

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: March 23, 2026

TO: Honorable Members of the City Council

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 23-0882
Assignment No. 23-09-0505

SUBJECT: Framework for a Citywide Policy for Site Acquisition for City-Owned Interim Housing

SUMMARY

The City Council adopted Motion (McOsker, et al. – Park, C.F. 23-0882) as amended, which instructs the Chief Legislative Analyst (CLA) to report on:

1. A framework for a Citywide policy to guide the process, criteria, and timelines for formalizing property transactions and binding agreements related to site acquisition, rehabilitation, and renovations, as well as operations and maintenance, for City-owned interim housing, including recommendations for guardrails that allow the City to maintain compliance with the City's Fiscal Policy and an analysis of the City's capacity to acquire and maintain properties for this use, as well as:
 - a. Criteria and analysis for selected locations;
 - b. Cross-coordination and personnel-related resources needed among City departments;
 - c. Objectives for capital improvement plans and criteria for selecting a property manager;
 - d. An extended outlook of operational costs and the availability of funding for these costs;
 - e. An assessment of how potential sites are aligned with the City's Housing Element, including in the adequate sites inventory, candidate sites inventory, rezoning strategies, adaptive reuse, and other related policy programs; and
 - f. Policy change that might be needed to formalize this model's success in the City.
2. The establishment of Community Advisory Boards that would help support the success of Interim Housing sites.
3. The advantages and disadvantages of entering into long-term lease agreements, and the feasibility of converting interim housing operations into longer term or permanent housing facilities.
4. The impact of this policy on the Alliance settlement agreement.

For this report, we reviewed the existing process put forward by the City Administrative Officer (CAO) for the acquisition of privately-owned sites specifically for homeless facility uses (C.F. 22-1578). We also reviewed the CAO's recent report (C.F. 12-1549-S27) which recommends updates to the Asset Evaluation Framework (AEF), the City process used to identify and assess property suitability for permanent or interim housing, economic development, and other uses. Further, the CLA reached out to various departments involved in these processes, including the CAO, the Bureau of Engineering (BOE), and the General Services Department (GSD). Based on information gathered, this report expands upon the existing Interim Housing site evaluation process in order to involve the newly created Bureau of Homelessness at the Los Angeles Housing Department (LAHD) and require that any potential Interim Housing acquisitions be initiated by Council Motion, as well as other suggested process revisions.

RECOMMENDATIONS

That the City Council:

1. Adopt the policy for Interim Housing acquisition proposed by the CAO (C.F. 22-1578), with the following policy changes:
 - A requirement that potential Interim Housing site reviews be initiated via Council Motion;
 - A requirement that the Bureau of Homelessness Oversight, upon formation, and the Affordable Housing Liaison Unit (AHLU), if transferred to LAHD, work in coordination with the CAO to complete the feasibility review;
 - A requirement that the CAO and the Bureau of Homelessness Oversight, upon formation, incorporate a needs assessment into the Interim Housing site review process;
 - A requirement that the Bureau of Homelessness Oversight, upon formation, develop a plan for homelessness services to be offered at a potential site during the site review process;
 - A requirement that the Bureau of Homelessness Oversight, upon formation, work with the CAO and relevant Council Districts to incorporate town hall-style meetings into the Interim Housing site review process to gather public input before a decision to acquire a property is made;
 - A requirement that BOE prepare a capital improvement plan for any site that is recommended for acquisition; and
 - A requirement that the Department of City Planning (DCP) review potential sites to evaluate their alignment with the City's Housing Element.

2. Instruct the Bureau of Homelessness, upon formation, to work with the CAO to use the criteria outlined in Section 1c of this report as a basis to develop requirements for selecting a property manager for Interim Housing.
3. Instruct the Bureau of Homelessness, upon formation, to work with the CAO to develop a policy for the establishment of Community Advisory Boards to help guide programming at Interim Housing sites.
4. Instruct the Bureau of Homelessness Oversight, following formation, to conduct a system analysis for the City's Interim Housing needs, in collaboration with the CLA, CAO, the Los Angeles Homeless Services Authority (LAHSA), and the County Department of Homeless Services.

DISCUSSION

On August 18, 2023, City Council approved the acquisition of the Mayfair Hotel, located at 1256 West 7th Street in Council District 1, for \$83 million. The Mayfair serves as the first Interim Housing site to be owned by the City of Los Angeles. Motion (McOsker, et al – Park) seeks to establish a set of standard guidelines to systematize any future acquisition of Interim Housing sites by the City.

