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## DEPARTMENT OF MENTAL HEALTH

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LISA H. WONG, Psy.D.  
Acting Director

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Chief Medical Officer

Connie D. Draxler, M.P.A.  
Acting Chief Deputy Director

August 23, 2022

TO: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Lisa H. Wong, Psy.D. *Lisa Wong, Psy.D.*  
Acting Director

SUBJECT: **CEMENTING LOS ANGELES COUNTY'S COMMITMENT TO  
HISTORIC GENERAL HOSPITAL - DIRECTIVE 2 (ITEM NO. 14,  
AGENDA OF JULY 26, 2022)**

On July 26, 2022, the Board approved a motion directing the Acting Director of the Department of Mental Health (DMH) to report back on the availability of the local share of No Place Like Home (NPLH) funds and the possibility of allocating up to \$50 million of these funds to the General Hospital and West Campus project for the construction of permanent supportive housing units.

### **Background**

In November 2018, the Board of Supervisors unanimously passed a motion directing the County Chief Executive Office (CEO) to draft a feasibility study for the adaptive reuse of General Hospital on the County of Los Angeles' LAC+USC campus. Following the 1994 Northridge Earthquake, the hospital's structure was damaged and then fell out of compliance with newly issued earthquake and fire safety compliance regulations. Most of General Hospital remains vacant, but the lower floors were recently remodeled and are being used for office space and The Wellness Center, the latter of which works in tandem with LAC+USC Medical Center providers to deliver wraparound services and community spaces for patients and local community members.

At the April 2022 Board meeting, the CEO presented the General Hospital and West Campus Feasibility Study, which explores ways to restore and reuse the hospital that

align with the community's priorities and is consistent with the hospital's mission to serve the County's most vulnerable residents. The Feasibility Study's reuse framework includes affordable housing and expanding wraparound Wellness Center services. Structural upgrades will also be required to comply with Title 24 for a mixed-use renovation. This Board response is specifically related to identifying funding for permanent supportive housing units, which is a type of affordable housing discussed within the Feasibility Study.

### **NPLH Program Overview**

On July 1, 2016, Governor Brown signed Assembly Bill 1618, which authorized the creation of the NPLH Program. The NPLH Program allows for the issuance of \$2 billion in bond proceeds, to be repaid with Mental Health Services Act (MHSA) funds, for the development of permanent supportive housing for those who are living with serious and persistent mental illness and are experiencing homelessness or chronic homelessness or are at-risk of chronic homelessness. On November 6, 2018, California voters then approved Proposition 2, also known as the No Place Like Home Act of 2018. Proposition 2 allows the State to carry out the NPLH Program utilizing MHSA funds.

On April 30, 2019, the Board authorized the Los Angeles County Development Authority (LACDA) to take all actions necessary to apply for an initial allocation of NPLH Program funds and to implement the NPLH Program in the County, in partnership with DMH. On March 31, 2020, the Board authorized LACDA to receive the second and third tranches of NPLH funds for the County, also in partnership with DMH. On August 9, 2022, the Board authorized LACDA to receive the fourth and final tranche of NPLH funds for the County, again in partnership with DMH.

Eligible uses of NPLH Program funds include acquisition, design, construction, rehabilitation, preservation and capitalized operating reserves for permanent supportive housing targeting eligible populations. Additionally, 10 percent of the funding can be used for the local administration of the program. This funding will be shared by LACDA and DMH.

### **Availability and Allocation of the Local Share of NPLH Funds**

From the four NPLH Program funding tranches, a total of \$741,019,746 has been received by the County, of which \$74,101,975 will be allocated for administrative costs and \$666,917,771 for the capital development of permanent supportive housing. To date, through two Notice of Funding Availability (NOFA) processes administered by LACDA in collaboration with DMH, \$426,329,191 has been committed to 68 developments and 2,084 units dedicated to the target population countywide.

In addition, as a result of the July 7, 2020, Board Motion, No Place like Home Funding for Permanent Supportive Housing at County Health Campuses, \$100 million of NPLH funding has been set aside for permanent supportive housing at the Restorative Care Villages located on the five County health campuses. The first \$20 million of this funding was included in a Request for Funding Proposals (RFP) for the LAC+USC Restorative Care Village Supportive Housing Project released by LACDA on October 19, 2021. LACDA will be going to the Board in September 2022 to gain approval to enter into an agreement with the selected developer. The RFPs for the other four campuses are forthcoming.

DMH has also committed \$50 million of NPLH funding to be included in LACDA's January 2023 Affordable Housing NOFA. For that NOFA, we are considering prioritizing developments in those Service Areas that have received the fewest NPLH investments to date to ensure geographic equity in the disbursement of funding given the affordable housing needs across the entire County. See chart below.

<b>Capital Investment of NPLH Funding Commitments</b>			
<b>Service Planning Area</b>	<b>Number of NPLH-Funded Developments</b>	<b>Number of NPLH-Funded Units</b>	<b>NPLH Funding Commitments</b>
1	3	104	\$ 20,080,000
2	8	196	\$ 51,930,979
3	3	93	\$ 15,520,000
4	25	971	\$ 197,589,648
5	6	145	\$ 24,020,000
6	14	338	\$ 81,378,564
7	5	95	\$ 13,560,000
8	4	142	\$ 22,250,000
<b>Total</b>	<b>68</b>	<b>2,084</b>	<b>\$ 426,329,191</b>

Including all commitments to date, the current non-obligated NPLH balance is \$90,588,580 as indicated in the chart below. The California Department of Housing and Community Development has indicated the funds must be obligated within two years of the award letter. As such, all NPLH funds need to be obligated by June 28, 2024.

