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July 20, 2020

To: Supervisor Kathryn Barger, Chair
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From: Sachi A. Hamai
Chief Executive Officer

REPORT ON IMPLEMENTING THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT ACROSS LOS ANGELES COUNTY (ITEM NO. 3-D, AGENDA OF APRIL 14, 2020)

On April 14, 2020, the Board of Supervisors (Board) directed the Chief Executive Office-Homeless Initiative (CEO-HI) to coordinate with the Los Angeles County Development Authority (LACDA) and the Los Angeles Homeless Services Authority (LAHSA) on the expenditure of the Emergency Solutions Grant (ESG-CV) funding allocated to the County as part of the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) Act and report back to the Board.

In addition, the Board, acting as the Board of Commissioners, authorized LACDA to execute contracts and any necessary amendments for participating cities, community-based organizations and other public agencies to allocate CARES Act funds.

CARES Act ESG-CV Allocations

On March 27, 2020, President Trump signed the CARES Act which included an additional \$4.0 billion in ESG-CV funding to supplement the Fiscal Year 2019-20 ESG funding allocated to states and local jurisdictions as part of the normal federal appropriations process. The total \$4.0 billion was awarded by the U.S. Department of Housing and Urban Development (HUD) to states and local jurisdictions in two allocations. The first allocation was awarded on April 2, 2020, and totaled \$1.0 billion; the second allocation was awarded on June 9, 2020, and totaled \$2.96 billion.

Los Angeles County (County) has already received direct grant awards from both the first and second HUD allocations which are intended to fund services in the unincorporated areas and the 48 participating cities included in the Los Angeles Urban County entitlement designation. In addition, the County is planning to apply for its share of the ESG-CV funding the State of California received from HUD as part of the first and second allocations. These State ESG-CV allocations are intended to serve the non-entitlement areas across the State, including the 34 remaining cities in the County that did not receive a direct ESG-CV allocation from HUD and are not included among the 48 participating cities in the Los Angeles Urban County entitlement designation.

The County expects to receive a combined total \$106.54 million in ESG-CV funding in all four of the allocations displayed in the below table.

The Four Los Angeles County ESG-CV Grant Allocations

Type of LA County ESG-CV Allocation	First ESG-CV Allocation	Second ESG-CV Allocation	Total ESG-CV
LA County Entitlement Area Grants (directly from HUD)	\$6,605,000	\$62,445,943	\$69,050,943
LA County Non-Entitlement Area Grants¹ (indirectly through the State)	\$5,223,900	\$32,268,153 (est.)	\$37,492,053 (est.)
Total	\$11,828,900	\$94,714,096 (est.)	\$106,542,996 (est.)

In addition to the total \$106.54 million the County will receive, the following six cities in the County have received ESG-CV entitlement grants directly from HUD: Los Angeles, Long Beach, Pomona, Pasadena, Glendale, and El Monte. Combined, the awards to these six cities (both first and second ESG-CV allocations) total \$219.1 million. Therefore, the total ESG-CV funding across the whole County Region is an estimated \$325.64 million.

ESG-CV Allowable Uses and Expenditure Deadline

ESG-CV funding can be used for all the usual eligible ESG program components included under the broad categories of street outreach, emergency shelter, homelessness prevention, and rapid re-housing. The CARES Act also provided States and local jurisdictions some additional flexibility and waives the usual matching requirements and standard spending caps for certain program components. In addition, the overall intent of the ESG-CV funds is to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19) among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.

¹ The State of California has not yet released its Notice of Funding Availability (NOFA) for the second ESG-CV allocation which is expected to include the second grant amount noted in the above table for the LA County Non-Entitlement Areas. Therefore, this \$32.27 million second allocation from the State is an estimate based on the County's first Non-Entitlement Area allocation. It is typical for release of the State's ESG NOFA to follow the original HUD ESG allocation by about two months.

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ESG-CV grants must be expended within 24 months of state and local jurisdictions executing formal agreements with HUD. Therefore, each of the four ESG-CV grants the County has, or will receive includes a slightly different 24-month contract term. In general, the County must expend all ESG-CV funding by mid-2022.

Planned Uses for the County's ESG-CV Funding

CEO-HI worked with LAHSA and LACDA to assess the needs of People Experiencing Homelessness (PEH) as part of the County's COVID-19 response and determined the County's ESG-CV funding should be expended in the following three ways:

1. \$19,719,150 to supplement Measure H funding for rapid rehousing, motels used for family interim housing, and homelessness prevention for families and individuals in the unincorporated areas and the 82 cities for which the County is receiving ESG-CV funding ("County ESG service area").
2. Up to \$700,000 for hygiene stations for persons experiencing homelessness in the County ESG service area.
3. Use the remaining balance (estimated to be \$86.1 million) for allowable activities to support the COVID-19 Recovery Plan Related to PEH submitted by LAHSA to the Board on June 23, 2020. Allowable activities include, but are not limited to, Project Roomkey leases and operating costs, recovery re-housing search and placement, short-term and medium-term rental assistance, security deposits, utility deposits and payments, moving costs, and case management.

The above amounts include allowable administration costs.

Next Steps

Consistent with the Board's approval of Item 3-D on April 14, 2020, LACDA will enter into a contract with LAHSA to use the County's ESG-CV funding in the three ways described above, which also includes allowable administration costs. LACDA administers ESG funding received by the County and it is routine practice for LACDA to allocate the County's ESG funding to LAHSA in accordance with the LAHSA Joint Powers Authority Agreement. LACDA will report to HUD on the use of the County's ESG-CV consistent with LACDA's agreements and reporting processes established with HUD.

If you have any questions, please contact Phil Ansell, Director of the Homeless Initiative, at (213) 974-1752 or pansell@ceo.lacounty.gov.

SAH:FAD:TJM
PA:JR:BT:tv

c: Executive Office, Board of Supervisors
County Counsel
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