

June XX, 2025

The Honorable Karen Bass

Mayor of Los Angeles
200 N. Spring Street
Los Angeles, CA 90012

Re: 2025-2026 Budget Priorities

Dear Mayor Bass,

The Bel Air-Beverly Crest Neighborhood Council writes to express concern about the priorities articulated in the 2025-2026 City of Los Angeles budget, as proposed by your office and amended and approved by the City Council. We believe this moment offers an opportunity to realign the City's fiscal strategies with the priorities of its residents.

Sustainability and Transparency

Residents are concerned about the continuity of essential services and see spending in certain areas as unsustainable while core services are not being maintained. The proposed 2025-26 budget initially projected a \$1 billion deficit and 1,647 layoffs, which the City Council reduced to \$876 million and 650 layoffs—still significant threats to essential services. The recent S&P Global Ratings downgrade of Los Angeles' bonds from AA to AA- and issuer credit rating from AA- to A+ on April 26, 2025, underscores the city's weakened financial position and the need for sustainable strategies. The public deserves regular disclosures on financial health to build trust and accountability. Furthermore, the use of reserve funds must be a temporary measure, and those reserves replenished.

Revenue

The implementation of Measure ULA aimed to generate substantial funds for housing initiatives. However, it promised \$600-\$800 million annually but has delivered only \$150-\$250 million due to a 60% drop in high-value property sales. We suggest that the structure and impact of Measure ULA be reviewed to identify areas for improvement and that City officials take the lead in proposing remedies. City leadership must collaborate with real estate professionals and community measures to achieve better outcomes.

Accountability in Homelessness Programs

We are confident that few people see the City's efforts as fiscally sustainable, and results from Los Angeles are inferior to those achieved in other cities at lower cost. LA's spending—\$1.3 billion (11% of the budget) in 2023-24—far exceeds New York's \$3 billion (2.8% of its \$107 billion budget) and Houston's \$100 million (1.75% of its \$5.7 billion budget), with LA showing the least results. The Safe Inside plan's cost of \$7,000 per person per month further exemplifies this inefficiency. The Los Angeles Homeless Services Authority (LAHSA) exemplifies this

issue, with reckless spending, poor record-keeping, and a recent \$800,000 misconduct settlement highlighting a lack of fiscal due diligence. Residents expect City leaders to exercise the supervision that has thus far been lacking.

Prioritizing Core Services

Before all else, the job of municipal government is to keep residents safe and maintain a healthy environment. Police and fire departments must be adequately staffed, equipment repaired, and response times restored. The current budget does not do this. Municipal infrastructure—roads, sanitation, parks, and street trees—are also resident priorities.

We offer these comments as top-line feedback on the direction of Los Angeles. Major improvements are urgently needed to reprioritize basic services like public safety, especially after January's fires and amid financial uncertainties (e.g., port revenue). We strongly urge you to release a detailed plan for fiscal responsibility now, rather than delaying until the next budget cycle.

This letter was discussed and approved at a duly noticed meeting of the Board of the Bel Air-Beverly Crest Neighborhood Council on May 28, 2025 by a vote of X-X-X.