



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0391
07/02/2026

REPORT IN THE PUBLIC INTEREST RE:

**EVICTON DEFENSE AND PREVENTION PROGRAM CONTRACT STATUS
LEGAL AID FOUNDATION OF LOS ANGELES / STAY HOUSED LA COALITION
(CITYWIDE)**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File Nos.: 20-1084; 20-1084-S4; 18-0610-S3; 19-0685-S1;
20-0401; 20-0505; 22-0414; 23-0038 and 23-0038-S7

Honorable Members:

This Supplemental Report (Report) updates our Report No. R26-0340 dated June 15, 2026 (June 15 Report) submitted to the Los Angeles City Council (Council) in connection with the efforts undertaken by the Office of the Los Angeles City Attorney (Office) with the drafting and negotiation of contracts between the City of Los Angeles (City) and the Legal Aid Foundation of Los Angeles (LAFLA), Strategic Actions for a Just Economy (SAJE), Liberty Hill Foundation (Liberty Hill) and Southern California Housing Rights Center (HRC) for contract services including Eviction Defense and Prevention (LAFLA), Tenant Outreach and Education (Liberty Hill), Protection from Tenant Harassment (SAJE), and Short-Term Emergency Rental Assistance (HRC). The eviction defense and tenant assistant services under these new agreements are to be provided under the City's Right to Counsel Program and United to House LA Homelessness Prevention Program.

Timeline of Events

The initial contract for eviction defense services was a \$7 million “pilot” awarded to LAFLA in 2021, based on an exception to the City Charter’s competitive bidding requirements for exigent circumstances related to the COVID-19 pandemic. That contract was amended and extended nine times, growing to a total of more than \$90 million, all without the detailed information, access and reports required by the original \$7 million original agreement. The most recent amendment to Contract No. C-138260 (the Original Contract) with LAFLA was executed in December 2025, and it extended the contract term to March 31, 2026. The [June 15, 2026 report submitted by the City Attorney](#), Council File No. [20-1084](#) and Council File No. [20-1084-S4](#) set forth the history of Contract No. C-138260 (Original Contract) with links to other relevant documents.

At the direction of the City Council and the Mayor, this Office has proceeded with finalizing the new contracts with LAFLA, SAJE, HRC and Liberty Hill while continuing its review of the funding provided under the Original Contract. As of the date of this Report, the contracts with SAJE and HRC have been finalized and signed and are in the process of attestation. The new contract with LAFLA is nearly finalized and should be ready for signature and attestation by Tuesday, July 7, 2026. The contract with Liberty Hill is awaiting approval from LAHD for its updated proposed budget for the period ending June 30, 2027.

Having effectively finalized the negotiation and drafting of contractual terms, this Office is now focused on reviewing and tracking the \$90+ million dollars already authorized and paid to LAFLA under the Original Contract. This Office will continue to work to account for the dollars already spent and to resolve the issues and discrepancies identified to date, including those described below.

ANALYSIS OF GRANT DOLLARS FROM SINGLE AUDIT REPORTS (2020-2025 Attached to the June 15 Report and Publicly Available)

As an initial matter, the tracing of City funding and grant dollars from the public information available and the additional information provided by LAFLA is extremely difficult because none of the Single Audit reports mention the term “Stay Housed LA” anywhere, so it is nearly impossible to isolate the City of Los Angeles programs or funding in the expenditures reported.

The Schedules of Expenditures of Federal and Non-Federal Awards included in the Single Audits attached to the June 15 Report and the Tax Forms 990 linked to this Report show trends, anomalies and inconsistencies that require a forensic audit.

As an overview, despite the City having approved more than \$90+ million dollars for eviction defense services from 2021 to 2025 under the City’s “Stay Housed LA”

program and the City having been the source of nearly 2/3rds of LAFLA's 2025 total government grants, there are no identified expenditures, services, or accountings for the City's program in any of LAFLA's single audits or tax returns for those years. The information that is available raises more questions than it answers and underscores the need for a thorough forensic audit and financial reconciliation, including tracing the cash paid to and eviction defense services provided by LAFLA to the City independently of the other services and programs identified in the tax returns, or provided to the County or in other jurisdictions.