<b>No Place Like Home (NPLH) Funding</b>				
Funding Tranche	Date of Award Letter	NPLH Allocation	Administrative Costs	NPLH Allocation Available for Capital Investment
1	March 14, 2019	\$ 230,489,469	\$ 23,048,947	\$ 207,440,522
2 & 3	February 26, 2020	\$ 310,460,112	\$ 31,046,011	\$ 279,414,101
4	June 28, 2022	\$ 200,070,165	\$ 20,007,017	\$ 180,063,148
Total		\$ 741,019,746	\$ 74,101,975	\$ 666,917,771
Amount Committed via Prior NOFAs				\$ (426,329,191)
Amount Committed for Restorative Care Villages				\$ (100,000,000)
Amount Committed to LACDA January 2023 NOFA				\$ (50,000,000)
<b>Balance Remaining</b>				<b>\$ 90,588,580</b>

**Conclusion/Next Steps**

DMH is committed to advancing the development of permanent supportive housing and has worked with LACDA to make investments countywide to serve individuals with serious and persistent mental illness who are experiencing homelessness. We look forward to the impact that NPLH funding will have on these efforts and exploring how the remaining funds can be best utilized to meet the needs of the population.

If you have any questions or require additional information, please contact me or staff can contact Maria Funk, Deputy Director, Housing and Job Development Division, at (213) 943-8465 or [mfunk@dmh.lacounty.gov](mailto:mfunk@dmh.lacounty.gov).

LHW:CDD  
 MK:tld

c: Executive Office, Board of Supervisors  
 Chief Executive Office  
 County Counsel



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**  
Office of Homelessness

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 493, Los Angeles, California 90012  
(213) 974-1752  
<http://ceo.lacounty.gov>

FESIA A. DAVENPORT  
Chief Executive Officer

CHERI TODOROFF  
Executive Director

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Fourth District

KATHRYN BARGER  
Fifth District

September 14, 2022

To: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: Cheri Todoroff, Executive Director *Cheri Todoroff*  
Homeless Initiative and Affordable Housing

**REPORT BACK ON CEMENTING LA COUNTY'S COMMITMENT TO HISTORIC  
GENERAL HOSPITAL (ITEM NO. 14, AGENDA OF JULY 26, 2022)**

On July 26, 2022, the Board of Supervisors (Board) adopted a motion directing the Chief Executive Office - Homeless Initiative (CEO-HI) to identify up to \$20 million from subsequent rounds of State Homeless Housing, Assistance and Prevention (HHAP) funds to support the General Hospital Project. Additionally, the Board directed the CEO-HI to work with the City of Los Angeles (City) to leverage any of the City's HHAP funds and report back with a recommendation.

**HHAP Background**

On June 19, 2021, Governor Gavin Newsom signed the Fiscal Year (FY) 2021-22 State Budget Act which included HHAP Rounds 3 (FY 2021-22) and 4 (FY 2022-23) funding which must be expended by June 30, 2026, and June 30, 2027, respectively. On June 30, 2022, Governor Gavin Newsom signed the FY 2022-23 State Budget Act, which included HHAP Round 5 (FY 2023-24) funding which must be expended by June 30, 2028. Specifically, \$1.0 billion in HHAP funding was approved statewide for each round (i.e., \$3.0 billion over three years) to be allocated by formula to counties, continuums of care, large cities with populations of 300,000 or more, and tribal entities. Los Angeles County's (County) formula allocation for each round of funding is \$82.3 million, and the City's formula allocation for each round of funding is \$143.6 million.

State law requires jurisdictions to use at least ten percent of their HHAP grants to serve Transition Age Youth. No more than seven percent of the grants can be spent on allowable administrative costs.

The Board has already fully allocated the County's total \$82.3 million HHAP Round 3 funding across priorities that include:

- Services and Rental Subsidies for Permanent Supportive Housing (\$30.1 million) - Item 45, Agenda of May 17, 2022.
- Interim Housing Operating Costs (\$27.5 million) - Item 45, Agenda of May 17, 2022.
- Enhanced Services for Transition Age Youth (\$8.2 million) - Item 45, Agenda of May 17, 2022.
- Councils of Government and Cities Interim Housing Services Fund to support services at homeless interim housing projects (\$10 million) - Directive 1, Item Number 14, Agenda of November 2, 2021.
- Every Woman Housed Action Plan for Women and Families on Skid Row (\$4 million) - Directive Nos. 1 and 2, Item No. 22, Agenda of June 8, 2021.
- Operating funds to cities and Tribal Entities that pursue Project Homekey 2 funding to develop or acquire permanent housing for people experiencing homelessness (\$2.46 million) - Directive No. 1, Item Number 20, Agenda of November 16, 2021.

The State has not released the Notices of Funding Availability (NOFAs) for HHAP Rounds 4 and 5. CEO-HI expects the State to release the Round 4 NOFA in Fall 2022, and after an application process, Round 4 awards are expected to be awarded by Summer 2023. The Round 5 NOFA is expected to be released in Fall 2023, and funds are to be awarded by Summer 2024.

