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 25 *Los Angeles Homeless Services Authority*

26 **UNITED STATES DISTRICT COURT**
 27 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

28 LOS ANGELES HOMELESS
 SERVICES AUTHORITY, a joint
 powers authority,

Plaintiff,

v.

DONALD J. TRUMP, in his official
 capacity as President of the United
 States of America; UNITED STATES

Case No. 2:26-cv-7056

**COMPLAINT FOR
 DECLARATORY AND
 INJUNCTIVE RELIEF:**

1. Violation of the APA for agency action in excess of authority and contrary to law (5 U.S.C. §§ 702, 704, 706(1), (2)(A)-(D));
2. Violation of the APA for arbitrary and capricious agency action (5 U.S.C. § 706(2)(A));

1 DEPARTMENT OF HOUSING AND
2 URBAN DEVELOPMENT; SCOTT
3 TURNER, in his official capacity as the
4 Secretary of the U.S. Department of
5 Housing and Urban Development; and
6 DOES 1-10,

Defendants.

**3. Violation of Separation of Powers /
Spending Clause / Take Care Clause /
Ultra Vires (U.S. Const., Art. I, Art.
II); and**

**4. Usurping State Power (U.S. Const.
Amend. X)**

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INTRODUCTION

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2 1. On June 11 and June 18, 2026, the plaintiff Los Angeles Homeless
3 Services Authority (“LAHSA”), a Joint Powers Agency of the City of Los Angeles
4 (“City”) and the County of Los Angeles (“County”), received letters from the
5 United States Department of Housing and Urban Development (“HUD”) suspending
6 LAHSA from participation in federal government programs based on purported
7 violations of public agreements, although the letters cite not a single agreement,
8 much less any evidence to support a violation. The bases for the suspension letters
9 are pretextual in any event: what the Trump Administration wants is to eliminate the
10 regional Continuum of Care (or “CoC”) Program created by Congress that gives
11 local authorities discretion over projects submitted for federal funding.

12 2. LAHSA is the backbone of the Los Angeles CoC, and the hub for the
13 administration of federal, City and County funds supporting persons experiencing
14 homelessness in Los Angeles County. The federal funds administered by LAHSA
15 directly support more than 11,000 people, generally in permanent housing. LAHSA
16 also runs the massive information technology system that registers and tracks all
17 applicants for services and provides the annual reports that Congress and the State
18 of California require to evaluate the effectiveness of relief. It coordinates other data
19 management systems that help match unhoused persons with services and
20 permanent housing. It also conducts the federally-mandated “point in time” count of
21 unsheltered people, a massive undertaking requiring specialized expertise. Finally,
22 LAHSA is the single applicant for all federal funding for the region, working with
23 its local partners and stakeholders to coordinate the distribution of more than \$200
24 million in federal funding.

25 3. LAHSA cannot just suspend these important, often Congressionally-
26 mandated tasks. LAHSA’s mission and its critical operations are funded not only by
27 HUD but also by the State of California, the City, and the County. HUD’s purported
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1 suspension of LAHSA violates the Administrative Procedure Act, is
2 unconstitutional, and ultra vires. The harm would be irreparable.

3 4. Congress’s strategy toward treating the problem of homelessness has
4 not changed since it passed the Homeless Emergency Assistance and Rapid
5 Transition to Housing (“HEARTH”) Act (42 U.S.C. §§ 11381-11389) in 2009. The
6 HEARTH Act was designed to support local communities in responding to
7 homelessness by recognizing local or regional “Continuums of Care” (“CoCs”),
8 bodies responsible for coordinating funding from HUD and other available
9 resources for homelessness response within a geographic area. 24 C.F.R. § 578.3.

10 5. In creating the CoC Program, Congress recognized the importance of a
11 local entity evaluating and ranking projects such that federal funding could be
12 balanced with state and local efforts to create stability in the services provided to the
13 unhoused.

