- ☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
- ☐Establishing an outdoor patio for restaurants (FR pg. 64)
- ☐Behavioral health facilities and equipment (FR pg. 69)
- ☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

- ☐ Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
- ☐ Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
- ☐ Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
- ☐ Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
- ☒ Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
- ☐ Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
- ☒ Permanent supportive housing (FR pg. 108)
- ☒ Affordable housing developments targeted to specialized populations (FR pg. 108)
- ☐ Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
- ☐ Rehabilitation or repair of public housing (FR pg. 108)
- ☐ Job and work force training centers (FR pg. 117)
- ☐ Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
- ☐ Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
- ☐ Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
- ☐ Vacant or abandoned property (FR pgs. 134-136):
    - ☐ Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
    - ☐ Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
    - ☐ Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
    - ☐ Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage)
    - ☐ Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings)
    - ☐ Conversion of vacant or abandoned properties to affordable housing
    - ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities
- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)

☐Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

☐Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)

☐Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)

☐Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)

☐Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)

☒Affordable housing (FR pg. 190)

☐Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)

☐A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)

☐Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)

☐Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)

☐Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

☐Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)

☐Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

☐Brand new correctional facilities <u>are generally not eligible</u> (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)

☐Construction of new congregate facilities <u>are generally not proportional</u> to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)

☐Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

OTHER GENERAL RULES ON CAPITAL PROJECTS FROM TREASURY:

- Capital Expenditures are not presumed to be reasonably proportional in response to the harm and must be demonstrated. (FR pgs. 57, 193)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means "expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life." (FR pg. 207)
- Capital assets means "tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles]." Capital assets include lands, facilities, equipment, and intellectual property. Equipment means "tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000." (FR pg. 208)
- Supplies means all tangible personal property other than those included as "equipment," are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

AMERICAN RESCUE PLAN PROPOSAL
CAPITAL EXPENDITURES

Department: **CEO**
Program/Expense/Service Title: **Project Homekey 3.0 – Baldwin Park / Weingart**
Amount Requested: **$16.1M**

DECISION TREE

1. Does the CAPITAL PROJECT/CAPITAL EXPENSE identify a Public Health effect or need OR a Negative Economic Impact caused by COVID-19? (can be immediate or extended exacerbated effect but must be related to COVID-19)
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

2. Does the CAPITAL PROJECT/CAPITAL EXPENSE respond to or address the COVID-19 effect or need identified in question 1 above?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

3. Is the CAPITAL PROJECT/CAPITAL EXPENSE specifically enumerated in the U.S. Treasury's Final Rule as potentially eligible (See pages 4-6 of this worksheet)?
   YES ☒ NO ☐ (see 4 below) MAYBE/UNKNOWN ☐

4. If NO, can a justification be identified which addresses the Public Health effects or needs OR a Negative Economic Impact caused by COVID-19?
   YES ☐ NO ☐ MAYBE/UNKNOWN ☐

5. Is the CAPITAL PROJECT/CAPITAL EXPENSE reasonably related and proportionate to address the harm?
   YES ☒ NO ☐ MAYBE/UNKNOWN ☐

COSTS ARE POTENTIALLY ELIGIBLE ☒
Documents Project Expenditures in Accordance with CEO Instructions

COSTS ARE LIKELY INELIGIBLE ☐
Consult with County Counsel and CEO

If your answer was NO to any questions or you are not sure, contact your County Counsel for further discussion on eligibility. If your answer to 1, 2, 4, and 5 was YES, move to Public Health/Negative Economic Impact Capital Project ~ Supporting Justification on next page.