It is important to note that the County used a significant portion of each of its previous HHAP Rounds 1, 2, and 3 to offset the significant annual growth in costs of the County's permanent supportive housing (PSH) and interim housing (IH) portfolio. Specifically, as additional units of PSH and IH open each year, the County allocated the following percentages of each round of HHAP to cover PSH and IH growth: 92 percent of Round 1; 96 percent of Round 2; and 94 percent of Round 3. HHAP Rounds 4 and 5 will continue to be an important source of funding to help the County cover annual PSH and IH growth.

### **Use of HHAP Funding for the General Hospital Project**

The Board's motion indicates that the Feasibility Study for the adaptive reuse of the County's General Hospital included affordable housing, among other community-supported suggestions, but the directive to the CEO-HI does not specify what costs HHAP

funds are envisioned to cover for the General Hospital Project. The use of HHAP funding for this project is subject to State approval of the County's future HHAP Rounds 4 and 5 applications, and as such, the County would need to demonstrate in its HHAP applications that the County's proposal for the General Hospital Project is consistent with one or more of the nine HHAP allowable uses described in the statute. Seven of the allowable uses are related to homeless services and delivery system investments, such as outreach, prevention, rental subsidies, and operating costs. Since the General Hospital Project requires capital funding, the County would need to demonstrate its use of HHAP for the General Hospital Project would be consistent with the following two HHAP allowable uses related to capital costs:

- Delivery of permanent housing and innovative housing solutions, such as hotel and motel conversions; and
- Interim sheltering, limited to newly developed clinically enhanced congregate shelters, new or existing non-congregate shelters, and operations of existing navigation centers and shelters based on demonstrated need.

### **Next Steps**

The CEO-HI asked the California Interagency Council on Homelessness (Cal ICH), which administers HHAP statewide, for their input on whether the County's use of a portion of its HHAP Rounds 4 and 5 funding to support the General Hospital Project would be allowable for capital costs described in the previous section of this memo. The CEO-HI is waiting for a response from Cal ICH.

The CEO-HI has also reached out to the City and is awaiting their response on their interest to leverage a portion of its HHAP allocation to support the General Hospital Project. Once the CEO-HI receives responses from Cal ICH and the City, the CEO-HI will provide an update to your Board.

Should you have any questions concerning this matter, please contact me or Cheri Todoroff, Executive Director of the Homeless Initiative, at (213) 974-1752 or [ctodoroff@ceo.lacounty.gov](mailto:ctodoroff@ceo.lacounty.gov).

FAD:JMN:CT  
JR:BT:ns

c: Executive Office, Board of Supervisors  
County Counsel

# department of economic opportunity

COUNTY OF LOS ANGELES

## BOARD OF SUPERVISORS

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Kathryn Barger

## EXECUTIVE LEADERSHIP

Kelly LoBianco  
*Director*

September 21, 2022

TO: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM:   
Kelly LoBianco, Director  
Economic Opportunity

SUBJECT: **CEMENTING LOS ANGELES COUNTY'S  
COMMITMENT TO HISTORIC GENERAL  
HOSPITAL (ITEM NO.9, AGENDA OF  
FEBRUARY 8, 2022, AND ITEM NO. 14,  
AGENDA OF JULY 26, 2022)**

## GET IN TOUCH

510 S. Vermont Avenue  
Los Angeles, CA 90020  
opportunity.lacounty.gov  
[deo@opportunity.lacounty.gov](mailto:deo@opportunity.lacounty.gov)  
844-777-2059

**America's Job Centers:**  
(888) 226-6300  
**Office of Small Business:**  
(800) 432-4900

This report provides a status update on the reuse and development of LAC+USC General Hospital Building and West Campus (hereinafter referred to as the "Site"). On February 8, 2022, the Los Angeles County (County) Board of Supervisors (Board) approved a motion directing the Department of Economic Opportunity (DEO) to report back in writing on a biannual basis on its progress and on the timeline for confirming the use of the funds set forth in support of preparing a Request for Proposals (RFP) for potential development of the site in line with the results of a feasibility study conducted by the Chief Executive Office (CEO). On July 26, 2022, the Board approved a motion directing DEO, in coordination with the CEO, to report back in 45 days with an updated timeline for predevelopment activities and the release of the RFP, using a public-private partnership (P3) development model. This is a combined report back to the Board for both motions with the following main updates:



- AECOM has been secured to assist with the RFP strategy and development.
- The RFP is on target to be released by January 23, 2023.
- Community engagement continues to be incorporated into the RFP process.
- DEO is partnering with CEO, the Department of Public Works (DPW), the Department of Health Services (DHS), and LAC+USC Medical Center Foundation (Foundation) to ensure a comprehensive RFP strategy.

