

# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: November 25, 2025

TO: Honorable Members of the City Council

FROM: Sharon M. Tso  
Chief Legislative Analyst

Council File No.: 25-1137  
Assignment No.: 25-11-0955

SUBJECT: State and Federal Advocacy for Homelessness Funding and Prompt Dispersal

## **SUMMARY**

On October 22, 2025, Council adopted Motion (Raman, Yaroslavsky – Jurado; C.F. 25-1137) which requests the Chief Legislative Analyst (CLA) to engage the County on a State and federal advocacy plan that seeks to limit potential funding reductions relative to homelessness and to expedite prompt disbursement of allocated funds (Attachment I). In response, our Office met with the County and, based on those discussions, we recommend the adoption of two attached Resolutions that seek to restore funding for homelessness programs, and to expedite the allocation of funding to local agencies to meet the needs of people experiencing homelessness.

The first Resolution seeks federal administrative and/or legislative action to maintain funding allocations and categories, consistent with the 2024 Continuum of Care (CoC) Program application and award (Attachment II). The second Resolution seeks State administrative and/or legislative action to expeditiously release Homeless Housing Assistance and Prevention (HHAP) Round 6 grant funds; to fund HHAP Round 7 consistent with previous program years; and to distribute HHAP grants in full (Attachment III).

## **RECOMMENDATIONS**

That the City Council:

1. Adopt the attached Resolution to include in the City's 2025-2026 Federal Legislative Program, SUPPORT for administrative and/or legislative action to maintain two-year funding allocations and categories, consistent with the 2024 Continuum of Care Program application and award.
2. Adopt the attached Resolution to include in the City's 2025-26 State Legislative Program, SUPPORT for administrative and/or legislative action to expeditiously release Homeless Housing Assistance and Prevention (HHAP) Round 6 grant funds; to fund HHAP Round 7 consistent with previous program years; and to distribute HHAP grants in full.

## **BACKGROUND**

Motion informs that the County is anticipating a \$303 million funding shortfall in Fiscal Year (FY) 2026-2027, which is expected to result in a 35 percent reduction in funding for County homelessness services. Motion further informs that the federal administration is seeking to reverse a Congressionally-authorized two-year CoC allocation and divert funds from permanent

housing programs, which imperils a further \$220 million in funding for homelessness programs across the region. Finally, Motion informs of delays to the disbursement of HHAP grant funding, in addition to anticipated funding reductions.

### **Federal Legislative/Administrative Action**

On November 13, 2025, the Department of Housing and Urban Development (HUD) released a Notice of Funding Opportunity (NOFO) for the CoC Program. This NOFO mandates significant changes relative to historical CoC program priorities.

For example, the NOFO dictates that a 30 percent cap be placed on funding for permanent housing under the CoC Program, whereas no such cap existed in previous grant award cycles. The Los Angeles Homeless Services Authority (LAHSA) reports that these changes could end rental subsidies for 5,000 households across the region, as these subsidies are currently allowable under the 70 percent allocation to permanent housing programs. LAHSA also notes that the approximate, nationwide allocation of funding for permanent housing programs is 87 percent of total CoC Program grant awards. So, the potential consequence to CoCs of large-scale displacements due to this NOFO requirement is likely shared nationwide.

Additionally, the NOFO reduces protected grant funding renewals to 30 percent of the total application. Protected renewals, known as “Tier 1” grant funding, are subject to a ten percent reallocation or reduction, at most, in a given funding cycle. In previous program years, HUD allowed for CoCs to protect 90 percent of projects and programs under Tier 1 grant funding. However, the current NOFO shifts 70 percent of available funding to competitive renewals, or “Tier 2” grant funding. As a result, HUD will assess 70 percent of programs and projects competitively against those proposed under applications from the other 400 CoCs nationwide. This change will likely reduce the total amount of funding available to the Los Angeles CoC.

Most concerning, HUD had previously awarded program funds for a two-year funding cycle. However, the new NOFO directs CoCs to competitively renew all federal CoC Program funding in advance of the second year of the previously-approved funding cycle. CoCs nationwide, including in Los Angeles, had developed long-term strategies to address homelessness. This new NOFO upends these plans and disrupts progress toward addressing homelessness.

### **Federal Advocacy Plan**

In view of these changes, the attached Resolution supports administrative and/or legislative action to maintain the two-year funding cycle for CoC Program awards and to delay the CoC Program NOFO for an additional year. The Resolution also supports maintaining current funding categories, to ensure that the 30 percent cap for permanent housing programs is removed and that the shift from Tier 1 to Tier 2 grant funding renewals is reversed.

