

**BOARD OF
SUPERVISORS**

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District



COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 973-1101 ceo.lacounty.gov

ACTING CHIEF EXECUTIVE OFFICER

Joseph M. Nicchitta

"To Enrich Lives Through Effective and Caring Service"

December 09, 2025

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF THE FISCAL YEAR 2025-26 APPROPRIATION ADJUSTMENT NECESSARY TO
PROVIDE FUNDING TO THE NEW DEPARTMENT OF
HOMELESS SERVICES AND HOUSING
(ALL DISTRICTS AFFECTED) (4-VOTES)**

SUBJECT

The Chief Executive Office (CEO) recommends that your Board of Supervisors (Board) approve an appropriation adjustment to consolidate existing Fiscal Year (FY) 2025-26 funding currently distributed across multiple budget units and/or programs including the Department of Health Services (DHS) Community Programs budget unit, CEO Homeless and Housing Program budget unit, and CEO-Homeless Initiative (CEO-HI) Program budget unit, into the new Department of Homeless Services and Housing (HSH) budget unit. Additionally, the transfer of funding from the Care First and Community Investment (CFCI)-DHS Program funds to the newly created CFCI-HSH Level 2 budget unit.

IT IS RECOMMENDED THAT THE BOARD:

Approve a FY 2025-26 appropriation adjustment (Enclosure) to transfer the net funding amount of:

- a. \$768,634,000 from the DHS – Community Programs budget unit to HSH;
- b. \$520,301,000 from the CEO Homeless and Housing Program budget unit to HSH;
- c. \$42,571,000 from the CEO-HI Program budget unit to HSH; and
- d. \$19,800,000 from the CFCI-DHS Program funds to the CFCI-HSH Level 2 budget unit.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of Recommendation 1(a), (b), and (c) will transfer \$1,331,506,000 in funding from the existing budget units listed above, to the new HSH operating budget unit. Additionally, approval of Recommendation 1(d) will transfer \$19,800,000 in CFCI funding from the existing CFCI-Health Services budget unit, reflecting the funding for DHS' Housing for Health (HFH) to the newly established CFCI-HSH. The recommended actions are a necessary step to establish funding within HSH and allow it to operate as a new stand-alone Department on January 1, 2026, as directed by your Board.

Implementation of Strategic Plan Goals

The recommended actions support the Los Angeles County (County) Strategic Plan's North Star 1 - Make investments that transform lives, Focus Area Goal C - Housing and Homelessness, Strategy 1 - Affordable Housing and Strategy 3 – Homelessness.

The recommended actions support the County Strategic Plan's North Star 2 - Foster vibrant and resilient communities, Focus Area Goal C – Public Safety, Strategy 2 - Operational Enhancement.

FISCAL IMPACT/FINANCING

The recommended action transfers existing appropriation from various budget units at CEO and DHS into the new HSH, in support of establishing the new HSH as directed by your Board. There is no new funding incorporated in this appropriation adjustment, and this represents 12-months of existing funding at an amount that reflects the Board-approved FY 2025-26 Final Adopted budget. Additionally, the recommended action transfers funding from the CFCI-DHS Program funds to the newly created CFCI-HSH Level 2 budget unit. This represents existing CFCI funding as of the Board-approved FY 2025-26 Final Adopted budget. The HSH budget/fiscal team will work with the relevant departments to transfer all current-year costs incurred to-date at each of the existing budget units and/or programs mentioned above from July 1, 2025 through December 31, 2025, to the new budget units. This will ensure budgetary transparency and facilitate financial reporting for FY 2025-26.

This approval of the appropriation adjustment will ensure HSH has full operational and budgetary authority over the housing-related program funds mentioned above. HSH will also assume budgetary and operational authority over funding currently residing in the existing Affordable Housing budget unit, as well as the special funds associated with Measure H and Measure A.

The FY 2026-27 Measure A spending plan will go to your Board for approval in January 2026 and those changes, along with other budgetary adjustments to align the budget to existing resources, will be incorporated budgetarily during a future budget phase as part of the County's FY 2026-27 budget process. Homeless services in the County are facing a structural deficit caused by rapid expansion of critical services, an increase in the cost of services, including rate increases and cost-of-living adjustments, and relatively flat sales tax revenue. A structural deficit exists when ongoing expenses exceed the availability of ongoing revenues. Currently, and unrelated to the creation of the new department, CEO-HI and DHS-HFH are operating with a \$490.0 million annual structural deficit, when aggregating the total annual structural deficit amounts across both homeless services portfolios. CEO-HI and DHS-HFH have previously identified one-time funding solutions that address the budgetary "funding gap" in any given year, but that do not address the structural issues that require either additional ongoing funding and/or a reduction in services to align with available

