FOR IMMEDIATE RELEASE
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City Controller Kenneth Mejia Releases Performance Audit of Pathways To Permanent Housing in LAHSA's and the City of Los Angeles's Rehousing Systems

1 in 4 City-funded Shelter Beds Went Unused, While Costing an Estimated $218 Million from FY19-FY23

Audit Findings Show that Only 1 in 5 Interim Shelter Residents Obtained Permanent Housing, While Over 1/2 Returned to Homelessness or Unknown Outcomes

LOS ANGELES – Los Angeles City Controller Kenneth Mejia today released an audit evaluating LAHSA's and the City of Los Angeles's performance transitioning people from interim housing to permanent housing. Interim housing is currently a critical pathway to permanent housing.

The Controller's Office conducted the audit to identify opportunities for LAHSA and the City to improve the rehousing system and increase the likelihood that unhoused people are able to secure a stable, safe, and permanent place to live. The audit covered City-funded interim housing sites over a 5-year scope period, Fiscal Years 2019-2023.

The audit provides information and recommendations in addition to, and not in place of, the most important solution to homelessness: expanding the supply of permanent housing. People cannot be placed into permanent housing when the housing does not exist.

Full audit:
bit.ly/homeless-pathways

Key findings:
- **Approximately 25% of City-funded interim housing beds went unused**, **costing taxpayers an estimated $218 million between FY 2019-FY 2023**

- **Nearly 1 in 3 people who expressed interest in a shelter bed were unable to secure one during FY22 and FY23.** (16,000 people were removed from the shelter bed waiting list after an average of six months.)

- **More than 50% of people exiting City-funded interim housing returned to homelessness or unknown destinations**.

- **Less than 20% of people in City-funded interim housing secured permanent housing.**

Controller Mejia said, "With this homelessness audit, we wanted to find out what's working and what's not working about existing pathways out of homelessness. We wanted to identify how the City can improve the rehousing system and increase the likelihood that unhoused people are able to secure a stable, safe, and permanent place to live.

"We found that fewer than 20% – that's less than 1 in 5 – of people who entered City-funded shelters were able to move up to permanent housing. That is a woefully inadequate number. Additionally, we found that over 50% returned to homelessness or unknown outcomes.

"We found that many interim housing beds went unused; 1 in 4 City-funded shelter beds sat empty, at an estimated cost of $218 million over five years. This is unjustifiable especially given that there's a massive bed shortage. Any bed that goes unfilled means an unsheltered person living on the streets is waiting longer than they need to move into a safer space and begin their path to permanent housing.

"Even when a person has received a voucher or subsidy to secure permanent housing, they face rampant discrimination that makes it painstakingly difficult for them to actually get a lease. Local lawmakers should pass legislation that would prevent landlords from requiring credit checks for people using vouchers or subsidies – this is something that has already been proposed at the state level but has not been implemented. It would eliminate an unnecessary barrier to permanent housing.

"Our audit provides information and near-term solutions in addition to, and not in place of, building more permanent housing. The most critical solution for homelessness is to expand the supply of permanent housing."

Interim Housing Findings:
- Occupancy rates: Interim housing/shelter bed occupancy is significantly below LAHSA's target occupancy rate of 95%. From FY19-23, occupancy was approximately 71%. Approximately 25% of the City's beds went unused (measured against LAHSA's target occupancy rate).

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Citywide Interim Housing Occupancy
FY19: **78%**
FY20: **68%**
FY21: **64%**
FY22: **74%**
FY23: **73%**

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- Cost of unused beds: **Unused shelter beds are costing the City tens of millions of dollars every year**. Between FY19-FY23, unoccupied beds cost an estimated **$218 million**. Service providers are reimbursed for eligible expenses regardless of whether available beds are occupied.

Unused beds were especially glaring in light of the City's bed shortage. The 2024 LAHSA Homeless Count found that the City has only approximately 18,000 beds but approximately 45,000 unhoused people. This audit covered City-funded beds only (approximately 7,000 beds by FY23). It is reasonable to estimate that if a similar vacancy rate were assumed across all of the City's 18,000 beds, the cost of unused beds would have been significantly higher.

