

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

****AMENDED****

CIVIL MINUTES – GENERAL

Case No: LA CV 20-02291-DOC-(KESx)

Date: March 18, 2024

Title: LA ALLIANCE FOR HUMAN RIGHTS, et al. v. CITY OF LOS ANGELES, et al.

PRESENT: THE HONORABLE DAVID O. CARTER, UNITED STATES DISTRICT JUDGE

Karlen Dubon
Courtroom Clerk

Court Smart
Court Reporter

ATTORNEYS PRESENT FOR

PLAINTIFF:

Elizabeth Mitchell
Matthew Umhofer

ATTORNEYS PRESENT FOR

DEFENDANT:

Jennifer Mira Hashmall
Scott Marcus
Shayla Myers, Intervenor
Steven Yagman, Proposed Intervenor

PROCEEDINGS:

**MOTION TO ENFORCE THE SETTLEMENT
AGREEMENT AND FOR SANCTIONS [668]**

(Los Angeles First Street)

Also present, Paul Webster, Special Master Michele Martinez, District Judge André Birotte, and Los Angeles City Mayor Karen Bass. The case is called. The Court and counsel confer.

The Court ORDERS the parties to file forms regarding the scope of the audit and proposed auditors no later than 9:00 AM on March 21, 2024. The hearing is CONTINUED to March 22, 2024 at 1:00 PM.

The Court orders the transcript of the hearing held March 18, 2024, be immediately produced at the government's expense and billed at the daily rate. The transcript shall be prepared forthwith and filed on the docket with immediate release to the public.

The transcript will also be available to download on the Court's Cases of Interest webpage, located here: <http://www.cacd.uscourts.gov/newsworthy/cases-of-interest>

1:29

CC: CourtRecording_CACD@cacd.uscourts.gov
Transcripts_CACD@cacd.uscourts.gov
Reporter_CACD@cacd.uscourts.gov

Initials of Deputy Clerk: kdu

LAHSA Budget

**LAHSA Budget 2022-2023:
\$845.4 Million**

- **\$726.2 million going to
service providers**

Increase in Unhoused Population by County

Orange County			
Year	H. Population	Poulation #	% changes
2018	6,860		
2020	6,978	118.00	1.72%
2021			
2022	5,718	-1,260.00	-18.06%
2023			
LA County			
2018	52,765		
2019	58,936	6,171.00	11.70%
2020	66,433	7,497.00	12.72%
2021			
2022	69,144	2,711.00	4.08%
2023	75,518	6,374.00	9.22%
LA City			
2018	31,285		
2019	36,165	4,880.00	15.60%
2020	41,290	5,125.00	14.17%
2021			
2022	41,980	690.00	1.67%
2023	46,260	4,280.00	10.20%

Increase in Unhoused Population by County

San Bernardino			
2018	2,118		
2019	2,607	489.00	23.09%
2020	3,125	518.00	19.87%
2021			
2022	3,333	208.00	6.66%
2023	4,195	862.00	25.86%
Riverside County			
2019	2,811		
2020	2,884	73.00	2.60%
2021			
2022	3,316	432.00	14.98%
2023	3,725	409.00	12.33%
Ventura County			
2019	1,669		
2020	1,787	118.00	7.07%
2021			
2022	2,238	451.00	25.24%
2023	2,441	203.00	9.07%
San Diego			
2019	8,102		
2020			
2021			
2022	8,427	325.00	4.01%
2023	10,264	1,837.00	21.80%

Increase in Unhoused Population by County

San Francisco			
2017	6,858		
2018			
2019	8,035	1,177.00	17.16%
2020			
2021			
2022	7,754	-281.00	-3.50%
2023			
Sacramento			
2017	3,665		
2018			
2019	5,570	1,905.00	51.98%
2020			
2021			
2022	9,278	3,708.00	66.57%
2023			
Oakland			
2017	2,761		
2018			
2019	4,071	1,310.00	47.45%
2020			
2021			
2022	5,055	984.00	24.17%
2023			

Increase in Unhoused
Population by County

Fresno-Madera			
2017	2,016		
2018	2,144	128.00	6.35%
2019	2,508	364.00	16.98%
2020	3,641	1,133.00	45.18%
2021	3,509	-132.00	-3.63%
2022	4,216	707.00	20.15%
2023	4,493	277.00	6.57%

Funding for Homeless Initiatives (2021)

SOURCE	AMOUNT
STATE FUNDING EXPENDED IN LAST 3 YEARS (per State Auditor Elaine Howle)	\$13 billion
LA CITY PROPOSTION HHH FUNDING	\$1.2 billion
LA COUNTY MEASURE H FUNDING	\$3.5 billion
PROPOSITION J FUNDING	Up to \$900 million per year
GOVERNOR NEWSOM'S PLEDGED BUDGET	\$12 billion over five years
ADDITIONAL CALTRANS BUDGET	\$1.5 billion
LA HOMELESS REVENUE, 2019-20	\$2.6 billion expended
PROJECT ROOMKEY	100% FEMA Reimbursement available, not yet applied for
AMERICAN RESCUE PLAN	\$1.3 billion
LAHSA	?
2020 BUDGET ROLLOVER	\$160 million

State Auditor Releases Scathing Audit of the Failure to Mitigate Homelessness in California

'CA has the largest homeless population in the nation, but its approach to addressing homelessness is disjointed'

By Katy Grimes, February 18, 2021 12:43 pm

California State Auditor Elaine Howle recently released a **rather scathing audit** of the management or mismanagement of Homelessness in California. She said that the state continues to have the largest homeless population in the nation “likely in part because its approach to addressing homelessness has been disjointed.”

In her **cover letter** to the Governor, President pro Tempore of the Senate, and Speaker of the Assembly, Howle said “At least nine state agencies administer and oversee 41 different programs that provide funding to mitigate homelessness, yet no single entity oversees the State’s efforts or is responsible for developing a statewide strategic plan.”