ongoing resources. The one-time funding solutions employed by CEO-HI and DHS-HFH include the use of unspent homeless services carryover funding, redirected one-time funding from various sources, as well as one-time State/federal grants and other revenues such as American Rescue Plan Act funding.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 26, 2024, your Board voted to study the feasibility of implementing the recommendation from the Blue-Ribbon Commission on Homelessness to establish a County entity dedicated to homeless service delivery and to streamline the Los Angeles Homeless Services Authority (LAHSA). Recommendation No. 1 of that report calls for the establishment of a dedicated County department focused exclusively on serving individuals who are unhoused or at risk of becoming unhoused, and Recommendation No. 3 of that report calls for streamlining LAHSA's responsibilities so that it retains only its core functions as the lead agency for the Greater Los Angeles Continuum of Care. These include administration of the Homeless Management Information System, oversight of the Greater Los Angeles Homeless Count, and other emergency response services as designated and funded by your Board.

The February 28, 2025 report to your Board demonstrates the feasibility of creating such a County entity and streamlining LAHSA. The report provided a roadmap to establish a new County department in three phases. Phase 1 integrates CEO-HI and DHS-HFH and the respective funding under their purview and establishes the department's foundational administrative structure and is targeted for completion on January 1, 2026. Phase 2, targeted for July 1, 2026, integrates County-funded programs and services administered by LAHSA into the new department, as applicable. Phase 3 is the integration of additional programs and services administered by other County departments into the new department and will take place no sooner than July 1, 2026.

On April 1, 2025, your Board adopted a motion to formally establish a new County department dedicated to serving individuals experiencing or at risk of homelessness and directed the CEO, in consultation with relevant departments and stakeholders, to begin the implementation of the workplan and timelines outlined in the February 28, 2025 report. Phase 1 of the establishment of HSH includes the transfer of programs from CEO-HI and DHS-HFH to the new department. In accordance with the implementation plan, HSH is scheduled to become operational on January 1, 2026. To facilitate this transition, on November 25, 2025, following the second reading, your Board approved the establishment of the new HSH Department in the County code and allocated 642 ordinance positions to the new department. This included 415 existing ordinance positions that represent the current staffing infrastructure for CEO-HI, DHS-HFH and DHS' HSA, and the addition of 227 new ordinance positions effective January 1, 2026. The 227 new ordinance positions will be formally incorporated in a future budget phase based on available funding.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the budget adjustments in this Board Letter will enable the new HSH to operate, commencing on January 1, 2026. Establishment of the new HSH includes the transfer of staffing, funding, and programs from CEO and DHS. The goal is to better align and enhance services to people experiencing homelessness and housing insecurity.

The Honorable Board of Supervisors

12/9/2025

Page 4

Respectfully submitted,



Joseph M. Nicchitta

Acting Chief Executive Officer

JMN:JG:MM

EB:DK:EK:cg

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Health Services
Homeless Services and Housing

PINK

BA FORM 10142022

BOARD OF SUPERVISORS
OFFICIAL COPY

December 09, 2025

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2025-26

4 - VOTES

SOURCES

USES

BA DETAIL - SEE ATTACHMENT PAGES 1 - 6

BA DETAIL - SEE ATTACHMENT PAGES 1 - 6

SOURCES TOTAL

\$2,381,361,000

USES TOTAL

\$2,381,361,000

JUSTIFICATION

Reflects the transfer of all existing funding from Housing for Health (\$768.634 million), Homeless and Housing (\$520.301 million), and CEO Homeless Initiative (\$42.571 million) to the Department of Homeless Services and Housing. It also reflects the transfer of Care First and Community Investment (CFCI) funding (\$19.8 million) to the Department of Homeless Services and Housing.

Michael J. Martinez

Digitally signed by Michael J. Martinez
Date: 2025.11.24 14:25:23 -08'00'

AUTHORIZED SIGNATURE

MICHAEL MARTINEZ, MANAGER, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR---

☐ ACTION

☒ RECOMMENDATION

Digitally signed by Lan
Sam
Date: 2025.11.24
15:06:12 -08'00'

AUDITOR-CONTROLLER

BY

Lan Sam

B.A. NO. 069

DATE

11/24/25



APPROVED AS REQUESTED



APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

Erika
Bonilla

BY

Digitally signed by
Erika Bonilla
Date: 2025.11.24
15:23:18 -08'00'

