

Communication from Public

Name: Barbara Schultz
Date Submitted: 06/17/2026 10:48 AM
Council File No: 20-1084-S4
Comments for Public Posting: Please see attached letter.

June 16, 2026

Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Council file: 20-1084-S4

RE: Office of City Attorney report re Stay Housed LA (SHLA) dated June 15, 2026
Council members:

Yesterday, according to the *Daily Journal*, the Office of the City Attorney (OCA) submitted a report to City Council regarding the SHLA contracts. This report and an accompanying press release, provided to Legal Aid Foundation of Los Angeles (LAFLA) by a reporter, contains many false statements about the SHLA contract, negotiations, and LAFLA's financial and data reporting. In fact, while LAFLA has been engaged in good faith negotiations, it appears that the OCA was engaged only in delay tactics. Less than a week ago, we were led to understand by Chief Assistant City Attorney John Heath that he was about to send "another revised (and hopefully final!) version of the agreement." The week prior, he stated "Thank you and we look forward to getting this finalized and executed ASAP next week." (See attachment.) Instead, we learned that the OCA had released a shockingly distorted press release and report.

For over a year, City Attorney Hydee Feldstein-Soto has subjected LAFLA and SHLA to extraordinary scrutiny as she searched for evidence of wrongdoing. After months of highly unusual investigations, document requests, and audits that extend well beyond the scope of her office, she has failed to identify any misconduct because there is none. Now, the City Attorney has shifted to vague, untrue, and at times contradictory claims about transparency. First, LAFLA was accused of withholding information; now, after producing extensive records in response to repeated document requests, we are accused of providing too much.

Our monthly reporting to LAHD includes detailed invoices with staff time and salary information, program expenditures, and more than 25 data points for each case, including outcomes for cases where we represent tenants. What we cannot provide—and what no legal services organization can ethically provide—is confidential client information protected by attorney-client privilege.

The City Attorney's year-long campaign against SHLA appears to reflect her frustration about the fact that, as public interest attorneys, LAFLA also at times represents clients who seek to hold her office and other public agencies accountable—and wins. This City Attorney shows a shocking disregard for the wellbeing of Angelenos in her attempts to destroy a program that has

Other Office Locations:

East Los Angeles Office, 5301 Whittier Blvd., 4th Floor, Los Angeles, CA 90022; 213-640-3883

Long Beach Office, 601 Pacific Ave., Long Beach, CA 90802; 562-435-3501

Santa Monica Office, 1640 5th St., Suite 124, Santa Monica, CA 90401; 310-899-6200

South Los Angeles Office, 7000 S. Broadway, Los Angeles, CA 90003; 213-640-3950

helped tens of thousands of tenants over the last five years. It's up to Council to ensure this doesn't happen.

CONFIDENTIAL CLIENT INFORMATION CANNOT ETHICALLY BE PROVIDED AND IS NOT REQUIRED.

The City Attorney insists we provide names and addresses of our clients and court case numbers. Contrary to the allegations in the report, on June 12, 2026, LAFLA agreed to provide redacted case numbers as follows: 25STUD1XXXX. As a California attorney, the City Attorney should be aware that the other items are protected by attorney-client privilege and a lawyer's ethical duty of confidentiality. Lawyers who work at legal aid organizations, like all lawyers licensed in California, are legally bound to maintain strict client confidence.¹ This confidentiality is a hallmark of our profession and relationship with clients and is a “public polic[y] of paramount importance”.² Releasing this information would place us in violation of the State Bar of California ethical rules, specifically Rules of Professional responsibility 1.6, 1.8.6, and the Evidence code 952 and 953.

In addition to being prohibited, disclosing confidential client information would also lead to a reduction in clients seeking services, undermining the purpose and mission of the City's Eviction Defense Program. The intent of Business & Professions Code § 6068 and Rule of Professional Conduct 1.6 is to avoid a “chilling effect” on the lawyer-client relationship and the public's trust in legal advice.³ At this time of federal crackdown on immigration, many Angelenos are afraid to leave their homes, let alone interact with government or government-adjacent programs. Fear and anxiety are understandably high amongst our most underserved neighbors. **Requiring SHLA to provide confidential information to the City will absolutely cause residents who need services to avoid seeking them, in turn resulting in even greater homelessness and increased housing insecurity.**

LAFLA PROVIDED THOUSANDS OF DOCUMENTS ON APRIL 15, 2026 AS DEMANDED BY THE CITY ATTORNEY.