In a report dated September 27, 2023, the CAO developed a standardized site review process for privately-owned parcels and buildings to be considered for redevelopment or acquisition as Interim Housing sites (C.F. 22-1578). The process detailed in the report expanded upon the existing feasibility process for privately-owned sites, outlined in C.F. 20-0841. The September 27, 2023 report was heard as a discussion item in the Housing and Homelessness Committee on September 18, 2024, and is currently held on the desk. This CLA report further builds upon the recommended site review process as outlined in the September 27, 2023 CAO report.

This report is broken into sections to address the corresponding instructions in the Motion, as amended. The report provides information on the following subjects:

1. A framework for a Citywide policy to guide the process, criteria, and timelines for formalizing property transactions and binding agreements related to site acquisition, rehabilitation, and renovations, as well as operations and maintenance, for City-owned interim housing, including recommendations for guardrails that allow the City to maintain compliance with the City's Fiscal Policy and an analysis of the City's capacity to acquire and maintain properties for this use, as well as:
 - a. Criteria and analysis for selected locations;
 - b. Cross-coordination and personnel-related resources needed among City departments;
 - c. Objectives for capital improvement plans and criteria for selecting a property manager;
 - d. An extended outlook of operational costs and the availability of funding for these costs;

- e. An assessment of how potential sites are aligned with the City's Housing Element, including in the adequate sites inventory, candidate sites inventory, rezoning strategies, adaptive reuse, and other related policy programs; and
 - f. Policy change that might be needed to formalize this model's success in the City.
2. The establishment of Community Advisory Boards that would help support the success of Interim Housing sites.
 3. The advantages and disadvantages of entering into long-term lease agreements, and the feasibility of converting interim housing operations into longer term or permanent housing facilities.
 4. The impact of this policy on the Alliance settlement agreement.

The adopted FY 2025-26 Budget for the City established a Bureau of Homelessness Oversight within LAHD (C.F. 25-0600). This new Bureau, once formed, should be involved in the assessment and analysis of any Interim Housing acquisitions that the City may wish to make.

Most recently, pending before the Housing and Homelessness Committee and the Personnel and Hiring Committee is a CAO report, dated February 10, 2026, on revisions to the AEF, which was adopted by Council in 2016 to address property assessments related to housing, economic development, and other civic purposes (C.F. 12-1549-S3). In contrast to the process detailed in C.F. 22-1578, the AEF is a high-level overview of how the City identifies and assesses properties for suitability as permanent or interim housing, economic development, and other uses. Notably, the report recommends the transfer of the CAO's Affordable Housing Liaison Unit (AHLU) function from the CAO to LAHD. The AHLU is responsible for assessing properties for permanent and homeless facilities via the AEF. If the AHLU is transferred to LAHD, it is important that they work with the Bureau of Homelessness Oversight to coordinate potential Interim Housing site review.

In summary, the AEF process is a general property assessment tool, while the Interim Housing Assessment process (C.F. 22-1578) is a detailed, comprehensive approach to the evaluation of property for use as Interim Housing. This report recommends that Council adopt the policy proposed in C.F. 22-1578, with the amendments proposed in this report.

1a. Criteria and Analysis for Selected Locations

In a report dated September 27, 2023 (C.F. 22-1578), the CAO describes and expands upon its existing process for the acquisition of privately-owned sites for homeless facility uses. The CAO reports that a site will go through three rounds of review before it is transmitted to the City Council and Mayor for consideration. The CAO's criteria and process for analyzing a potential Interim Housing site, along with certain proposed CLA changes, are outlined below.

The CLA recognizes that, as experts in relation to their respective districts, Council offices should have a lead role in identifying potential Interim Housing sites for acquisition. As such, this Office recommends that the feasibility review process should be initiated by Motion. This

Office also recommends that the Bureau of Homelessness Oversight, and the AHLU, if transferred to LAHD, work in coordination with the CAO to complete the feasibility review.