DATE

11/24/25

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26
4 - VOTES

SOURCES		USES	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-6800-26600 INTRAFUND TRANSFERS DECREASE APPROPRIATION		DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-1000-26600 SALARIES & EMPLOYEE BENEFITS INCREASE APPROPRIATION	
152,264,000		95,549,000	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-88-8741-26600 STATE HOMELESS HOUSING ASSISTANCE PREVENTION PROGRAM FUNDING INCREASE REVENUE		DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-2000-26600 SERVICES & SUPPLIES INCREASE APPROPRIATION	
47,977,000		922,004,000	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-88-8743-26600 HOMELESS HOUSING GRANTS INCREASE REVENUE		DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-5500-26600 OTHER CHARGES INCREASE APPROPRIATION	
53,541,000		312,938,000	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-88-8744-26600 STATE HOMELESS & HOUSING INCENTIVE PROGRAM (HHIP)-LA CARE INCREASE REVENUE		DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-6030-26600 CAPITAL ASSETS - EQUIPMENT INCREASE APPROPRIATION	
24,896,000		1,015,000	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-88-8944-26600 2011 REALIGNMENT-AB109 INCREASE REVENUE			
3,907,000			
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-90-9031-26600 FEDERAL GRANTS INCREASE REVENUE			
797,000			
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-91-9200-26600 METRO TRANSP AUTHORITY INCREASE REVENUE			
19,155,000			
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-92-943S-26600 ENHANCED CARE MANAGEMENT (ECM) INCREASE REVENUE			
1,555,000			
DEPARTMENT OF HOMELESS SERVICES AND HOUSING A01-DH-92-943T-26600 COMMUNITY SUPPORT (CS) INCREASE REVENUE			
76,283,000			

Lan Sam

Digitally signed by Lan Sam
Date: 2025.11.24 15:06:23 -08'00'

BA 069 11/24/25

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26		4 - VOTES	
SOURCES		USES	
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-92-9461-26600			
OTHER CHARGES FOR SERVICES			
INCREASE REVENUE	3,056,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-92-C075-26600			
CONTRACT CITIES - SANTA MONICA			
INCREASE REVENUE	1,260,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-96-990C-26600			
OPERATING TRANSFERS IN - MEASURE A INNOVATIONS			
INCREASE REVENUE	9,632,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-96-990D-26600			
OPERATING TRANSFERS IN - MEASURE A ACCT., DATA & RESEARCH			
INCREASE REVENUE	10,413,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-96-9911-26600			
OPERATING TRANSFERS IN			
INCREASE REVENUE	6,487,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-96-9918-26600			
OPERATING TRANSFERS IN - MEASURE H			
INCREASE REVENUE	185,206,000		
DEPARTMENT OF HOMELESS SERVICES AND HOUSING			
A01-DH-96-991Z-26600			
OPERATING TRANSFERS IN - MEASURE A COMP. HOMELESSNESS SVCS.			
INCREASE REVENUE	335,417,000		
HEALTH SERVICES - COMMUNITY PROGRAMS		HEALTH SERVICES - COMMUNITY PROGRAMS	
A01-HU-1000-22200		A01-HU-6800-22200	
SALARIES & EMPLOYEE BENEFITS		INTRAFUND TRANSFERS	
DECREASE APPROPRIATION	58,000,000	INCREASE APPROPRIATION	242,821,000

Lan Sam Digitally signed by Lan Sam
Date: 2025.11.24 15:06:32 -08'00'

BA 069 11/24/25

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26
4 - VOTES

SOURCES

USES

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-2000-22200
SERVICES & SUPPLIES
DECREASE APPROPRIATION

738,068,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-88-8743-22200
HOMELESS HOUSING GRANTS
DECREASE REVENUE

14,076,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-5500-22200
OTHER CHARGES
DECREASE APPROPRIATION

69,760,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-88-8944-22200
2011 REALIGNMENT-AB109
DECREASE REVENUE

3,907,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-6030-22200
CAPITAL ASSETS - EQUIPMENT
DECREASE APPROPRIATION

1,015,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-91-9200-22200
METRO TRANSP AUTHORITY
DECREASE REVENUE

19,155,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-92-943S-22200
ENHANCED CARE MANAGEMENT (ECM)
DECREASE REVENUE

1,555,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-92-943T-22200
COMMUNITY SUPPORT (CS)
DECREASE REVENUE

76,283,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-92-9461-22200
OTHER CHARGES FOR SERVICES
DECREASE REVENUE

3,056,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-92-C075-22200
CONTRACT CITIES - SANTA MONICA
DECREASE REVENUE

1,260,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-96-9918-22200
OPERATING TRANSFERS IN - MEASURE H
DECREASE REVENUE

113,914,000

HEALTH SERVICES - COMMUNITY PROGRAMS
A01-HU-96-991Z-22200
OPERATING TRANSFERS IN - MEASURE A COMP. HOMELESSNESS SVCS.
DECREASE REVENUE