For example, the Single Audits attached to the June 15 Report that the City's grants to LAFLA increased from \$459,985 entirely in nonfederal direct grants (representing just 2.5% of LAFLA funding) to \$46,986,705 (representing nearly 2/3rds (66.26%) of LAFLA's 2025 government grant funding). The City's grants therefore increased by **10,210%** without a single comprehensive report or audit over 5 years and add up to **\$103,731,995** in the aggregate, an amount that is greater than the funding of some City departments. The City passthroughs of federal money increase from \$-0- in 2021 to **\$22,647,822 in 2025** for an aggregate of **\$54,450,264 in federal grant passthroughs over 5 years (2021-2025)**.

The County funds reported show a very different funding pattern. While the total dollars increase modestly from \$4,837,038 in 2020 to \$6,339,227 in 2025 and amounted to **\$56,513,913** in the aggregate, the County percentage of LAFLA's government grant funding **decreases from 26.84% in 2020 to 8.94% in 2025, a decline of approximately 67% over these years**. As significantly, the County's federal passthroughs rise exponentially to peak at **\$10,167,364 in 2023** only to then drop precipitously to **\$728,511** in 2024 and **\$897,043** in 2025. The total of the City and County grants, the bulk of which were supposed to be for eviction defense, amount to **\$160,245,710 over 6 years from 2020-2025**.

The comparisons of the Single Audits to the Form 990 Tax Returns of LAFLA year over year contain additional discrepancies and variances, most notably in 2021 and 2022 but also in other years. In 2023, LAFLA abruptly changed its tax return program services presentation format to lump together programs previously reported separately, making it even more difficult to reconcile the amounts.

What is clear is that amounts expended on "Eviction Defense" according to the 990 tax returns for 2020-2024 (since 2025's tax return is not yet available) amount to just **\$48,887,710** (without 2025 that is out of a total of \$106,919,976 not \$160,245,908) but even that adjustment still **leaves up to \$58+ million, or more than 1/2 of the eviction defense grant funds, unaccounted for**. The amounts earmarked for "Eviction Defense" according to the Schedule of grants in the Single Audit Reports are reported to have been much less - about \$16M total if one just counts the grant line items labelled "Eviction Defense Program".

Nor do the Audited Financial Statements provide clarity. LAFLA originally pointed to Footnote 17 to the audited financials included in each year's Single Audit Reports as a possible explanation for any discrepancies due to the fact that Footnote 17 in some years lists Government Contracts for "LA County Eviction Defense" and "HUD Eviction Defense". But of course, **"Government Contracts" are a source of revenue, not an expenditure and it is clear that LAFLA has many expenditures that are not within the purposes of the City's funding** (including legal services for many purposes other than eviction defense, such as suing the City, and for centers in other cities like Long Beach, Inglewood and Santa Monica).

Even if it were plausible that the HUD and County Eviction Defense Government Contracts listed in each year's Footnote 17¹ included the City's grants that are otherwise untraceable and unaccounted for, the figures do not add up. **For example, HUD and County Eviction Dollars per LAFLA's 2025 financials add up to \$40,874,304 while the City's grants for 2025 alone are more than that -- \$46,986,705 to be precise.** LAFLA certainly knew how to reconcile and tie numbers back in when they were accurately reported; the Legal Services Corporation number in 2025's Footnote 17 ties back precisely to the number for the Legal Services Corporation in the Schedule of Federal and Nonfederal Awards. But none of the Eviction Defense numbers in Footnote 17 can be similarly reconciled with the Schedule of Federal and Nonfederal Grants.