14 6. Across five presidential administrations, including as recently as
15 January 2025, bipartisan legislation has funded and reaffirmed the CoC Program’s
16 regional approach. But the Trump Administration has made clear it wants to scrap
17 the program entirely in favor of a homelessness policy favoring criminal
18 enforcement, drug treatment, institutionalization and civil commitment of the
19 mentally ill. E.O. July 24, 2025, “Ending Crime and Disorder on America’s Streets.”
20 It further desires to eliminate the CoC Program, which it has called “burdensome,”
21 “failed,” “harmful,” and “unaccountable.”¹ In its 2027 Budget, released April 3,
22 2026, the Administration proposes to do just that, defunding the regional CoCs and
23 expressly calling out LAHSA, the nation’s largest CoC, as an “example of the need
24 to overhaul the . . . CoC system.” (*Id.*)

25 7. Not content to make its case for policy change first to Congress, on
26 June 11, 2026, HUD delivered to LAHSA a Notice of Suspension, claiming that,

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28 ¹ Found at [https://www.whitehouse.gov/wpcontent/uploads/2026/04/
budget_fy2027.pdf](https://www.whitehouse.gov/wpcontent/uploads/2026/04/budget_fy2027.pdf)

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1 based on a previously-unknown and apparently just initiated HUD Office of
2 Inspector General (“OIG”) investigation, it was immediately suspending LAHSA as
3 a federal contractor. The letter claims that there is evidence that LAHSA has
4 violated “the terms of a public agreement or transaction” but cites not a single
5 agreement or transaction.

6 8. HUD Secretary Scott Turner has subsequently claimed that HUD
7 “investigated LAHSA” and found “waste, fraud and abuse,”² but this is false. The
8 letter contains no HUD investigative findings at all but relies on a mash-up of old
9 news articles, comments from public officials taken out of context, and findings
10 from routine public audits that included recommendations that were all
11 appropriately actioned. The letter also contains several serious factual misstatements
12 and omits necessary context. It also cites a potential conflicts of interest issue that
13 LAHSA resolved to HUD’s satisfaction in April 2026. Then the letter erroneously
14 claims that LAHSA falsely certified the existence of internal controls and
15 compliance policies. The purported bases for the letter are, in every respect,
16 unsupported by evidence and flawed.

17 9. The letters are a baseless attempt to eliminate the largest CoC in the
18 United States, the Los Angeles CoC (“LA CoC”), and LAHSA, the entity that is
19 responsible for most of the CoC’s Congressionally-mandated functions.

20 10. Any doubt about whether the suspension was merely a back door
21 attempt to eliminate the LA CoC was removed when, on June 18, 2026, HUD sent
22 LAHSA another letter. This letter purports to suspend not only LAHSA but indeed
23 the entire Los Angeles CoC (85 cities including the City) from submitting a
24 “Consolidated Application” for 2026 grant funding, although the Consolidated
25 Application is required by statute and regulation. Without any findings whatsoever,
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28 ² See https://www.youtube.com/watch?v=l_WucQmUTXw

1 the June 18 Letter also purported to suspend LAHSA from carrying out “the
2 programmatic functions delegated to it by the [Los Angeles CoC].”

3 11. These delegated functions, which are not addressed in either letter, are
4 not insignificant. LAHSA wears multiple hats on behalf of the LA CoC:

- 5 a. LAHSA is the Collaborative Applicant, responsible for the
6 annual Consolidated Application that provides support for the
7 more than \$200 million in federal funding available for homeless
8 services in Los Angeles.
- 9 b. LAHSA runs the information hub for the region’s homelessness
10 assistance program, the Homeless Management Information
11 System (“HMIS”), a federally-mandated software system used
12 by over 300 agencies and nearly 8,000 individual users to track
13 and serve the unhoused population. Congress requires this data to
14 be kept and submitted in certain mandatory reports. LAHSA
15 cannot simply flip off the switch on a system that is not only
16 relied upon by federal, state, and local authorities, but whose
17 largest funder is not HUD but the County of Los Angeles.
- 18 c. LAHSA administers the Coordinated Entry System (“CES”), a
19 system that matches unhoused persons with various types of
20 assistance, and without which unhoused individuals cannot be
21 matched with providers of permanent housing.
- 22 d. LAHSA conducts the annual Los Angeles County-wide count of
23 the sheltered and unsheltered population, the Point-In-Time
24 (“PIT”) count, another HUD-required function.
- 25 e. LAHSA is itself a grantee of federal funds, which it receives on
26 behalf of more than 54 sub-grantees who receive more than a
27 cumulative 50 grants.