Step 1 of Feasibility Review

Upon approval of a Motion to evaluate a site, the CAO develops a profile for the site, including lot size, ownership, location, and local amenities. At the time a project is submitted through the review process, all permits associated with the building must be up to date with the Los Angeles Department of Building and Safety (DBS). An existing structure must have adequate infrastructure, such as water, power, and sewer connections, and must be structurally sound. The site must meet basic size requirements, as laid out by BOE and LAHSA, for optimal site operations efficiency. Ideally, a site will be located near public transit and at least 500 feet away from a school. An estimated bed or unit count will be prepared. To ensure that efficiencies of scale are considered, the recommended minimum bed count for an existing property is 50 beds. The CAO also notes that a site being considered for use as Interim Housing should help the City meet its goals under the Alliance settlement. A site must be open and operational before the June 14, 2027 Alliance settlement deadline, and must not have been previously operated as Interim Housing. The CAO would not recommend acquisitions that do not help the City meet Alliance goals.

If a site meets Step 1 feasibility requirements, the Council Office in which the site is located is notified of this finding and the site proceeds to Step 2 review.

Step 2 of Feasibility Review

This step requires coordination with the Council District of the proposed Interim Housing site. Items evaluated under this step will determine the scope of work that is required for rehabilitation or tenant improvements. For each project, a target population must be identified, which should be tailored to the specific needs of the surrounding community. Examples include single men, single women, single adults, veterans, and transitional aged youth (TAY) whose ages range from 18 to 24.

Additionally, this step requires that the City engage in community outreach. This will provide the City with insight into the neighborhoods' specific needs and allow constituents to voice their opinions on the potential impacts of an Interim Housing site. The outreach process will provide the community the opportunity to submit feedback either verbally or in writing. Additionally, this Office recommends that town hall-style meetings be held by the office of the Councilmember in whose district a potential Interim Housing site is located. These meetings should be held before any decision is made regarding the acquisition of an Interim Housing site. Conducting meetings like this will allow for further public input and aid the Council office with decision making.

Site profiles would be forwarded to BOE for evaluation relative to design and operations guidelines, major system needs and rehabilitation assessment, and review for shelter code requirements. Buildings should have office space for staff, a meal preparation area, and a designated area for dumpster storage. The impact of the building's layout on operations and staffing costs is considered. The building must meet zoning requirements, fire/life safety requirements, and onsite parking requirements. Congregate living space operations must conform

to existing safety standards. A building must also have sufficient sanitary facilities, natural light, and storage for residents. Also recommended are an indoor communal area, an outdoor space/pet area, and a laundry area. Then, a preliminary site layout and Rough Order of Magnitude (ROM) cost estimate would be prepared. Further due diligence will be conducted by relevant City departments, including an ADA assessment (BOE, Department on Disability, DBS), Historic Review (Department of City Planning), a code violations review (DBS), and classification as a non-ductile building (DBS).

Empty lots would go through an engineering and infrastructure review. A preliminary site layout and ROM cost estimate would be prepared.

The CAO notes that selecting a service provider in the earlier stages of feasibility assessment may prove beneficial for construction and operations. Involving a service provider during this phase will ensure that proposed space use and layout are set in the most operationally beneficial way. The CLA also recommends that a plan for homelessness services to be offered onsite should be developed by the Bureau of Homelessness Oversight at this time.

The CLA further recommends that an analysis of need be incorporated into this step of the process. The analysis would be conducted by the Bureau of Homelessness Oversight. It would examine the City's existing inventory of Interim Housing and temporary shelter beds, as well as the City's outstanding needs for other types of housing, to determine whether the City should pursue acquisition of an Interim Housing site. Such analysis should consider community needs as well as Citywide needs.

Based on the ROM cost estimate, the CAO will make a determination whether it is financially feasible to proceed with the site. If so, the Council Office in which the site is located is notified and the site proceeds to Step 3 review.

Step 3 of Feasibility Review

The CAO conducts a cost estimate analysis and identifies eligible funding for the total cost of the intervention, including one-time construction or rehabilitation costs and ongoing service and operations costs. Additionally, DCP will analyze the site to determine whether a California Environmental Quality Act (CEQA) review is necessary. If so, the CEQA review must be completed before the site is recommended for funding.

Once funding sources are identified and it has been determined that the site meets CEQA requirements, the site can be submitted to the City Council and the Mayor for acquisition consideration.