The state’s plan to mitigate homelessness is not designed to achieve this, as the audit shows. Because if the 9 agencies and 41 different programs were, they would no longer be needed, the federal and state funding would dry up, and public employee union jobs would be lost. In California, no program ever sunsets.

“The State continues to lack a comprehensive understanding of its spending to address homelessness, the specific services the programs provide, or the individuals who receive those services.”

“Our audit found three additional factors that make state guidance to coordinate efforts to address homelessness especially necessary:

- CoCs do not always employ best practices related to identifying, planning for, and providing services for those experiencing homelessness.
- None of the five CoCs we reviewed has adequately determined whether it has enough service providers to meet the needs of those experiencing homelessness.
- Two of the five CoCs we assessed do not have current comprehensive plans.”

Just the year before in 2018, a United Nations expert on housing singled out Oakland and San Francisco in a report as the only two U.S. cities which are part of a “global scandal,” saying the homeless encampments are “cruel and inhumane,” after visiting the Bay Area in January, KTVU Fox reported. In the same report the Special Rapporteur says “residents of informal settlements affirm humanity in the most inhumane circumstances. The Special Rapporteur has visited many informal settlements in the global North and South. She has found the severity of the living conditions and the failure of States to respond to them profoundly disturbing.”

California has spent \$13 billion in just the last three years on the massive homelessness problem. The auditor said the approach to dealing with homelessness is so fragmented and incomplete it actually hinders efforts at getting people into stable housing.

“Last year, Newsom vetoed a bill that would have created a uniform data-collection system on homelessness spending, saying the measure was duplicative and would create additional and unnecessary data collection costs,” KCRA Channel 3 reported. However, the auditor found a lack of coordination between agencies, and largely, no accountability by any agency or the task force.

Some highlights from the audit:

- In recent years, the number of individuals experiencing homelessness in California has soared. More than 151,000 Californians were homeless in 2019, an increase of 15 percent from 2017.
- Unlike in some other states, no single state entity in California oversees efforts to address homelessness or is responsible for developing a statewide strategic plan. Instead, at least nine state agencies administer and oversee 41 different programs that provide funding for purposes related to homelessness.
- Despite creating the Homeless Coordinating and Financing Council in 2017, homeless council staff stated that the council has not set priorities or timelines for achieving all 18 statutory goals (below). Further, the homeless council still has not finalized an action plan that homeless council staff believe will serve as the council's strategic plan, and has yet to fulfill some of its most critical goals.
- Council staff said they can request information from state agencies, but it does not currently have the authority to require this information from other state agencies and has not been able to track program spending to date.

"In September 2019, the Governor signed a package of 13 bills addressing homelessness, including Senate Bill 211, which authorizes the California Department of Transportation to lease certain property to local governments for temporary emergency shelters or feeding programs, and Senate Bill 450, which exempts certain hotels converted to supportive or transitional housing from the requirements of the California Environmental Quality Act until January 1, 2025," the Auditor reported. "In January 2020, the Governor signed an executive order that focuses on preventing homelessness, providing shelter and services to people experiencing homelessness, and creating new temporary housing to reduce unsheltered homelessness. This executive order calls for, among other things, a multiagency state strike team to provide technical assistance and direct support to counties, cities, and public transit agencies seeking to bring people experiencing homelessness indoors and connect them with appropriate health, human, and social services."

The auditor said the homeless council staff reported that the homeless council has not formally gone through the process of prioritizing the 18 statutory goals.

“There is no single state entity that comprehensively tracks the sources of funding, the intended uses, or related expenditures for these programs,” nor does the state “track how much funding is available or spent toward addressing homelessness statewide.”

**- California State Auditor,
Elaine Howle**

Additionally, “the homeless council has not prioritized coordination of existing funding and applications for competitive funding,” the auditor reported. “We believe that it [the Council] is well positioned to track the State’s sources of funding and spending on homelessness activities and make informed recommendations to decision makers to ensure proper coordination among different programs.”

The auditor said her office reviewed a number of other states which have charged a single agency with addressing homelessness statewide and tracking funding information centrally. “These other states have fared better than California in stemming the number of people who experience homelessness.”

The second part of the audit focused on the Continuum of Care organizations (CoCs), which “do not consistently employ best practices to improve homeless services in their areas.”

“The five CoCs we reviewed do not adequately conduct a comprehensive annual gaps analysis,” the Auditor reported. And two of the CoCs don’t even have current comprehensive plans. “Federal regulations require each CoC to have a plan in place to conduct an annual gaps analysis to determine whether the number and type of current services and service providers in its area are adequate to meet the needs of all the people it has identified as experiencing homelessness.”

Because of this, some homeless are struggling to access services because of gaps in the CoCs’ coordinated entry processes.

The Auditor makes a long list of recommendations, which frankly should already have been a priority for the county Continuum of Care organizations if they are truly focused on the goal of reducing homelessness by providing assessments and proper services for those they are tasked with helping. However, the audit does not state the obvious: if these five CoCs were to successfully reduce homelessness in California, they would work themselves out of jobs and the funding would dry up.

LOS ANGELES HOMELESSNESS REVENUE

IN 2018, THE STATE OF CALIFORNIA PROVIDED ONE-TIME BLOCK GRANT FUNDING FOR \$500 MILLION TO SUPPORT CoCs AND LARGE CITIES. IN 2019, THE STATE OF CALIFORNIA PROVIDED ONE-TIME BLOCK GRANT FUNDING OF \$650 MILLION TO CoCs, LARGE MUNICIPALITIES AND COUNTIES.