Below are some of the more pertinent amounts across the years in grants and awards that support the statements in this Report. The original source documents are the single audit reports attached to the [June 15, 2026 report submitted by the City Attorney](#) and the Tax Forms 990 linked hereto, all of which are publicly available at Propublica's website.

<https://projects.propublica.org/nonprofits/organizations/951684067>

1. 2020:

[LAFLA 2020 Audit](#): Total Grant Dollars \$18,021,268, comprised of \$8,065,207 in federal awards and \$9,956,061 in nonfederal direct grants.

City: \$-0- in Federal and **\$459,985** in nonfederal direct grants.

City Total = \$459,985

County: \$876,014 in Federal passthroughs and **\$3,961,024** in direct grants (of which **\$1,643,428** is labelled "Eviction Defense").

County Total = \$4,837,038

¹ The referenced footnote is part of LAFLA's Audited Financials attached to the June 15 Report as part of each year's Single Audit report.

City is 2.5% and County is 26.84% of LAFLA's 2020 grants.

*Footnote 14 to the Audited Financials has Donated Services at \$10,095,443

*Footnote 17 to the Audited Financials lists major government contracts - no Stay Housed LA or City Eviction Program and 2020 has just one "Eviction Defense" Government contract the LA County Eviction Defense Program at \$1,643,248 which ties precisely to the funds listed with the description of Eviction Defense in the Grant Awards Schedule

LAFLA 2020 Tax Return Form 990:

Part I Line 8: \$19,918,239 in Contributions and Grants

Part III Line 4e: \$17,781,141 in Total Program Expenses

Part III Line 4a-d: individual program expenses including \$5,303,310 for Housing, Communities and Eviction Defense in Line 4a

Part III Line 4c has one of the programs described as Legal Victories which includes the Garcia and Alliance litigation against the City but lists nothing for expenses or grants

Part VIII Line 1e Total Govt Grants ties back to the 2020 Audit: \$18,021,268

Schedule O: The 2nd item listed is the ONLY place in any of the public filings where the Stay Housed LA Programs (County and/or City) are mentioned and says the program expenses are included in Part III Line 4a as "Housing, Communities and Eviction Defense"

2. 2021:

LAFLA 2021 Audit: Total Grant Dollars \$27,379,172, comprised of \$12,342,432 in federal awards and \$15,036,740 in nonfederal direct grants.

City: \$2,520,599 in federal passthroughs and \$396,582 in nonfederal direct grants. City Total = \$2,917,181

County: \$802,734 in federal passthroughs and \$8,387,110 in nonfederal direct grants (of which \$5,146,915 is labelled "Eviction Defense").

County Total = \$9,189,844

City is 10.65% and County is 33.57% of LAFLA'S 2021 grants.

*Footnote 14 to the Audited Financials has Donated Services at \$10,798,677

*Footnote 17 to the Audited Financials lists major government contracts - no Stay Housed LA or City Eviction Program but ascribes \$5,146,915 of Government Grants to "LA County Eviction Defense Program" which ties precisely to the amount of the funds listed with the description of Eviction Defense in the Grants Awards Program.

LAFLA 2021 Tax Return Form 990:

Part I Line 8: \$32,627,974 in Contributions and Grants

Part III Line 4e: \$25,292,320 in Total Program Expenses

Part III Line 4a-d: individual programs including **Line 4a \$12,741,345 with \$6,622,785 in grants identified for Housing, Communities and Eviction Defense**

Part III Line 4c has one of programs as Legal Victories which includes the Garcia and Alliance litigation against the City but lists nothing for expenses or grants

Part VIII Line 1e: Total Govt Grants amount of \$30,525,289 does NOT tie to and is \$3,146,117 higher than the \$27,379,172 of total Government Grants in the Audit.

Schedule O: No Stay Housed LA and no Eviction Defense. Fixed Asset adjustment of \$232,038

3. 2022:

LAFLA 2022 Audit: Total Grant Dollars \$31,561,661, comprised of \$19,776,438 in federal awards and \$11,785,233 in nonfederal direct grants.