1b. Cross-Coordination and Personnel-related Resources Needed Among City Departments

The CLA was instructed to include in this report cross-coordination efforts and personnel-related resources needed among City departments for site acquisition, rehabilitation, renovations, operations, and maintenance of City-owned Interim Housing. The CAO conducts the feasibility review for potential sites and works with BOE and other departments as needed to conduct site evaluation relative to design and operations guidelines, systems needs and rehabilitation assessment, and review for shelter code requirements. The CLA recommends that the newly

created Bureau of Homelessness Oversight work closely with the CAO to conduct the feasibility study.

Existing staff are currently expected to meet the needs for any acquisition the City wishes to make. City departments will work with the CAO and LAHD to ensure personnel needs are met. LAHD's Procurement team would handle any additional Requests for Proposals (RFPs) or Requests for Qualifications (RFQs) for any needs related to renovations, operations, or maintenance when it is determined that contracting with an outside service provider is necessary.

This Office currently does not anticipate acquisitions like these as a main strategy in addressing the City's Interim Housing needs. No such policy has been proposed or under Council consideration and the Alliance Bed Plan approved by Council and the Mayor is focused on Time Limited Subsidies, which has shown to be a lower cost and effective solution. If the City wishes to make multiple Interim Housing acquisitions, current staffing levels may not be sufficient to cover the associated due diligence work. For example, LAHD's Procurement team consists of three staff members. If LAHD was required to handle multiple RFPs or RFQs in relation to these acquisitions, it would place undue strain on the team. If the City wishes to pursue Interim Housing acquisitions more aggressively, additional workload and staffing costs would need to be considered at that time.

1c. Capital Improvement Plan and Criteria Related to Selecting a Property Manager

There are many different Interim Housing typologies, including tiny home villages, bridge housing, enriched residential care facilities, and safe parking facilities, among others. The objectives of a capital improvement plan will vary depending on the type of Interim Housing at hand. For example, tiny home villages consist of a lot with separate units and a hygiene trailer, which provides restrooms and showers. These projects are constructed new. They would not require any sort of major system rehabilitation. The City is responsible for maintaining the plumbing, electrical, and mechanical systems. The service provider is responsible for utilities, daily routine maintenance and preventative maintenance.

In contrast, a site such as the Mayfair, a large hotel, could require major renovations, such as replacing or repairing the roof, or seismic retrofitting. Due diligence should be performed to evaluate a potential site's needs. Objectives in a capital improvement plan will be based on BOE and CAO findings, and will vary based on the site and proposed use for the site. Ultimately, a capital improvement plan should focus on the site's habitability, health, and safety. This Office recommends that BOE prepare a capital improvement plan for any site that is recommended for acquisition.

Criteria for Selecting a Property Manager

The CLA was also instructed to report on criteria related to selecting a property manager for potential sites. Interim Housing sites typically do not use property management companies. If the service provider is leasing the facility, they manage the relationship with the owner or property manager employed by the owner to make repairs or address facility issues under the purview of the lease. On City-owned properties, GSD typically serves as the property manager.

Each of the Interim Housing types has their own operational and maintenance requirements. If the City does not have the resources to maintain and manage a large-scale property, a property management company that has a comparable asset portfolio is recommended, such as a company that oversees large transient residential properties or large hotels. For example, the property manager would need to be familiar with the type of asset, laws associated with transient versus non-transient stays, and how to staff appropriately for the frequency of room turnover and use impacts associated with Interim Housing facilities.

HACLA provided this Office with information on what is contractually expected of the property manager for the Mayfair. The management goals mandate that the contractor:

- Provide a desirable, well-maintained, habitable, and affordable place to live for an economically, racially, and ethnically integrated resident population;
- House eligible, suitable, and responsible residents;
- Provide effective and timely maintenance service to the residents and keep accurate records;
- Maintain effective working relationships with any entity providing oversight, supportive services providers, vendors, and local government;
- Coordinate with overseeing entities and contractors who provide services or supplies to a property, including security, pest control, and more; and
- Respond to all communications and requests from overseeing entities in a timely manner.

This Office recommends that the Bureau of Homelessness, upon formation, work with the CAO and use the above goals as a basis to develop requirements for selecting a property manager for Interim Housing.

