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Chief Executive Office.

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ACTING CHIEF EXECUTIVE OFFICER
Joseph M. Nicchitta

December 1, 2025

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

From: Joseph M. Nicchitta
Joseph M. Nicchitta (Nov 30, 2025 12:42:30 PST)
Acting Chief Executive Officer

ADVANCING HOUSING SOLUTIONS IN UNINCORPORATED AREAS OF LOS ANGELES COUNTY (ITEM NO. 18, AGENDA OF SEPTEMBER 30, 2025)

On September 30, 2025, the Los Angeles County (County) Board of Supervisors (Board) directed the Chief Executive Office (CEO) to work with the Los Angeles County Development Authority (LACDA), the Department of Consumer and Business Affairs (DCBA), the Department of Homeless Services and Housing (HSH), and the CEO-Homeless Initiative (CEO-HI) to develop: (1) a strategic plan for the implementation of the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) Unincorporated Area (UA) allocations with two-year and four-year timelines; and (2) an analysis for formula options and recommendations for the allocation of the LACAHSA UA funding. This serves as the report back for the second directive above.

LACAHSA distributes its Measure A funding to "Eligible Jurisdictions" using allocations approved by LACAHSA's Board in the Annual Expenditure and Strategy Plan. For Fiscal Year (FY) 2025-26, the projected allocation is $24,782,720 for Unincorporated County areas, divided across three eligible uses: Production, Preservation, and Ownership (PPO); Renter Protection and Homelessness Prevention (RPHP); and Technical Assistance (TA). To comply with the Expenditure Plan and the County's Memorandum of Understanding (MOU) with LACAHSA, the County must use at least $14M or 77.25 percent of PPO funds on constructing new affordable housing. The remaining $4.2M of PPO funds are considered flexible and are not restricted to new construction uses. Your Board has directed an analysis of the implications of suballocating these LACAHSA funds to each Supervisorial District (SD) based on relevant data sources and methodologies.

Baseline Assumptions

All suballocation formula options rely on the same assumptions. First, TA funds are excluded from the analysis given their small magnitude and purpose. In the CEO's April 4, 2025 Report on Creation of Framework for LACAHSA UA Funds, TA funds are recommended for the staff needed to strategically implement these funds across DCBA, LACDA, and HSH. Second, a portion of RPHP funding, $312,453, is excluded for LACAHSA's efforts to build infrastructure for an integrated, Countywide prevention system through accessible marketing, a web-based application portal, and shared data systems. Third, all PPO funding will still need to meet the minimum required threshold of 77.25 percent for constructing new affordable housing. These assumptions yield $23,584,858 for potential suballocation using various formula options: $18,584,858 for PPO and $5,000,000 for RPHP.

Baseline and Suballocation Formulas

The County reviewed numerous data sources[1] to establish a baseline and analyze suballocation options. Census demographics (e.g., size, households, etc.) were supplemented with UA data on renters, the rent burden rate, and the displacement risk, from the Equity Explorer and the Tracking Regional Affordability and Challenges to Tenancy tools. Utility User Tax (UUT) allocations, based on UA population and the Concentrated Disadvantage Index, were also evaluated. Realistic Capacity data was analyzed from the Regional Housing Needs Assessment (RHNA) to estimate how much affordable housing could be built in UAs zoned for housing. Finally, data from the Local Solutions Fund (LSF) formula, which combines homeless Point-in-Time Count (PIT) estimates and data on low-income UA family households, were analyzed for each SD.

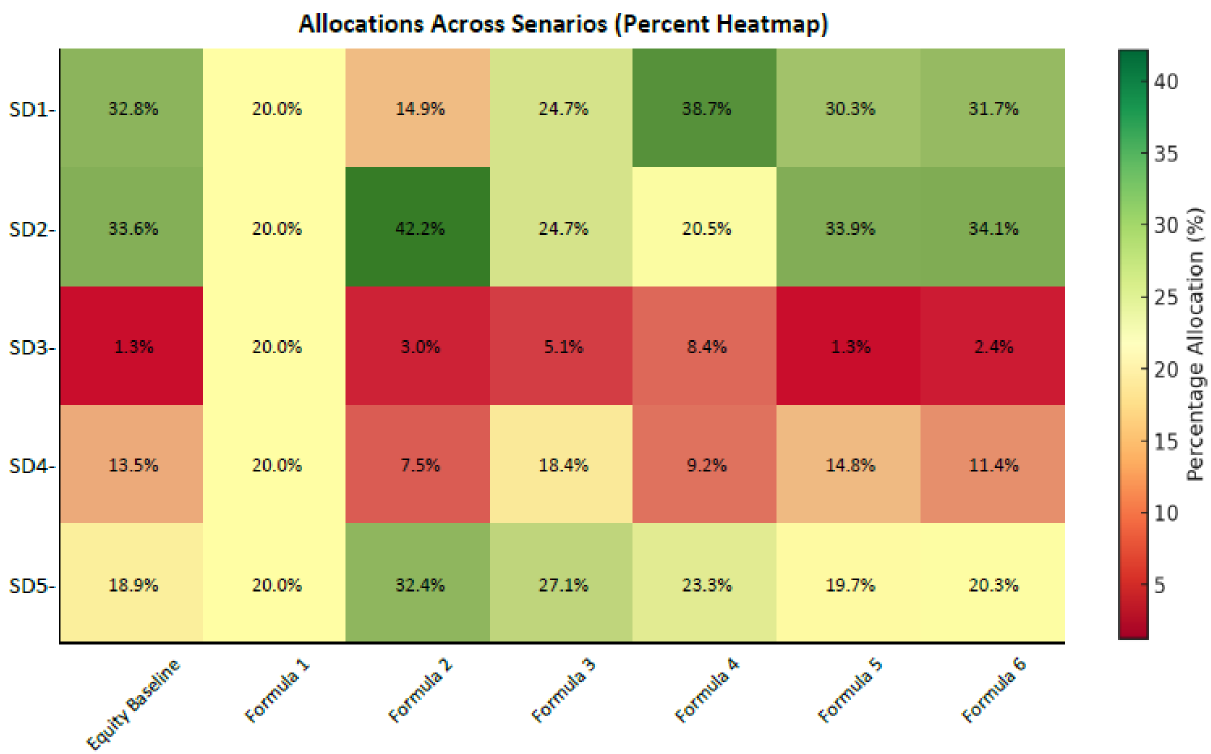
An equity baseline was established using data on racial demographics and renter households, to show where renters who are members of race groups disproportionately impacted by homelessness and poverty reside in UAs. This equity baseline aids in the assessment of each suballocation option for UA impact. These data sources were used to generate the following seven options:

1. **Even Suballocation:** Each SD is suballocated an equal allocation of PPO and RPHP funding;

[1] Data sources included Census, Equity Explorer Tool, Tracking Regional Affordability and Challenges to Tenancy, Regional Housing Needs Assessment, Unincorporated Utility Tax, Homeless Point in Time, Expiring Affordable Housing Covenant, etc.

2. **Local Solutions Fund Methodology:** Each SD is suballocated based on the same methodology used in the Measure A LSF formula;
3. **Unincorporated User Utility Tax Methodology:** Each SD is suballocated based on its relative share of the UUT allocation;
4. **Realistic Capacity and Renter Households:** The suballocation for PPO funding is based on each SD's relative share of RHNA Realistic Capacity, and the suballocation for RPHP is based on each SD's relative share of renter households;
5. **Affordability (Rent Burden):** Each SD's suballocation is based on its relative share of rent-burdened households;
6. **Displacement Risk**: Each SD's suballocation is based on its relative share of displacement risk scores, where UAs are assigned a numerical score based on their low, medium, or high displacement risk; or
7. **Aggregating Funds**: Maximize flexibility or leverage other resources.

Results and Analysis



Suballocation formulas that rely on affordability data on rent-burdened households (Formula No. 5) or the risk of displacement in UAs (Formula No. 6) are most closely aligned with the equity baseline. In these scenarios, SD1 and SD2 are suballocated at least 30 percent of PPO and RPHP resources, and SD5 is suballocated roughly

20 percent. Other formulas yield more resources for each of these SDs; however, each of those formulas has an inequitable impact on another district. For example, the even suballocation (Formula No. 1) is inequitable for every SD – under-or-over-representing need across the board. The LSF suballocation method (Formula No. 2) drives allocations to where unsheltered homelessness is highest (SD2) and/or growing (SD5), which is not always correlated with the location of rent-burdened households in other districts like SD1 or SD4 (See Attachment).
Based on this analysis, formulas that rely on affordability and displacement risk are preferred. However, there are compelling arguments for keeping the PPO and RPHP allocations aggregated.

Case for Resource Aggregation

LACDA intends to use PPO dollars to leverage other funding sources and existing programs to maximize the impact of the $18.6M allocation to produce the most units possible. This is done through LACDA's competitive annual Notice of Funding Availability (NOFA). Most projects receive between $150,000 to $190,000 per unit in LACDA and go on to secure commitments from State sources including Low Income Housing Tax Credits. Those sources prioritize projects in high opportunity zones or areas that expand fair housing opportunities for residents.

As these projects must use Project Labor Agreements, they need to be large enough to be able to absorb these costs over multiple units. A typical 75-unit project would need at least $11.2M. Moreover, tying resources to specific SDs may undermine the flexibility needed to deliver projects that benefit UA residents—particularly given the financial/market conditions, environmental constraints, and zoning challenges that must be overcome to translate funding into completed affordable units. LACDA has a mechanism to prioritize UAs in their NOFA criteria, such as geographic scoring criteria, awarding maximum points for UA projects with committed local matching funds and committed rental subsidies, and they can add additional data driven criteria to base scores, which may include housing goals.

DCBA has a long-standing methodology to target unincorporated communities with greater housing instability and displacement pressure. In fact, the same displacement risk data used in Formula No. 6 and rent burden households used in Formula No. 5 are used by DCBA to identify the highest-risk zip codes to deploy legal services and Emergency Rental & Flexible Financial assistance, allocated at 20 percent and 40 percent of funding, respectively. DCBA also uses a centralized intake system to determine eligibility and connect tenants to contracted providers, so continued centralization of resources would help DCBA ensure it maximizes impact by focusing resources where the risk of housing loss is greatest.