HUD FUNDING	2019	2020	TOTAL
Continuum of Care Funding	\$134,763,670	\$132,361,222	\$267,124,892
ESG City of LA	\$4,688,518		\$4,688,518
ESG County of LA	\$1,915,450		\$1,915,450
CDBG City of LA	\$53,358,857		\$53,358,857
CDBG County of LA	\$22,969,231	\$13,668,315	\$36,637,546
ESG CV City of LA		\$183,598,812	\$183,598,812
ESG CV County of LA		\$69,050,943	\$69,050,943
CDBG CV City of LA		\$31,963,374	\$31,963,374
CDBG CV County of LA		\$13,668,315	\$13,668,315
HUD-VASH LA City	\$289,559		\$289,559
HUD-VASH LA County	\$425,867		\$425,867
TOTAL	<u>\$218,411,152</u>	<u>\$444,310,981</u>	<u>\$662,722,133</u>
STATE OF CA FUNDING	2018 & 2019 Homeless Block Grants	2020 COVID-19 Funding	TOTAL
LAHSA	\$134,763,670	\$10,963,460	\$158,333,589
LA City	\$202,576,107	\$19,335,938	\$221,912,045
LA County	\$64,310,071	\$10,567,011	\$74,877,082
TOTAL	<u>\$414,256,307</u>	<u>\$40,866,409</u>	<u>\$455,122,716</u>
LOCAL FUNDING	2018-2019	2019-2020	TOTAL
LA CITY	\$372,735,754	\$426,329,846	\$799,095,600
LA COUNTY	\$355,572,000	\$355,572,000	\$711,144,000
TOTAL	<u>\$728,307,754</u>	<u>\$781,901,846</u>	<u>\$1,510,239,600</u>

TOTAL PUBLIC FUNDS FOR LA HOMELESSNESS: \$2,628,084,449

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**



ARLENE BARRERA
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

February 14, 2020

TO: Each Supervisor
FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*
SUBJECT: LOS ANGELES COUNTY DEVELOPMENT AUTHORITY – HOMELESS INITIATIVE – STRATEGY B4: FACILITATE UTILIZATION OF FEDERAL HOUSING SUBSIDIES – PERFORMANCE DATA AND EXPENDITURES REVIEW

With the support and active participation of the Chief Executive Office (CEO) and the Los Angeles County Development Authority (LACDA), we have completed a review of LACDA's Homeless Initiative – Strategy B4: Facilitate Utilization of Federal Housing Subsidies (Strategy B4) performance data and expenditures. In collaboration with the CEO, LACDA serves as the lead agency in providing Strategy B4 services. Strategy B4 utilizes Measure H funding to support LACDA's Homeless Incentive Program (HIP), which offers monetary incentives to encourage landlords to rent their available units to homeless Section 8 voucher holders.

LACDA's Strategy B4 expenditures were allowable, supported, and used for HIP services as required. However, we identified opportunities where LACDA can improve and strengthen controls over Strategy B4 services. For example, LACDA could not readily provide the detailed supporting documentation for their July through September 2018 performance data. After our review, LACDA was able to assess and analyze their existing data to identify and provide the requested supporting documentation. However, LACDA should develop policies and procedures to ensure the appropriate documentation is always maintained and readily available.

These enhancements will provide greater assurance that LACDA has the appropriate procedures over Strategy B4 data to ensure the performance metrics are reported accurately.

For details of our review, please see Attachment I. LACDA's response indicates agreement with our findings and recommendations and is included in Attachment II.

We thank LACDA management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Terri Kasman at (213) 253-0301.

AB:PH:TK:JH

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Emilio Salas, Acting Director, Los Angeles County Development Authority
Audit Committee

CHIEF EXECUTIVE OFFICE

2020 FEB 18 PM 1:13

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NUMBER OF RECOMMENDATIONS
PRIORITY 1 0
PRIORITY 2 1
PRIORITY 3 1

FAST FACTS

LACDA serves as the lead agency in providing Strategy B4 services, which utilizes Measure H funding to support LACDA's HIP.

HIP offers monetary incentives to encourage landlords to rent their available units to homeless Section 8 voucher holders.

CEO advanced LACDA approximately \$4.5 million, of which LACDA utilized approximately \$4 million from October 2017 through September 2018.

REPORT #X19910

LOS ANGELES COUNTY
AUDITOR-CONTROLLER

Attachment I
Page 1 of 2

Peter Hughes ASSISTANT AUDITOR-CONTROLLER	Terri Kasman DIVISION CHIEF
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COUNTYWIDE CONTRACT MONITORING DIVISION

Report #X19910

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
HOMELESS INITIATIVE – STRATEGY B4
FACILITATE UTILIZATION OF FEDERAL HOUSING SUBSIDIES
PERFORMANCE DATA AND EXPENDITURES REVIEW

BACKGROUND AND AUDIT SCOPE

In collaboration with the Chief Executive Office (CEO), the Los Angeles County Development Authority (LACDA) serves as the lead agency in providing Homeless Initiative – Strategy B4: Facilitate Utilization of Federal Housing Subsidies (Strategy B4) services. Strategy B4 utilizes Measure H funding to support LACDA’s Homeless Incentive Program, which offers monetary incentives to encourage landlords to rent their available units to homeless Section 8 voucher holders. Incentives include vacancy payments to landlords to hold housing units, participant move-in costs such as security and utility deposits, and financial assistance for damage claims caused by tenants. The CEO advanced LACDA approximately \$4.5 million to provide Strategy B4 services, of which LACDA utilized approximately \$4 million from October 2017 through September 2018.

We reviewed a sample of transactions from July through September 2018 to determine whether LACDA appropriately accounted for and spent Strategy B4 funds. In addition, we reviewed LACDA’s Strategy B4 performance data for July through September 2018 to ensure the data was adequately supported with documentation.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

ISSUE	RECOMMENDATION
<p>1 Supporting Documentation for Performance Data - LACDA submits their Strategy B4 performance data to the CEO quarterly. During our review, LACDA could not readily provide the detailed supporting documentation for their July through September 2018 performance data. Specifically, LACDA did not maintain point-in-time details for the reporting period (i.e. July through September 2018) and instead, maintained real-time, running totals. As a result, LACDA could not readily generate reports to support the data for the specified timeframe.</p> <p>After our review, LACDA was able to assess and analyze their existing data to identify and provide the requested supporting documentation. However, LACDA should develop policies and procedures to ensure the appropriate documentation is always maintained and readily available.</p> <p>Impact: Increased risk of inaccurate and/or unsupported performance data.</p>	<p>Priority 2 – LACDA management develop policies and procedures to ensure adequate documentation to support their reported performance data is appropriately maintained and readily available upon request.</p> <p>LACDA Response: Agree Implementation Date: October 2019</p>

