



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 974-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

April 1, 2025

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice Hahn

From: Fesia A. Davenport
Chief Executive Officer

**REPORT BACK ON FISCAL YEAR 2025-26 HOMELESS INITIATIVE FUNDING
RECOMMENDATIONS (ITEM NO. 5, AGENDA OF MARCH 25, 2025)**

On March 25, 2025, the Los Angeles County (County) Board of Supervisors (Board) approved the Fiscal Year (FY) 2025-26 Homeless Initiative Funding Recommendations Board Letter and adopted an amendment directing the Chief Executive Office - Homeless Initiative (CEO-HI) to restore the following expenditures in FY 2025-26:

- A. Transition Age Youth (TAY) Items (Approximately \$7 million)
 - a. Coordinated Entry System Regional Coordination - Funding associated with 8 Regional Coordinators for Youth
 - b. Targeted Prevention: Youth Family Reconnection - \$1,866,000
 - c. Navigation: Housing Navigation - Funding associated with Housing Navigation for TAY
 - d. Navigation: Campus Peer Navigation - \$1,094,000
 - e. Transitional Housing for Special Populations: Host Homes for TAY - \$967,000

- B. Prevention Items
 - a. Problem Solving: Problem Solving - \$550,000
 - b. Problem Solving: Administration - \$48,000
 - c. Targeted Prevention: Homeless Prevention Case Management and Financial Assistance (Families and Individuals) - \$15,605,000
 - d. Targeted Prevention: Staff and Administration - \$2,063,000
 - e. Targeted Prevention: Emergency Basic Support - \$500,000
 - f. Targeted Prevention: Housing Related Assistance - \$300,000



The amendment further directed that the Prevention items shall only be restored to the actual expenditure levels estimated for FY 2024-25 and not their budget level; that the Housing Location budget of \$5 million should be used to partially restore funding to TAY and Prevention items; and that CEO-HI report back in seven days to provide the Board with non-Pathway Home sources for the remaining funding needed after the use of \$5 million from Housing Location.

Background

Through the adoption of the FY 2025-26 Homeless Initiative Funding Recommendations Board Letter the Board approved a budget of \$637.26 million for Comprehensive Homeless Services. Comprehensive Homeless Services is the Measure A funding category that is most aligned with the types of programs and services that have been funded by Measure H, which expired on March 31, 2025. The FY 2025-26 budget amount is a reduction from the approved budget for FY 2024-25. The reduction is a result of declining sales tax revenue (\$10 million reduction); less State Homeless Housing, Assistance and Prevention Program Round 5 Tranche 2 funding compared to Tranche 1 (\$12 million reduction); and the loss of one-time funds (\$30 million reduction). The reduction of these funds is partially offset by an increase in the estimated amount of one-time Measure H carry-over (\$17 million increase). Combined, these adjustments result in a budget in FY 2025-26 that is \$35 million less than FY 2024-25, or \$637 million versus \$672 million respectively. In addition to decreased revenue, there was the need to increase funding for certain service types in FY 2025-26, the largest increase being in Intensive Case Management Services needed to support the increased number of permanent supportive housing units scheduled to come online in FY 2025-26. Ultimately, there was a need to reduce approximately \$66 million in programs and services to submit a balanced budget to the Board.

With this need to right size the funding recommendations to align with the budget, CEO-HI considered several criteria to prioritize funding areas. These criteria included protecting the most critical programs and services that provide urgent and immediate interim and permanent housing support and outreach to people experiencing homelessness, maintaining services as required to be in compliance with legal settlements and agreements, and maintaining cash matches that leverage federal and State funding. Overlaying all of these is the priority to advance racial equity and reduce disproportionality among people experiencing homelessness, access to programs and services, and outcomes of those served. The application of these criteria led to recommendations that reduced funding for Prevention and TAY programs among other service types. Some of the Prevention programs would likely be eligible to be funded under Measure A tenant protection and support program funding administered by the Los Angeles County Affordable Housing and Solutions Agency (LACAHS). Prioritizing Comprehensive Homeless Services funding for services not eligible for funding administered by LACAHS is a way to preserve funding for those service types. The CEO-HI funding recommendations, which would have reduced funding for some TAY service types,

did include recommendations that increase the total housing slots (interim and permanent) dedicated to TAY from 863 to 1,308. These are in addition to the housing slots accessed by TAY throughout the entire County funded housing portfolio.