It has been 60 days since the requested documents were provided to the OCA, yet this is the first time LAFLA has heard the OCA finds them insufficient. LAFLA's pro bono counsel, who handled the audit, asked numerous times in writing for confirmation that everything required was provided. The OCA demand did not specify any particular format, nor did the office complain when the documents were provided. LAFLA, though counsel, informed the OCA that the majority of documents we were providing were already in the City's possession, since we have routinely included them in our monthly program reports for the last five years. The OCA was also informed that a small amount of data requested had not been collected because it had not previously been required in the contract—although in many cases, LAFLA did and continues to collect and provide data above and beyond its reporting requirements.

¹ Cal. Bus. & Prof. Code § 6068(e)(1).

² *In Re Jordan* (1974) 12 Cal.3d 575, 580.

³ See Cal. Rule of Prof. Conduct § 1.6, comment [10].

LAFLA HAS BEEN, AND WILL BE, ABLE TO PROVIDE ALL REPORTING, OVERSIGHT, AND TRANSPARENCY AND IS AN EXCELLENT STEWARD OF PUBLIC FUNDS.

The City Attorney makes a number of misstatements about LAFLA's reporting requirements. For example, the claim that amendments to the contract did not include the same reporting requirements appears to reflect a fundamental misunderstanding of how contract amendments work: The reporting requirements were established in the base contract and remained in effect throughout the contract term, since they were not specifically modified by an amendment. SHLA complied with these terms and in fact provided far more data and outcome reporting than required.

Moreover, LAFLA did not refuse to agree to the same provisions as other City contracts or its' own previous contracts. In fact, the City Attorney added new provisions, such as requiring confidential client information (see above) and prohibiting billing for invoicing preparation. For the past five years, per the original contract—and as in the County SHLA contract—LAFLA has been able to bill for invoice preparation because of the significant time it requires for a contract this size. LAFLA has dedicated accountants who prepare and ensure compliance for invoices and backup documentation from its many subcontractors.

However, in the interest of getting to a final contract, LAFLA agreed to exclude invoicing in exchange for a clean indirect percentage. Federal funding requires a specific formula for indirect (MTDC). There is no federal funding in the new SHLA contract; therefore, LAFLA requested relief from that irrelevant formula. The City Attorney's argument that this request meant we were asking the City to provide less "protection" of city funds is fallacious. It is simply about which set of accounting procedures to follow for indirect costs. The City Attorney seems to misunderstand the difference between the 8% program administration cap and indirect costs. All business, for profit or not-for-profit, need to be able to capture indirect costs, which can't be allocated directly. Program administration refers to the direct administrative cost of running the program, such as the program and data managers. **For the past five years, LAFLA has maintained program administration costs at about 2%, well under the City's 8% cap.**

LAFLA has over 95 years of experience in managing grants from federal, state, local government and foundation sources, which are audited, reviewed, and monitored by grantors. LAFLA currently manages 42 city, county, state and federal grants. Our expert finance team handles audits throughout the year, including LAFLA's financial audit. In addition, each year, LAFLA complies with the federal single audit requirement, and those are always clean, as demonstrated in the exhibits of the OCA report.

As described in our March 2026 letter to Council, LAFLA's SHLA administrative team has implemented strategies to monitor and address fiscal and contract requirements for LAFLA and its subcontractors. This team provides subcontractors with detailed subcontracts that include program and fiscal requirements. Additionally, the accounting manager has created budget and invoice templates that list the specific fiscal requirements. The SHLA administrative team designed a monitoring schedule that provides ample opportunities to identify discrepancies in expenditure, case deliverables, or contract compliance. The team meets at least twice a month to discuss expenditures and any subcontractor needs, including subcontractor invoice errors, invoice

backup, and protocol improvements. At the end of each month, the grant accountant thoroughly reviews subcontractor invoices, then the accounting manager and program manager approve. Subcontractors are informed of necessary finance updates or inconsistencies via email and during quarterly subcontractor finance meetings. An example of a corrective action was successfully encouraging a subcontractor to hire an outside accounting firm to ensure the capacity needed to comply with all aspects of the SHLA grants.

The program manager and data manager compare legal service provider expenditures and contract deliverables. Subcontractor invoicing and deliverables are tracked and shared with subcontractors during bimonthly subcontractor monitoring meetings. These regular meetings allow for subcontractors to inform SHLA administrative staff of changes in staffing that impact expenditures and deliverables.