Priority Ranking: Recommendations are ranked from Priority 1 to 3 based on the potential seriousness and likelihood of negative impact on the Department’s operations if corrective action is not taken.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION	
ISSUE	RECOMMENDATION
<p>2 Support for Quarterly Expenditure Reports - LACDA provides cash advances to their contracted Public Housing Agencies (PHAs) to ensure funds are readily available to provide Strategy B4 services. The PHAs spend down and track the funds in their quarterly expenditure reports submitted to LACDA, which are in turn reported to the CEO. However, we noted that LACDA does not require the PHAs to provide supporting documentation, such as detailed accounting records, at the time the quarterly expenditure reports are submitted.</p> <p>It should be noted that we conducted Fiscal Year 2018-19 monitoring reviews for LACDA's two largest contracted PHAs and determined that the PHAs' Strategy B4 expenditures were allowable, supported, and used for their intended purposes. However, to enhance assurance over the accuracy/appropriateness of the quarterly expenditure reports, LACDA should require that PHAs provide supporting documentation with the reports.</p> <p>Impact: Increased risk of inaccurate and/or inappropriate financial reporting.</p>	<p>Priority 3 - LACDA management require additional information, such as the PHAs' accounting records, to be submitted with the quarterly expenditure reports.</p> <p>LACDA Response: Agree Implementation Date: November 2019</p>

We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing. For more information on our auditing process, including recommendation priority rankings, the follow-up process, and management's responsibility for internal controls, visit <https://auditor.lacounty.gov/audit-process-information/>



January 22, 2020

Arlene Barrera, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA 90071

**SUBJECT: RESPONSE TO LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY (LACDA) HOMELESS INITIATIVE - STRATEGY B4:
FACILITATE UTILIZATION OF FEDERAL HOUSING SUBSIDIES
PERFORMANCE DATA AND EXPENDITURES REVIEW**

Dear Ms. Barrera:

This letter is in response to the results of the Performance Data and Expenditures Review conducted by the Los Angeles County Auditor-Controller's Office. The results of the review received by the LACDA cited two recommendations related to opportunities where we can improve and strengthen controls over Strategy B4 services.

Recommendation #1:

The first recommendation resulted from the LACDA not readily providing the detailed supporting documentation for our July through September 2018 performance data. It was recommended that the LACDA develop policies and procedures to ensure adequate documentation to support our reported performance data is appropriately maintained and readily available upon request.

LACDA's Response: The LACDA management agrees with the recommendation. The LACDA agreed to establish a procedure to require the submission of statistical reports utilized in preparing the Homeless Initiative – Strategy B4 quarterly performance data to the Chief Executive Office by all Public Housing Agencies (PHAs) including LACDA. On August 19, 2019, the LACDA instructed all PHAs when submitting their quarterly report to make certain that the time and date is printed on the report to ensure that the reporting period reflects point-in-time details that correlates with their data. The implementation occurred within the 1st quarter reporting period; thus, quarterly reports received on or after October 1, 2019, are complying with the new procedures.



lacda.org

700 West Main Street, Alhambra, CA 91801

Tel: (626) 262-4511 TDD: (626) 943-3898

Acting Executive Director: Emilio Salas

Commissioners: Hilda L. Solis, Mark Ridley-Thomas, Sheila Kuehl, Janice Hahn, Kathryn Barger



Arlene Barrera, Auditor-Controller
January 22, 2020
Page 2

Recommendation #2:

The second recommendation relates to support for quarterly expenditure reports. It was noted that the LACDA does not require the PHAs to provide supporting documentation, such as detailed accounting records at the time the quarterly expenditure reports are submitted. To enhance assurance over the accuracy/appropriateness of the quarterly expenditure reports, the LACDA should require that PHAs provide supporting documentation with the reports.

LACDA's Response: The LACDA management agrees with the recommendation. LACDA established a procedure to require all PHAs to submit general ledger reports when requesting reimbursements for Strategy B4 expenditures. The LACDA notified PHAs that all required quarterly reports must be submitted to LACDA by the 15th day of the month following the end of each fiscal quarter. We further instructed the PHAs that the reports should be accompanied by fund expenditures supporting documentation such as financial ledgers. This procedure was implemented on November 25, 2019, during our Fiscal Year 2019/2020 Homeless Incentive Process Interagency Amendment process.

We will provide additional supporting documents during the follow-up review process. If you have any questions, please contact Matthew Fortini, Director of Finance and Budget at (626) 586-1890.

Sincerely,


EMILIO SALAS
Acting Executive Director

cc: Matthew Fortini, Director of Finance and Budget Division

LA COUNTY DEVELOPMENT AUTHORITY - STRATEGY B4 PERFORMANCE DATA AND EXPENDITURES REVIEW

Strategy B4 utilizes Measure H funding to support LACDA's Homeless Incentive Program (HIP), which offers monetary incentives to encourage landlords to rent their available units to homeless Section 8 voucher holders.

In February 2020, Los Angeles County Auditor-Controller Arlene Barrera identified opportunities where LACDA could improve and strengthen control over Strategy B4 services. For example, LACDA could not readily provide supporting documentation for their July - September 2018 performance data and instead maintained real-time, running totals.



Data: County of Los Angeles Department of Auditor-Controller, February 14, 2020, "Los Angeles County Development Authority - Homeless Initiative - Strategy B4: Facilitate Utilization of Federal Housing Subsidies - Performance Data and Expenditures Review"
Los Angeles County Development Authority (LACDA), directed to Arlene Barrera, Auditor-Controller, January 22, 2020, "Response to Los Angeles County Development Authority (LACDA) Homeless Initiative - Strategy B4: Facilitate Utilization of Federal Housing Subsidies Performance Data and Expenditures Review"

Measure H Citizens' Oversight Advisory Board Meeting COUNTY OF LOS ANGELES

DATE: Thursday, December 5, 2019
TIME: 1:00 p.m.