## **BACKGROUND**

In November 2018, the Board unanimously passed a motion directing CEO to draft the General Hospital Feasibility Study (GHFS)<sup>1</sup> for the adaptive reuse of General Hospital on the County's LAC+USC campus. Following the 1994 Northridge Earthquake, the hospital's structure was damaged and then fell out of compliance with newly issued earthquake and fire safety compliance regulations. Most of General Hospital remains vacant, but the lower floors were recently remodeled and are being used for office space and The Wellness Center, the latter of which works in tandem with LAC+USC Medical Center providers to deliver wraparound services and community spaces for patients and local community members. In April 2022, CEO presented to the Board the GHFS, which explores ways to restore and reuse the General Hospital facility in a manner that aligns with the community's priorities and is consistent with the Foundation's mission to serve the County's most vulnerable residents. The GHFS reuse framework includes affordable housing, expanding wraparound Wellness Center services, and using a P3 model for a comprehensive development strategy. The GHFS also notes that significant structural upgrades including seismic retrofitting and hazardous material abatement, among other upgrades, will be required to bring the property into compliance for a mixed-use renovation. The July 2022 motion requests a separate report back from CEO, by the end of November 2022, with a plan detailing the design-build project phasing and a schedule for scoping documents to provide the critical structural upgrades identified in the GHFS. CEO is also to report back on methods to finance and a schedule to complete the necessary structural upgrades. DEO is leading the RFP process to explore potential development of the General Hospital Site for reuse in alignment with the findings of the GHFS and the priorities of the Board and community, as well as any findings reported back to the Board by CEO in November 2022.

## **UPDATE**

### **RFP Development and Release**

Capitalizing on the momentum from the completion of the GHFS in April of 2022, the Economic and Workforce Development branch of the Department of Workforce Development, Aging and Community Services (the branch has now transitioned to the DEO, which commenced services on July 1, 2022), immediately worked to formally begin the process of strategizing and developing the RFP for potential development of the Site for reuse in line with the GHFS.

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<sup>1</sup> County of Los Angeles CEO, "General Hospital feasibility Study April 2022", LA County, April 29, 2022, see [file.lacounty.gov/SDSInter/lac/1123695\\_GeneralHospitalFeasibilityStudyApril2022.pdf](file.lacounty.gov/SDSInter/lac/1123695_GeneralHospitalFeasibilityStudyApril2022.pdf)

The goals for development of the Site originated with Supervisor Hilda L. Solis's vision for a "Healthy Village" centered on the County's flagship LAC + USC Medical Center. This vision aims to target the most vulnerable populations and address critical community needs including a mission-aligned reuse of the historic General Hospital building; revitalization and maximization of the entirety of the area comprising the Site; homeless, low-income, and high-need population affordable housing; and wrap-around community services informed by the Whole Person Care concept. The GHFS will directly be incorporated as a part of a series of exhibits in the RFP and DEO will collaborate closely with the CEO, DPW, DHS and other relevant County partners and stakeholders to incorporate any additional institutional knowledge into the RFP drafting.

The DEO set out to quickly secure a consultant to assist with drafting the RFP and in May 2022, brought AECOM onboard for this purpose. AECOM is under contract at least until November 2022, though the DEO plans to execute its option to extend the contract for an additional year until November 2023 to ensure services are available throughout the RFP process. At this time, DEO is leading regular weekly RFP meetings with AECOM as well as ongoing breakout meetings with AECOM and County partners. The goal is to release the RFP by late January 2023. Activities are well under way and a timeline has been established for the RFP process as noted below:

- January 23, 2023 – release of finalized RFP.
- Mid-February 2023 – pre-proposal meetings commence.
- Mid-March 2023 – mandatory site walks for potential proposers.
- Mid-March 2023 – deadline for proposer questions.
- Late-March 2023 – finalize any amendments to the RFP.
- May 31, 2023 – proposal submission deadline.
- September 2023 – selection of developer.
- Mid-October 2023 – return to Board for approval of Exclusive Negotiation Agreement with selected developer.

### County Partnerships

As described above, DEO formally began the RFP process once the CEO and partner departments completed the GHFS, which provided the framework for the development sought in the RFP. The DEO is the lead agency for development of the RFP, but is working in close partnership with the CEO, DPW, DHS, and the Foundation to ensure the RFP incorporates all the necessary elements detailed in the GHFS and is responsive to the needs of the community. DEO is also coordinating the RFP schedule to incorporate any early findings by DPW on their effort to identify necessary safety and structural upgrades to the General Hospital building. Working with the RFP consultant, AECOM, DEO and DPW will coordinate the timelines for any necessary studies with the scheduled release of the RFP in January 2023 and subsequent developer selection expected in September 2023.

There are existing County employees operating in offices in the General Hospital building who will need to be relocated prior to development activities commencing. The CEO will work

to identify a plan to permanently relocate the approximately 700 impacted staff currently operating at the Site. CEO will also define the scope and cost of relocating the County employees. DEO will coordinate with CEO and will incorporate any early findings of studies and cost estimates by County partners, CEO and DPW, into the RFP as part of the series of exhibits. The move management findings by CEO will be available by Spring of 2023 and will complement the evaluation of the RFP proposals.

### Community Engagement

During the development of the GHFS, the community was heavily engaged to ensure robust input on the desired utilization and impact of any development of the Site. The DEO, and all partner departments, continue to prioritize the needs of the community impacted by the proposed activities at the Site and has actively participated in the community engagement including forums with the Health Innovation Community Partnership (HICP), Community Engagement Steering Committee (CESC), and the community-at-large (CAL). As the RFP process continues, the DEO will ensure transparency to allow for active and authentic community involvement and input. DEO has presented information about the RFP and the critical steps and milestones related to the process at the above-mentioned forums and will continue to keep the community informed. DEO has also directed AECOM to identify opportunities for community participation in the developer selection process. DEO continues to meet weekly with the Foundation and present at the monthly HICP meetings to provide monthly updates on the RFP process. The DEO is committed to ongoing community participation to further strengthen the trust and communication between the County, its residents, and all impacted community-stakeholders.

