

Agenda Report

May 19, 2025

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: **AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH THE COUNTY OF LOS ANGELES FOR THE RECEIPT OF MEASURE A LOCAL SOLUTIONS FUNDS IN THE AMOUNT OF \$867,473 FOR RENTAL ASSISTANCE**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to enter into a contract with the County of Los Angeles for the receipt of Fiscal Year 2026 Measure A Local Solutions Funds in the amount of \$867,473 for the provision of rental assistance with a term ending June 30, 2026;
3. Authorize the City Manager to execute a first amendment to the subject contract with a not-to-exceed amount of \$1,000,000 and a term extension through June 30, 2027, subject to the availability of Fiscal Year 2027 Measure A Local Solutions Funds for the continued provision of rental assistance; and
4. Authorize the City Manager to execute a second amendment to the subject contract with a not-to-exceed amount of \$1,000,000 and a term extension through June 30, 2028, subject to the availability of Fiscal Year 2028 Measure A Local Solutions Funds for the continued provision of rental assistance.

BACKGROUND:

On November 5, 2024, the voters of Los Angeles County approved Measure A, also known as the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax Ordinance, which went into effect on April 1, 2025. The

measure authorizes a half-cent sales tax without sunset to generate long-term, dedicated funding for affordable housing production, homelessness services, and supportive housing infrastructure across the County. Measure A repeals, replaces, and expands upon Measure H, the quarter-cent sales tax that was set to expire in 2027. Measure A is anticipated to generate over \$1 billion annually which will be shared by LA County, cities and councils of government, the Los Angeles County Development Authority (LACDA), and the Los Angeles County Affordable Housing Solutions Agency (LACAHS), a body made up of leaders including the LA County Supervisors, elected officials representing cities countywide, as well as nonprofit and community leaders. Measure A funds will be distributed as follows:

- 60% to the County for Comprehensive Homelessness Services
 - At least 15% of these funds to be used for the Local Solutions Fund (LSF)
 - At least 1.65% of these funds to be used for Homelessness Solutions Innovations
- 1.25% to the County for Accountability, Data, and Research
- 3% to LACDA for Local Housing Production
- 35.75% to the LACAHS for Affordable Housing and Prevention

Measure A prescribes that funds from the LSF shall be distributed by the County to cities, councils of governments, and to the County on behalf of its unincorporated areas. On March 25, 2025, the Los Angeles Board of Supervisors voted to approve the Homeless Initiative's Recommended Budget for Fiscal Year (FY) 2026 which includes an allocation of \$96,363,000 for the LSF. Individual allocations were then determined utilizing a formula based on the point-in-time Homeless Count and American Communities Survey data. The City's allocation for FY 2026 is \$867,473.

PROJECT OUTCOMES:

The LSF is intended to support proven and innovative homelessness prevention programs and housing solutions addressing the root causes of homelessness, including strategies to make housing more affordable for critical populations. As such, the Department of Housing will allocate the full amount to provide rental assistance for extremely- and very low-income households currently enrolled in the Department's rental assistance programs whose subsidy is expiring or otherwise unavailable. On March 6, 2025, the City received notification from the U.S. Department of Housing and Urban Development that the COVID-era Emergency Housing Voucher (EHV) program would not be funded beyond Calendar Year (CY) 2025, although any unexpended funds at the end of CY 2025 could be utilized in CY 2026. The program, which is targeted to households experiencing and at risk of homelessness, was originally intended to be funded through CY 2030. Currently there are 87 very low-income households leased up and receiving EHV rental assistance through the Department. Without ongoing rental assistance, these households are highly likely to fall back into homelessness. The City's LSF allocation is sufficient to support roughly 35 EHV households at their current levels of assistance. The Department intends to support the remainder of the EHV households with other grant funding if possible.

Staff recommend entering into a contract with the County of Los Angeles in the amount of \$867,473, representing the City's FY 2026 LSF allocation, with a term ending June 30, 2026. Staff also recommend authorizing a first amendment to the subject contract to add the City's FY 2027 LSF allocation in an amount not-to-exceed \$1,000,000. Staff further recommend authorizing a second amendment to the subject contract to add the City's FY 2028 LSF allocation in an amount not-to-exceed \$1,000,000. As recommended, each amendment would include a contract term extension of one year through June 30, 2027 and June 30, 2028, respectively.

As a Continuum of Care, the City has received a direct allocation of Measure H funding since 2018 which has funded emergency shelter, housing navigation, rapid rehousing, and homelessness prevention programming. To sustain this programming, the City will receive a separate direct allocation of Measure A Comprehensive Homelessness Services funding in the amount of \$1,324,440 from the County. Of the Measure A funding directed to LACAHS for Affordable Housing and Prevention, the City anticipates receiving an allocation which will be passed through the Burbank-Glendale-Pasadena Regional Housing Trust. The amount of the City's Affordable Housing and Prevention allocation has not yet been determined. These funds can be used for the construction of affordable housing, affordable housing preservation, tenant protection and support programs, and planning and technical assistance related to affordable housing and land use.

COUNCIL POLICY CONSIDERATION:

Approval of the recommended actions has the potential to provide essential housing to very low-income individuals and families. Authorization of this contract is in accordance with the General Plan Housing Element, Five-Year Consolidated Plan, and Five-Year Public Housing Authority Plan.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of the proposed contract with the County for the receipt of Measure A funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

FISCAL IMPACT:

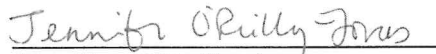
Approval of the subject recommendations will have no fiscal impact as the funding is currently included in the Department of Housing's proposed FY 2026 Operating Budget.

Respectfully Submitted,



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Approved by:



MIGUEL MÁRQUEZ
City Manager