IV. Measure H Funding and Outcomes (Phil Ansell, Chief Executive Office – Homeless Initiative)

Mr. Ansell provided an update on the FY 2018-19 Measure H Final Expenditures. A copy of the chart is available on the website (<https://homeless.lacounty.gov/oversight/>) and has the following information: Funded Measure H Strategies, description, lead agency, final allocations for FY 2018-19, expenditures by quarter, total expenditures, and the difference between allocation and expenditures (underspending).

2

- In FY 18-19, there was \$58.5M in underspending, including:
 - \$3.9M of expenditures were incurred by lead agencies, but were not submitted to Auditor Controller by the deadline (funding will be carried over to FY 2019-20, so that agencies can pay costs).
 - \$15.3M represents funding previously approved for interim housing capital expenditures (dollars not spent in FY 2018-19, but will be used for multi-year projects)
- When these numbers are excluded, there is \$39.3M in actual under- expenditures (between 9-10% of total allocation of \$412M in FY 2018-19).
- For context, in FY 2017-18 (first year of Measure H), the total allocation was \$216M and under expenditures were about 33%.
- There are certain strategies with higher rates of under expenditures:
 - Underspending is largely due to staff vacancies associated with ramp-up and/or turnover.
 - According to the lead agencies for those strategies, underspending in FY 2018-19 is not predictive of underspending in FY 2019-20.
 - This data will assist in Measure H Funding Recommendations for FY 2019-20, 2020-21, 2021-22
- Measure H is not expected to have zero under expenditures, since it is a complex system with many contract providers. Contractors must ensure they do not exceed contract maximums, which results in some underspending.
- Measure H revenue for FY 2018-19 (\$398M) exceeded the initial, projected Measure H revenue projection of \$355M.
- It is projected that FY 2019-20 Measure H revenue will also equal \$398M.
- Mr. Naimo asked about funding for services versus rental subsidies.
 - Mr. Ansell responded that Measure H is not an appropriate funding stream for ongoing rental subsidies, since Measure H is time- limited.
 - Measure H funding was used in early years for rental subsidies to increase the pace at which people can enter PSH, but local subsidies will eventually need to be replaced with federal subsidies.
 - On a long-term basis, the County intends to fund intensive case management services (ICMS) for all new project-based PSH in LA County
 - There are insufficient federal subsidies today for all new PSH units and there is currently dialogue on how to cover the future need for rental subsidies for new PSH (particularly project-based PSH).
 - There is no intention to reduce PSH services to pay for rental subsidies.

Mr. Ansell also provided information on the FY 2018-19 Measure H Outcomes (Quarterly Report #14)

- Interim housing placements:
 - 18,323 individuals and family members were placed in interim housing funded in whole or in part by Measure H in the past fiscal year.
 - Almost 32,000 individuals and family members placed in interim housing funded in whole or in part by Measure H for the first two fiscal years.

- Permanent housing placements:
 - 9,377 individual and family members were placed in permanent housing in the past year.
 - A total of 16,003 have been permanently housed through Measure H over the past two fiscal years.
 - Measure H is on track to meet its 5-year goal of placing 45,000 family members and individuals in permanent housing.
- Ms. Margiotta asked for more context regarding the 45,000 goal: 1) how many additional housing placements are needed and 2) how was goal determined?
 - Mr. Ansell responded that there were about 48,000 people who exited homelessness in LA County in calendar year 2018. Of that number, about 21,000 were directly assisted by the homeless services system. (Measure H represented slightly under half of the total permanent housing placements).
 - The 45,000 number is an estimate based on the costs associated with securing permanent housing, outreach, interim housing, and benefits advocacy, etc.
 - This number is not based on the total need.
- Mr. Kerr expressed concern about homelessness inflow and suggested that the County have a dashboard/open source data to analyze best practices. Mr. Ansell responded that the homelessness crisis is primarily the result of our affordable housing crisis and the Board has taken the following actions:
 - required the creation of an annual affordable housing outcomes report, which documents the gap in affordable housing and identifies current affordable housing properties at-risk of losing affordability
 - is pursuing tenant protections to mitigate the impact of shortage of affordable housing
 - considering permanent rent stabilization ordinance for unincorporated areas
 - supports SB 1482 which caps rent increases statewide for multi-unit rental housing built more than 15 years ago at 5% plus CPI for 10 years (would also extend just cause eviction protections)
 - The fundamental solution is a combination of increasing housing supply and tenant protections.

Mr. Ansell also provided information about the FY 2019-20 Key Metrics:

- Key performance metrics have been identified, but the CEO-HI is still working with lead agencies to identify which metrics are the most consequential relative to the performance of Measure H.
- Mr. Naimo stated this info will help understand the year-to-year changes in the homeless population.
- Ms. Al-Mansour stated it would help to know about zoning ordinances for affordable housing.
- Mr. Kerr was interested to have a presentation by the California Housing Partnership Corporation regarding their work on the County's annual affordable housing outcomes report.
- Mr. Margiotta stated that she was interested in the prevention metrics and thought it would be helpful to see hard numbers and how it relates on a macro level.

- Mr. Ansell stated that the intent is to complete the key metrics chart and return to the Advisory Board with more information.