276,734,000

Lan Sam
Digitally signed by Lan Sam
Date: 2025.11.24
15:06:42 -08'00'

BA 069 11/24/25

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26
4 - VOTES

SOURCES

USES

HEALTH SERVICES - COMMUNITY PROGRAMS

A01-HU-96-990C-22200

OPERATING TRANSFERS IN - MEASURE A INNOVATIONS

DECREASE REVENUE 6,300,000

HEALTH SERVICES - COMMUNITY PROGRAMS

A01-HU-96-990D-22200

OPERATING TRANSFERS IN - MEASURE A ACCT., DATA & RESEARCH

DECREASE REVENUE 1,293,000

HOMELESS AND HOUSING PROGRAM

A01-CB-2000-26685

SERVICES & SUPPLIES

DECREASE APPROPRIATION 277,123,000

HOMELESS AND HOUSING PROGRAM

A01-CB-6800-26685

INTRAFUND TRANSFERS

INCREASE APPROPRIATION 6,000,000

HOMELESS AND HOUSING PROGRAM

A01-CB-5500-26685

OTHER CHARGES

DECREASE APPROPRIATION 243,178,000

HOMELESS AND HOUSING PROGRAM

A01-CB-88-8741-26685

STATE HOMELESS HOUSING ASSISTANCE PREVENTION PROGRAM FUNDING

DECREASE REVENUE 47,977,000

HOMELESS AND HOUSING PROGRAM

A01-CB-88-8743-26685

HOMELESS HOUSING GRANTS

DECREASE REVENUE 40,262,000

HOMELESS AND HOUSING PROGRAM

A01-CB-88-8744-26685

STATE HOMELESS & HOUSING INCENTIVE PROGRAM (HHIP)-LA CARE

DECREASE REVENUE 24,896,000

HOMELESS AND HOUSING PROGRAM

A01-CB-96-990C-26685

OPERATING TRANSFERS IN - MEASURE A INNOVATIONS

DECREASE REVENUE 3,332,000

HOMELESS AND HOUSING PROGRAM

A01-CB-96-9911-26685

OPERATING TRANSFERS IN

DECREASE REVENUE 6,487,000

Lan Sam

Digitally signed by Lan Sam
Date: 2025.11.24
15:06:52 -08'00'

BA 069 11/24/25

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26
4 - VOTES

SOURCES

USES

HOMELESS AND HOUSING PROGRAM

A01-CB-96-9918-26685

OPERATING TRANSFERS IN - MEASURE H

DECREASE REVENUE

68,466,000

HOMELESS AND HOUSING PROGRAM

A01-CB-96-991Z-26685

OPERATING TRANSFERS IN - MEASURE A COMP. HOMELESSNESS SVCS.

DECREASE REVENUE

32,955,000

CHIEF EXECUTIVE OFFICER

A01-AO-1000-10100

SALARIES & EMPLOYEE BENEFITS

DECREASE APPROPRIATION

28,311,000

CHIEF EXECUTIVE OFFICER

A01-AO-6800-10100

INTRAFUND TRANSFERS

INCREASE APPROPRIATION

1,652,000

CHIEF EXECUTIVE OFFICER

A01-AO-2000-10100

SERVICES & SUPPLIES

DECREASE APPROPRIATION

14,260,000

CHIEF EXECUTIVE OFFICER

A01-AO-96-990D-10100

OPERATING TRANSFERS IN - MEASURE A ACCT., DATA & RESEARCH

DECREASE REVENUE

9,120,000

CHIEF EXECUTIVE OFFICER

A01-AO-96-9918-10100

OPERATING TRANSFERS IN - MEASURE H

DECREASE REVENUE

2,826,000

CHIEF EXECUTIVE OFFICER

A01-AO-96-991Z-10100

OPERATING TRANSFERS IN - MEASURE A COMP. HOMELESSNESS SVCS.

DECREASE REVENUE

25,728,000

Lan Sam
Digitally signed by Lan Sam
Date: 2025.11.24
15:07:02 -08'00'

BA 069 11/24/25

CFCI-TO BE ALLOCATED

A01-CR-2000-34000-34100

SERVICES & SUPPLIES

DECREASE APPROPRIATION

19,800,000

CFCI-HOMELESS SERVICES AND HOUSING

A01-CR-2000-34000-35150

SERVICES & SUPPLIES

INCREASE APPROPRIATION

19,800,000

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

FY 2025-26 4 - VOTES			
SOURCES		USES	
SOURCES TOTAL		USES TOTAL	
\$2,381,361,000		\$2,381,361,000	

Lan Sam

Digitally signed by Lan Sam
Date: 2025.11.24 15:07:12 -08'00'

BA 069 11/24/25