

## Communication from Public

**Name:**

**Date Submitted:** 10/14/2024 06:54 AM

**Council File No:** 23-1348

**Comments for Public Posting:** Attached is a letter regarding the proposed interim housing rates.  
Thank you.

October 2024

Dear City and County Leaders:

We are proud to represent organizations that serve as Service Planning Area (SPA) leads for adults and/or adults & families in SPA 2, SPA 4 (covering Metro Los Angeles), SPA 5, SPA 6, and SPA 7 in Los Angeles County. Collectively, we serve tens of thousands of individuals in every SPA in Los Angeles County, and we operate thousands of interim housing beds in both the City and County of Los Angeles. We write to urgently ask you to increase the interim housing rates above what has been proposed, released publicly via [CAO File No. 0220-05151-0599](#). Not doing so jeopardizes our ability to continue operating interim housing at our current scale, and is prohibitive to the expansion necessary to achieve city and county goals and legal requirements.

The current proposal for interim housing beds administered via LAHSA grant administration, which we understand is a shared approach across the City and County of Los Angeles, is as follows:

- Temporary interim housing rate as of January 1, 2025:
  - \$69 per bed per night for sites with 51 beds or more
  - \$79 per bed per night for sites with 50 beds or less
- New interim housing rate, following procurement, as of July 1, 2025:
  - \$89 per bed per night for sites with 51 beds or more
  - \$116 per bed per night for sites with 50 beds or less

Furthermore, the new rates to come into effect in July are to be combined with yet to be determined additional contractual and staffing requirements.

The City and the County have had the data via the publicly available Abt Associates report, [Understanding Interim Housing Costs across Los Angeles County](#), since August 2023 about true costs. Following extensive data from providers and thorough analysis, the report found that at 80 percent of interim housing sites the bed rates used by public funders did not cover operation costs. It found that the average gap between costs and bed rates was over \$77 per night, and a third of sites reported funding gaps of at least \$100 per night. This represents millions of dollars of unfunded mandates that the non-profit provider community has had to try to absorb to deliver on our City, County and LAHSA contracts, whether via private fundraising or other means. The study also noted that the true funding gaps may be higher if we were staffed at full capacity which is difficult given our challenges hiring, training, and retaining staff under the current contract rate structure for these vital and challenging roles. We would be able to hire and retain staff if they were paid higher wages more aligned with living wages. The study further notes that these gaps do not consider additional programmatic improvements that could improve client outcomes if bed rates were higher.

In the last 14 months, there has been minimal progress made on these findings. An initial roughly 10% increase to interim housing rates went into effect early in 2024 with the intention, made in public record, that this was to be considered a good faith initial step while a rate study process took place in spring 2024, and that this rate study would occur in collaboration with providers. This rate study process took months longer than initially shared, and when the final rate proposal was released, to our knowledge, no providers were consulted on the proposed new rates before their release.

In the meantime, operations have only gotten more expensive, including food, insurance, basic supplies, and more. For some larger sites, the current proposal for the rates to go into effect in January 2025 only reflects a \$3 per night increase. This, combined, with the limited increase earlier in the year, means that sites that were operating at \$60/night prior last year will only see a net increase of \$9 per night – a far cry from the \$77/night average gap from the Abt study. Additionally, the proposed longer term rate of \$89/night for large sites remains below what is needed to cover costs. Furthermore, the proposed new rates do not take into account cost-of-living adjustments, nor what is needed to pay our staff a living wage – meaning we will continue to be in a downward spiral of an unsustainable system. The proposed rates seem focused on fiscal constraints rather than true need.

In 2023 Councilmember Nithya Raman authored a homeless services [cost-of-living study motion](#), which passed and encouraged the City to explore true costs of providing services, paying a living wage to frontline workers (specifically a \$25/hr minimum wage per [CF 23-1248](#)), and providing cost-of-living increases. The CAO's report on proposed interim housing rates reviewed the impacts of paying staff a living wage per that motion and has not recommended that approach; rather, the proposal is for the Tier 1 (\$20/hr) wage floor. There was also no inclusion of cost-of-living adjustments in this proposal, meaning that these conversations around bed rates will continue as costs continue to grow.

This has to end. We cannot collectively continue to shoulder millions of dollars of debt for the City and County to carry out the lifesaving work we are being asked to do, to solve the top concern to constituents in the City and County of Los Angeles.

**Our immediate asks are:**

- **Raise all interim housing rates to at least \$89/night beginning January 2025**
- **Provide an interim housing rate that funds providers to be able to pay interim housing staff a minimum of \$25/hr (as calculated as Tier 3 in the CAO report)**
- **Provide annual cost-of-living adjustments in the contracts**
- **Provide clarity on how lease costs will be factored in for each site**

We also ask for additional consultation with providers about the proposed rates that would begin July 2025 before they are finalized, including opportunity for feedback on how the proposed new contractual requirements would impact existing operational costs. These rates should also include cost-of-living adjustments, pay rates that enable us to pay our staff living wages, and be paid in a timely manner. We recognize the thoughtfulness around the various components to structure the new rates, but the staffing needs in particular must be addressed to sustain and provide quality housing.

Without these improvements, staff turnover will continue to be unsustainable, client outcomes will suffer, and our system will lose – rather than gain – interim housing capacity.

Thank you for your consideration of these requests.

Sincerely,

Stephanie Klasky-Gamer  
President & CEO, LA Family Housing

Veronica Lewis,  
Director, SSG/HOPICS

Jennifer Hark Dietz  
CEO, PATH

Dr. Ryan J. Smith  
President & CEO, St. Joseph Center

John Maceri  
CEO, The People Concern