Mr. Ansell presented information on the FY 2020-21, 2021-22, and 2022-23 Measure H Funding Recommendations Process:

- The process will include final recommendations for FY 2020-21 and tentative recommendations for FY 2021-22 and FY 2022-23.
- Outcome data is now available, which assists in discerning how to best deploy Measure H resources.
- Will include eight Policy Summits, which will take place through November and primarily focus on discussion questions, expenditure outcome data, and evaluation reports on Measure H strategies.
- LAHSA/CEO-HI will conduct community meetings to solicit stakeholder input.
- There will also be an on-line mechanism for written public input
- A draft set of recommendations will be developed based on this input and posted in early March 2020 on the CEO-HI website and discussed via a Webinar
- There will be an additional public meeting in March 2020, which will include another opportunity for written public comment.
- There will be a panel discussion of draft recommendation at the March 2020 HI Conference.
- Draft Funding Recommendations will be presented to the Board Deputies in April 2020 and the Board of Supervisors will vote on the recommendations in May.
- In addition to Measure H, there is also a new State funding source: Homeless Housing, Assistance, and Prevention Program (HHAPP) that will be incorporated into the process.
- County was aggressive in increasing the Measure H funding to \$460M this year and hopeful to sustain in 2021 and beyond, though it is dependent on the economy.
- Ms. Margiotta asked how funding conversations will address themes that cut across multiple strategies (for example, sustainability and compensation for employees who are working in the homeless services system or how black people experiencing homelessness are affected).
 - Mr. Ansell responded that the first and last Policy Summits are intended to cover cross-cutting themes and funding.
 - Also, the last summit will compile the key themes from the prior seven Summits.
- Mr. Kerr asked if there has been an opportunity to look at non-Measure H revenue that the County is saving and reinvest this funding to known strategies that are saving the County money.
 - In February 2016, the Board directed the CEO to identify single adults in LA County who are experiencing homelessness for whom the County has incurred the greatest costs (also known as the 5% list).
 - Housing and services are prioritized for this group of people and the CEO was asked to determine the associated savings for potential reinvestment.
 - There are challenges in capturing savings and reinvesting, since savings usually accrue to the State or Federal Government. For example, savings to Medicaid or in food stamps are not available to the County to reinvest.

- Additionally, savings are in systems that otherwise have surplus demand.
- However, there is a promising opportunity around increasing access to Medicaid funding for housing and homelessness related purposes
- The County is in dialogue with the State in anticipation of the expiration of the current 1115 waiver.
- Medicaid requires a non-federal match and Measure H is available to draw down the federal match, which will further leverage funding.
- Public Comment: Six persons provided public comment.

APPROXIMATELY 1 BILLION IN MEASURE H FUNDING 2017-2020

(FY) 2017-18*

Measure H Funding Allocation: \$216 million

Unspent: approx. \$71.8 million (33%)

(FY) 2018-19**

Measure H Funding Allocation: \$412.2 million

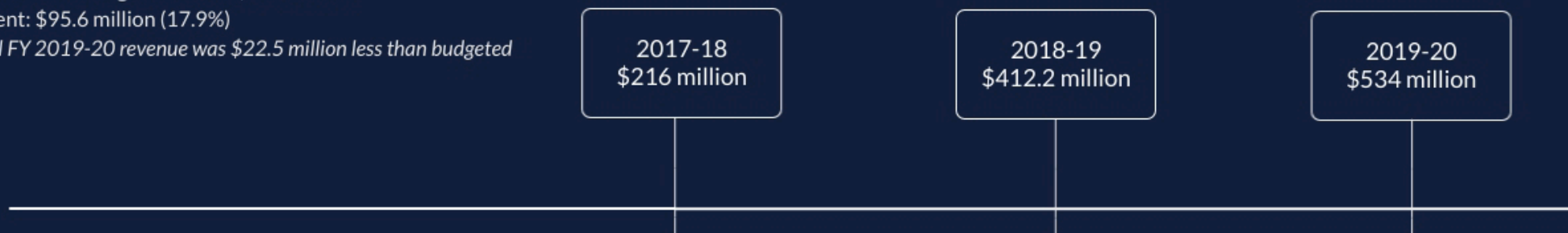
Unspent: \$39.3 million (9.5%)

(FY) 2019-20***

Measure H Funding Allocation: \$534 million

Unspent: \$95.6 million (17.9%)

Actual FY 2019-20 revenue was \$22.5 million less than budgeted



Fiscal Year ("FY")

* Source

** "Measure H Funding and Outcomes (Phil Ansell, Chief Executive Office - Homeless Initiative)," Measure H Citizens' Oversight Board Meeting, County of Los Angeles, December 5, 2019

*** "FY 2018-19 Measure H Strategy Underspending Survey Compilation," Measure H Citizens' Oversight Advisory Board Meeting, County of Los Angeles, September 5, 2019

**** "Measure H Funding and Outcomes (Phil Ansell, Chief Executive Office, Homeless Initiative (CEO-HI)," Measure H Citizens' Oversight Advisory Board, Thursday, March 4, 2021

**“THE HIGH COST OF HOMELESS HOUSING: REVIEW OF PROPOSITION
HHH” (2019)
CITY OF LOS ANGELES, CONTROLLER RON GALPERIN**



RON GALPERIN
CONTROLLER

October 8, 2019

Honorable Eric Garcetti, Mayor
Honorable Michael Feuer, City Attorney
Honorable Members of the Los Angeles City Council

Re: The High Cost of Homeless Housing: Review of Proposition HHH

Los Angeles voters approved Proposition HHH in November 2016 by an overwhelming margin, authorizing City officials to issue up to \$1.2 billion in general obligation bonds to partially subsidize the development of up to 10,000 supportive housing units for individuals and families experiencing homelessness. HHH funds can also be used to support new affordable housing units, temporary shelters and service facilities. The ballot language of HHH provides that the City Controller shall conduct a financial audit of the program each year bonds are outstanding or proceeds remain unspent. The attached audit examines how the City is delivering on HHH to alleviate the most pressing issue facing Los Angeles.

As of last month, the City has conditionally awarded nearly all of the funds authorized by HHH to build 114 projects across Los Angeles, which are slated to provide a total of 5,873 supportive units for homeless residents and another 1,767 affordable units. However, more than two years after the first bond issuance and nearly three years since voters approved HHH, not one bond-funded unit has opened. While 19 projects are under construction and two are scheduled to open in the coming months, it is clear that the City's HHH program is not keeping pace with the growing demand for supportive housing and shelter. According to the Greater Los Angeles Homeless Count, homelessness in the City has increased by 40 percent to more than 36,000 people over the past four years.