- Severe data quality issues: Lack of reliable information makes it difficult to evaluate performance, hold underperforming service providers accountable, and make informed decisions about future spending.

- Reservation practices for elected offices: City Council offices and the Office of the Mayor request reservations for shelter beds based on geographic zones and prior to encampment cleanups or 41.18 enforcement operations. The lack of formal policies guiding these reservations contributes to shelter beds going unused and compromises service provider efforts to equitably and efficiently house people.

Permanent Housing Findings:
- Placement rates: Less than 1 in 5 people – 15,818 (17%) of the 93,741 people City shelters served – were able to secure permanent housing.

- Pathways: The most common pathway to secure housing was Time Limited Subsidies and the least common was permanent supportive housing.

<u>**Permanent Housing Destination – % of Total**</u>
Time Limited Subsidy: **39%**
Vouchers (e.g., Section 8) and Other Housing Subsidies: **25%**
Unsubsidized Permanent Housing: **23%**
Permanent Supportive Housing: **13%**

- Instability: For the most recent complete period of data (FY 2021), over the life of a Time Limited Subsidy, 12% of people returned to homelessness. Of these people, just over 50% did so within 1 year. There may be even higher percentages of people who return to homelessness after Time Limited Subsidies expire, because this data is no longer tracked after expiration.

- Factors for successful outcomes: Successful housing outcomes were less impacted by interim housing type, and more impacted by effective service delivery and other factors that help people become stable. Examples: consistent/communicative case management, housing navigation, access to mental health services, job training.

Recommendations

In addition to the Controller's Office's overarching recommendations to build more permanent housing and eliminate discriminatory barriers unhoused people face in obtaining a lease, the audit recommends the following solutions to improve the current rehousing system:

- New bed solutions: Examine the feasibility of developing bed solutions for congregate settings that would provide more privacy and comfort.

- Formalize reservation policy: Develop a formal policy for City offices reserving beds to ensure equitable access to shelter beds and maximize occupancy rates.

- Data quality of bed capacity: Establish data quality control standards and monitoring procedures that ensure service providers accurately report bed capacity.

- Data quality of permanent housing placements: Adopt metrics that minimize instances where low shelter occupancy results in the appearance of improved permanent housing placements.

- Service provider performance: Develop mechanisms that can promptly identify underperformance, and develop performance-based incentives.

- Corrective action policy: Develop a formal, comprehensive policy for corrective action for underperformance.

- Housing navigators: Increase the number of housing navigators.

- Monitor outcomes: Continue to monitor outcomes for people who move into housing after Time Limited Subsidies expire, and for people permanently housed with other pathways.

- Consolidate contracts: Assess the feasibility of consolidating housing navigation services and interim housing services under a single contract to streamline case management.

- Permanent housing placement responsibilities: Clearly define the permanent housing placement responsibilities of interim housing operators and housing navigation providers.

The audit was conducted by the Civil Service Audit Services Division of the Controller's Office. The analysis was focused on City-funded interim housing programs that were operational between FY 2019 to FY 2023, which included crisis and bridge shelters, A Bridge Home (ABH), hotel and motel based programs, and tiny home villages. Auditors measured the performance of each interim housing program by using metrics such as permanent housing placement rates, utilization/retention rates, and returns to homelessness. Auditors then evaluated permanent

housing destination types including Time Limited Subsidies, vouchers and other subsidies, unsubsidized permanent housing, and permanent supportive housing.

Audits and Assessments by City Controller Kenneth Mejia's Office
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- [Pathways to Permanent Housing](#)
- [LAPD Military Equipment](#)
- [LAPD Helicopters](#)
- [Interim Housing](#)

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- TAHO
- Unarmed Response
- Pathways to Permanent Housing
- Affordable Housing Efforts
- Inside Safe