

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05151-0800

Date: April 14, 2026

To: The City Council

Council File No: 23-1022-S18

Council Districts: All

From: Matthew W. Szabo   
City Administrative OfficerSubject: **SUPPLEMENTAL MEMORANDUM: HOMELESSNESS SPENDING - COST SAVING ANALYSIS**

This memorandum supplements the Homelessness Spending - Cost Savings Analysis report released by this Office on February 3, 2026, which provided a financial analysis of homelessness interventions in FY 2025-26. At its special meeting on February 4, 2026, the Housing and Homelessness Committee requested that the CAO and HR&A Advisors provide information on site utilization, occupancy rates, and performance for consideration when evaluating the 10-15 percent Cost Savings Categories. Additional information, including a performance comparison of interim housing categories as well as cost effectiveness scores, are included in the attached report from HR&A Advisors.

### **Performance of Interim Housing Programs**

HR&A Advisors reports that the target occupancy rate of interim housing interventions is 95 percent. The following programs meet or exceed this rate: Project Homekey (98 percent), A Bridge Home (97 percent), Tiny Home Villages (97 percent), and Inside Safe Interim Housing Motel Portfolio (95 percent). Other City-funded interim housing is slightly under this metric at 94 percent, with Safe Parking at 70 percent occupancy. Although the Safe Sleep site was included in the previous CAO report (C.F. 23-1022-S18; dated February 3, 2026), it was demobilized on January 31, 2026.

Four additional Key Performance Indicators (KPIs) were also included for the programs: Percentage of participants in program over one year; Percentage of participants exiting within 90 days; Percentage of participants who exit to unknown or homelessness; and Percentage of participants who exit to permanent housing. These may demonstrate a positive association between occupancy compared to effectiveness of retention and exits to permanent housing whereas the higher the occupancy may be associated with

better performance. For example, Project Homekey has the highest occupancy rate as of March 25, 2026, and has the second highest percentage of exits to permanent housing at 27 percent in FY 2025-26 year-to-date (YTD).

HR&A Advisors also reports that the financial cost savings categories if implemented without consideration for site performance may unintentionally demobilize high performing sites. This determination aligns with Recommendation 3 in this Office's previous report to report on project outcomes and utilization and explore alternatives for projects identified for efficiencies.

### **Cost Effectiveness of Interim Housing Programs**

The Attachment provides a cost effectiveness score for the City's interim housing programs based on four KPIs and the average annual cost per bed/room. The closer the score is to 1, the more cost effective the program type is. The following is a list of lowest (most cost effective) to highest programs: Project Homekey (1.4), Inside Safe with Alliance reimbursement (1.6), Other interim housing (1.7), Inside Safe (1.8), A Bridge Home (2.2), Tiny Home Villages (2.3), and Safe Parking (2.5). In comparison, the Alliance Time-Limited Subsidy (TLS) Program was also assessed and received a score of 1.

### **RECOMMENDATION**

Note and file.

cc:           The Honorable Karen Bass, Mayor  
              Sharon Tso, Chief Legislative Analyst  
              Tiena Johnson Hall, General Manager, Los Angeles Housing Department  
              Tony M. Royster, General Manager, Department of General Services  
              Gita O'Neill, Interim Chief Executive Officer, LAHSA

#### **Attachments:**

Attachment 1 – HR&A Advisors Memorandum - Performance and cost effectiveness analysis to support CF 23-1022-S18



# Memorandum

**To:** Office of the City Administrative Officer

**From:** HR&A Advisors

**Date:** April 13, 2026

**Re:** **Performance and cost effectiveness analysis to support CF 23-1022-S18**

As requested by the Office of the City Administrative Officer (CAO), this memorandum includes an analysis of performance data on the City's investments in temporary housing, to support City Council's consideration of possible pathways to 10-15% cost savings in the City's homelessness budget ([CF 23-1022-S18](#)).

