

UPDATED

RECOMMENDATIONS:

That the City Council, subject to approval by the Mayor:

INSTRUCT the CAO to work with CLA, LAHD, LAHSA, and retained consultants to work to strengthen LAHSA's role as the Continuum of Care (CoC) lead applicant and the ways in which the CoC addresses the needs of people experiencing homelessness within LA City limits, including, assessing and reporting on system performance through the administration of the Homeless Management Information System, and administration of the Coordinated Entry System, required by the U.S. Department of Housing and Urban Development for all CoCs;

INSTRUCT the CLA, with assistance from the CAO and LAHD, to negotiate with LAHSA and the County to create a City Service Planning Area (SPA), strengthening how the existing CoC addresses the needs of people experiencing homelessness within LA City limits

INSTRUCT the CAO to work with CLA, LAHD, LAHSA, and retained consultants to transition the administration of appropriate City-funded programs away from LAHSA over the course of Fiscal Year (FY) 2026-27. This transition should include:

- A report back to Council by July 1, 2026 on how to administer each of the categories of City investment in homelessness response, including an analysis of whether it is more strategic and cost effective for the City to contract with the County, administer directly, or contract with another entity;
- The specific operational steps – including personnel, legislative, and legal changes - that will be needed to complete the transition for each category of City investment;
- An assessment of the costs, and operational benefits and risks associated with the transition plan;
- A review of the services currently administered by the County and any recommendations to more strategically leverage federal, state, and County funding and use City funding to fill gaps in County services;
- An assessment of the mix of services that the City currently funds, and recommendations for the types and levels of services that the City should continue to support beginning in FY 2026-27 and subsequent fiscal years;
- Prioritized retention of the institutional knowledge and programmatic oversight tools developed by LAHSA and a pathway to retain the dedicated and talented LAHSA staff currently working to administer City-funded programs within the homelessness response system to the extent possible, including through working with the unions that represent LAHSA employees to support this transition.

INSTRUCT CAO to work with CLA, LAHD, LAHSA, and retained consultants, to report to Council with an analysis that outlines any additional changes needed to implement the City's plan to create centralized system oversight and planning capacity currently being expanded through the Bureau of Homelessness Oversight, including of the need to create a new City department as part of this transition.

INSTRUCT LAHD to work with the CAO to amend all contracts between the City and LAHSA to include a mandate that LAHSA contract with a qualified, independent accounting firm to manage the distribution, reconciliation, and tracking of City funding beginning in Fiscal Year 2026-27. LAHD and the CAO should work with LAHSA to understand the implications of this change on LAHSA's requested administrative

funding for Fiscal Year 2026-27 and report back to Council on any needed changes to LAHSA's administrative funding during the Fiscal Year 2026-27 budget process.

INSTRUCT the CAO, with support from the CLA, LAHD, LAHSA, and retained consultants to report to Council every thirty days beginning immediately and continuing through Fiscal Year 2026-27, beginning July 31, 2026, on the progress of this transition, including an update the effectiveness of and lessons learned from the transition items already underway (e.g., the creation of centralized system oversight and planning capacity through the Bureau of Homelessness Oversight at LAHD (25-0207-S1); LAHD's direct contract with HOM, Inc. to serve as the fiscal agent for the Alliance Time-Limited Subsidy program (CF 26-0157); and LAHSA's retention of a qualified, independent accounting firm to manage the distribution, reconciliation, and tracking of City funding).

APPROVE and APPROPRIATE \$450,000 from fiscal year 2024-25 Fund No. 10A/43, Account No. 43AC12, Shelter and Housing Interventions for the CAO to rapidly procure for expert consultant capacity to support the City in developing and implementing this plan, and to report to the Homeless Strategy Committee on the outcome of this procurement.

INSTRUCT the CAO rapidly procure expert consultant capacity to support the City in developing and implementing its plan to transition the administration of appropriate City-funded programs away from LAHSA over the course of Fiscal Year 2026-27;

AUTHORIZE the CAO to enter into an agreement with a consulting firm to support the City in developing and implementing its plan to transition the administration of appropriate City-funded programs away from LAHSA over the course of Fiscal Year 2026-27, and INSTRUCT the CAO to report to the Homeless Strategy Committee with the results of the procurement; and

AUTHORIZE the CAO to:

- Prepare Controller instructions or make necessary technical adjustments, including to the names of the Special Fund accounts recommended for this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions; and
- Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material or permit costs related to projects in this report, to implement the intent of these transactions, and authorize the Controller to implement these instructions.