### Funding

In the February 2022 motion, the Board approved \$200,000 for the development and release of the RFP and the DEO has made use of that funding. To date, \$99,250 of the February motion has been encumbered for use on the contract with AECOM to help develop the RFP. The remaining funds are expected to be contracted for additional RFP-related activities such as continued community engagement, marketing, and any necessary studies that can be finalized within the timeline associated with the RFP schedule. Working with our County partners, DEO will provide prior notice to the Board for any additional funding that may be needed to finalize the RFP and developer selection process. The financing that is specific to the development of the Site is a central point of the developers' responses to the RFP. The financing will be identified as a result of this competitive RFP process.

Furthermore, the CEO is leading a separate report back in late fall 2022 that will detail financing options for the overall development project at the Site.

## **CONCLUSION**

The DEO, working with its consultant AECOM, and in collaboration with the CEO, DPW, DHS, the Foundation, and other partners, will continue to develop the RFP consistent with the timeline detailed above, with initial release of the RFP by January 23, 2023. DEO and all partners will continue regular community engagement in all facets of the development of the Site, including the RFP process and developer selection. The DEO will continue to report back to the Board on status and progress biannually, with the next report due March 15, 2023, and will also continue to maintain multiple weekly meetings with our County partners and provide ongoing updates to the Board offices.

Should you have any questions, you may contact me directly at (213) 880-4114, [klobianco@opportunity.lacounty.gov](mailto:klobianco@opportunity.lacounty.gov), or your staff may contact Kevin Anderson, Special Assistant at (213) 738-2593 or [kanderson@opportunity.lacounty.gov](mailto:kanderson@opportunity.lacounty.gov).

KB:DSK:DC:ag

- c: Executive Office, Board of Supervisors
- Chief Executive Office
- County Counsel
- Health Services
- Public Works



**Chief  
Executive  
Office.**

**COUNTY OF LOS ANGELES**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, CA 90012  
(213) 974-1101 ceo.lacounty.gov

**CHIEF EXECUTIVE OFFICER**

Fesia A. Davenport

December 7, 2022

To: Supervisor Janice Hahn, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Lindsey P. Horvath  
Supervisor Kathryn Barger

From: Fesia A. Davenport  
Chief Executive Officer

**CEMENTING LA COUNTY'S COMMITMENT TO HISTORIC GENERAL HOSPITAL  
(ITEM NO. 14, AGENDA OF JULY 26, 2022)**

On July 26, 2022, the Board of Supervisors (Board) adopted a motion by Supervisor Solis directing the Chief Executive Officer, in coordination with the Treasurer and Tax Collector (TTC), Los Angeles County Development Authority (LACDA), the Department of Health Services (DHS), and the Department of Economic Opportunity (DEO), to report back in 120 days with the following for your Board's consideration:

- a. A plan detailing the project's phasing and a schedule for scoping documents and a design-build solicitation for the critical structural upgrade components identified in the LAC+USC Medical Center General Hospital and West Campus Feasibility Study (Feasibility Study), ahead of the Public-Private Partnership Request for Proposals (RFP). The plan should include a budget with funding sources, and consider any required environmental studies, hazardous materials removal and abatement, structural upgrades, and seismic improvements. The phasing plan should identify the entity(ies) that would be responsible for delivering the improvements and the work that can be accomplished with the currently identified funding, including the State's \$50 million general fund allocation, and any gap in funding needed to complete the structural upgrades identified by the CEO in the Feasibility Study.



b. A financing plan to address any identified funding gap that considers, among other things, state and federal grant opportunities, tax credit programs, Enhanced Infrastructure Financing Districts, Public-Private Partnerships, and Federal Bipartisan Infrastructure Law funding, and includes all timelines the Board must be aware of to draw down federal and state funding and a plan for other funding opportunities.

### **Background**

On April 29, 2022, the Chief Executive Officer submitted the LAC+USC Medical Center General Hospital and West Campus Feasibility Study (Feasibility Study) to your Board in response to a motion adopted by your Board in November 2018. The Feasibility Study envisioned implementing a large and complex project to redevelop General Hospital and portions of the West Campus for housing and mixed-uses to be led by a private sector developer entity (the proposed project). The DEO is currently developing a Request for Proposals (RFP) from the private sector development community for the proposed project. DEO's report back to your Board on September 21, 2022, indicates the RFP will be released on or before January 23, 2023, with an amendment provided in late March 2023.

In response to the motion, the Chief Executive Office (CEO), in consultation with County Counsel, the Department of Public Works (DPW), and DEO assessed the viability of completing structural improvements to General Hospital, the tunnel, and the Pharmacy Building prior to the proposed project. The consensus recommendation is the selected developer should undertake all structural improvements, rather than the County assuming the cost and associated risk. Consequently, the CEO is instead facilitating an analysis of potential studies and activities that could be done to support the RFP process.

### **Financing Plan**

Various funds have been identified to support the proposed project. The Supplemental Budget for Fiscal Year (FY) 2022-2023 established Capital Project No. 87883, General Hospital and West Campus Project, with \$24 million for the proposed redevelopment of these facilities. In addition, \$55 million in American Rescue Plan Act funds is also planned to be allocated.