## **RELATIONSHIP BETWEEN COST SAVINGS CATEGORIES AND PERFORMANCE**

On February 3, 2026, the CAO's office released a report that identified five possible categories for cost savings within the City's portfolio of interim housing. These categories included:

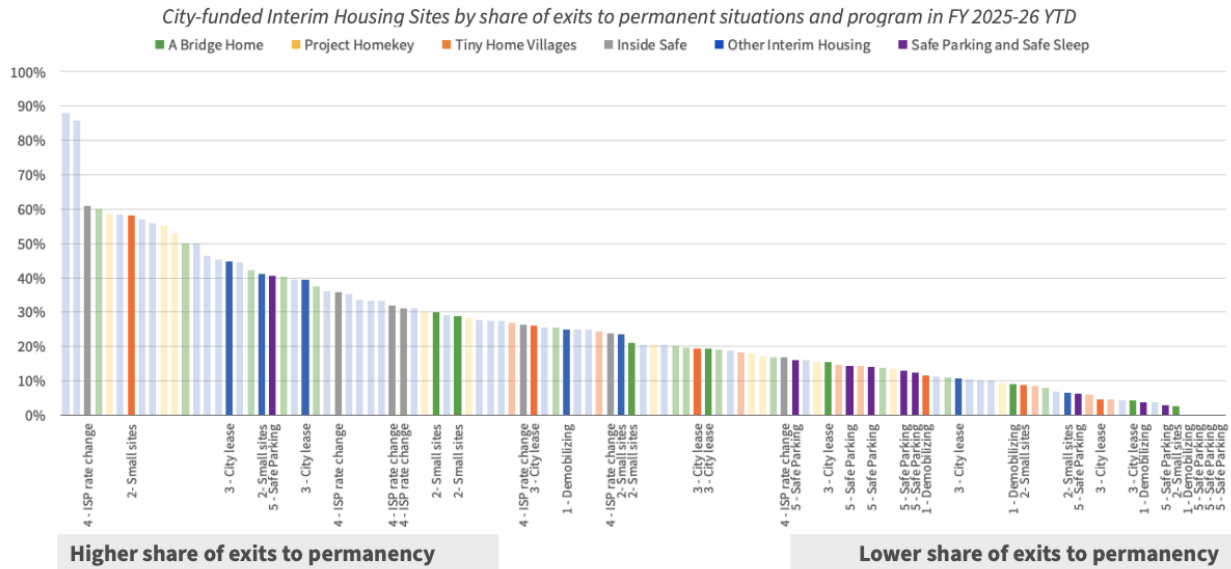
- Category 1: Demobilizing and discontinued programs
- Category 2: Sites with 50 beds or less, utilizing \$116 bed rate (possible decommission)
- Category 3: Sites with City-funded leases (possible decommission)
- Category 4: Inside Safe program booking and accuracy agreements (possible rate reduction)
- Category 5: Safe parking sites (possible decommission)

These cost savings categories map onto the City's temporary housing programs in the following way:

- A Bridge Home: 31% of beds/rooms could be eligible for possible decommission
- Tiny Home Villages: 30% of beds/rooms could be eligible for possible decommission
- Project Homekey: 0% of beds/rooms could be eligible for possible decommission
- Inside Safe: 100% of beds/rooms could be eligible for rate reduction
- Other City-funded interim housing: 10% of beds/rooms could be eligible for possible decommission
- Safe Parking: 100% of capacity could be eligible for possible decommission
- Safe Sleep: 100% of capacity could be eligible for possible decommission

The primary objective of temporary housing programs is to provide a safe place for people to shelter while they receive services to help them access and move into permanent housing. This objective is measured through the key performance indicator "percentage of participants who exit to permanent housing" – this measure provides information on how effectively the program or site is helping participants to prepare for and transition to their stable next step.

The following chart ranks every interim housing site within the City’s portfolio according to the percentage of participants who exit to permanent housing, using year-to-date data for Fiscal Year 2025-26 through March 31, 2026.<sup>1</sup> Sites with the highest percentage of participants who exit to permanent housing are on the left; sites with the lowest percentage are on the right. Bolded sites could be eligible for decommission, using the potential cost savings categories outlined in the CAO’s February 3, 2026 report.



The most important takeaway from this chart is that there is little relationship between the possible cost savings categories identified in the CAO’s February 3, 2026 report and site performance. Indeed, some of the highest performing sites in the City’s interim housing portfolio could be eligible for decommission using the potential cost savings categories in the CAO’s February 3, 2026 report.

Given this, this memorandum provides an overview of performance and cost effectiveness by program type instead of by cost savings category, as this approach makes it easier to understand distinctions among interim housing programs.

**COMPARATIVE PERFORMANCE OF TEMPORARY HOUSING PROGRAMS**

According to the CAO’s February 3, 2026 report, the City’s interim housing portfolio currently includes the following programs, ranked below from the lowest annual cost per bed/room to highest. Where noted and applicable, this reflects services eligible for reimbursement from the County through June 2027 under the terms of the *Alliance* settlement.