1. Rules to consider:

- Capital Expenditures must support an eligible public health or negative economic response.
- Capital Expenditures must be reasonably proportional to the harm identified. (FR pg. 57)
- Capital Expenditures are not presumed proportional to the harm. (FR pg. 57)
- Large projects may not be segmented to smaller projects to evade review and reporting. (FR pgs. 202-203)
- Expenditures from closely related activities directed toward a common purpose are one project. (FR pg. 202)
- A project includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment), or are of the same or similar type and would be utilized for a common purpose (e.g., acquisition of a fleet of ambulances that would be used for COVID-19 emergency response). (FR pg. 202)
- Treasury will use heightened scrutiny on large projects. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well (FR pg. 205)
- Capital expenditure means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” (FR pg. 207)
- Capital assets means “tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with [Generally Accepted Accounting Principles].” Capital assets include lands, facilities, equipment, and intellectual property. Equipment means “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.” (FR pg. 208)
- Supplies means all tangible personal property other than those included as “equipment,” are not considered capital expenditures. (FR pg. 208)
- Unless noted by the US Treasury, all projects must comply with applicable federal, state, and local law, which includes environmental and permitting laws and regulations. (FR pg. 207, and pgs. 347-348)

2. Instructions for Completing Supporting Justification for Capital Projects/Expenditures:

Departments must provide sufficient detail and supporting information for each question below as it relates to the Capital Project/Expenditure being provided.

1. What is the name of the Capital Project/Expenditure being provided and which Department(s) will be administering the Capital Project/Expenditure.
   Homekey 3 – Baldwin Park / Weingart

CEO will administer the expenditure.

2. Provide a brief description of the Capital Project/Expenditure proposal.

   The County of Los Angeles and Weingart Center Association (Weingart) and Valued Housing II, LLC (Valued) will be acquiring Sycamore Baldwin Park, a 109 unit property.

3. Describe the projected cost of the Capital Project/Expenditure from beginning to end. (Project cannot be segmented in order to qualify or avoid reporting.)

   The projected cost of the Project is $16M. which is the ARP amount needed to support the renovations. However, the entire capital project cost including Weingart's projected renovation cost is over $40M.

4. Explain whether the entire project can be obligated by December 31, 2024, and fully expended before December 31, 2026.

   Yes, the property transfer and all renovations will be completed by the end of 2026. As such, the funds will be obligated by December 31, 2024 and fully expended by December 21, 2026.

5. Explain how the Capital Project/Expenditure identifies a Public Health Negative Economic Impact effect or need caused by COVID-19. (Can be immediate, extended, or exacerbated effect, but must meet the test by being related to COVID-19.)

   Based on the recent Greater Los Angeles Homeless Count, there are 75,518 PEH within the County. This is a 9 percent increase from the last count in 2022. In addition, there is a dire affordable housing shortage of nearly 500,000 units within the County according to California Housing Partnership's "2021 Los Angeles County Housing Need Report." PEH are inherently impacted by COVID-19 as they are at increased risk of infection owing to their lack of safe housing and conditions in shelters. In addition, the risk of severe COVID-19 is increased for PEH due to the high prevalence of medical comorbidities. The Homekey 1 Properties currently provide PEH who are impacted by COVID-19 with interim housing. The Project will provide the PEH population with permanent supportive housing.

6. Describe how the Capital Project/Expenditure responds to or addresses the COVID-19 effect or need.

   The impacts of the COVID-19 pandemic have caused an increased number of people to live in the streets, with people of color being disproportionately represented among the homeless population as the pandemic has exacerbated the racial gaps in financial and housing security and health. In addition, the COVID-19 pandemic has reduced homeless and supportive services and housing/shelter availability due to health orders and guidelines. The Project will increase the supply of affordable housing in the County by creating over 100 PSH units to serve people experiencing chronic homelessness.

PEH will have a permanent housing that provides onsite supportive services, including case management services. The Project will provide a safe and stable housing environment to help PEH exit homelessness and remain housed, improving their health and well-being.