The funding deficit is expected to increase in FY 2026-27. There are three known factors contributing to this. The first is costs associated with the interim housing bed rate increase which is \$102 million in FY 2025-26. While the base costs for interim housing beds are included in the budget approved by the Board on March 25, 2025, the \$102 million for the interim housing bed rate increase is proposed to be funded with one-time funding in FY 2025-26 and was not part of the Board Letter. As this is one-time funding, it is anticipated that the costs for the interim housing bed rate increase will need to be absorbed by the Comprehensive Homeless Services budget beginning in FY 2026-27 and beyond. The second factor is costs associated with service types that will continue to increase in FY 2026-27, the largest of which is expected to be supportive services for permanent supportive housing. The third factor is increasing rates for homeless services and prevention workers and social services agencies. The Measure A ordinance calls for setting payment rates that enable contractors to pay wages aligned with public and private market conditions and allowing annual adjustments for cost of living, administrative costs, and operational cost changes. The Measure A ordinance requires that the County establish a labor council that will provide initial recommendations to the Board by June 30, 2026, on compensation, pay equity, and cost of living adjustments. In the absence of new revenue sources and/or increased sales tax collection these factors could increase the deficit in FY 2026-27 to approximately \$150 million.

Funding Needed to Restore Transition Age Youth and Prevention Items

As described in Table 1, the cost to restore the TAY items to the FY 2024-25 budget levels is \$7.097 million, and per Table 2, the cost to restore the Prevention items to the FY 2024-25 estimated actual expenditures is \$13.693 million. In total, the amount of funding needed to restore these two areas is \$20.790 million. The Board directed that \$5M from Housing Location be used to offset the costs associated with restoring TAY and Prevention funding. A recent adjustment by the Department of Health Services to their interim housing budget line resulted in a \$3.831 million reduction to their funding request, and those dollars can also be used to offset the restoration of TAY and Prevention funding. Table 3 provides the remaining gap - \$11.524 million - once the Location Housing and interim housing adjustments are used to offset the cost of restoring TAY and Prevention funding.

For awareness, subsequent to the Board amendment to restore TAY and Prevention funding CEO-HI was asked for information on the cost to restore the Los Angeles Homeless Services Authority (LAHSA) Legal Services funding. The cost for this is \$3.244 million annually and is not included in the tables below.

Table 1 - Transition Age Youth Items			
	Service Type	FY 2024-25 Budget	FY 2024-25 Estimated Actual Expenditures
LAHSA	Regional Coordination (TAY)	\$1,792,000	\$1,409,000
	Administration	\$156,000	\$123,000
	Youth Family Reconnection	\$1,886,000	\$1,654,000
	Administration	\$164,000	\$144,000
	Housing Navigation (TAY)	\$697,000	\$524,000
	Administration	\$61,000	\$46,000
	Campus Peer Navigation	\$1,094,000	\$793,000
	Administration	\$95,000	\$69,000
	Host Homes for TAY	\$1,060,000	\$780,000
	Administration	\$92,000	\$68,000
	TOTAL	\$7,097,000	\$5,610,000

Table 2 - Prevention Items		
	Service Type	FY 2024-25 Estimated Actual Expenditures
LAHSA	Problem Solving	\$550,000
	Administration	\$48,000
	Homeless Prevention Case Management and Financial Assistance	\$11,032,000
	Staff and Administration	\$1,503,000
DCFS	Emergency Basic Support	\$389,000
	Housing Related Assistance	\$171,000
TOTAL		\$13,693,000

