

BUDGET AND FINANCE COMMITTEE REPORT relative to the formation of a City Homelessness Governance Structure.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

Short-term (30 – 45 – 60 – 90-day tasks)
30 DAYS

1. INSTRUCT the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO), with the assistance of the City Attorney, to report back on the United States Department of Housing and Urban Development (HUD) suspension letter related to Los Angeles Homeless Services Authority (LAHSA), issued on June 11, 2026.
 - a. Following the resolution of the aforementioned HUD-related issue, REQUEST the CAO, Chief Legislative Analyst (CLA) and City Attorney to report back on next steps to engage the County of Los Angeles (County) to renegotiate the Joint Powers Authority (JPA) Agreement to provide the City of Los Angeles with a clear majority governance authority over the LAHSA Commission, including greater representation, oversight, and decision-making control.
2. INSTRUCT the CAO, CLA and City Attorney to explore applying to be the Continuum of Care (CoC) lead or co-lead with the County.
3. INSTRUCT the CAO, with support from the CLA, LAHD, LAHSA, and retained consultants to report to Council every 30 days beginning immediately and continuing through Fiscal Year (FY) 2026-27, beginning July 31, 2026, on the progress of the creation of centralized system oversight and planning capacity through the Bureau of Homelessness Oversight at the Los Angeles Housing Department (LAHD) [Council file No. (CF) 25-0207-S1]; the LAHD's direct contract with HOM, Inc. to serve as the fiscal agent for the Alliance Time-Limited Subsidy program (CF 26-0157); and, the LAHSA's retention of a qualified, independent accounting firm to manage the distribution, reconciliation, and tracking of City funding.
4. APPROVE and APPROPRIATE \$450,000 from FY 2024-25 Fund No. 10A/43, Account No. 43AC12, Shelter and Housing Interventions, for the CAO to rapidly procure expert consultant capacity to support the City in developing a transition plan away from the LAHSA and to report to the City Council and Mayor on the outcome of this procurement.

45 DAYS

5. DIRECT the CAO and the CLA, in coordination with the City Council and Mayor's Office, to conduct a comprehensive evaluation of LAHSA's remaining budget, operational capacity, and organizational structure. This review should:
 - a. Align LAHSA's priorities with the City's homelessness response goals for FY 2026–27.
 - b. A detailed analysis of City and County cost sharing for the key functions of the CoC Board, ensuring that the City's current funding commitment is maintained and not reduced as part of this County's budget year.
 - c. Identify opportunities to right-size and restructure LAHSA for improved efficiency and accountability.
 - d. Reflect the City's role as the primary funding source in the upcoming fiscal year, including alignment with and integration into the City's upcoming budget process.

6. INSTRUCT the LAHD to work with the CAO to amend all contracts between the City and LAHSA to include a mandate that the LAHSA contract with a qualified, independent accounting firm to manage the distribution, reconciliation, and tracking of City funding beginning in FY 2026-27. The LAHD and the CAO should work with the LAHSA to understand the implications of this change on LAHSA's requested administrative funding for FY 2026-27 and report back to Council on any needed changes to LAHSA's administrative funding during the FY 2026-27 budget process.

60 DAYS

7. DIRECT the CAO and the CLA, and REQUEST the City Attorney and LAHSA, with the assistance of the LAHD, to effectuate a Memorandum of Understanding (MOU) with the LAHSA to streamline and standardize:
 - a. Contracting processes
 - b. Invoicing and payment systems
 - c. Data collection, reporting, and performance tracking
 - d. Prioritize matching Persons Experiencing Homelessness (PEH) to City funded interim sites.

90 DAYS

8. INSTRUCT the CLA and the CAO to propose structural governance changes to merge the CoC Board, and Coordinated Entry System (CES) Policy Council, with the LAHSA Commission, ensuring the City achieves a clear majority representation to reflect the City's funding and operational responsibilities, and AUTHORIZE the CLA to retain a consultant or other external expertise, if needed, to support this effort. The proposal should include:
 - a. The redesign of Coordinated Entry System (CES) policies to:
 - i. Prioritize equitable access for unhoused City of Los Angeles residents to City- funded beds and services.
 - ii. Improve transparency and accountability in placement decisions.
 - iii. Ensure alignment with City investment priorities and performance goals.
9. AUTHORIZE the CAO to:
 - a. Prepare Controller instructions or make necessary technical adjustments, including 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.
 - b. 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.

MID-TERM (6 MONTHS)

10. INSTRUCT the CLA, with assistance from the CAO and LAHD, to explore the creation of a City Service Planning Area (SPA), strengthening how the existing CoC addresses the needs of people experiencing homelessness within Los Angeles City limits.

11. DIRECT the LAHD and the CAO to prepare and present a phased integration of these administrative functions into the City's Bureau of Homelessness, as feasible, ensuring continuity of services while increasing City control and efficiency.
12. INSTRUCT the CAO to work with the CLA, LAHD, LAHSA, and retained consultants to transition the administration of appropriate City-funded programs away from LAHSA over the course of FY 2027-28. This transition should include:
 - a. A report back to Council by December 2027 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.
 - b. The specific operational steps - including personnel, legislative, and legal changes that will be needed to complete the transition for each category of the City's investment.
 - c. An assessment of the costs, operational benefits, and risks associated with the transition plan.
 - d. 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.
 - e. 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 FYs.
 - f. Prioritized retention of the institutional knowledge and programmatic oversight tools developed by the 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.
13. INSTRUCT CAO to work with the CLA, LAHD, LAHSA, and retained consultants to report to Council with an analysis that outlines whether a new City department should be stood up as part of this transition.

Fiscal Impact Statement: The CLA reports that there is no fiscal impact associated with the recommendations in the report.

Community Impact Statement: Yes

For:
Rampart Village Neighborhood Council
Encino Neighborhood Council

SUMMARY

At its meeting held on June 16, 2026, your Budget and Finance Committee considered the CLA report, dated April 22, 2025 relative to the formation of a City Homelessness Governance Structure. Representatives of the CAO's Office and LAHD provided an overview of the matter and answered questions from the Committee. Councilmember Yaroslavsky introduced amended recommendations, which were seconded by Councilmember McOskey, and amended by Councilmember Blumenfeld. The Committee took a separate vote on Recommendation No. 4, which was approved by 4 affirmative votes with Councilmember Hutt as the dissenting vote. After discussion and having provided an opportunity for public comment, the Committee approved the item as amended with the proposed amended recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

AXB
25-0207_rpt_bfc_06-16-26

-NOT OFFICIAL UNTIL COUNCIL ACTS-