7. If the Capital Project/Expenditure is specifically identified as a potentially eligible Capital Project, list the specified project and explain how the expense is reasonably related and proportionate to address the harm. (See enumerated potentially eligible Capital Project/Expenditures uses on pgs. 4-7 of this worksheet)

☒Affordable housing (FR pg. 190)

The renovation costs/expenses are reasonable and consistent with the appraised value of the property. The property was previously underwritten by the County and California Department of Housing and Community Development (HCD) as part of the acquisition of the Homekey 1 Properties, with appraisals and other due diligence documentation reviewed by County and HCD staff.

8. If the Capital Project/Expenditure is not specifically identified as a potentially eligible use, explain how it addresses a Public Health or Negative Economic Impact and is reasonably related and proportionate to address the harm. (Projects that do not have a Public Health or Negative Economic Impact connection are likely ineligible.)

N/A.

9. Is the Capital Project/Expenditure listed in the Final Rule as ineligible? (See pages 6-7 of this worksheet.)

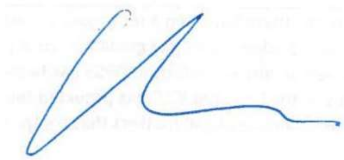
No.

10. All Capital Projects/Expenditures over $1 million must complete a Written Justification required by the Treasury Final Rule. (See enclosed Written Justification Form.)

Attached.

11. All Recipients should determine that any responsive capital project is related and reasonably proportional to the public health emergency and its negative economic impacts, even projects under $1 million. (FR pg. 201 fn 254 and 255)

Attached.



_______________________Elizabeth Ben-Ishai 12-19-2023
Name/Signature of high level department person Date

Are there any attachments? YES ☒ NO ☐

ENUMERATED CAPITAL PROJECTS/EXPENDITURES AND INELIGIBLE PROJECTS

Below is a non-exhaustive list of the U.S. Department of Treasury's Final Rule of enumerated and potentially eligible capital expenditures (page numbers refer to the Final Rule (FR)) as long as the projects are reasonably proportional responses (as defined in the Final Rule) to the harm identified:

MITIGATION & PREVENTION OF COVID-19

☐Affordable Housing (FR pg 6)
☐Childcare facilities (FR pg 6)
☐Schools (FR pg 6)
☐Hospitals (FR pg. 6)
☐Ventilation improvements in congregate settings, healthcare settings or other key locations (FR pg. 56)
☐Enhancements in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 56)
☐Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment (FR pg. 60)
☐Improvements or construction of COVID-19 vaccination sites (FR pg. 60)
☐Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment) (FR pg. 60)
☐Expenses of establishing temporary medical facilities and other measures to increase COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or other emergency services equipment (FR pg. 61)
☐Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment (FR pg. 61)
☐Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems) (FR pg. 61)
☐Installation and improvements of ventilation systems (FR pg. 61)
☐Costs of establishing public health data systems, including technology infrastructure (FR pg. 61)
☐Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility) (FR pg. 61)
☐Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces) (FR pg. 61)
☐Physical plant changes to enable greater use of outdoor spaces or ventilation improvements (FR pg. 64)
☐Establishing an outdoor patio for restaurants (FR pg. 64)

☐Behavioral health facilities and equipment (FR pg. 69)
☐Inpatient or outpatient mental health or substance abuse use treatment facilities, crisis centers, diversion centers (FR pg. 69)