1d. Operational, Maintenance, and System Cost Outlook and Availability of Funding

Operational, maintenance, and system costs for Interim Housing sites are included in a daily bed rate for each unit in a property. The bed rate represents the total cost for housing one participant for one night. LAHSA, in coordination with Los Angeles County and the City, recently assessed Interim Housing operational costs across five major categories: housing costs, supply costs, client support costs, staffing costs, and administrative costs. The cost analysis took into consideration factors such as population served, size of provider organization, geographic location, demographic information about participants served and organizational leadership members, types or services provided, and size of the Interim Housing program. On December 3, 2024, City Council approved new bed rates based on findings from a study conducted by Abt Associates: \$116 for sites with 50 beds or fewer, and \$89 for sites with 51 beds or more. These bed rates went into effect on July 1, 2025, and would be the contracted rates for any new Interim Housing developed in the City.

Availability of Funding for Interim Housing Operations and Maintenance

With regard to the long-term availability of funding for Interim Housing operations, maintenance, and system costs, the City's total budget for Interim Housing in FY 2025-26 is approximately \$319.3 million. This includes \$106.4 million in Homeless Housing, Assistance, and Prevention Grant (HHAP), \$49.4 million in Measure A, and \$162.1 million in General Fund, as well as \$1.4 million for two projects under Project Homekey Round 3, for which a funding source has yet to be identified. The City expects to receive a \$39 million General Fund reimbursement from the County for interim housing programs that count toward the City's Alliance bed obligation, based on FY 2024-25 service costs.

The City received the fifth round of the HHAP grant, which has been programmed for FY 2025-26. This round has been fully committed. HHAP dollars go toward housing interventions, supportive services, and related salaries to cover City costs. The City has applied for round six of HHAP, and anticipates receiving \$143.6 million. Over \$100 million of HHAP funding is currently proposed to be budgeted for services at the City's Interim Housing sites.

The Community Development Block Grant (CDBG) is a federal grant from the Department of Housing and Urban Development (HUD). CDBG can be used to fund the following programs and activities: Housing and Related Programs; Public Services; Economic Development Activities; Neighborhood Improvements; and Administration/Planning. Interim Housing acquisition, rehabilitation, and/or construction are all eligible uses under the Housing and Related Programs category, and Interim Housing operations are an eligible use under the Public Services category. In the Housing and Community Development Consolidated Plan for FY 2025-26, \$1.5 million in CDBG funds are set aside for the acquisition of real property for the preservation of affordable housing or the rehabilitation of existing structures for Interim Housing. All of the Public Services category dollars are allocated to other projects and are therefore unavailable to fund Interim Housing operations.

Proposition HHH, passed in 2016, enabled the City to issue \$1.2 billion in bonds for the development of permanent housing for people experiencing homelessness. Although the acquisition and construction of Interim Housing may be an eligible activity under Proposition HHH, services are not. The remaining balance of this source of funding, which is approximately \$86 million, is fully committed.

Measure ULA, passed in 2022, provides the City with an ongoing revenue source dedicated to addressing housing insecurity and homelessness in the City. Measure ULA mandates a number of programs intended to increase the production and preservation of affordable housing, and to expand homelessness prevention programs throughout Los Angeles. Measure ULA clearly delineates how income generated is to be spent. None of the ULA programs focus on Interim Housing, and, as such, Measure ULA funds cannot be used as a source of funding for Interim Housing.

Measure A introduced a one-half percent sales and use tax imposed by the County of Los Angeles, effective April 1, 2025. It repealed Measure H and effectively raised taxes in the City by one-quarter cent. The tax took effect in April 2025. The proceeds of this tax must be used solely for the purposes of preventing homelessness, reducing homelessness, and making housing

more affordable in Los Angeles County. The Local Solutions Fund (LSF) is a direct allocation of Measure A funding to each jurisdiction within the County, including the City of Los Angeles. The City will receive nearly \$55 million from the LSF on a reimbursement basis, which is currently budgeted for Tiny Home Village and Project Homekey operations costs, as well as LAHSA administrative costs.

As all sources are currently allocated for use, there is no ongoing source of funding available for Interim Housing operations at this time.

1e. Alignment with Housing Element

Consistency with the City's Housing Element was another issue raised in the Motion. In the State of California, all cities are required to develop a General Plan, a comprehensive policy document that informs future land use decisions. It establishes land use designations and policies that identify a range of zoning options that can be applied to properties. The Housing Element of the General Plan identifies the City's housing conditions and needs; establishes goals, objectives, and policies to guide future housing decisions; and provides an array of programs to meet Citywide Housing Priorities. The 2021-2029 Housing Element is guided by five goals, one of which is preventing and ending homelessness. According to DCP, any housing that the City adds will contribute to meeting this goal.