<sup>1</sup> This chart includes Inside Safe programs aggregated at the provider level, as opposed to specific sites. Inside Safe data is fiscal year 2025-26 year-to-date through April 9, 2026. The source for this data is the LAHSA Interim Housing exits dashboard; all non-Inside Safe data is fiscal 2025-26 year-to-date through March 31, 2026.

Rank	Intervention	Current number of sites	Current beds/rooms	Average annual cost per bed/room/slot <sup>2</sup>
1.	Safe Parking	11 sites (all open)	244	\$14,600
2.	Tiny Home Villages	19 sites (13 open)	1,913 (1,348 in open sites)	\$25,281 <sup>3</sup>
3.	Safe Sleep	1 site (not open)	46	\$26,901
4.	Project Homekey <sup>4</sup>	14 sites (11 open)	1,015 (800 in open sites)	\$29,205
6.	A Bridge Home	20 sites (19 open)	1,505 (1,405 in open sites)	\$33,462
7.	Other City-funded interim housing <sup>5</sup>	33 sites (31 open)	2,202 (2,147 in open sites)	\$38,672 (Alliance: one site with 50 or fewer beds eligible for \$42,340 in services reimbursement through June 2027; five sites with over 50 beds eligible for \$32,485 in services reimbursement through June 2027) <sup>6</sup>
8.	Inside Safe Booking and Occupancy Motels	42 sites (all open)	1,192	\$82,420 (Eligible for \$40,150 in Alliance services reimbursement through June 2027) <sup>7</sup>

Drawing from the City performance indicators approved by Council in August 2025 ([Council File 25-0576](#)), we recommend focusing on the following five measures, which elucidate the critical functions of interim housing:

- **Occupancy rate:** Indicates the program's success in filling open bed/rooms (*target: 95%*)
- **Percentage of participants who have been in the program for longer than one year:** Indicates the program's success in helping participants prepare for and move on to permanent housing (*target: the lower, the better*)
- **Percentage of participants who exit the interim housing within 90 days of entry:** Indicates the program's success in welcoming new participants and helping them to stabilize (*target: the lower, the better*)
- **Percentage of participants who exit to unknown locations or locations not meant for human habitation:** Indicates the program's success in its primary objective of helping participants avoid falling

<sup>2</sup> Cost information is aggregated from the [CAO's February 3, 2026](#) report.

<sup>3</sup> One active Tiny Home Village site is currently included in the *Alliance* bed count and eligible for services reimbursement, with five more eligible sites in process and not yet open. Given this, this memorandum only includes cost analysis for Tiny Home Villages without the Alliance cost reimbursement, as this reflects nearly all of the active Tiny Home Villages.

<sup>4</sup> Includes Homekey 1 and Homekey 3 Interim Housing.

<sup>5</sup> Includes 14 Roadmap sites, multiple TAY and Family sites, Mayfair, Highland Gardens, and 211 hotel/motel vouchers.

<sup>6</sup> *Alliance* services reimbursement rates from the [CAO's September 24, 2025 report](#).

<sup>7</sup> *Alliance* services reimbursement rates from the [CAO's September 24, 2025 report](#).

back into homeless or other negative outcomes (*target: no more than 30%*)

- Percentage of participants who exit to permanent housing:** Indicates the program’s success in its primary objective of helping participants bridge to permanent housing (*target: at least 25%*)

Using the same order as above, from lowest annual cost per bed/room to highest, below is data on performance of each interim housing program in the City’s portfolio, using data through March 25, 2026.

	Target: 95%	Target: the lower, the better			Target: the higher, the better
Intervention <sup>8</sup>	Occupancy (as of 3/25/ 2026)	Percentage of participants in program over one year (as of 3/25/2026)	Percentage of participants exiting within 90 days (FY 2025-26 YTD)	Percentage of participants who exit to unknown or homelessness (FY 2025-26 YTD)	Percentage of participants who exit to permanent housing (FY 2025-26 YTD)
Safe Parking	70% <sup>9</sup>	28%	75%	63%	14%
Tiny Home Villages	97%	27%	46%	65%	15%
Safe Sleep	0%	N/A	47%	40%	4%
Project Homekey <sup>10</sup>	98%	39%	40%	49%	27%
A Bridge Home	97%	20%	54%	52%	24%
Other City-funded interim housing <sup>11</sup>	94%	31%	49%	52%	25%
Inside Safe Booking and Occupancy Motels <sup>12</sup>	95% <sup>13</sup>	39%	26%	49%	28%

