



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 25, 2019

To: Supervisor Janice Hahn, Chair  
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Supervisor Kathryn Barger

From: Sachi A. Hamai  
Chief Executive Officer

## USE OF MOTELS AS INTERIM SHELTERS/HOUSING FOR CHRONICALLY HOMELESS INDIVIDUALS (ITEM NO. 6, AGENDA OF JUNE 18, 2019)

On June 18, 2019, the Board of Supervisors (Board) directed the Chief Executive Office (CEO), in collaboration with the Los Angeles Homeless Services Authority (LAHSA), Los Angeles County Development Authority (LACDA), Departments of Mental Health (DMH) and Health Services (DHS), and other stakeholders, to report back on a plan to: (a) identify at least one motel in each service planning area (SPA) with which the County can enter into master lease agreements to shelter homeless individuals; and (b) evaluate the feasibility of turning the motel parking lots into "Safe Parking." In addition, the Board directed that the plan include an evaluation of the cost of outreach workers, security, and services at each site.

On July 12, 2019, the CEO provided the Board with an interim report with the recommended actions to develop a plan to achieve the Board's directives. This is the second report providing a status on the following:

- Process to identify at least one motel in each SPA with which to enter into a master lease agreement;
- Cost-benefit analysis of using motels as interim housing and safe parking for chronically homeless individuals; and
- Next steps.

## **PROCESS TO IDENTIFY AT LEAST ONE MOTEL IN EACH SPA FOR A MASTER LEASE AGREEMENT**

LAHSA, DMH, and DHS conducted a survey regarding motels with which they have a relationship to identify those where it may be viable to enter into a master lease agreement for a specified number of units to shelter chronically homeless adults, which could also potentially include utilizing the motel's parking lot for a safe parking pilot program. Attachment A provides the results of the survey by SPA that identifies 48 potential motels, including 12 potential safe parking sites.

Once LAHSA develops the parameters of the motel pilot program, it will engage the motels identified in the survey. For motels that are interested in master leasing, with or without safe parking, LAHSA will assess relevant zoning and ordinances in the city or unincorporated area where each interested motel is located. For those motels that are currently providing rooms for homeless families, any master lease for chronically homeless adults would be for rooms beyond those currently provided to homeless families.

In an effort to communicate with as many motels as possible in Los Angeles County, CEO engaged the Los Angeles Tourism and Convention Board, Los Angeles Economic Development Corporation and California Hotel and Lodging Association, but this effort did not yield any potential motels or safe parking sites to pursue. These agencies asserted that their member motels have high occupancy rates, and thus little or no interest in exploring a master lease and/or safe parking.

LAHSA also attempted to compile information on motels in the County at, or below, 70 percent occupancy. Utilization information, however, could not be obtained because it is not publicly available and motel owners are reluctant to provide their vacancy rates. Rather than continuing to attempt to compile utilization information, LAHSA will focus on vetting the 48 potential motels identified through the survey described above.

## **COST-BENEFIT ANALYSIS**

LAHSA, in coordination with CEO, DMH, DHS, and LACDA, developed a cost-benefit analysis of utilizing motels as interim housing and safe parking for chronically homeless individuals.

The cost-benefit analysis, Attachment B, highlights the use of motels is significantly more expensive than other types of interim housing. Based on the qualitative and quantitative findings provided in the cost-benefit analysis and the unique regional considerations in each SPA, LAHSA does not recommend implementation at this time.

If implemented, usage of motels should solely focus on chronically homeless individuals who are waiting to move into an identified specific permanent supportive housing (PSH) unit and for whom other interim housing is either not available or not appropriate, because providing motels for this population will help ensure a successful transition into permanent supportive housing. Limiting the pilot to this specific population should limit the length of time that any given individual would be in a motel and may result in somewhat lower costs than those identified in the cost-benefit analysis, as chronically homeless individuals who are matched to PSH may already receive intensive case management services through the Department of Health Services.

LAHSA does not generally recommend safe parking on motel sites due to limited infrastructure on site, specific programmatic needs, and challenges associated with creating a safe and contained

environment. Nonetheless, a specific assessment of the viability of providing safe parking within a motel setting will be conducted for any motel that is interested in hosting safe parking, along with master leasing motel rooms for chronically homeless adults.