Increased costs, timelines

There is currently a lack of clarity surrounding the City's goal for the number of supportive housing units to be built using HHH funds. This review found that, regardless of the actual target, high costs and slower than expected pre-development and construction timelines have significantly hindered the City's ability to achieve the ballot measure's intentions.

Building cost estimates skyrocketed from \$350,000 for a small studio or one-bedroom unit and \$414,000 for a larger unit, as projected in 2016, to a median cost of \$531,000 per unit today. More than 1,000 HHH units are projected to exceed \$600,000, with one project topping \$700,000 per unit.

The cost of building many of these units exceeds the median sale price of a market-rate condominium in the City of Los Angeles and a single-family home in Los Angeles County. Reasons for this include the number and complexity of funding sources required to complete an HHH project, the relatively limited pool of eligible developers, regulatory barriers and permitting challenges, and considerable construction and labor costs. An unusually high 35 to 40 percent of costs are so-called “soft costs” (development fees, consultants, financing, etc.), compared to just 11 percent for actual land costs.

The high price of development is linked with elongated approval and construction timelines. HHH projects are estimated to take between three to six years to complete — a schedule plainly out of step with the City’s urgent need to bring tens of thousands of people off the streets and into housing. In an attempt to speed up the pace, the City created a position to serve as a dedicated concierge for HHH projects, a welcome step that should have been taken sooner. City leaders have also set aside one-tenth of the bond proceeds to explore alternative housing models, such as modular homes and shared units with simplified financing mechanisms. This strategy aims to provide 975 additional supportive units and could lower per-unit costs, which would be positive. It remains to be seen whether the projects will live up to expectations, and evaluating outcomes will help determine what should be replicated and what to avoid.

Two additional financial issues of note are the premature sale of HHH bonds and the decentralized nature of HHH accounting authority. Because the City decided to sell so many bonds long before the proceeds would be used to build homeless housing, Los Angeles taxpayers incurred at least \$5.2 million in excess interest payments through June 2019. At this time, there is also an unnecessary division of labor in program accounting for the housing and facilities components of HHH, which should be centralized in one department.

Recommendations

In order to reduce Proposition HHH project costs and development timelines, prevent any potential future delays, and strengthen the bond program’s financials, the City should:

- Put a greater focus on innovative practices to save time and money, including ways to reduce costs on approved or conditionally-approved projects, and consider using any savings achieved for temporary shelters, bridge housing, hygiene centers and other service facilities to address more immediate needs.
- Streamline the permitting process and add needed personnel to ensure quicker development approvals and processing.
- Centralize accounting responsibility in one City department.

The recommendations in this review are intended to help the City’s Measure HHH program achieve its voter-mandated goals, while also ensuring that valuable taxpayer dollars are managed transparently and carefully.

Respectfully submitted,



RON GALPERIN
L.A. Controller

**“MEETING THE MOMENT:
AN ACTION PLAN TO ADVANCE PROPOSITION HHH” (2020)
CITY OF LOS ANGELES, CONTROLLER RON GALPERIN**



RON GALPERIN
CONTROLLER

September 9, 2020

Honorable Eric Garcetti, Mayor
Honorable Michael Feuer, City Attorney
Honorable Members of the Los Angeles City Council

Re: Meeting the Moment: An Action Plan to Advance Prop. HHH

By overwhelmingly approving Prop. HHH in 2016, Los Angeles' voters authorized City officials to issue up to \$1.2 billion in general obligation bonds with the aim of reducing homelessness by acquiring, developing, or remodeling supportive housing and facilities, including interim housing, restrooms, showers, health clinics and storage. The measure provided for citizen oversight and a yearly financial audit by the City Controller. My office first examined HHH in October 2019 and recommended reallocating funds to lower-cost projects and streamlined permitting.

Over the last year, homelessness in the City of Los Angeles jumped to 41,290 according to the 2020 Greater Los Angeles Homeless Count, up 16 percent from 2019 and 45 percent since 2016. Deaths among the unhoused population climbed almost 100 percent over seven years, with 1,047 people dying on the streets in 2018 alone. And COVID-19 has caused outdoor health and safety conditions to deteriorate further. While these facts illustrate the depth of the humanitarian emergency, they also reveal how one of the City's primary tools to address it is coming up short. My latest audit reassesses the current HHH strategy and recommends a short-term action plan to utilize the remaining bond funds and provide more immediate relief to people experiencing homelessness.

Time, costs still rising

Today, more than three years after the first bond issuance and nearly four years since HHH's approval, only three bond-funded supportive housing projects are open. There are 5,522 supportive units and 1,557 additional units in the pipeline, but 73 percent are not yet in construction. An additional 975 supportive units are being developed through the HHH Housing Challenge. The City also funded 24 interim housing projects and facilities with \$58 million from HHH — a deliberately limited amount to focus on supportive housing.

My office's 2019 audit uncovered that supportive housing projects typically take three to six years to complete from concept to occupancy. COVID-19's impact on these already lengthy timelines is not clear, but will almost certainly extend them, and it is possible that some projects

in the pipeline today may never come to fruition. Before the pandemic hit, the City had already granted time extensions for 15 projects in pre-development, ranging from 42 days to more than one year, because of permitting problems, financing complexities and lawsuits. Not only do delays slow projects down, they also increase development costs.

Based on present estimates, 81 percent of units will not be completed until at least January 1, 2022, with 57 percent unavailable until 2023 or later — seven years after the bond's approval. Supportive housing is considered the best long-term strategy to help chronically homeless individuals get back on their feet, but HHH's lagging progress could leave that population without stable shelter options for years to come. Even when every HHH unit is completed, tens of thousands of Angelenos will still require housing — highlighting the need for a more strategic and flexible approach to utilizing remaining HHH funds.

Not only are HHH timelines out of step with the demand for housing, rising program costs are as well. For projects in construction, the average per-unit cost increased from \$521,000 in 2019 to \$531,000 this year, with the highest per-unit cost reaching \$739,000. And the share of units costing more than \$600,000 spiked from 10.8 percent in 2019 to 28.5 percent today. Similarly, one-third of the units in pre-development will exceed \$600,000, and per-unit averages increased from \$507,000 to \$558,000 in the past year. The highest total development cost for a single project in pre-development now surpasses \$76 million.