<sup>8</sup> Performance from LAHSA dashboards for matched programs (combines data for multiple programs operating at site where applicable); performance data directly from LAHSA dashboards using custom filters by CAO type rather than summed by program/provider to minimize duplication. DATA SOURCES: Occupancy data as of March 25, 2026 from LASHA Occupancy Module (as extracted 3/31/26), Active Participants data as of March 25, 2026 from LAHSA IH Active Participants dashboard (as extracted 3/31/26), exits to permanency and unknown or locations not suitable for habitation (homelessness) in FY25-26 YTD (July 1, 2025 through March 25, 2026) from LAHSA IH Summary dashboard (as extracted 3/31/26), exits within 90 days of entry in FY25-26 YTD (July 1, 2025 through March 25, 2026) from LAHSA IH Exits dashboard (as extracted 3/31/26). TLS performance data as extracted from LAHSA TLS Active Participant and TLS Exits dashboards on March 310, 2026 (data as of 3/22/26).

<sup>9</sup> Preliminary calculation (active participants divided by beds/unit), as occupancy data has not yet been shared by LAHSA. Rate could be higher if some funded beds are currently offline.

<sup>10</sup> Homekey 1 Interim Housing (no Homekey 3 sites currently active)

<sup>11</sup> Includes 14 Roadmap sites, multiple TAY and Family sites, Mayfair, Highland Gardens, and 211 hotel/motel vouchers (211 excluded from exit data)

<sup>12</sup> Inside Safe programs demobilized in FY 2025-26 are not included in this data

<sup>13</sup> Occupancy data for Inside Safe is managed and verified by the Mayor’s Office. This data is from the Mayor’s Office as of August 2025.

### **COST EFFECTIVENESS OF TEMPORARY HOUSING PROGRAMS**

Cost effectiveness measures how much investment is needed to achieve positive impact. As mentioned above, the primary objective of temporary housing programs is to provide a safe place for people to shelter while they receive services to help them access and move into permanent housing. Breaking this into two cost effectiveness measures, this memorandum calculates:

1. Cost per participant sheltered
2. Cost per participant who resolved their homelessness, meaning they exited to permanent housing

Additionally, this memorandum calculates a composite cost effectiveness score for each program in the City's portfolio of interim housing investments, including five key performance indicators and the average annual cost per bed/room.

Additionally, to assist Council in determining possible pathways to achieve 10-15% cost savings in the City's homelessness spending, this section includes cost effectiveness information for the other temporary housing program in the City's portfolio: the time limited subsidy program.

#### ***Cost per participant sheltered (interim housing)***

To assess the cost per participant sheltered, we examined the total annual cost, per program, for online beds/rooms, using the cost information included in the CAO's February 3, 2026 report; projected the total number of unique participants anticipated to be sheltered through the program this fiscal year<sup>14</sup>; and then calculated the cost per expected person sheltered through the program this fiscal year. Programs are ranked below from the lowest annual cost per participant sheltered to the highest annual cost per participant sheltered.

For the purposes of this analysis, two City interim housing types include active sites that are eligible for services reimbursement through June 2027 under the terms of the *Alliance* settlement: Some other interim housing sites and all Inside Safe motels.<sup>15</sup> The rows highlighted in green below display the cost effectiveness of these programs, assuming services reimbursement, for this fiscal year and next.

---

<sup>14</sup> To calculate an annualized estimate we divided the number of unique participants served in the first three quarters of the year by 3 and then multiplied that estimated quarterly count by 4.

<sup>15</sup> One active Tiny Home Village site is currently included in the *Alliance* bed count and eligible for services reimbursement, with five more in process and not yet open. Given this, this memorandum only includes cost analysis for Tiny Home Villages without the Alliance cost reimbursement, as this reflects nearly all of the active Tiny Home Villages.