DATA PROVIDED BY STAY HOUSED LA IS DETAILED AND PLENTIFUL

Each month, every legal service provider submits a detailed case report to LAFLA. These case reports contain anonymized case-level data, including the level of service, client demographics, and client geography (zip code, census tract, and Council District). Data on closed full-scope cases include the client's housing outcome, how the case was resolved, and economic benefits to the tenant. For closed full-scope cases, data provided includes the client's housing outcome, how the case was resolved, and economic benefits to the tenant. SHLA's Data Manager reviews all reports for compliance and then updates reporting dashboards for LAHD. Cases funded by Measure ULA are displayed in a public-facing dashboard on LAHD's website. SHLA also provides LAHD with anonymized raw data at the case level. LAFLA and SHLA are committed to providing all data requested by the City, while maintaining our professional, legal, and ethical commitments to data security, client privacy, and attorney-client confidentiality.

SHLA LEGAL SERVICE PROVIDERS WILL PROVIDE MORE DETAILED CASE HOUR INFORMATION, WHICH IS SEPARATE FROM ACTUAL COST.

The OCA appears to be focused on identifying the exact cost of every single one of the 10,876 City-funded cases SHLA has handled in the past five years. LAFLA has repeatedly explained that this is a cost reimbursement contract in which the City reimburses the actual costs of employing the hundreds of staff necessary to operate such a large program. It is not a fee-for-service arrangement based on attorney billing rates like those used by the large private law firms with sole-source contracts with the City. Nevertheless, we attempted to address the OCA's concerns by offering a blended rate model that would produce a per case cost. However, after more than a month of discussions, the OCA decided it preferred the original cost reimbursement contract as approved by City Council. LAFLA also proposed alternative methods to approximate case costs, including a straightforward formula based on the total amount invoiced divided by the total number of cases handled. Additionally, LAFLA provided a comprehensive cost analysis of the Right to Counsel program in Los Angeles prepared by a nationally recognized expert. What we consistently explained was that tracking and invoicing costs on a case-by-case basis would be extraordinarily burdensome for a program handling thousands of cases, and ultimately would still not capture the true costs of providing these services.

As the OCA acknowledges in its report, LAFLA has already been providing total hours worked on each case, and has now agreed to provide reports on each closed full-scope case breaking down the exact number of hours worked by staff member, along with activity codes describing the work performed. We offered to begin providing this breakdown immediately for LAFLA's own cases, requesting only a reasonable implementation period for subcontractors to configure their case management systems to generate the same reports. At no point did LAFLA say that subcontractors were unable to do this—only that they needed time to establish the new reporting process. Chief Assistant City Attorney John Heath did not object to that request at the time.

OCA IS UNHAPPY WITH THE RATE THEY APPROVED FOR EDUCATION.

The report expresses outrage that the cost for educational events went from \$500 to \$2,500. This rate was negotiated with the City in 2023 by SHLA partner Liberty Hill Foundation (LHF), which contracts with community-based organizations to conduct tenant education and outreach. If the OCA is unhappy with a term it negotiated three years ago, they can negotiate a different rate in the new contract with LHF.


CITY ATTORNEY DELAY TACTICS HAVE NEGATIVELY IMPACTED TENANTS.

The City Attorney appears to have done everything possible to avoid signing new contracts with SHLA, despite the contractors' success in satisfying every new request and requirement placed before them. These organizations have been providing services for almost three months without contracts and without pay because we believed the City was acting in good faith. The goodwill we have extended has come at a tremendous cost. Some small legal service providers that rely heavily on this funding have already been forced to lay off staff, with additional layoffs likely if these delays continue. Some organizations may not survive.

What this means for tenants is there will not be lawyers to represent them in eviction cases and they are more likely to be displaced without any protections. Even before the layoffs, the implementation of the City's Tenant Right to Counsel Ordinance has been slowed because service providers cannot responsibly hire more staff without an executed contract. Meanwhile, approximately \$17 million in rental assistance funding has been sitting in City accounts while tenants continue to be evicted for lack of funds.

SHLA has been an incredibly successful program. The City enacted an ordinance that provides eviction defense to low-income tenants, evaluated and selected the service providers, and approved the contracts to allow implementation to proceed. Yet over the past year, that program has been repeatedly derailed and disrupted. It's time to move forward and give tenants what they were promised.

Sincerely,


Barbara J. Schultz
Director of Housing Justice
Legal Aid Foundation of Los Angeles