The Housing Element's Adequate Sites Inventory identifies land suitable for residential development without the need for any legislative action by the City. The Candidate Sites Inventory identifies land that has been determined to be most suitable to be rezoned for housing. Rezoning strategies, such as the Adaptive Reuse program, have aided the City in meeting its Housing Element goals by allowing for the conversion of buildings zoned for other uses (such as, but not limited to, commercial) into housing. This Office recommends that a potential Interim Housing site be reviewed by DCP in Step 1 of the proposed site review process to determine whether the site is identified in the Adequate Sites Inventory and Candidate Sites Inventory, if applicable. Sites identified within these inventories would present the fewest barriers in the development or redevelopment of an Interim Housing project. Sites should also be assessed to determine eligibility for any applicable rezoning programs that may facilitate an Interim Housing project. Any report to Council should include the results of such assessments.

1f. Policy Change Needed

This Office recommends that Council adopt the policy for Interim Housing acquisition proposed by the CAO (C.F. 22-1578), with the following key changes and additions to the process:

1. A requirement that Council initiate a potential Interim Housing site review via Motion;
2. A requirement that the Bureau of Homelessness Oversight, upon formation, and the AHLU, if transferred to LAHD, work in coordination with the CAO to complete the feasibility review;
3. A requirement that the CAO and the Bureau of Homelessness Oversight incorporate a needs assessment into the Interim Housing site review process;

4. A requirement that the Bureau of Homelessness Oversight, upon formation, develop a plan for homelessness services to be offered at a potential site as a part of the Interim Housing site review process;
5. A requirement that the Bureau of Homelessness Oversight, upon formation, work with the CAO and relevant Council Districts to incorporate town hall-style meetings into the Interim Housing site review process to gather public input before a decision to acquire a property is made;
6. A requirement that BOE prepare a capital improvement plan for any site that is recommended for acquisition;
7. A requirement that DCP review potential sites to evaluate their alignment with the City's Housing Element;
8. A requirement that the Bureau of Homelessness, upon formation, work with the CAO to use the criteria outlined in Section 1c of this report as a basis to develop requirements for selecting a property manager for Interim Housing;
9. A requirement that the Bureau of Homelessness, upon formation, work with the CAO to develop a policy for the establishment of Community Advisory Boards, as discussed in Section 2 of this report, to help guide programming at Interim Housing sites; and
10. A requirement that the Bureau of Homelessness Oversight, following formation, conduct a system analysis for the City's Interim Housing needs, in collaboration with the CLA, CAO, LAHSA, and the County Department of Homeless Services, as proposed in the Additional Considerations section at the end of this report.

2. Community Advisory Boards

The Motion requesting this report called for an expansion of community outreach efforts to help support the success of future Interim Housing sites by establishing Community Advisory Boards (CABs). CABs would be made up of local community members and stakeholders, both housed and unhoused, and would voice community perspectives and priorities. CABs would help guide programming at an Interim Housing site. Once a site is approved for acquisition by Council, the CAO and the Bureau of Homelessness Oversight can work with the Council District in which the site is located to establish a CAB. The Council District can serve as the lead body to identify potential CAB members. CAB members should be persons living or working in the vicinity of the proposed Interim Housing site. The group should be as diverse as possible, including people who are currently or formerly unhoused, who can share real lived experience and help create effective programming at the site.

A CAB would be subject to the Brown Act. As such, advance notice requirements, agenda requirements, and public accessibility requirements would apply. The CAB would need staffing support from a dedicated City office and the City Attorney's Office to meet these requirements. Additional funding would be needed for these efforts.

3. Long-Term Lease Agreements and Converting Interim Housing to Longer Term Housing

Leases are an alternative approach to acquiring land for Interim Housing uses. The duration of the lease would be dependent on several factors, with various advantages. Many Interim Housing projects, such as Tiny Home Villages or A Bridge Home projects, are not suitable for long-term use because they include structures that are not designed to be permanent. Typically, lease agreements for sites like these are between three and five years long. For larger Interim Housing sites with permanent structures, such as those based in hotels, it is likely more economically feasible to utilize built out sites and lease them. It is also more expedient. Another advantage of leasing over owning is that the City would have flexibility in providing housing in areas where the highest needs are identified and not tied to a community that may have other resources for participants over time. Further, should the need for Interim Housing diminish, the leased building could revert to its former use.