Table 3 - Funding Gap to Restore TAY and Prevention Items	
Funding Needed to Restore TAY and Prevention Items	\$20,790,000
Minus Housing Location (LAHSA)	-\$5,435,000
Minus Interim Housing Adjustment (DHS)	-\$3,831,000
Remaining Gap	\$11,524,000

Options to Restore Funding to Transition Age Youth and Prevention

CEO-HI identified three options to address the \$11,524,000 remaining funding gap to restore TAY and Prevention items. Versions of Option 1 and Option 2 were presented at the February 27, 2025, Homeless Policy Deputy meeting. The three options are described below.

Option 1

Option 1 would identify the \$11,524,000 needed to restore TAY and Prevention items by applying a 5% across the board reduction to a number of service types in the Comprehensive Homeless Services budget. Not included in Option 1 are service types that were already reduced, that were funded at less than \$1 million, that require local funding to secure state or federal cash matches, or that are included in legal settlements or agreements. Details of the impacted service types, funding reduction amounts, and associated service reductions associated with Option 1 can be found in Attachment I.

Option 2

Option 2 would identify the \$11,524,000 needed to restore TAY and Prevention items by reducing interim housing beds. It is estimated that 206 interim housing beds administered by LAHSA would need to be reduced (Attachment II). This estimate assumes that the reduction in interim housing beds is distributed in the same proportion across individual, family, and TAY beds as they are currently funded. A reduction of 206 interim housing beds would be almost a 3% bed reduction from the 7,222 interim housing beds that were included in the FY 2025-26 Homeless Initiative Funding Recommendations approved by the Board on March 25, 2025. This option is an alternative to taking reductions across a broader array of service types and is one of the service types with a larger budget that is not included in legal settlements or agreements. If the Board were to select Option 2, CEO-HI would work with Board offices to identify the interim housing locations and beds that would be reduced in each district.

Options 3

Option 3 would identify the \$11,524,000 needed to restore TAY and Prevention items by reducing partially or wholly up to 11 service types. This option would involve deeper funding reductions or funding termination for a smaller number of service types than would be impacted by the 5% across the board reduction in Option 1. Option 3 would preserve the service types that most directly address the immediate needs of people experiencing homelessness, including interim and permanent housing, their associated case management services, and the outreach workers that connect unsheltered people experiencing homelessness with resources to help them come inside. An exception is the new Permanent Housing for Older Adults program. As this program has not yet been implemented, it will not result in

Each Supervisor
April 1, 2025
Page 6

a service reduction if funding is reduced. There is also a new program called Youth Homelessness and Prevention in the Measure A Homelessness Solutions Innovations budget category. These two programs are both envisioned to be guaranteed income programs and if the Board chooses Option 3 but would like to include older adults in a new guaranteed income program, the Board could consider broadening the youth program funded in the Homelessness Solutions Innovations dollars to also serve older adults. Option 3 includes service types that total \$15,040,000 so there is some flexibility to choose which would be reduced to restore TAY and Prevention items.

Should you have any questions concerning this matter, please contact me or Cheri Todoroff, Executive Director of the Homeless Initiative and Affordable Housing, at (213) 974-1752 or CTodoroff@ceo.lacounty.gov.

FAD:CT:ns

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Economic Opportunity
Mental Health
Military and Veterans Affairs
Public Defender
Public Health
Public Social Services
Los Angeles County Development Authority
Los Angeles Homeless Services Authority

OPTION 1

Percentage Reduction of Approved Budget for Select Service Types

Option 1 does not include Service Types already reduced, funded at less than \$1M, that require local funding to secure state or federal cash matches, or are included in legal settlements or agreements.