City: \$6,172,263 in federal passthroughs and **\$508,281** in nonfederal direct grants

City Total = \$6,680,544

County \$4,640,282 in federal and **\$6,143,962** in nonfederal direct grants (of which **\$3,420,200** is labelled "Eviction Defense").

County Total = \$10,784,244.

City is **21.17%** and County is **34.17%** of LAFLA's 2022 grants

***Footnote 14** to the Audited Financials has Donated Services at \$11,876,329

***Footnote 17** to the Audited Financials lists major government contracts - no Stay Housed LA or City Eviction Program but ascribes **\$7,457,449 of Government Contracts** to "LA County Eviction Defense Program" which does **NOT** tie and is **\$4,037,249 higher than the funds listed with the description of Eviction Defense** in the Grants Awards Program.

Footnote 17 also lists for the first time something called "HUD Eviction Defense Program" at **\$6,239,221**

LAFLA 2022 Tax Return Form 990:

Part I Line 8: \$34,911,949 in Contributions and Grants
Part III Line 4e: \$30,226,568 in Total Program Expenses
Part III Line 4a-d: individual programs including **Line 4a \$17,555,444 with \$10,511,896 in grants for Housing, Communities and Eviction Defense**
Part III Line 4c has one of programs as Legal Victories which includes the Garcia and Alliance litigation against the City but lists nothing for expenses or grants
Part VIII Line 1e Total Govt Grants ties to Audit: \$31,561,661
Schedule O: Second item is "During the 12/15 board meeting, the organization completed a significant review and major edits to the By-Laws and other governing documents. These changes more closely align with the ever changing legal field and law updates."

4. 2023:

LAFLA 2023 Audit: Total Grant Dollars \$48,189,473 comprised of \$27,412,382 in federal awards and \$20,776,091 in nonfederal direct grants.

City: \$7,407,573 in federal passthroughs and **\$8,002,769** in nonfederal direct grants

City Total = \$15,410,342

County: \$10,167,364 in federal passthroughs and **\$6,550,233** in nonfederal direct grants (of which **\$3,759,174** is labelled "Eviction Defense").

County Total = \$16,717,597.

City is **31.98%** and County is **34.69%** of LAFLA's 2023 grants.

***Footnote 12** LAFLA paid off its note related to New Market Tax Credits.

***Footnote 14** to the Audited Financials has Donated Services at \$13,806,639

***Footnote 17** to the Audited Financials lists Government Contracts - no Stay Housed LA or City Eviction Program but ascribes **\$13,775,566** of Government Contracts to "LA County Eviction Defense Program" which does **NOT** tie and is **\$10,016,392 higher than the funds listed with the description of Eviction Defense** in the Grants Awards Program. Footnote 17 also lists "HUD Eviction Defense Program" at **\$11,583,225**

LAFLA 2023 Tax Return Form 990:

Part I Line 8: \$54,705,082 in Contributions and Grants
Part III Line 4: \$46,621,584 in Total Program Expenses

Part III Line 4a-d: individual program expenses including \$8,919,486 with only \$107,238 in grants for Housing, Communities and Eviction Defense and this is moved to Line 4b.

Part III Line 4a is a large bucket of disparate programs lumped together, none of which appear to be eviction defense **but including litigation against the City**, with Program Expenses of \$32,894,117 and grant money of \$23,075,270

Part VIII Line 1e Total Govt Grants ties to Audit: \$48,189,473

Schedule O: Lists the transfer of the Ron Olsen Justice Center and related New Market Tax Credits

5. **2024:**

LAFLA 2024 Audit: Total Grant Dollars \$53,311,939 comprised of \$26,876,127 in federal awards and \$26,435,812 in nonfederal direct grants.

City: \$15,702,007 in federal and \$15,565,231 in nonfederal direct grants.

City Total = \$31,267,238

County: \$728,511 in federal and \$3,846,234 in nonfederal direct grants (of which \$1,017,433 is labelled "Eviction Defense").

