

Cost Saving Analysis

Homelessness Spending



City Administrative Officer

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February 2026

Council File 23-1022-S18

Overview | Objective

FY 2025-26
Adopted Budget
Action No. 32
Instruction H

Meet the terms of the
Alliance Settlement
Agreement by
reducing
homelessness
expenditures by
10-15%



Overview | Cost Savings Categories

**Demobilizing &
Discontinued
Programs**

**Sites with
City-Funded
Leases**

**Safe Parking
Sites**

**Sites with 50 Beds
or Less**

Utilizing \$116 Bed Rate

Street Strategies

Inside Safe

*Booking & Occupancy
Agreements*



Category 1 | Demobilizing & Discontinued Programs

**\$7.9
Million**

5

Interim Housing Sites
will close or begin ramp-down by
the end of FY 2025-26

283
Beds



Category 2 | Sites with 50 Beds or Less

*Annual Services Cost
per Bed/Room*

≤50 Beds ▶ **\$42,340**

51+ Beds ▶ \$32,485

9

Sites

294

Beds

up to

~\$13M



Category 3 | Sites with City-Funded Leases

up to
\$27
Million

9

Interim Housing Sites

with leases that require City
funding and expire prior
to June 30, 2027

724
Beds/Rooms



Category 5 | Safe Parking

11

**Safe Parking
Sites**

\$3.6M

Potential savings for **next fiscal year** if sites are demobilized **before the beginning of FY 2026-27**



Category 6 | Street Strategies

Programs **not** directly
related to housing
placement and
retention

Hygiene programs

Supportive services programs
e.g. Access Centers

Navigation Centers

USC Street Medicine Program

+ Other potential efficiencies



Recommendations | Categories 2, 3, 5, & 6

Identify projects within each category for efficiencies

Instruct departments to report back on **project outcomes, utilization, and potential alternatives**

e.g. coordination with the County



Category 4 | Inside Safe

Average Nightly Cost

Other Interim Housing
Beds/Rooms

vs

Inside Safe
Motel Room

\$86.37

\$225.81



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✓ **\$110** service rate is reimbursed by **County** through **June 2027**

\$98* average base lease rates
→ **City cost**

* Excluding TOT and LATMD



Recommendations | Category 4

Renegotiate lease rates

10-15% cost reduction

=

up to
\$4.2M – \$6.4M



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Double occupancy *where feasible*



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Double occupancy *where feasible*

Admin room efficiencies *(e.g. storage, security)*



Funding Shortfalls

		FY 2026-27	FY 2027-28
Non-Alliance	Existing Obligations	\$226.2M	\$226.8M
	Inside Safe	\$118.8M	\$118.8M
Alliance	Non-Inside Safe	\$110.7M	\$99.9M
	Total Costs	\$455.6M	\$445.4M
<i>Total Available Funding</i>		\$274.2M	\$198.4M
Shortfall		\$181.4M	\$247.0M





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