CONNECT							
STRATEGY	Agency	Service Type	Description	FY 2025-26 Draft Allocation	FY 2025-26 # Slots/FTEs	5% Reduction Amount	5% Reduction FY 2025-26 # Slots/FTEs
Coordinated Outreach & Engagement	CEO	Emergency Centralized Response Center (ECRC)	Supports the centralized response call center to enhance coordination and communication for outreach efforts and encampment resolutions in partnership with elected officials, jurisdictions, governmental agencies, and outreach teams.	\$2,823,000	11 FTE	\$142,000	May Affect Number and Type of FTEs
	LAHSA	Outreach Staff and Administration	Supports staffing and administrative costs for coordinated outreach and engagement efforts administered by LAHSA.	\$9,710,000	68 LAHSA FTE Estimated 9,000 Engagements Annually 8% Administration	\$487,000	May Affect Number and Type of FTEs Reduction: 450 Engagements Annually
	DPH	Mobile Public Health Clinical Services for PEH	Supports coordination and delivery of low-barrier access to vaccination, screening, and harm reduction services for People Experiencing Homelessness (PEH) throughout the County.	\$2,000,000	5 DPH FTE 5 Contract FTE 4,800 PEH Engaged Annually 3,000 Receiving At Least One Clinical Service	\$100,000	May Affect Number and Type of FTEs Reduction: 240 PEH Engaged Annually Reduction: 150 Receiving At Least One Clinical Service
Access Centers	LAHSA	Safe Parking	Supports Safe Parking, which provides a safe and stable parking environment with supportive services for households experiencing homelessness who are living in their vehicles.	\$1,716,000	4 Safe Parking Sites	\$86,000	May Affect Available Slots and/or Services
		Administration	Supports administrative costs for Safe Parking efforts administered by LAHSA.	\$149,000	8% Administration Only	\$7,000	8% Administration Only
SUBTOTAL	Subtotal			\$16,398,000		\$822,000	

HOUSE

STRATEGY	Agency	Service Type	Description	FY 2025-26 Draft Allocation	FY 2025-26 # Slots/FTEs	5% Reduction Amount	5% Reduction FY 2025-26 # Slots/FTEs
Interim Housing	LAHSA	Interim Housing	Supports short-term housing and/or emergency beds for PEH with supportive services and case management. Programs serve populations including but not limited to women, older adults, individuals experiencing domestic/intimate partner violence (DV/IPV) and others.	\$78,970,000	3,289 Beds	\$3,960,000	Reduction: 79 Beds
		Staff and Administration	Supports staffing and administrative costs for interim housing efforts administered by LAHSA.	\$9,395,000	17.6 LAHSA FTE 8% Administration	\$471,000	May Affect Number and Type of FTEs 8% Administration
	DPH	Interim Housing	Supports Recovery Bridge Housing beds, which provide interim housing to clients co-enrolled in a substance use disorder treatment program.	\$12,668,000	550 Beds 2.5 DPH FTE	\$635,000	Reduction: 27 Beds May Affect Number and Type of FTEs
Time-Limited Subsidies	LAHSA	Shallow Subsidy	Supports the Shallow Subsidy program, which provides financial assistance for 35-40% of a household's monthly rent for a period of up to five years, as well as case management and housing-focused supportive services.	\$12,025,000	Shallow Subsidy 1,023 Slots	\$603,000	Shallow Subsidy Reduction: 52 Slots
		Time-Limited Subsidy (TLS)	Supports the TLS program, which connects families, individuals, and youth experiencing homelessness, as well as households fleeing/attempting to flee DV/IPV, and/or human trafficking who are experiencing homelessness, to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services.	\$47,074,000	1,843 Slots	\$2,361,000	Reduction: 92 Slots
		Staff and Administration	Supports staffing and administrative costs for TLS and Shallow Subsidy efforts administered by LAHSA.	\$9,664,000	35.3 LAHSA FTE 8% Administration	\$485,000	May Affect Number and Type of FTEs 8% Administration
	DPSS	Subsidized Housing for Homeless Disabled Individuals Pursuing SSI	Supports rental subsidies for PEH or at risk of homelessness who are receiving General Relief benefits and pursuing Supplemental Security Income (SSI).	\$10,415,000	1,690 Slots	\$522,000	Reduction: 84 Slots
Permanent Supportive Housing	CEO	Permanent Housing for Older Adults	Supports direct housing assistance for older adults who are homeless or at high risk homelessness to support pathways to permanent housing while strengthening connections to the County's social safety net.	\$5,000,000	Estimated 700 Older Adults Served Annually	\$251,000	Reduction: 35 Older Adults Served Annually
Housing Acquisition	LACDA	Homeless Incentive Program	Supports the Homeless Incentive Program for participating Public Housing Authorities, which provides clients matched to federal subsidies with services such as move-in assistance and security deposits as well as operates landlord recruitment and incentive programs.	\$15,217,000	2,859 Households Served Annually	\$763,000	Reduction: 143 Households Served Annually
SUBTOTAL	Subtotal			\$200,428,000		\$10,051,000	