There are several disadvantages to both long- and short-term leasing, including liability to the property owner for extensive damage. The City must then pay for restoration of the site at the end of the lease period. Another disadvantage is that leases can be terminated for cause. If this happens, residents would need to be relocated and/or a replacement location would need to be found.

When considering a property for a lease, the rehabilitation/tenant improvement costs, plus the lease cost, should not exceed the value of the property. If they do, acquisition of the site may be a better alternative.

Further analysis and coordination with other City jurisdictions must be made to determine the feasibility of converting temporary housing to long-term permanent housing. When considering a site for conversion, compliance with local building code and safety standards must be taken into account. The A Bridge Home program allowed for the construction of sprung tent structures, which are not permitted by code for permanent construction, for example. Hygiene amenity requirements must be met. Current code requires a higher number of bathroom facilities per occupant than many Interim Housing sites require. Feasibility of conversion would also have to consider parking requirements. Interim Housing built under Section 12.80 of the Los Angeles Municipal Code (LAMC), which provides certain exemptions for homeless shelters established during a shelter crisis, did not require parking upon establishment. Other building and safety considerations include, but are not limited to: occupancy area requirements; zoning requirements; Low Impact Development (LID) requirements; ADA requirements; fire safety requirements; and Green Code requirements. Guidelines would also need to be established in relation to meeting the City's current electrification standards. Lastly, CEQA compliance would need to be further investigated. Projects built under Section 12.80 of the LAMC may have been exempt from the CEQA process.

4. LA Alliance Settlement Agreement

On March 10, 2020, the LA Alliance for Human Rights, a coalition of downtown Los Angeles residents and business owners, including persons who are currently experiencing and have formerly experienced homelessness, filed suit against the City and the County of Los Angeles for violating various State and federal laws in connection with the City's and County's alleged failures in responding to homelessness.

On June 16, 2020, the City reached an agreement with the County to create 6,700 homeless housing units within 18 months to address the COVID-19 emergency. This agreement is referred to as the COVID-19 Homelessness Roadmap or the Freeway Agreement. The City has met all obligations under the agreement. The Roadmap agreement ended on June 30, 2025.

On June 14, 2022, the District Court approved a Settlement Agreement (Settlement) between the City and the plaintiffs and dismissed the City from the lawsuit. The Settlement is a five-year agreement beginning June 14, 2022 and ending June 13, 2027. Under the Settlement terms, the City will create 12,915 new shelter or housing solutions that are equitably distributed across the City. A CAO report dated January 8, 2026 (C.F. 23-1022-S26) states that as of September 30, 2025, of the 12,915 units required under the Settlement, 8,002 beds or units are open and 5,114 beds or units are in progress, for a total of 13,116 units or beds that satisfy the intent of the Settlement.

New Interim Housing beds created under this acquisition policy would apply toward the Settlement, provided the beds are open and occupiable by the Settlement end date of June 13, 2027.

Additional Considerations

Acquisition at a large scale for Interim Housing may not be the best investment for the City. An analysis of the outcomes of the acquisition of the Mayfair has yet to be conducted. Interim Housing is only one tool that can be used to combat homelessness. In conjunction, the City needs to increase its supply of permanent housing to address the ongoing housing and homelessness crises. Since funds are limited, the City may need to choose carefully where to allocate these resources. Due to a short supply and a low production rate, a majority of City residents are struggling to afford housing. The City should also focus on increasing the production of affordable housing and Permanent Supportive Housing, and encouraging the County to increase the stock of higher-level-of-care beds, so the problem is addressed at every level.

To ensure that the City fully considers the highest and best use of its available funds, a system analysis should be conducted to determine how much new Interim Housing is needed in the City, including a community-level evaluation to ensure that there is equitable distribution across the City to meet the needs of each Council District. Such an analysis should inform any decision to acquire property for the purpose of adding Interim Housing to the City's portfolio. Studies conducted by LAHD and LAHSA in recent years have not shown a need for additional Interim Housing. The City should understand whether or not there is such a need before it considers any further large-scale acquisitions.

FISCAL IMPACT STATEMENT

The recommendations in this report do not impact the General Fund.


E. Travis Rust
Analyst