Rank	Program	Total Cost (FY 2025-26) <i>Online programs only</i>	Unique participants served FY 2025-26 YTD <i>(through 3/31/26)</i>	Estimated unique participants served FY 2025-26 <i>(Annualized estimated based on Fiscal YTD)*</i>	Cost per expected person served in FY 2025-26 <sup>16</sup>
-	<i>Other interim housing (with Alliance reimbursement)</i>	\$60,903,542	8,812	11,749	\$5,184
1.	<b>Safe Parking</b>	\$3,562,400	422	563	\$6,331
2.	<b>Other Interim Housing</b>	\$84,528,532	8,812	11,749	\$7,194
3.	<b>Safe Sleep</b>	\$1,237,423	106	106 <sup>17</sup>	\$11,674
4.	<b>A Bridge Home</b>	\$47,112,316	2,953	3,937	\$11,966
5.	<b>Project Homekey</b>	\$27,435,590	1,575	2,100	\$13,065
6.	<b>Tiny Home Villages</b>	\$45,639,280	2,499	3,332	\$13,697
-	<i>Inside Safe (with Alliance reimbursement)</i>	\$50,386,523	2,155	2,873	\$17,536
7.	<b>Inside Safe</b>	\$98,245,323	2,155	2,873	\$34,192

### ***Cost per participant who exits to permanent housing (interim housing)***

To assess the cost per participant who exits to permanent housing, we examined the total annual cost, per program, for online beds/rooms, using the information included in the CAO's February 3, 2026 report; projected the total number of unique participants anticipated to exit to permanent housing over the course of Fiscal Year 2025-26<sup>18</sup>; and then calculated the cost per exit to permanent housing this fiscal year. Programs are ranked below from the lowest annual cost per exit to permanent housing to the highest annual cost.

For the purposes of this analysis, two City interim housing programs include active sites that are eligible for services reimbursement through June 2027 under the terms of the *Alliance* settlement: Some other interim housing sites and all Inside Safe motels.<sup>19</sup> The rows highlighted in green below display the cost effectiveness of these programs, assuming services reimbursement, for this fiscal year and next.

<sup>16</sup> Annualized estimate based on unique participants served between July 1, 2025 and March 31, 2026.

<sup>17</sup> The Safe Sleep program is no longer active, so no additional participants are expected this fiscal year.

<sup>18</sup> To calculate an annualized estimate we divided the number of unique exits to permanency in the first three quarters of the year by 3 and then multiplied that estimated quarterly count by 4.

<sup>19</sup> One active Tiny Home Village site is currently included in the *Alliance* bed count and eligible for services reimbursement, with five more in process and not yet open. Given this, this memorandum only includes cost analysis for Tiny Home Villages without the Alliance cost reimbursement, as this reflects nearly all of the active Tiny Home Villages.

Rank	Program	Total Cost (FY 2025-26) <i>Online programs only</i>	Exits to Permanency FY 2025-26 YTD (through 3/31/26)	Exits to Permanency FY25-26 (Annualized estimated based on Fiscal YTD)	Cost per expected exits to permanency in FY25-26
-	<i>Other interim housing (with Alliance services reimbursement)</i>	\$60,903,542	659	879	\$69,314
1.	<b>Safe Parking</b>	\$3,562,400	35	47	\$76,337
2.	<b>A Bridge Home</b>	\$47,112,316	376	501	\$93,974
3.	<b>Other Interim Housing</b>	\$84,528,532	659	879	\$96,201
4.	<b>Project Homekey</b>	\$27,435,590	167	223	\$123,214
-	<i>Inside Safe (with Alliance services reimbursement)</i>	\$50,386,523	268	357	\$141,007
5.	<b>Tiny Home Villages</b>	\$45,639,280	188	251	\$182,072
7.	<b>Inside Safe</b>	\$98,245,323	268	357	\$274,940
6.	<b>Safe Sleep</b>	\$1,237,423	4	4	\$309,356

### ***Composite cost effectiveness score (interim housing)***

To create a composite score across the five key performance indicators that measure the critical functions of an interim housing program, along with the average annual cost per bed/room of that program, we used the following methodology.

#### Assigning a weight to each indicator

For the composite scores in this memorandum, indicators are assigned the following weights, which total 100%.

- **Occupancy rate:** 10% of each program's composite score
- **Percentage of participants who have been in the program for longer than one year:** 5% of each program's composite score
- **Percentage of participants who exit the interim housing within 90 days of entry:** 5% of each program's composite score

- **Percentage of participants who exit to unknown locations or locations not meant for human habitation:** 15% of each program’s composite score
- **Percentage of participants who exit to permanent housing:** 45% of each program’s composite score
- **Average annual cost per bed/room:** 20% of each program’s composite score

Assigning a score for each indicator

Each program was then assigned a score for each indicator, with 1 reflecting the strongest performance and 3 reflecting the weakest performance, using the following scoring methodology. Where targets are specified in City performance indicators, those are noted below (Council File 25-0576).