The July 26, 2022 motion identified other funds that could potentially be used for the proposed project. The Department of Mental Health reported to your Board on August 23, 2022, that the current non-obligated No Place Like Home (NPLH) fund balance remaining is approximately \$90.5 million, and the funds can be used for the development of permanent supportive housing for those who are living with serious

and persistent mental illness and are experiencing homelessness, chronic homelessness, or are at-risk of chronic homelessness. To further expand permanent supportive housing for persons with mental illness Countywide, the balance of the NPLH funds is planned to be included in future Los Angeles Community Development Authority Notices of Funding Availability; by approval of your Board, LACDA administers NPLH funds through an agreement with the State of California Department of Housing and Community Development. Permanent supportive housing projects rely on these funds to ensure their financial feasibility.

The CEO Homeless Initiative (CEO HI) reported to your Board on September 14, 2022, that the use of State Homeless Housing, Assistance and Prevention (HHAP) funds for the proposed project is subject to State approval, and that the CEO HI had reached out to the State administering agency seeking pre-approval to use a portion of the County's future HHAP Round 4 grant for this proposed project. Then, in November 2022, Governor Newsom publicly announced that he was requiring all HHAP jurisdictions across the State to sign a commitment to establish more ambitious goals to reduce the number of people experiencing unsheltered homelessness and to increase the number of permanent housing placements. State approval of each jurisdiction's HHAP Round 4 application would be conditioned on establishing these more robust goals. In response to this new State HHAP requirement and to accelerate implementation of the Board-approved New Framework to End Homelessness in Los Angeles County, the CEO HI is currently preparing a set of proposed FY 2023-24 Homeless Initiative Funding Recommendations for Board consideration in January 2023. These funding recommendations propose to utilize the County's entire \$82.3 million HHAP Round 4 grant, pending State approval, to support Permanent Supportive Housing, Interim Housing, and Transitional Housing for Transition Age Youth. All these HHAP investments will directly support the efforts of our Homeless Rehousing System to move unsheltered persons toward permanent housing solutions.

In addition to the \$79 million in County and American Rescue Plan Act of 2021 funds identified for the proposed project, the First Supervisorial District, along with CEO Legislative Affairs and Intergovernmental Relations, advocated for and helped to secure \$50 million in funding for the redevelopment of General Hospital in Assembly Bill (AB) 179, referred to as the State Budget Bill Jr. AB 179 requires the County to post to its website a project plan, including a timeline for all development milestones and complete plan for capital costs for the proposed project. To satisfy these requirements, the County must first select a developer who will ultimately be responsible for defining the scope of the proposed project, securing CEQA clearances, and providing this information. When this information is available and posted on its website, DEO will notify the State Department of Housing and Community Development with a goal to receive the \$50 million from the State.

Similarly, for the County to debt-finance a portion of the cost of the proposed project, the legal and financial aspects of the financing require extensive information, including development of a complete project plan that includes a scope of work and a schedule for the proposed project. See Attachment A for a summary of this information. The use of lease revenue bonds by the County backed by the County's General Fund will be based on the priority the Board of Supervisors place on the project as discussed below and referenced in Attachment A, Section 4.h.i.

### **Other Potential Capital Projects on the Horizon**

During the discussion at the July 26, 2022 Board meeting, in response to questions from the Board, the CEO agreed to provide in this report a summary of how limited County funding should be used to address the County's multiple capital needs, including prioritization of investments. Attachment B provides a list of "unmet needs" noted as Potential Capital Projects on the Horizon which are not currently fully funded, including the proposed General Hospital project. In Attachment B, each of the 51 potential projects listed is assigned to one of three categories: Support County Services, Public-Private Partnership, and County-State Partnership. Potential projects categorized under Support County Services are those that facilitate efficient, safe, and effective delivery of County services, such as animal care and control, medical examiner, probation, and public health. Potential Public-Private Partnership projects are those that are led by and entirely or primarily financed by the private sector. These include proposed affordable housing and mixed-use projects on County property, such as the proposed project. Attachment B includes one potential County-State Partnership project in which the County would partner with the State to fund. Given the number of potential projects on the horizon which require funding, with respect to the General Hospital project, the County should carefully consider the selected developer's financing plan to make sure the private investment is maximized, and private capital leveraged at adequate scale, which will in turn free up County resources for other projects.

Developing a comprehensive long-range capital master plan for a County as large as ours will take several years and adequate resources to complete. A long-range capital master plan would provide a "landscape view" of potential projects, the relative need for each project (e.g., necessary for ongoing or expanded service delivery, equity considerations, etc.), potential funding sources and timelines, and options for project delivery (e.g., County-delivered, public-private partnerships, etc.). While we develop a scope for such a long-range plan, we will work with your Board to create an approach and process to prioritize investment of limited resources to the currently known potential projects on the horizon, which are identified in Attachment B.

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Should you have any questions regarding this matter, please contact me or Kelly Quinn, Manager, Master Planning Division, at (213) 974-2318 or [kquinn@ceo.lacounty.gov](mailto:kquinn@ceo.lacounty.gov).