Consolidated resources at LACDA and DCBA ensure that allocations remain responsive to changing market, environmental, and zoning conditions, while still prioritizing communities facing the highest housing instability and displacement risk. This approach balances equity and feasibility—ensuring LACAHSA resources deliver the greatest possible impact for UA residents.

Conclusion

Equity-based suballocation formulas provide valuable insight into need, and aggregating funds allows the County to maximize flexibility and leverage other resources. These options are presented to help inform your Board on what would most effectively advance affordable housing goals in the UAs of the County.

Should you have any questions or concerns, please contact me or Carrie Miller at (213) 262-7823 or cmiller@ceo.lacounty.gov.

JMN:JG:CDM
KH:kdm

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Consumer and Business Affairs
Homeless Services and Housing
Los Angeles County Development Authority

LACAHSA SUBALLOCATION FORMULA OPTIONS SUMMARY

Eligible Use	Formula	Sub-Allocation Method	SD1	SD2	SD3	SD4	SD5	Total
PPO	1	Even Sub-Allocation	$ 3,716,972	$ 3,716,972	$3,716,972	$ 3,716,972	$3,716,972	$18,584,858
PPO	2	Local Solutions Fund Methodology	$ 2,764,116	$ 7,841,431	$ 566,448	$ 1,392,967	$6,019,896	$18,584,858
PPO	3	Unincorporated User Utility Tax	$ 4,590,460	$ 4,590,460	$ 947,828	$ 3,419,614	$5,036,497	$18,584,858
PPO	4	RHNA Realistic Capacity	$ 7,476,262	$ 3,175,741	$1,915,467	$ 1,527,548	$4,489,840	$18,584,858
PPO	5	Affordability Metric (Rent Burden)	$ 5,630,039	$ 6,295,742	$ 246,325	$ 2,759,640	$3,653,112	$18,584,858
PPO	6	Displacement Risk	$ 5,892,760	$ 6,346,049	$ 453,289	$ 2,115,350	$3,777,410	$18,584,858
PPO	N/A	Equity Baseline	$ 6,092,800	$ 6,245,329	$ 236,215	$ 2,499,829	$3,510,686	$18,584,858
RPHP	1	Even Sub-Allocation	$ 1,000,000	$ 1,000,000	$1,000,000	$ 1,000,000	$1,000,000	$ 5,000,000
RPHP	2	Local Solutions Fund Methodology	$ 743,647	$ 2,109,629	$ 152,395	$ 374,759	$1,619,570	$ 5,000,000
RPHP	3	Unincorporated Utility Tax	$ 1,235,000	$ 1,235,000	$ 255,000	$ 920,000	$1,355,000	$ 5,000,000
RPHP	4	Renter Households	$ 1,641,669	$ 1,662,514	$ 55,730	$ 635,808	$1,004,280	$ 5,000,000
RPHP	5	Affordability Metric (Rent Burden)	$ 1,514,684	$ 1,693,783	$ 66,270	$ 742,443	$ 982,819	$ 5,000,000
RPHP	6	Displacement Risk	$ 1,585,366	$ 1,707,317	$ 121,951	$ 569,106	$1,016,260	$ 5,000,000
RPHP	N/A	Equity Baseline	$ 1,639,184	$ 1,680,220	$ 63,550	$ 672,545	$ 944,502	$ 5,000,000
Combined	1	Even Sub-Allocation	$ 4,716,972	$ 4,716,972	$4,716,972	$ 4,716,972	$4,716,972	$23,584,858
Combined	2	Local Solutions Fund Methodology	$ 3,507,763	$ 9,951,060	$ 718,843	$ 1,767,726	$7,639,466	$23,584,858
Combined	3	Unincorporated User Utility Tax	$ 5,825,460	$ 5,825,460	$1,202,828	$ 4,339,614	$6,391,497	$23,584,858
Combined	4	RHNA Realistic Capacity/Renter Households	$ 9,117,931	$ 4,838,254	$1,971,197	$ 2,163,356	$5,494,120	$23,584,858
Combined	5	Affordability Metric (Rent Burden)	$ 7,144,723	$ 7,989,525	$ 312,595	$ 3,502,083	$4,635,932	$23,584,858
Combined	6	Displacement Risk	$ 7,478,126	$ 8,053,366	$ 575,240	$ 2,684,455	$4,793,670	$23,584,858
Combined	N/A	Equity Baseline	$ 7,731,983	$ 7,925,549	$ 299,765	$ 3,172,374	$4,455,187	$23,584,858

	SD1	SD2	SD3	SD4	SD5
Foruma 1	20%	20%	20%	20%	20%
Formula 2	15%	42%	3%	7%	32%
Formula 3	25%	25%	5%	18%	27%
Formula 4	39%	21%	8%	9%	23%
Formula 5	30%	34%	1%	15%	20%
Formula 6	32%	34%	2%	11%	20%
Equity Baseline	33%	34%	1%	13%	19%