### **State Administrative/Legislative Action**

Five rounds of State HHAP funding have been released to local jurisdictions since program inception, including direct allocations to the City and County, as well as to the Los Angeles CoC. HHAP-5 directly allocated \$164.3 million to the City, while HHAP-6 directly allocated \$143.6 million to the City.

Beginning with HHAP-5, the State released funding in tranches. Assembly Bill (AB) 129 authorizing the HHAP-5 appropriation was signed into law on July 10, 2023; however, awardees have experienced delays of 20 and 26 months, respectively, between this authorization and dispersal of each HHAP-5 funding tranche. Similarly, legislation authorizing HHAP-6 was signed into law on July 2, 2024 (AB 166); however, awardees anticipate the first tranche to be released by the State early in 2026. The second tranche of HHAP-6 funding is not anticipated until June 2027, which would amount to a delay of 36 months in the receipt of funds.

As a result of these delays, the region's homelessness response system has experienced significant cash flow issues. For this reason, on September 26, 2025, Council authorized a cash flow loan, or early advance, to cover FY 2025-26 obligations (C.F. 20-1524-S9). If the second tranche of HHAP-6 funding is not received until June 2027, as currently anticipated, then the region could experience similar shortfalls in homelessness funding for FY 2026-27.

Further, for the next round of HHAP funding (HHAP-7), it is reported that the Legislature is considering a total appropriation of \$500 million, a 50% reduction from past allocations. It is anticipated that HHAP-7 would provide approximately half the amount of direct funding to the City. Should this reduction occur, the City would have to consider significant curtailments to current homelessness programs relative to Fiscal Year 2026-27.

#### State Advocacy Plan

In view of the local cash flow issues described above, the attached Resolution supports administrative and/or legislative action to expeditiously release all HHAP-6 funding, as well as to fund HHAP Round 7 commensurate with previous program years. In addition, the Resolution also supports legislative action for the HHAP grant distribution structure to include a full dispersal of funds in order to prevent cash flow issues, rather than in tranches.

#### Departments/Agencies Notified

Our Office notified and coordinated with the following City Departments and external Agencies in the development of the legislative advocacy plan included under the attached Resolutions:

- Office of the City Administrative Officer
- Los Angeles Housing Department
- LAHSA
- County of Los Angeles Chief Executive Office

  
David J. Wimsatt  
Analyst

Attachments:      I. Motion (Raman, Yaroslavsky – Jurado)  
                         II. Resolution Relative to Federal Homelessness Funding  
                         III. Resolution Relative to State Homelessness Funding

## MOTION

HOUSING &amp; HOMELESSNESS

Last week, the Los Angeles County Department of Homeless Services and Housing reported that there is an anticipated \$303 million funding shortfall in Fiscal Year (FY) 2026-2027 to continue all homeless programs funded by Measure A and other sources administered by LA County. If not addressed, this may constitute upward of a 35% reduction in funding for the majority of homeless services provided across the county.

This, however, is not the only potential shortfall facing the region's homeless response system. Currently, the Trump Administration is seeking to reverse a Congressionally-authorized two-year HUD Continuum of Care (CoC) allocation and divert funds from permanent supportive housing (PSH) and Housing First programs. If this moves ahead as currently described, the region is poised to lose upward of \$220 million, of which a majority funds over 8,000 units of PSH.

These crises are in addition to the reduction and delayed disbursement of the state's Homeless Housing, Assistance, and Prevention (HHAP) grant funding, which has become one of the City's most vital funding sources for homeless programs. Taken together, we may be facing \$600 million or more in reduced homelessness funding for FY 26-27 across the City, HACLA, the County, and LAHSA.

It is incumbent upon the City to not only understand the extent of the potential reductions, but to work in concert with regional partners to engage state and federal leadership and keep Angelenos currently housed from falling back onto the streets, while ensuring continued compliance with the *LA Alliance* settlement.

