



BUDGET ADVOCATES REPORT October 2023

Los Angeles City Budget Update

To provide interim housing for the unhoused, the City Council approved the purchase of the 294-room Mayfair Hotel in the Westlake area of the City for an all-in cost of \$83 million. This equates to \$282,000 a room. If this cost per unit applied to the 30,000 unsheltered population, the total capital cost would be about \$8.5 billion, seven times the \$1.2 billion of Proposition HHH bonds that were approved by the voters in November of 2016.

If the average cost of \$600,000 per unit of permanent supportive housing applied to the 30,000 unsheltered population, the total capital cost would be \$18 billion, fifteen times the \$1.2 billion of Proposition HHH bonds.

These funds do not include operating costs such as maintenance and utilities or remedial services to the homeless.

How does the City propose to raise the necessary funds? Will they be spent efficiently? What is the impact on our taxes?

The City entered into a new labor agreement with the police and is negotiating a new agreement with the civilian unions. The impact on the City's prospective budget is significant. According to the CAO's Four Year Budget Outlook, the City is anticipating a \$381 million surplus for the 2026-27 fiscal year. Adjusted for the new labor agreements, the projected deficit is \$428 million, a swing of over \$800 million.

In July, the City raised almost \$200 million in Solid Waste Resources Revenue Bonds. These funds will be used to purchase vehicles and equipment needed to modernize its fleet of garbage trucks and to facilitate the diversion of methane-causing organic waste from landfills. According to the Official Statement, we can expect a significant increase in our Solid Waste Resources Fee that is on our bimonthly DWP bill. The Bonds are to be repaid over the next fifteen years.

In June, the City issued about \$1.5 billion in Tax and Revenue Anticipation Notes. The proceeds will be used to prepay its pension contributions (\$1.3 billion) and the balance for working capital needed in anticipation of property tax revenues that begin in December. The Notes will be paid in full in June.

Budget Advocates Activity

Jacob Wexler from the City Administrative Office presented a "City Budget 101" workshop at the annual [Congress of Neighborhoods](#). We hope you were there and took the opportunity to learn something about the City Budget. See his presentation materials [here](#).

The Budget Advocates had a table in the [Congress of Neighborhoods](#) Exhibitor Fair. Many people stopped by and picked up our handouts. If you were one of them, we were happy to meet you.

The Budget Advocates are in the process of forming the teams who will interview the City Departments for the next White Paper. This is an exciting opportunity to build contacts with people who are in City Department leadership. You don't need to be a Budget Representative or a Board member. All Los Angeles stakeholders are eligible to work with us on this and no accounting experience is necessary. If you or know someone you know has a passion for the work of one or more City Departments, please let us know at LABudgetAdvocates@gmail.com.

Many of the Neighborhood Councils have responded to our requests to know who their Budget Representatives are. Thank you. We ask each Neighborhood Council to appoint two Budget Representatives. To those of you who have not yet done so, please let us know who your Budget Representatives are. Please email their names and contact information to LABudgetAdvocates@gmail.com.

For more information, please visit our website at www.BudgetAdvocates.org.