NEGATIVE ECONOMIC IMPACTS

☐Capital expenditures related to food banks and other facilities primarily dedicated to addressing food insecurity (FR pg. 81)
☐Transitional shelters (temporary residences for people experiencing homelessness) (FR pg. 83)
☐Capital expenditures for internet access like equipment, property, and facilities (FR pgs. 89-90)
☐Improvements to or new construction of childcare, daycare, and early learning facilities are eligible capital expenditures (FR pg. 97)
☒Affordable housing development projects that expand the supply of long-term housing (FR pg. 106)
☐Projects that are eligible under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (Home) (FR pg. 106)
☒Permanent supportive housing (FR pg. 108)
☒Affordable housing developments targeted to specialized populations (FR pg. 108)
☐Recovery housing for individuals in recovery from substance abuse (FR pg. 108)
☐Rehabilitation or repair of public housing (FR pg. 108)
☐Job and work force training centers (FR pg. 117)
☐Improvements to existing facilities to remediate lead contaminants (removal of lead paint) (FR pg. 127)
☐Primary care clinics, hospitals or integrations of health services in other settings (FR pg. 128)
☐Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, projects that increase access to healthy foods, streetlights, neighborhood cleanup and projects to revitalize public spaces (FR pgs. 132-133)
☐Vacant or abandoned property:
  - ☐Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
  - ☐Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
  - ☐Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
  - ☐Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization (use care not to exacerbate housing shortage FR pgs. 135-136)
  - ☐Greening or cleanup of vacant lots, as well as other efforts to make vacant lots safer for the surrounding community (includes residential, commercial, or industrial buildings FR pg. 135)
  - ☐Conversion of vacant or abandoned properties to affordable housing

- ☐ Inspection fees and other administrative costs incurred to ensure compliance with applicable environmental laws and regulations for demolition, greening, or other remediation activities (FR pg. 134)

- ☐ Rehabilitation of commercial properties, storefront improvement, and façade improvements (FR pg. 151)
- ☐ Potential expenditures for nonprofits (FR pg. 155)
- ☐ Capital expenditures such as technology infrastructure to adapt government operations to the pandemic (FR pg. 190)
- ☐ Video-conferencing software, improvements to case management systems or data sharing resources (FR pg. 190)
- ☐ Reduce government backlogs, or meet increased maintenance needs are eligible (FR pg. 190)

SPECIFICALLY ENUMERATED CAPITAL EXPENDITURES IN CAPITAL PROJECTS SECTIONS (FR pgs. 190-206)

- ☐ Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics (FR pg. 190)
- ☐ Adaptations to public buildings to implement COVID-19 mitigation tactics (FR pg. 190)
- ☐ Ventilation improvements in congregate settings, health care settings, or other key locations (FR pg. 190)
- ☐ Assistance to small businesses and nonprofits and aid to impacted industries to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing (FR pg. 190)
- ☒ Affordable housing (FR pg. 190)
- ☐ Entire scope of capital project could include all activities toward a common purpose including capital expenditures, as well as expenditures on related programs, services, or other interventions (FR pg. 202)
- ☐ A project also includes expenditures that are interdependent (e.g., acquisition of land, construction of the school on the land, and purchase of school equipment) (FR pg. 202)
- ☐ Projects that are interdependent or are of the same or similar type and would be utilized for a common purpose such as acquisition of a fleet of ambulances that would be used for COVID-19 emergency response (FR pg. 202)
- ☐ Pre-project development costs that are tied to or reasonably expected to lead to an eligible capital expenditure (FR pg. 208)
- ☐ Planning and engineering for an eligible project (FR pg. 208)

POTENTIALLY INELIGIBLE AND INELIGIBLE PROJECTS

- ☐ Large projects may be less likely to be reasonably proportional to the harm (e.g., construction of a new, larger public facility for the purpose of increasing the ability to socially distance generally as less time and resource-intensive options maybe be available. While "large" projects are not defined, it appears that projects over $10 million will have heightened scrutiny and projects over $1 million could also be subject to additional scrutiny as well. (FR pgs. 194-195, 205)
- ☐ Infrastructure Projects are not in the scope of capital projects (FR pg. 195)

- ☐ Brand new correctional facilities are generally not eligible (Capital Expenditures must be related and proportional to the harm – i.e. not proportional to the rising crime rate in relation to the pandemic. FR pgs. 199-200)
- ☐ Construction of new congregate facilities are generally not proportional to the response to mitigate or prevent COVID-19 because it is generally more costly than other alternatives (FR pg. 200)
- ☐ Large capital expenditures intended for general economic development or to aid in travel, tourism, and hospitality centers like convention centers and stadiums on balance are generally not proportional to addressing negative economic impacts (FR pg. 200)