#### NEXT STEPS

- LAHSA will align implementation of this motel pilot and any associated safe parking program with LAHSA's current efforts to centralize the administration of motel vouchers countywide to ensure program consistency, which LAHSA anticipates will be operational by early 2020.
- LAHSA will finalize the guidelines for the master lease pilot program, targeting chronically homeless individuals matched to a specific PSH unit, for whom a motel is the most appropriate environment in which to receive interim housing and services.
- LAHSA will identify motels that are willing and ready to enter into a master lease agreement, and begin negotiating and executing master lease agreements, conditional upon: (1) the identification of a viable implementation strategy that ensures alignment with Coordinated Entry System policies, procedures, and practices that will support this program; and (2) concurrence from the Board office where the motel is located.
- LAHSA will assess the viability of establishing a safe parking program at each motel, which is willing and able to enter into a master lease agreement and interested in hosting a safe parking program.
- CEO will report back with a status of the motel pilot program six months after LAHSA executes the first master lease agreement.

If you have any questions, please contact Phil Ansell, Homeless Initiative Director, at (213) 974-1752 or by email at [pansell@ceo.lacounty.gov](mailto:pansell@ceo.lacounty.gov).

SAH:FAD:PA  
JR:AO:tv

#### Attachments

c: Executive Office, Board of Supervisors  
County Counsel  
Health Agency  
Health Services  
Mental Health  
Los Angeles County Development Authority  
Los Angeles Homeless Services Authority



**ANALYSIS OF POTENTIAL MOTELS THAT MAY BE WILLING TO ENTER INTO A MASTER LEASE AGREEMENT FOR MOTEL UNITS AND SAFE PARKING**

**Survey Regarding Existing Motels**

Los Angeles Homeless Services Authority (LAHSA), Department of Mental Health (DMH), and Department of Health Services (DHS) conducted a survey regarding motels with which they have existing relationships to identify motels that may be viable candidates for a master agreement (potentially including safe parking).

**Motel Survey Results**

The following information was obtained through LAHSA’s survey that was sent to homeless service providers (funded by LAHSA, DMH, and DHS), who utilize motels as Interim Housing for families (and in limited cases individuals) experiencing homelessness, in order to seek provider input on the costs and utilization of those motels. The survey also sought provider input on which motels may serve as ideal candidates for master leasing and/or safe parking.

LAHSA compiled survey responses and conducted an analysis of the motels. In total, 14 provider agencies responded with 48 potential motels, including 12 potential safe parking sites, covering all Service Planning Areas.

SPA #	Total # of Motel Locations Provided	Nightly Room Rates			Master leasing	Safe Parking
		Lowest	Average	Highest	# of Potential Motels for Master Leasing	# of Potential Motels for Safe Parking
1	6	\$50.00	\$60.85	\$89.00	3	0
2	16	\$70.00	\$85.16	\$130.00	5	4
3	9	\$73.00	\$89.06	\$110.00	7	4
4	14	\$72.00	\$93.07	\$100.00	11	0
5	10	\$90.00	\$106.75	\$125.00	6	3
6	20	\$73.00	\$99.08	\$115.00	8	0
7	5	\$75.00	\$93.60	\$100.00	2	1
8	13	\$75.00	\$85.62	\$98.00	6	0
<b>System Totals</b>	<b>93</b>	<b>\$72.25</b>	<b>\$90.99</b>	<b>\$108.38</b>	<b>48</b>	<b>12</b>

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**COST BENEFIT ANALYSIS**

**MASTER LEASING**

**Quantitative Analysis**

The cost analysis was completed to identify the total cost associated with motel placements (including administrative and service costs) and compare to the costs of providing shelter for homeless individuals based on various interim housing rates. LAHSA determined that providing interim housing and services in a motel environment, versus providing interim housing in a more traditional shelter setting, would be significantly more expensive – an average of approximately \$102.56/day more expensive per individual served. LAHSA projects that nearly three (3) times as many persons could be served in a more traditional interim housing program with the same investment.