STABILIZE

STRATEGY	Agency	Service Type	Description	FY 2025-26 Draft Allocation	FY 2025-26 # Slots/FTEs	5% Reduction Amount	5% Reduction FY 2025-26 # Slots/FTEs
Benefits Advocacy	DMH	Benefits Advocacy	Supports DMH staff to conduct mental health assessments and provide mental health records to support applications for SSI, Social Security Disability Income (SSDI), Cash Assistance Program for Immigrants (CAPI), and veterans' benefits.	\$1,544,000	8 DMH FTE	\$77,000	May Affect Number and Type of FTEs
	MVA	Benefits Advocacy	Supports MVA with providing veterans with benefits advocacy services.	\$1,372,000	4 MVA FTE 120 Applications & Appeals Submitted	\$69,000	May Affect Number and Type of FTEs Reduction: 6 Applications & Appeals Submitted
SUBTOTAL	Subtotal			\$2,916,000		\$146,000	

LOCAL JURISDICTIONS

STRATEGY	Agency	Service Type	Description	FY 2025-26 Draft Allocation	FY 2025-26 # Slots/FTEs	5% Reduction Amount	5% Reduction FY 2025-26 # Slots/FTEs
Continuums of Care (CoCs)	CEO	CoC	Supports the Long Beach, Pasadena, and Glendale CoCs with a direct allocation of funding for homeless prevention, outreach, interim housing, housing navigation, housing location, and time limited subsidies.	\$10,000,000	N/A	\$505,000	N/A
SUBTOTAL	Subtotal			\$10,000,000		\$505,000	

TOTAL				\$229,742,000		\$11,524,000	
--------------	--	--	--	----------------------	--	---------------------	--

OPTION 2				
INTERIM HOUSING BED REDUCTION				
Population Type	Total Beds	% of Portfolio	Bed Reduction	Annual Cost Estimate
Adult	1,886	52%	106	\$ 4,991,010
Family	953	26%	54	\$ 3,222,264
Transition Aged Youth	808	22%	46	\$ 2,432,140
Total	3,647	100%	206	\$ 10,645,413
Administrative Cost				\$ 851,633
Grand Total				\$ 11,497,000