Score	Occupancy	Percentage of participants in program for over one year	Percentage of participants exiting within 90 days	Percentage of participants exiting to unknown of homelessness	Percentage of participants exiting to permanent housing	Average annual cost per bed/room
1	At or above target (95%)	Less than 30%	Less than 30%	At or below target (30%)	At or above target (25%)	\$30,000 or less
2	76% - 94%	30% - 50%	30% - 50%	30% - 36%	20% - 25%	\$30,000 - \$50,000
3	75% or below	Over 50%	Over 50%	Over 36%	Below 20%	Over \$50,000

Calculating composite score for each program

Using the methodology above, and the performance and annual cost information for Fiscal Year 2025-26 for each program, the composite scores are presented below. These scores are ranked from most cost effective (lowest composite score) to least cost effective (highest composite score).

For the purposes of this analysis, two City interim housing programs include active sites that are eligible for services reimbursement through June 2027 under the terms of the *Alliance* settlement: Some other interim housing sites and all Inside Safe motels.<sup>20</sup> With the *Alliance* services reimbursement, the scores for other interim housing sites are unchanged. The row highlighted in green below displays the cost effectiveness of Inside Safe programs, assuming services reimbursement, for this fiscal year and next.

---

<sup>20</sup> One active Tiny Home Village site is currently included in the *Alliance* bed count and eligible for services reimbursement, with five more in process and not yet open. Given this, this memorandum only includes cost analysis for Tiny Home Villages without the *Alliance* cost reimbursement, as this reflects nearly all of the active Tiny Home Villages.

<b>Program</b>	Occupancy	Percentage of participants in program for over one year	Percentage of participants exiting within 90 days	Percentage of participants exiting to unknown of homelessness	Percentage of participants exiting to permanent housing	Average annual cost per bed/room	<b>Composite score</b>
<i>Weight</i>	10%	5%	5%	15%	45%	20%	<b>100%</b>
<b>Project Homekey</b>	1	2	2	3	1	1	<b>1.4</b>
<i>Inside Safe (with Alliance services reimbursement)</i>	1	2	1	3	1	2	<b>1.6</b>
<b>Other interim housing</b>	2	2	2	3	1	2	<b>1.7</b>
<b>Inside Safe</b>	1	2	1	3	1	3	<b>1.8</b>
<b>Safe Sleep</b>	1	3	2	3	3	1	<b>2.1</b>
<b>A Bridge Home</b>	2	1	3	3	2	2	<b>2.2</b>
<b>Tiny Home Villages</b>	1	1	2	3	3	1	<b>2.3</b>
<b>Safe Parking</b>	3	1	3	3	3	1	<b>2.5</b>

***Cost effectiveness of the time limited subsidy program***

For the purposes of this memorandum, the below is based on the approved annual slot rate for the *Alliance* time limited subsidy program: \$29,560. Since the Alliance time limited subsidy program has not yet launched, the performance data used for this analysis is from the regionally-funded time limited subsidy program, administered by the Los Angeles Homeless Services Authority (LAHSA).

*Performance data for the regionally-funded time limited subsidy program, Fiscal Year 2025-26 through March 31, 2026<sup>21</sup>*

	Target: 95%	Target: the lower, the better			Target: the higher, the better
Intervention	Occupancy (as of 3/25/2026)	Percentage of participants in program over two years <sup>22</sup> (as of 3/25/2026)	Percentage of participants exiting within 90 days (FY 2025-26 YTD)	Percentage of participants who exit to unknown or homelessness (FY 2025-26 YTD)	Percentage of participants who exit to permanent housing (FY 2025-26 YTD)
<b>Time limited subsidy</b>	All currently funded slots are occupied	24%	1%	13%	75%

Composite cost effectiveness score for the time limited subsidy program

The following calculations use the same methodology used above to calculate composite cost effectiveness scores for interim housing programs.

Program	Occupancy	Percentage of participants in program for over two years	Percentage of participants exiting within 90 days	Percentage of participants exiting to unknown of homelessness	Percentage of participants exiting to permanent housing	Average annual cost per bed/room	Composite score
<i>Weight</i>	10%	5%	5%	15%	45%	20%	<b>100%</b>
<b>Time limited subsidy</b>	1	1	1	1	1	1	<b>1</b>

<sup>21</sup> Performance data from current LAHSA-administered adult and family time limited subsidy slots, as extracted on March 31, 2026.

<sup>22</sup> The time limited subsidy program is intended to provide rental subsidies and case management services to participants for two years.