County Total = \$4,574,745.

City is 58.65% and County is 8.6% of LAFLA's 2024 grants.

*Footnote 12 lists Donated Services at \$13,043,941

*Footnote 17 lists Government Contracts - no Stay Housed LA or City Eviction Program but has LA County Eviction Defense Program at \$16,095,982 which does **NOT** tie and is many multiples of the \$1,017,433 labelled as "Eviction Defense" in the Grants Schedule. Footnote 17 also lists the HUD Eviction Defense Program at \$15,969,938.

LAFLA 2024 Tax Return Form 990:

Part I Line 8: \$57,031,001 in Contributions and Grants

Part III Line 4e: \$52,268,072 in Total Program Expenses

Part III Line 4a-d: individual program expenses including \$4,368,125 with \$-0- in grants for Housing, Communities and Eviction Defense and this is on Line 4b.

Part III **Line 4a** is a large bucket of disparate programs lumped together, none of which appear to be eviction defense **but including litigation against the City**, with Program Expenses of \$43,753,523 and funded by grant money of \$26,480,552

Part VIII Line 1e: Total Govt Grants amount of \$54,104,329 does **NOT** tie to and is \$792,390 higher than the \$53,311,939 amount of total Government Grants in the Audit.

Schedule O: Lengthy narrative about a couple of individual cases

6. **2025:**

LAFLA 2025 Audit: Total Grant Dollars \$70,908,519 comprised of \$31,232,754 in federal awards and \$39,675,765 in direct grants.

City: \$22,647,822 in federal and \$24,338,883 in direct grants.

City Total = \$46,986,705

County: \$897,043 in federal and \$5,442,184 in direct grants (of which \$1,176,864 is labelled "Eviction Defense").

County Total = \$6,339,227.

City is 66.26% and County is 8.94% of LAFLA's 2025 grants.

*Footnote 12 lists Donated Services at \$17,832,475

*Footnote 17 has HUD Eviction Defense at \$22,583,826 and LA County Eviction Defense at \$18,290,478, which does **NOT** tie and is many multiples of the \$1,176,864 labelled as "Eviction Defense" in the Grants Schedule.

ONGOING INVESTIGATION

The focus of our continuing investigation will include:

1. Determining whether and the extent to which City funds were used for purposes other than those authorized under LAFLA's Original Contract;
2. Determining the extent to which the City and other funding agencies and sources (County, State and direct Federal) utilized the same subrecipients and had the same services performed by LAFLA, with a view to confirming that the amounts paid for those services are accurately tracked by individual matter and funding source and are not duplicative;
3. Determining why, since 2023, the Eviction Defense services have been declining even as the City's payments have been increasing exponentially;
4. Determining whether and why the funding of LAFLA and federal passthroughs to LAFLA have shifted so dramatically from the County and others to the City; and
5. Assessing any litigation issues in a confidential report to Council.

While there are many additional or ancillary questions, those above are expected to be the focus over the next month with assistance from forensic accountants.

The Office of the Los Angeles City Attorney recognizes the importance of these contracts to the City Council and the Mayor's Office and is prepared to sign the new agreements approved as to form so long as the reporting obligations required are included in the contracts to protect and ensure that constituents receive full access to the resources and support as authorized by the City Council. This Office also has the responsibility to ensure that public funds are required by contract to be used legally and transparently, that all services that are paid for by the City have safeguards in place to ensure they are delivered to the City, and that there are clear reporting and accountability measures in place. The data available to date for the Original Contract is insufficient to validate the services rendered or to determine expenditures to residents of the City to even a basic level of accountability.

This Office anticipates new agreements with reporting requirements by early next week. However, this Report in the Public Interest is filed because there is still work to be done to account for the substantial funds spent under the Original Contract. That is what the City Council required and that is what each and every Angeleno deserves.



HYDEE FELDSTEIN SOTO
Los Angeles City Attorney