**OPTION 3
REDUCTION OF SELECT SERVICES TYPES**

COORDINATE					
STRATEGY	Agency	Service Type	Description	FY 2025-26 Proposed Allocation for Reduction Consideration	FY 2025-26 # Slots/FTEs
Coordinated Entry System	DMH	Referral, Access, and Data Unit	Supports Department of Mental Health (DMH) CES participation, including PSH matching, verification of eligibility for DMH housing, and data management.	\$661,000	3 DMH FTE
	Subtotal			\$661,000	
	MVA	Improved Coordination for Document Readiness	Supports streamlining the process to ensure veterans are document ready, facilitating faster access to essential identification and social security cards necessary for housing applications.	\$258,000	1 MVA FTE
	Subtotal			\$258,000	
TOTAL	Total			\$919,000	
CONNECT					
STRATEGY	Agency	Service Type	Description	FY 2025-26 Proposed Allocation for Reduction Consideration	FY 2025-26 # Slots/FTEs
Coordinated Outreach & Engagement	DPH	Encampment Assessments	Supports Department of Public Health (DPH) Environmental Health with conducting assessments of homeless encampments, identifying environmental health hazards, and providing technical assistance to outreach teams and other agencies serving PEH.	\$185,000	1 DPH FTE
		Mobile Public Health Clinical Services for PEH	Supports coordination and delivery of low-barrier access to vaccination, screening, and harm reduction services for PEH throughout the County.	\$2,000,000	5 DPH FTE 5 Contract FTE 4,800 PEH Engaged Annually 3,000 Receiving At Least One Clinical Service
	Subtotal			\$2,185,000	
Access Centers	LAHSA	Safe Parking	Supports Safe Parking, which provides a safe and stable parking environment with supportive services for households experiencing homelessness who are living in their vehicles.	\$1,716,000	4 Safe Parking Sites
		Administration	Supports administrative costs for Safe Parking efforts administered by LAHSA.	\$149,000	8% Administration Only
	Subtotal			\$1,865,000	
TOTAL	Total			\$4,050,000	
HOUSE					
STRATEGY	Agency	Service Type	Description	FY 2025-26 Proposed Allocation for Reduction Consideration	FY 2025-26 # Slots/FTEs
Interim Housing	DMH	Interim Housing Staff and Administration	Supports staffing costs for DMH for staff who work with DHS and LAHSA to triage interim housing referrals as part of "air traffic control" and ensure appropriate placement.	\$268,000	1 DMH FTE 10% Administration
	Subtotal			\$268,000	
	DPH	Interim Housing Inspections	Supports regular inspections of interim housing facilities to ensure they are within approved living standards and comply with applicable laws and ordinances.	\$703,000	4.5 DPH FTE
		Emergency Housing	Supports PEH served by DPH Communicable Disease Programs in need of temporary lodging, meals, and transportation in order to complete recommended communicable disease treatment, isolation, and/or quarantine.	\$100,000	Estimated 40 Clients Served Annually
Subtotal			\$803,000		
Permanent Supportive Housing	CEO	Permanent Housing for Older Adults	Supports direct housing assistance for older adults who are homeless or at high risk homelessness to support pathways to permanent housing while strengthening connections to the County's social safety net.	\$5,000,000	Estimated 700 Older Adults Served Annually
	Subtotal			\$5,000,000	
TOTAL	Total			\$6,071,000	
STABILIZE					
STRATEGY	Agency	Service Type	Description	FY 2025-26 Proposed Allocation for Reduction Consideration	FY 2025-26 # Slots/FTEs
Critical Documents & Background Clearing	PD	Criminal Records Clearing Project	Supports services to clear felony and misdemeanor records at outreach events throughout the County via Public Defender mobile legal clinics, streamlining the expungement process for people experiencing or at risk of homelessness. These services help remove barriers to housing, employment, and government benefits.	\$2,000,000	8 PD FTE 1,000 Petitions Granted
	Subtotal			\$2,000,000	
Employment & Income Support	DEO	Employment for Adults Experiencing Homelessness	Supports the Regional Initiative for Social Enterprises (LA/RISE) that unites the City of LA and County Workforce Development System with employment Social Enterprises to assist those impacted by homelessness get good jobs and remain employed.	\$1,780,000	1 DEO FTE 7 Contracts 183 Slots
		Administration	Supports administrative costs for employment efforts administered by LAHSA.	\$220,000	11% Administration
	Subtotal			\$2,000,000	
TOTAL	Total			\$4,000,000	
TOTAL				\$15,040,000	