Written Justification and Reporting the Justification to Treasury: (Recipients must provide reports on Capital Projects in the mandatory ARP reporting as required below.) (FR pg. 201)

If a project has total expected capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than $1 million	No Written Justification required (Supporting documentation must still be maintained.)	No Written Justification required (Supporting documentation must still be maintained.)
Greater than or equal to $1million, but less than $10 million	Written Justification but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

Provide supportive details to the following questions:

1. **Describe the Public Health harm or Negative Economic Impact need to be addressed**: (Recipients should provide a description of the specific harm or need to be addressed, and why the harm was exacerbated or caused by the public health emergency. When appropriate, recipients may provide quantitative information on the extent and type of harm, such as the number of individuals or entities affected. (FR pgs. 196-197)

   The COVID-19 pandemic greatly impacted PEH due to reduced homeless and supportive services, housing, and economic opportunities. The homelessness crisis in the County pre-dates the pandemic, but was exacerbated by the pandemic, due to the economic impacts on communities and because many PEH are in poor health and/or have underlying health conditions that make them more vulnerable to COVID-19. Based on the recent Greater Los Angeles Homeless Count, there are 75, 518 PEH within the County, which is a 9 percent increase from the last count in 2022 when the count was at 64,199. Further, between the 12-month period preceding the first reported COVID-19 death of a PEH in the County (April 1, 2019 through March 31, 2020) and the 12-month pandemic period that followed (April 1, 2020 through March 31, 2021), the overall number of deaths among PEH increased by 56 percent, from 1,271 to 1,988 deaths.

2. **Explain why a capital expenditure is appropriate**: (Recipients should provide an independent assessment demonstrating why a capital expenditure is appropriate to address the specified harm or need. (FR pg. 197)

   The Project will create more affordable housing by providing an additional 100 PSH units within the County to serve people experiencing chronic homelessness. The most effective response to homelessness is to provide PSH to PEH because PSH pairs housing with supportive services. The County has a deficit of affordable housing. According to the California Housing Partnership's report "2021 Los Angeles County Housing Need Report," there is a dire affordable housing shortage of nearly 500,000 units within the County and a large number of low-income households do not have access to an affordable home. According to the Los Angeles Homeless Services Authority (LAHSA), the County has a shortfall of more than 20,000 permanent supportive housing units. Even with the more than 10,000 permanent supportive housing units in the pipeline, there remains a shortfall of nearly 8,000 units.

   a. **Explain why existing capital equipment, property or facilities would be inadequate to address the harm or need.**

      The County needs more PSH units. As noted, there is a shortfall in affordable and supportive housing within the County; existing capital properties would not meet the need.

   b. **Explain why policy changes or additional funding to pertinent programs or services would be insufficient without the corresponding capital expenditure.**

      Additional funding would not on its own, without capital expenditures, increase the supply of housing.

3. **Provide a comparison of the proposed capital expenditure <u>against alternative capital expenditures</u>:** (Recipients should provide an objective comparison of the proposed capital expenditure against <u>at least two alternative capital expenditures that could be made.</u> Use quantitative data when available, or supplement with qualitative information and narrative description. Analyses with little to no quantitative or qualitative data must provide an explanation for doing so. (FR pgs. 197-198)

   a. **Assess the proposed capital expenditure against at least two alternative types or sizes of capital expenditures that are potentially effective and reasonably feasible.**

      Alternative 1: <u>New construction</u>
      Building PSH units from the ground up – new construction – is considerably more expensive than renovating and converting a motel. According to a report issued by the City of Los Angeles Controller, the average cost per PSH unit built using Proposition HHH is between $531,711 (projects under construction) and $558,847 (projects in pre-development). In comparison, the per unit cost for converting an existing hotel to permanent housing here is $275,229 (total Capital Cost of Approx $30M/109 units).