FAD:JMN:JTC  
KQ:KC:mda

#### Attachments

c: Executive Office, Board of Supervisors  
County Counsel  
Economic Opportunity  
Health Services  
Public Works  
Treasurer and Tax Collector  
Los Angeles County Development Authority

**Attachment A**  
**LA County Treasurer and Tax Collector**  
**Summary of Elements Necessary to Complete a Financing Plan**

To formulate a financing plan, the County needs to identify the following:

- Primary physical elements of the project
- Project ownership/management structure
- Project costs
- Timing and sources of funds to pay project costs
- Potential risks that might impact the project, and the projected costs to either mitigate those risks or offset the impact should they occur

1. Primary Physical Elements of the Project

- a. Size of office space (intended tenants – private and County departments)
- b. Amount of Housing (division between affordable and market rate)
- c. Community priorities and uses
- d. Age, condition, and size of current buildings
- e. Seismic and environmental issues
- f. Phasing and timing of each phase (depending on alternative(s) selected)

2. Project Ownership/Management Structure

- a. Selection of master developer with significant capital and experience
- b. Ability to assemble development team, potentially including sub-developers for office, market rate and affordable housing
- c. Negotiation of Public/Private Partnership - risk transfer/assumption by developer
  - i. Cost overruns
  - ii. CEQA process and challenges
  - iii. Environmental risk
  - iv. Litigation risk

3. Project Costs

- a. Ranging from overall estimate, detailed construction element costing, proposed construction contract
  - i. Source and confidence level in those estimates
- b. Proposed draw schedule – need for project funds
- c. Identify risks and allocate responsibility between developer and County
  - i. Change order process/approval
  - ii. Unanticipated rehabilitation costs
  - iii. General cost overruns
  - iv. Costs due to project delays or force majeure

**Attachment A**  
**LA County Treasurer and Tax Collector**  
**Summary of Elements Necessary to Complete a Financing Plan**

4. Sources of Project Funds – identify availability and risks
  - a. Private Market Rate Debt and Equity – financing supported by cash flows of leased office space and market rate housing
  - b. Federal and State Low Income Housing Tax Credits
  - c. Possible Tax-Exempt Bonds – issued by LACDA in association with tax credits
  - d. Private Affordable Housing Debt and Equity – financing supported by cash flows from affordable housing
  - e. Federal Historic Preservation Credits
  - f. Enhanced Infrastructure Financing District (tax increment financing)
    - i. County foregoes receiving property tax revenues
  - g. Federal/State/City housing funding
    - i. Federal New Markets Tax Credits
    - ii. State: Affordable Housing for Sustainable Communities, Multifamily Housing, Infill Infrastructure Grant, No Place Like Home and Housing for a Healthy California Programs
    - iii. City Affordable Housing Managed Pipeline
  - h. County direct financing (or guarantee of debt)
    - i. Priority relative to other large, County projects
    - i. Develop County direct funding plan – application of commercial paper and long-term lease revenue bonds
      1. Impact of prevailing interest rate levels on funding plan
      2. Impact on County Debt Service Ratio (does total remain within target range of 0-3% of LGR?)
      3. Identification of assets to be pledged as collateral for County lease financing
        - a. Bundling a pool of other County properties (currently unpledged) with a big enough value to support a borrowing this size (thereby allowing the County to avoid construction period interest (capitalized interest) in the amount financed
    - i. How the master developer will ultimately quantify/close any funding gap between sources and uses for project
5. Financial Risks
  - a. Demand for rental office space and market rate/affordable housing
  - b. Level of market rents for office and housing
  - c. Rules/regulations for affordable housing
  - d. Absorption of developed office space and housing
  - e. Interest/transaction costs for financings
    - i. Impact of interest rate increase during project development
    - ii. Interest rate for project likely to be higher than rates for recent County projects
  - f. Timing of completion – commencement of rental revenues

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>A. Support County Services</b> (sorted in alphabetical order by department then by potential project name)				
1	Agoura Care Center Renovation	29525 W. Agoura Road, Agoura Hills, 91301	Animal Care and Control	\$ 13.4
2	Baldwin Park Care Center Renovation (for overflow, quarantine, court holds, emergencies, etc.)	4275 North Elton Street, Baldwin Park, 91706	Animal Care and Control	\$ 8.9
3	Castaic Care Center Renovation/Expansion	31044 North Charlie Canyon Road, Castaic, 91384	Animal Care and Control	\$ 18.0
4	Lancaster Care Center Renovation/Expansion	5210 West Avenue I, Lancaster, 93536	Animal Care and Control	\$ 40.7
5	New Baldwin Park Care Center	TBD	Animal Care and Control	\$ 46.9
6	New Carson/Gardena Care Center	TBD	Animal Care and Control	\$ 35.3
7	New Monterey Park/Commerce Care Center	TBD	Animal Care and Control	\$ 43.0
8	New Northwest (Centennial) Care Center <sup>2</sup>	TBD	Animal Care and Control	\$ 12.9
9	New Whittier Care Center	TBD	Animal Care and Control	\$ 37.5
10	Hall of Records Seismic Retrofit	320 W. Temple Street, Los Angeles, 90012	Chief Executive Office	TBD

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>A. Support County Services</b> (sorted in alphabetical order by department then by potential project name)				
11	Hall of Administration Seismic Retrofit	500 W. Temple Street, Los Angeles, 90012	Executive Office of the Board of Supervisors	\$ 350.0
12	H. Claude Hudson Eye Clinic Relocation (Adams and Grand)	2901 S. Hope Street, Los Angeles, 90007	Health Services	TBD
13	Harbor UCLA Old Hospital	1000 West Carson, Torrance, 90502	Health Services	TBD
14	Harbor UCLA Restorative Care Village	1000 West Carson, Torrance, 90502	Health Services	TBD
15	Martin Luther King - Augustus Hawkins Demolition	1720 E. 120th Street, Los Angeles, 90059	Health Services	TBD
16	Martin Luther King Parking Structure	12021 S. Wilmington Avenue, Los Angeles, 90059	Health Services	TBD
17	New Health Services Buildings at LAC+USC Campus	2051 Marengo Street, Los Angeles, 90033	Health Services	TBD
18	Civic Center Central Plant	301 N. Broadway, Los Angeles, 90012	Internal Services	\$ 150.0
19	Medical Examiner Renovation/Expansion or Replacement	1102 N. Mission Road, Los Angeles, 90033	Medical Examiner	TBD
20	High Desert Regional Health Center - New Crisis Residential Treatment Program Facility	335 East Avenue I, Lancaster, 93535	Mental Health	TBD

