



# CITY COUNCIL STAFF REPORT



**November 9, 2021**

## **ITEM TITLE**

Emergency Shelter Units: Approval of a Master Product and Services Agreement with Pallet SPC for Emergency Shelter Units

**Report Number:** 21-0182

**Location:** 205 27<sup>th</sup> Street

**Department:** Development Services

**Environmental Notice:** This activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

Adopt a resolution approving a Master Product and Services Agreement with Pallet SPC.

## **SUMMARY**

In response to the homeless crisis faced by the City and the region, the City is pursuing development of a temporary bridge shelter, to be located at 205 27<sup>th</sup> Street. This item presents the option to purchase sixty-six (66) individual housing units and two (2) multi-purpose rooms, for a total of sixty-eight (68) units to be installed on the site. Development of the site for this use also includes the installation of restrooms, showers, a laundry facility and security, as well as basic site improvements (i.e., grading, electrical infrastructure, lighting).

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Under NEPA, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time. Although environmental review is not necessary at this time, once a project(s) has been defined, environmental review will be required and a CEQA/NEPA determination completed prior to initiation of any related project activity.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

## DISCUSSION

### State of Homelessness in Chula Vista

The homelessness crisis is affecting nearly every community in the nation. The potential causes of homelessness are varied and further complicated by the wide range of affected people including single adults, families, single mothers with children, transitional age youth, seniors, and veterans. The complexity and diversity of its population creates significant challenges for the City of Chula Vista as it seeks ways to assist the homeless. This problem is further exacerbated for communities that lack safe sheltering options (beds) as clients navigate and attempt their transition into a more stable living situation.

To properly assess the severity of the challenges, the U.S. Department of Housing and Urban Development (“HUD”) requires communities across the Nation to conduct a Point-in-Time Count (“PIT”). The PIT consists of an annual survey and enumeration of homeless individuals within each jurisdiction. This data is used to evaluate the effectiveness of the City’s efforts as well as make policy decisions and determine resources needed. The annual count is typically carried out on the third Friday of January; however, due to the COVID-19 pandemic (“COVID”) no official count was conducted in 2020. Understanding the importance of an accurate profile in Chula Vista, the Homeless Outreach Team (“HOT”) conducted its own PIT in August 2021 (“CVCOUNTS2021”). With accuracy as the primary goal, the operation was carefully planned and approached in sectors, with teams comprised of law enforcement, city staff and contracted outreach workers. As referenced below, the Count revealed an astonishing increase over the 2019 Point in Time Count.

#### CVCOUNTS2021 PIT

	2019	2021
Sheltered (Emergency, Safe Haven or Transitional)	101	120
Unsheltered	212	672*
Total	313	792

*\* This number included 350 housed in hotels/motels. Individuals with a place to sleep for the night paid for by a charitable organization or governmental agency are considered to be unsheltered, as without the assistance they likely would be on the street.*

Homelessness is not a crime and the law does not prevent individuals from sitting, laying or sleeping in public if no existing shelter bed is available. In *Martin v. City of Boise* (9th Cir. 2019) 920 F.3d 584, 603, the Ninth Circuit Court of Appeals held that the Cruel and Unusual Punishments Clause of the Eighth Amendment precludes the enforcement of a statute or ordinance prohibiting sleeping outside on public property against homeless individuals with no access to other shelter.

Unfortunately, unsheltered persons frequently occupy public spaces and other places not meant for human habitation, which poses a significant threat to the health and safety of these individuals who are already vulnerable to illness, crime, malnutrition, and harmful weather exposures (such as excessive heat, excessive cold, rain, and flooding). Thus, the establishment of emergency housing is of urgent necessity for the preservation of life, health, and property.

## Sheltering Options

Identifying shelter options to address the homelessness crisis has been a priority for the City for several years, including:

- “Chula Vista Seven” - a project consisting of seven scattered housing units designated for extremely low-income households [0 – 30% of area median income (“AMI”)], which are now occupied by previously homeless families, whom are finding their way back to self-sufficiency.
- Hotel/Motel Voucher Program - Understanding the critical need of emergency shelter beds, an alternative was created with voucher program funding, providing up to twenty-eight (28) days of a safe space for our HOT Team and clients to work together towards stabilization.
- Tenant-Based Rental Assistance Program - For those requiring longer term housing assistance, HOME funds were earmarked to provide up to twenty-four (24) months of rental assistance.

Not only have these programs positioned Chula Vista in the right direction but created a clear path of the future goals to develop a more permanent solution in the form of a Bridge Shelter and/or Permanent Supportive Housing.

As staff explored further housing options, identifying a site became priority. Fortunately, a City-owned, vacant site located in District Four (205 27<sup>th</sup> Street) was identified as an option to accommodate a new shelter in early 2020.

**Figure 1 - Site Location Map**



In March of 2020, the City of San Diego approached the City to offer a Sprung Structure, previously utilized by the Veterans Village of San Diego. At the time, the Sprung Structure was occupying a site owned by the Navy which requested to regain site-control for another use. The City of Chula Vista gladly accepted the Sprung Structure from the City of San Diego. As the acquisition of a homeless shelter was unanticipated, the City began its development efforts immediately. Being the first bridge shelter in the South Bay, the City of Chula Vista was diligent in its planning of the site development, ensuring adherence to all health and safety protocols. In conducting due diligence, external factors contributed to delays in development, including securing environmental clearance from HUD and the State of California. Furthermore, due to the site's proximity to the Otay Valley Regional Park (“OVRP”), there were additional site use restrictions that needed to be addressed prior to initiating development.

