

MOTION

In the last year, payments for homeless services from the City to non-profit service providers have faced significant delays. For example, at one interim housing site in Council District 4, which is serving as part of the City's compliance with the Alliance settlement, funding for the lease is months behind schedule, meaning that the non-profit agency is spending hundreds of thousands of dollars out of its savings each month to maintain the lease. Other contracts are facing similar challenges.

This change has impacted service providers in many ways. Agencies are carrying larger amounts of debt month to month while waiting for payments from the City. In order to make payroll and to honor subcontractors, agencies are taking out substantial loans – sometimes in the tens of millions of dollars – even though contract payments do not cover interest on the loans. Not all providers are able to take out loans at this scale, and are struggling to make basic payments. Additionally, delays in payments make it all but impossible for smaller providers to contract with the City.

Contracting and invoicing for homeless services in the City of Los Angeles is complex. Many of the payments are made under a master contract between the City and the Los Angeles Homeless Services Authority (LAHSA), which is housed at the Housing Department (LAHD). Service providers present their invoices to LAHSA, and then a team at LAHD reviews the contracts and makes a payment, as long as the payments are authorized by the contracts. Inside Safe contracts have been managed by the City Administrative Officer (CAO) and the Mayor's Office; these invoices are reviewed by the CAO staff, and then payments are made by the City. There are also outreach contracts that are established directly by Council offices with service providers that follow a different payment pathway. Contracts with Street Medicine providers constitute yet another payment process.

The City has taken on significantly more in homelessness payments over the last couple of years, which has worsened these challenges. Increased investments in outreach and in interim housing related to the Alliance settlement and through Inside Safe have increased the workload for LAHD, the CAO, the City Clerk, and the City Attorney, and in our interactions with LAHSA.


Contracting, invoicing, and payment issues have become so endemic that service providers may be unwilling to extend current contracts, potentially leaving the City without the ability to provide critical services to people experiencing homelessness. This is a solvable problem that has become an outsize impediment to the City's work to end homelessness, and must be addressed with urgency.

MAY 07 2024

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I **THEREFORE MOVE** that the Council instruct LAHD, with assistance from the CAO, CLA, the City Clerk, the City Attorney, and LAHSA, to report back to the Council within 30 days with recommendations on how to shorten homeless services provider contracting and invoicing processes so that payments will reliably be made on time, and to ensure that all existing overdue payments have been resolved within that same time period.

PRESENTED BY:


NITHYA RAMAN
Councilmember, 4th District

SECONDED BY:



ORIGINAL