**Table 1: Daily Room Rate (Data source: Motel Survey Results)**

Daily Motel Rate	Additional Cost					True Daily Total
	Daily Food Rate <sup>1</sup>	Daily Case Management Rate <sup>2</sup>	Daily Administrative Cost <sup>3</sup>	Weekend Monitor <sup>4</sup>	Daily Operations Cost <sup>5</sup>	
Low \$50.00	\$10.00	\$8.22	\$11.01	\$3.00	\$20.55	\$102.78
Average \$93.07	\$10.00	\$9.59	\$16.34	\$3.00	\$20.55	\$152.56
High \$130.00	\$10.00	\$10.96	\$20.94	\$3.00	\$20.55	\$195.45

Motel Daily Rates represent the lowest and highest reported motel costs, which can be considered outliers, as well as the mean cost. Mean cost was calculated as an average of all of the reported motel rates. True Daily Total incorporates additional costs, which shelters provide, but would not be provided by the motel and would thus result in additional costs for each individual sheltered in a motel environment.

<sup>1</sup> Food Cost Calculation: Calculation projects the estimated costs for providing food and meal service to homeless individuals on a daily basis. Estimate is provided based on average food costs for crisis shelters serving single adults.

<sup>2</sup> Daily Case Management Rate Calculations: Crisis Case Manager Salary (\$60,000), 1:20 participant ratio = \$3,000 in Crisis Housing Case Management per participant, per year, \$8.22 per participant, per day. Bridge Case Manager Salary (MSW/MFT) \$70,000, 1:20 participant ratio = \$3,500 in Bridge Housing Case Management per participant, per year, \$9.59 per participant, per day. Enhanced Case Manager Salary (LCSW/LMFT) \$80,000, 1:20 participant ratio = \$4,000 in Enhanced Bridge Housing Case Management per participant, per year, \$10.96 per participant, per day;

<sup>3</sup> Administrative Costs: Calculated as a 12% cost on top of the total of lodging, meals, case management, monitoring, and operations costs.

<sup>4</sup> Weekend Monitor Rate:  
Weekend monitor salary (\$20,000), 1:20 participant ratio.  $\$20,000/20 = \$1,000/\text{person}/\text{year}$ .  $\$1,000/365 = \$2.74$  per day. (Rounded to \$3)

<sup>5</sup> Operational Costs:  
\$150,000 - Security: 3 FTE (\$40,000 per person/year salary + benefits) for a total of \$120,000, plus \$30,000 per year (supplies, program costs, travel, etc.).  $\$150K/20 = \$7,500$  (per person/year).  $\$7,500/365 = \$20.55$ .



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## ATTACHMENT B

The cost effectiveness of these models can be explored further by calculating the number of persons who could be potentially served with the same level of funding in a motel setting, versus those who could be served in a traditional Interim Housing program.

**Table 2: Projected Numbers to be Served**

<b>Interim Housing Model</b>	<b>Cost (Per Night Per Participant)</b>	<b># of Annual Beds/Slots Created (Based on \$3,000,000 Allocation)</b>	<b># of Persons Served Annually (Based on 6 Months of Motel Stay Per Client)</b>
Crisis Housing	\$40	189	378
Bridge Housing	\$50	151	302
Enhanced Bridge Housing	\$60	126	252
Motel Voucher	\$152.56	50	100

LAHSA's Bridge Housing and Enhanced Bridge Housing beds, as well as DMH Interim Housing beds (funded at reimbursement rates of \$55 - \$65 per night, per participant) provide temporary shelter and supportive services for high acuity individuals, similar to the proposal to provide interim housing to chronically homeless individuals in motels to facilitate participant access and move into PSH.

### Qualitative Analysis

The qualitative analysis evaluates the benefits, risks and challenges associated with master leasing of motels to create interim housing programs for chronically homeless individuals. Overall, the logistics associated with ensuring participants receive in-house case management services, food, and staff oversight in a motel environment present a multitude of challenges that will limit or hinder the effectiveness and quality of service delivery and programming for individuals sheltered in motels.