Alternative 2: Acquire building outside of the State Homekey Program
The State allocated $1.45B to the Homekey Program for fiscal year 2021-2022. The Homekey program provides funding to local jurisdictions to purchase and rehabilitate hotels and other properties to be used as interim and permanent housing for PEH who are impacted by COVID-19, with matching funds from local jurisdictions. For the Motel in Baldwin Park, the State awarded Weingart $34M of the total $42M. If the County pursued the acquisition of this property, or a similar property, outside of the Homekey program, and renovated/converted it into a PSH, it would cost the County much more in capital funding. Moreover, the legislation that established the Homekey program includes language that streamlines the entitlement and environmental review processes, enabling the rehabilitation of the Homekey properties to be completed faster than it might otherwise be and allows the County to serve the PEH population more quickly.

b. **If relevant, compare the proposal against the alternative of improving of improving existing capital assets already owned or leasing other capital assets.**

Compared to the other alternatives, renovating and converting a Homekey property into a PSH is the quickest and least expensive way to increase permanent supportive housing within the County for our PEH population.

4. **Consider the following factors in comparing this proposal to other alternatives:**

a. **Compare the effectiveness of capital expenditures in addressing the harm identified.** (Recipients should generally consider the effectiveness of the capital expenditures in addressing the harm over the useful life of the capital asset and may consider metrics such as the number of impacted or disproportionately impacted individuals or entities served. (FR pg. 198)

The alternatives would address the harm identified in the same way. However, they would cost more, are resource-intensive, and require more time. As such, the alternatives would result in less funding and resources available for other critical interventions to serve PEH.

b. **Identify the relevant time horizons of the project, and describe any uncertainties or risks involved with the capital expenditures**.

For the proposed Project, renovations will be complete by 2024 and occupancy will begin immediately.

Alternative 1 would take significantly longer as the ground up construction would require more time than a project modifying an existing structure.

Alternative 2 would take significantly longer as well because it would require the County to go through the usual process to acquire a building and then renovate it.

The approval processes could slow down progress.

c. **Compare the expected total cost of the capital expenditures.** (Recipients should consider the expected total cost of the capital expenditure required to construct, purchase, install, or improve the capital assets intended to address the public health or negative economic impact of the public health emergency. Predevelopment costs should be included in the calculation and may choose to include information on ongoing operational costs – although not required. (FR pg. 198)

- Alternative 1: Expected costs would be approximately $58M for new PSH construction for 109 units; and
- Alternative 2: Expected County cost to acquire and renovate a 109 unit building into a PSH would be approximately $42M

d. **Demonstrate how the proposed capital expenditure is superior (i.e. effectiveness).** (Recipients should balance the effectiveness and costs of the proposed capital expenditure and against alternative and demonstrate that their proposed capital expenditure is superior. Recipients should choose the most cost-effective option unless it substantively reduces the effectiveness of the capital investment in addressing the harm identified. Additional factors impacting effectiveness include when the facilities will become operational etc. See examples of the analysis pgs. (FR 198-199).

The State's report on the first round of Homekey funding, which supported local jurisdictions' purchase and rehabilitation of motels and hotels to be used as interim and permanent housing for PEH, found that it promoted expedient, cost-effective housing solutions. Motel conversions are faster and lower in cost than new construction. Moreover, the funding offered through Homekey provides a once in a generation opportunity for local jurisdictions like the County to considerably increase the availability of homeless housing, in particular PSH, to address the homelessness crisis. According to the National Alliance to End Homelessness, which provides data and research to policymakers and elected officials in order to inform policy debates, PSH is a proven solution to homelessness for the most chronically homeless people. It is cost-effective and has been shown to lower public costs associated with the use of crisis services such as shelters, hospitals, jails and prisons.