During the due diligence phase, the City of Chula Vista received notification from the City of San Diego that they did not in fact own the structure and that the structure was owned by the non-profit organization, Lucky Duck Foundation. The City promptly began negotiations directly with Lucky Duck, as the rightful owner of the Sprung Structure. During those negotiations, the Lucky Duck Foundation sought to impose certain expectations and requirements that did not align with the City's goals and current public health guidance, as follows:

- Congregate Housing Capacity - While the structure capacity is for up to 250 people, the City believed that opening the doors to the maximum capacity, as the non-profit insisted, ignored the Center for Disease Control's (CDC) guidance on social distancing, particularly as it related to congregate housing. This was of particular concern as the South Bay accounted for one of the highest rates of COVID outbreaks in the region. The City of Chula Vista considers the health and safety of its residents its first and foremost priority.
- Operational Sustainability - In addition to concerns related to social distancing, the City has limited funds available for the ongoing operation of this temporary shelter. At the time that we were negotiating with Lucky Duck, staff projected our annual funding to be sufficient to support approximately 100 occupants. While this number may shift over time, it is critical that the City have discretion to adjust occupancy based upon funding availability in the future.
- Punitive Monetary Damages - Lastly, the Lucky Duck Foundation insisted on including and imposing punitive monetary damages in a Construction Agreement if the structure was not operational by a certain date, regardless of unforeseen development obstacles previously discussed. Given the previously described funding limitations, any damages paid would divert funds from providing critical services to our unsheltered population.

Ultimately, the Lucky Duck Foundation and the City of Chula Vista mutually agreed that the Sprung Structure would be better utilized elsewhere with fewer limitations, allowing the City to explore options that would be better suited for our community and its needs.

As a result of COVID, the guidance and standards issued surrounding shelters by the CDC included moving towards a non-congregate model to prevent, prepare and respond to COVID or any other unforeseen communicable disease. In March of 2020, HUD also released a series of waivers through the CARES Act Emergency Solutions Grant and Community Development Block Grant ("CDBG") allocations to provide flexibility in competitive procurement requirements including the acquisition of goods and services, that directly relate to providing emergency housing for individuals experiencing homelessness. This allowed the City to select the housing alternatives in the most expeditious and efficient manner.

### **Alternative Housing Model**

With the shift away from a congregate housing model, the City began investigating the use of individual housing units to provide bridge shelter accommodations. In addition to the health considerations previously described, staff also found that the individual units provide a greater level of dignity than is typically found in congregate housing, as well as greater flexibility in terms of site utilization. One vendor (Pallet) immediately stood out in the terms of both cost and speed of deployment. Housing staff visited an existing shelter in Riverside County, consisting of 30 Pallet units. Interviews with Riverside County staff indicated that they were very pleased with the model, as were their clients.

Pallet shelter villages were built at speed and scale to serve an immediate need. Each 64 sq. ft. Pallet shelter has one or two beds, locking doors, personal climate control, and storage for possessions.

**Figure 2 – Pallet Shelters**



### **Site Preparation and Construction**

Grading and leveling the current site to accommodate the new development will be the first step towards building the emergency shelter. A new driveway and gates will be installed for Fire and Emergency vehicles to allow access to enter and maneuver onsite. Complete hook-ups for electrical, water and sewer service will be installed to connect to the hygiene trailers.

### **Initial Startup**

Upon completion of site preparation and with approval of this item, sixty-six (66) sleeping cabins and two (2) multi-purpose rooms will be delivered and setup to serve up to 134 individuals, allowing the City to expand to serve other populations not feasible in a congregate setting, including families and couples. Services will include sleeping quarters, accompanied by case management services and hygiene facilities, including a mobile trailer for restrooms, shower and laundry services (including Americans with Disabilities Act (ADA) compliant facilities). The hygiene facilities were previously purchased with prior year Homeless Emergency Assistance Program Funds granted through the Regional Task Force on the Homeless and are ready to be deployed.

### **Future Operations and Services**

The Emergency Bridge Shelter is envisioned to serve chronic unsheltered in our community and will allow access through our HOT referral process only. A Request for Qualifications and selection for the shelter operator and property manager was released on October 25, 2021. While only one operator will be selected, the City will continue to leverage and foster existing partnerships with necessary providers.

Operator responsibilities will include, but will not be limited to security, meals, laundry, hygiene, sanitation, and community engagement services. Individualized case management will also be provided in coordination with social service agencies and other community-based organizations to include assistance for employment, transportation, health and wellness care and behavioral health care. Re-housing efforts will begin upon entry into the program with the goal to successfully transition individuals into permanent supportive housing within six to twelve months.

In 2020, through a series of Council Action Items, the City appropriated a combination of CDBG and Emergency Solutions Grant (“ESG”) funding received through regular grant entitlement and the CARES Act for the shelter.

### Funds Previously Appropriated

Grant	Amount
ESG-CV1	\$533,668
ESG-CV2	\$3,382,534
CDBG-CV1	\$730,675
CDBG-CV3	\$2,047,962
CDBG-Entitlement	\$721,363
<b>Total</b>	<b>\$7,416,202</b>

By identifying and leveraging the available grant funds, the City is ensuring that it will have sufficient funding for development, including the purchase of the units, and ongoing operational costs of the shelter.

#### DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

#### CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact to the City's General Fund as a result of this action. All costs associated with purchase of the units are covered by a previously appropriated Emergency Solutions Grant (272534). Total costs for the purchase, delivery, and installation of the units shall not exceed \$740,955.15.

#### ONGOING FISCAL IMPACT

There is no ongoing fiscal impact as a result of this action.

#### ATTACHMENTS

1. Master Product and Services Agreement

*Staff Contact: Tiffany Allen, Director of Development Services  
Angélica Davis, Development Services Department Senior Management Analyst*