<b>Qualitative Considerations</b>	<b>Risks/Challenges/Benefits Associated with Motel Placements</b>
1. Get chronically homeless individuals off the street	<ul style="list-style-type: none"> <li>• It is not cost-effective based on LAHSA rates to place chronically homeless individuals in a motel setting. It would typically be between \$90 - \$100 more expensive on a per night basis to house individuals in motels instead of a shelter setting.</li> <li>• The motel participants would also likely receive less services and oversight.</li> <li>• To support creating partnerships with motels for this purpose may require additional incentives for the motel such as more provider case management support and damage mitigation funding.</li> </ul>
2. Build the interim housing capacity for individuals	<ul style="list-style-type: none"> <li>• Dedicating funding to increase system capacity to shelter chronically homeless individuals could be accomplished by providing those services in motel settings.</li> <li>• Increase in system capacity has potential to be negatively impacted due to challenges and constraints with a motel model.</li> </ul>

## ATTACHMENT B

	<ul style="list-style-type: none"><li>• Chronically homeless individuals often need a higher level of case management services. Placing chronically homeless persons in motel rooms without provision of adequate supports increases risk of decompensation of their conditions, which increases potential for negative impact to participant as well as the motel.</li></ul>
3. Comparison to leasing individual rooms	<ul style="list-style-type: none"><li>• Master leasing of motel rooms has potential to allow LAHSA to establish flat rates, where there may be cost savings compared to current market rates.</li><li>• Providers keep control of who is in the motel room.</li><li>• Room availability would be guaranteed.</li><li>• Master leasing creates additional liability as the master leasing party would take on more responsibility for the condition of the room, and what occurs in the room (i.e., maintenance, repairs, damages, etc.).</li><li>• Providers take on more legal liability, if illegal activities and/or incidents related to the health and safety of program participants were to happen in the motel setting.</li><li>• Master leasing may have additional costs associated with the agreement, such as liability insurance, utilities, and room upkeep and maintenance.</li></ul>

### **SAFE PARKING**

#### **Quantitative Analysis**

Current safe parking programs are based on two models with two different rates and different expectations for case management. Each lot has a requirement to provide an ADA bathroom and handwashing station, in addition to security. The model with more extensive case management has a maximum rate of \$30/car/night, while the model with less extensive case management has a maximum rate of \$18/car/night.

Safe parking at a motel is likely to be more expensive because:

- Total security costs will likely be higher, since there will be cars on the lot other than those in the safe parking program and the lot will likely not be isolated from the surrounding areas.
- The motel owner will almost certainly charge for use of the lot.
- The number of cars may be low, resulting in a higher security cost/car.

**Qualitative Analysis**

<b>Safe Parking Benefits</b>	<b>Safe Parking Risks/Challenges</b>
Creates an identified place for homeless participants to park legally.	Motels have expressed concerns with participants in their motel rooms "inviting" challenging persons and situations onto the motel property, and negatively impacting other guests. Incorporating safe parking into motels creates more risk of disruption to motel staff and guests.
Creates a safe place as the program requires security during operations.	Motel would likely charge to utilize the lots, which would result in a higher cost/car than safe parking with there this is no cost for the lot itself.
Builds in more regional access for persons experiencing vehicular homelessness across the county.	Introducing safe parking to a motel master lease program for chronically homeless individuals has potential to create participant conflict between motel participants and safe parking participants. Persons offered only safe parking, where other homeless participants receive interim housing in motel rooms, will create a situation where participants do not feel that they are being offered, or receiving equal services. LAHSA has seen with year-round 24-hour shelters that provide 14-hour winter shelter in the same facility that participants in the winter shelter have concerns about receiving a lower level of service. These concerns are frequently escalated to LAHSA, and may result in client incidents, complaints, and grievances.
	Safe parking programs would still require handwashing and bathrooms as the motels would not allow access and those costs would still be required. There would be very little leveraged services and amenities (i.e., hygiene services) from the motel besides parking lot spaces.
	It is more difficult to secure a lot safely with other patrons accessing the motel during safe parking operation hours. Security would be managing more than just the safe parking lot, but the lot as a whole, which creates more potential situations of participant conflict and potentially higher costs for security.

**Summary**

The nature of the safe parking program is to create a safe, peaceful and service-oriented environment for participants experiencing vehicular homelessness. Locating a safe parking program at a motel creates complex issues that could negatively impact the motel and participants in the program. Additionally, the potential negative impact to the motel may limit the amount of spaces a motel is willing to provide, which makes creating a financially viable program more difficult. Based on the evaluation above, as well as the nuance of combining the two program types, LAHSA recommends against including safe parking in any master leased motel setting.