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LA City Controller Kenneth Mejia Determines that City of Los Angeles Underspent on Homelessness by Over Half a Billion Dollars in FY2024

Controller Mejia's office, the first-ever to formally track City homelessness spending, finds that City budgeted \$1.3 billion but spent only \$599 million

LOS ANGELES – LA City Controller Kenneth Mejia announced its findings today that the City of Los Angeles spent only \$599 million and encumbered \$195 million of the \$1.3 billion budgeted for homelessness spending in Fiscal Year 2024. The encumbered amount may or may not end up being spent. The Controller's Office estimated that the City underspent by at least \$513 million.

"Homelessness is still at a historic high," Controller Mejia stated. "The City had a record high homelessness budget at its fingertips but failed to spend over half a billion dollars of it.

"The number of people experiencing homelessness dropped from the previous year, but only by 2%. Imagine how much bigger the drop would have been had the City utilized the full potential of its homelessness budget. We urgently need to spend more on housing and services to get people safe and indoors."

Controller Mejia's office is the first-ever in the City to formally track City of LA homelessness spending. It was never previously tracked at a methodical, organized level. The Controller's Office tracks homelessness spending by implementing accounting codes and matching the budget with actual spending with confirmations by departments.

The Controller's Office attributes unspent funds to a sluggish, inefficient approach that is incompatible with timely spending. Factors contributing to this approach include:

- Lack of staff and resources
- Siloed efforts
- Cumbersome and outdated processes
- Obsolete technology
- Absence of real-time data analysis

Examples of what **was not** spent or encumbered:

- \$185M from State Grants for Homeless Housing, Assistance and Prevention Programs
- \$112M for Inside Safe

- \$80M from Measure ULA for acquisition and rehabilitation of affordable housing, income support for rent-burdened at-risk seniors and persons with disabilities, protections from tenant harassment, and eviction defense/prevention
- \$30M from other state/federal/local grants
- \$16M for opioid treatment and substance use disorder treatment beds

Examples of what **was** spent or encumbered

- \$262 million from Prop HHH on permanent supportive housing
- \$126 million for Inside Safe
- \$70 million from Measure ULA
- \$50 million for Homeless Housing, Assistance and Prevention Programs
- \$28 million from Community Block Grants
- \$22 million from other state/federal and local grants

Uncommitted General Funds typically revert back to the Reserve Fund at year-end and can be spent elsewhere unless reappropriated. Uncommitted Special Funds do not revert, funds stay in the accounts and may roll to subsequent years

For the current fiscal year (FY2025), the homelessness budget is \$961 million, a decrease of \$317 million or 25% compared to the previous fiscal year, mainly related to less funds for Prop HHH projects, Inside Safe, ARP HOME, and community block development grants.