**WE THEREFORE MOVE** that the City Council direct the City Administrative Officer (CAO) and the Los Angeles Housing Department (LAHD), with assistance from the Chief Legislative Analyst (CLA), the Housing Authority of the City of Los Angeles (HACLA), and the Los Angeles Homeless Services Authority (LAHSA), to report back within 30 days on the cost to maintain all current City-funded homeless housing interventions, the extent of potential homeless funding reductions for Fiscal Year 2026-2027 faced by the City and its partners (HACLA, Los Angeles County, LAHSA) across all major funding streams, including but not limited to, Homeless Housing, Assistance, and Prevention grants (HHAP), Emergency Solutions Grants (ESG), Continuum of Care (CoC), Measure A, and the expiration of any one-time or short-term funding, and the potential impacts on housing retention and service provision; and

**WE FURTHER MOVE** that the City Council direct LAHD, with assistance from the CLA, CAO, LAHSA, and HR&A Advisors, to engage within 30 days the Los Angeles County Department of Homeless Services and Housing on aligning City and County strategies to prevent inflow of Angelenos currently in Permanent Supportive Housing (PSH) or Interim Housing (IH) back to unsheltered homelessness, and avenues to most effectively deploy available funding; and

**WE FURTHER MOVE** that the City Council direct CAO, with assistance from LAHD, CLA, LAHSA, and HR&A Advisors, to report back in 30 days on ensuring compliance with the *LA Alliance for Civil and Human Rights* settlement obligations in light of the potential funding reductions, while not increasing exits to unsheltered homelessness; and

**WE FURTHER MOVE** that the City Council request the CLA to engage the Los Angeles County Chief Executive Office (County CEO) within 30 days on a state and federal advocacy plan that seeks to limit potential funding reductions and expedite prompt disbursement of allocated funds.


 SEP 3 0 2025

PRESENTED BY:

Nithya Raman  
NITHYA RAMAN  
Councilwoman, 4th District

Katy Yaroslavsky  
KATY YAROSLAVSKY  
Councilwoman, 5th District

SECONDED BY:

Ysahel Gut

ORIGINAL

## RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, on November 13, 2025, the federal Department of Housing and Urban Development (HUD) released a Notice of Funding Opportunity (NOFO) for the Continuum of Care (CoC) Program that reverses a previously-approved, two-year allocation of CoC Program funds nationwide, which imperils \$220 million in homelessness funding across the region; and

WHEREAS, the HUD CoC Program NOFO also diverts funds from permanent housing to temporary housing programs, including a 30 percent cap on funding for permanent housing programs; and

WHEREAS, Los Angeles Homeless Services Authority reports that the 30 percent cap on permanent housing under the HUD NOFO could end rental subsidies for 5,000 households across the Los Angeles CoC ("LA CoC"); and

WHEREAS, the HUD NOFO also reduces the protected tier of grant funding renewals from 90 percent to 30 percent of the total application, with the remainder shifting to the competitive tier of grant funding; and

WHEREAS, shifting funds from the protected to competitive tier of grant renewals will likely reduce the total amount of funding available to programs funded under the LA CoC.

NOW, THEREFORE, BE IT RESOLVED, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-2026 Federal Legislative Program support for administrative and/or legislative action to maintain two-year funding allocations and categories, consistent with the 2024 Continuum of Care Program application and award.

**RESOLUTION**

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, on July 2, 2024, the State Legislature authorized the Homeless Housing and Assistance Round 6 (HHAP-6), of which \$143.6 million was subsequently allocated directly to the City, but of which the City is not currently in receipt; and

WHEREAS, the State has released HHAP funding in tranches, and the City experienced significant delays in the receipt of grant funds from the State pursuant to this practice; and

WHEREAS, the second tranche of HHAP-6 funding is not anticipated until June 2027, which would amount to a delay of 36 months in the receipt of funds; and

WHEREAS, the City urgently requires funding relative to current obligations for its homelessness programs; and

WHEREAS, should the City not receive the second HHAP-6 funding tranche until June 2027, the City would have to consider significant curtailments to homelessness programs; and

WHEREAS, the seventh round of HHAP (HHAP-7) is reported to be \$500 million statewide, which would reduce by half the City's allocation from the State under HHAP-5 and HHAP-6; and

WHEREAS, with the significant reductions in federal and County funding, it is essential that the City receive its HHAP-6 funds as soon as possible, and that the State fund HHAP-7 at historical levels rather than reduce funding by half.

NOW, THEREFORE, BE IT RESOLVED, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-2026 State Legislative Program support for legislative and/or administrative action to expeditiously release Homeless Housing Assistance and Prevention (HHAP) Round 6 grant funds; to fund HHAP Round 7 consistent with previous program years, and to distribute HHAP grants in full.