Short-term action plan needed

Our most vulnerable residents are suffering concurrent crises and deserve a housing strategy that addresses this reality. Although the City has a plan to use the remaining \$30 million in HHH funds, along with any money returned due to unsuccessful supportive housing projects, it would simply replicate the status quo by starting the development process all over again. Instead, City leaders should pivot to a viable plan that would spend available HHH dollars in these ways:

- **Build more interim housing and facilities:** Stopgap measures will not end homelessness but will get thousands of people off the streets more rapidly while supportive units are built, and help meet health, hygiene, sanitation and storage needs.
- **Prioritize adaptive reuse:** The City should pursue alternative development strategies that could prove cheaper and faster to complete, including acquisition or adaptive reuse of existing buildings, like hotels/motels, and unused commercial and office space.

Adopting a short-term action plan will add flexibility to the HHH program, ease suffering for the unsheltered population and help the City achieve its long-term, voter-mandated goals — adding housing to improve people's lives while reducing homelessness in Los Angeles.

Respectfully submitted,



RON GALPERIN
L.A. Controller

Live Now: Tune in for special coverage from NPR and LAist 89.3 of President Biden's State of the Union address

HOUSING AND HOMELESSNESS

Federal Judge Says LA Misled About Homeless Encampment Promises

By [Nick Gerda](#)

Published Mar 7, 2024 6:19 PM



A homeless tent encampment in Skid Row on Sept. 16, 2019 in Los Angeles.

(Mario Tama / Getty Images)

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IN THIS ARTICLE

A visibly frustrated federal judge announced Thursday that he would rule that the city of L.A. misled attorneys about promises to follow through on a settlement agreement that requires specific deadlines to clear encampments and add shelter beds in each city council district.

“I would find that you were misled in this matter,” U.S. District Judge David O. Carter told plaintiffs’ attorneys at a hearing in downtown L.A.

“I will not have this agreement broken ... period,” Carter said of the settlement deal in the case.

It comes following a high-profile lawsuit brought by the downtown business group L.A. Alliance for Human Rights, which resulted in the city agreeing in April 2022 to settle the case.

Under that settlement, the city agreed to build thousands of shelter beds and present specific district-by-district deadlines for outreach and removal of encampments.

Homelessness Crisis

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Mar 3, 2024

Hidden City Report Finds LA Council's Signature Anti-Encampment Law Is Failing

Mar 1, 2024

A Wave Of Departures Shakes Up LA's Homeless Agency

Feb 28, 2024

But Carter said he would rule that the city misled the plaintiffs from March to October of last year about promises to do outreach at encampments and set timelines to clear them.

A plan to help bring people into shelter 'fell apart'

Both sides of the case agreed on Thursday that the city told the plaintiffs on March 15 that it would hire outreach contractors for each council district by July 1 and have specific deadlines for encampment removals by Oct. 1.

But that didn't happen, according to the jointly agreed set of facts. An attorney for the city, Scott Marcus, said the process to

hire outreach providers “fell apart” but wasn’t communicated to the plaintiffs.

“I don’t know what to do about that yet, but I’m going to put



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Friday morning and next Thursday.

The alleged issues Carter pointed to stem from commitments both sides agreed were made by the mayor’s then-homelessness chief, Mercedes Marquez, to the plaintiffs at a March 15 meeting last year. She no longer works for the mayor.

Marquez told LAist over text message that she does “not want to be anybody’s scapegoat.”

She wrote that it was not the mayor’s office but a different city office — that of City Administrative Officer Matt Szabo — who

managed the outreach contractor hiring that didn't come to fruition.

Response from the mayor

Mayor Karen Bass was in France during the hearing with a delegation of city officials examining Olympics preparations, and a spokesperson for her didn't immediately respond to a request for comment.

Carter said he spoke on the phone with Bass during the lunch break in the hearing.

He said Bass was "amenable" to his request for full transparency for the court and the public about how homelessness dollars are being spent, including details from invoices submitted by services providers. He credited her efforts to address homelessness.

"Absolute transparency — all invoices from that point forward," Carter said, earlier in the hearing, about what he wanted.

Speaking broadly about local government spending on homelessness programs in the L.A. area, Carter said there are hundreds of millions of dollars that are "flowing through with no accounting."

What happens next

The hearing is set to resume at 9 a.m. Friday, with Carter calling a representative of the L.A. City Controller's Office to ask about its auditing powers.

City officials testified Thursday that the controller is a lead auditing power at the city, but that they cannot audit programs under the mayor's office — such as her Inside Safe motel program — due to the city charter.

WHAT IS INSIDE SAFE?

Inside Safe is L.A. Mayor Karen Bass' signature program to address homelessness and aims to give people living outdoors immediate quality housing in motels or hotels.

- The L.A. mayor's office defines it this way: "Los Angeles' citywide proactive housing-led strategy to bring people inside from tents and encampments for good, and to prevent encampments from returning."
- Read [Bass' executive directive issued in December 2022 here](#).

Carter also asked that Bass attend a court hearing next week, after she's back from France.

An attorney for unhoused advocates told Carter on Thursday that she's concerned the focus has shifted from expanding shelter beds to removing encampments, rather than expanding bed capacity so people have a place to come inside.

Shayla Myers, who represents the advocacy group L.A. Community Action Network, said the plaintiffs were focusing more on "cleaning up visible signs of homelessness" than bringing people inside.

"When you provide shelter, people will come inside," she said, pointing to Bass' Inside Safe program.

The plaintiff’s attorneys, however, say their goal is to help bring people indoors.

“We brought this case for accountability. We brought this case to bring people inside, off of the streets,” Elizabeth Mitchell, a lead attorney for the plaintiffs, told LAist after the hearing.

“I think today is one more step in that right direction.”

What questions do you have about homelessness in Southern California?

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HOUSING AND HOMELESSNESS

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