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>A. Support County Services</b> (sorted in alphabetical order by department then by potential project name)				
21	Museum of Natural History Grand and West 30th Street Warehouse Relocation	2847 S. Grand Avenue, Los Angeles, 90007	Museum of Natural History	TBD
22	Los Angeles County Museum of Art at Magic Johnson Park	905 E. El Segundo Boulevard, Los Angeles, 90059	Parks and Recreation	TBD
23	Camp Miller Renovation/Expansion	433 South Encinal Canyon Road, Malibu, 90265	Probation	\$ 31.0
24	Juvenile Hall Consolidation	1605 Eastlake Avenue, Los Angeles, 90033	Probation	\$ 400.0
25	Los Padrinos Juvenile Hall - Secure Youth Track	7285 East Quill Drive, Downey, 90242	Probation	TBD
26	Public Health Laboratory	TBD	Public Health	TBD
27	Torrance Health Center Reuse	2300 Carson Street, Torrance, 90501	Public Health	TBD
28	Metro Family and Metro Special Buildings Renovation or Replacement (Adams and Grand)	2615 South Grand Avenue, Los Angeles, 90007	Public Social Services	\$230 - \$350
29	Stormwater	TBD	Public Works	TBD
30	Men's Central Jail	433 Bauchet Street, Los Angeles, 90012	Sheriff	TBD

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>A. Support County Services</b> (sorted in alphabetical order by department then by potential project name)				
31	Pitchess East	29310 The Old Road, Castaic, 91384	Sheriff	TBD
32	Pitchess North	29310 The Old Road, Castaic, 91384	Sheriff	TBD
33	Bail Bond Plaza Jail Release Support Facility (Restorative Justice Village)	TBD N. Vignes Street (multiple sites) Los Angeles, 90012	TBD	TBD
34	Drop Forge Permanent Supportive Housing (Restorative Justice Village)	1033 Alhambra Avenue, Los Angeles, 90012	TBD	TBD
35	MacLaren County Building	4024 Durfee Ave, El Monte, 91732	TBD	TBD
36	Challenger Young Adult Residential Program	5300 West Avenue I, Lancaster, 93536	Various	TBD
37	Countywide Seismic	TBD	Various	TBD
38	Rancho Los Amigo South Campus - New County Offices	7601 East Imperial Highway, Downey, 90242	Various	\$ 400.0
39	Secure Youth Track Camp Facilities	TBD	Various	TBD

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>B. Public-Private Partnership</b> (sorted in alphabetical order by potential project name)				
40	Adams & Grand Affordable Housing and Mixed-Uses	2615 South Grand Avenue, Los Angeles, 90007	Economic Opportunity	TBD
41	Cudahy Former DPSS Building / Site Reuse	8130 South Atlantic Avenue, Cudahy, 90201	TBD	TBD
42	General Hospital and West Campus - Affordable Housing and Mixed-Uses	1200 North State Street, Los Angeles, 90033	Economic Opportunity	TBD
43	La Brea Tar Pits	5801 Wilshire Boulevard, Los Angeles, 90036	Museum of Natural History	*
44	Lancaster - 80 Acres Site for Affordable Housing and Mixed-Uses	Just west of Highway 14 in Lancaster	Economic Opportunity	TBD
45	Lot 45 Chinatown Affordable Housing and Mixed-Uses	725 N. Spring Street, Los Angeles, 90012	Economic Opportunity	TBD
46	MacLaren Affordable Housing Development	4024 N. Durfee Avenue, El Monte, 91732	City of El Monte	TBD
47	Music Center Annex	601 W. Temple Street, Los Angeles, 90012	Chief Executive Office	TBD
48	Rancho Los Amigos South Campus - Affordable Housing and Mixed-Uses	7601 East Imperial Highway, Downey, 90242	Economic Opportunity	TBD
49	Vermont Corridor Site 2	550 South Vermont Avenue, Los Angeles, 90020	Chief Executive Office	TBD
50	West LA Courthouse Affordable Housing and Mixed-Uses	1633 Purdue Avenue, Los Angeles, 90025	Economic Opportunity	\$ 32.0

**Attachment B - Potential Capital Projects on the Horizon**

No.	Name	Address	Department	Funding Needed <sup>1</sup> (in millions)
<b>C. County-State Partnership</b>				
51	State Court Deferred Maintenance Projects - County Share	Various locations	Chief Executive Office	TBD

**Notes:**

<sup>1</sup> All funding needed is subject to further validation.

<sup>2</sup> Total cost is \$22.9M to be offset by \$10M from developer contribution per development agreement.

\* Natural History Museum estimates that the La Brea Tar Pits will cost \$609M. The County's contribution toward this effort has yet to be determined.