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1 12. HUD’s actions violate the Administrative Procedure Act (“APA”).
2 They are contrary to law and exceed HUD’s authority. HUD has failed to identify
3 any public agreement or transaction that LAHSA has violated, failed to set forth
4 “adequate evidence” and the “reasoned decision making” that would support
5 LAHSA’s suspension, and failed to consider the effect of its suspension decision on
6 the unhoused persons of Los Angeles and the providers who support them.

7 13. HUD’s actions are also in violation of the United States Constitution.
8 HUD’s purported disqualification of the entire LA CoC from submitting a
9 Consolidated Application, as it is required by Congress to do, violates the
10 Separation of Powers Clause and the Take Care Clause of the Constitution by
11 overriding the express dictates of Congress. The LA CoC disqualification, and
12 HUD’s instruction in the June 18 Letter that “eligible entities” should just “submit
13 their grant requests directly to HUD” is ultra vires. And the effective crippling of
14 state and local functions violates the important principles of federalism embodied in
15 the Tenth Amendment. Also a violation of the separation of powers and the Take
16 Care Clause is HUD’s failure to fulfill its Congressional obligation to fund
17 LAHSA’s 2025 grant awards, which threatens immediate harm to the more than 54
18 homeless services providers—some of whom actively serve women and children
19 fleeing domestic abuse—who are now self-funding their operations and threatened
20 with bankruptcy while HUD fails to pay the awards that Congress obligated it to
21 pay.

22 14. HUD’s actions are effectively final agency actions, despite the fact that
23 the letters provide a 30-day window to respond. Were LAHSA to suspend its
24 important functions immediately, as HUD apparently wants it to do, it would disrupt
25 the entire homeless services network in Los Angeles, which serves over 70,000
26 people experiencing homelessness, including children. In 2024, with LAHSA in the
27 lead, the integrated system of federal, state, county, and city funding in the LA CoC
28 placed almost 28,000 in permanent housing. This pipeline would stop immediately

1 without LAHSA’s critical roles as HMIS lead and CES coordinator. This is a final
2 administrative action given its immediate harmful effects.

3 15. HUD has failed even to consider the harm that would come to the
4 unhoused population if LAHSA were to suspend carrying out each of its important
5 roles. Suspending LAHSA as the Collaborative Applicant would literally threaten
6 more than 11,000 people, including more than 1,900 children, with eviction from
7 federally-funded supportive housing. There can be no doubt that irreparable harm is
8 an inexorable consequence of the LAHSA suspension.

9 **THE PARTIES**

10 16. Plaintiff LAHSA is a joint powers authority of the City and County of
11 Los Angeles, created in 1993 to address the problem of homelessness in Los
12 Angeles County. LAHSA is the lead agency in the HUD-funded LA CoC and
13 coordinates and manages federal, state, county, and city funds for programs
14 providing shelter, housing, and services to people experiencing homelessness.
15 LAHSA partners with more than 100 nonprofit partner agencies that assist people
16 experiencing homelessness achieve independence and stability in permanent
17 housing. LAHSA’s partner agencies provide a range of programs ranging from
18 outreach, access centers, emergency shelters, safe havens, transitional and
19 permanent housing, and prevention, along with the necessary supportive services
20 designed to provide the tools and skills to achieve stable housing.

21 17. Defendant Donald J. Trump is the President of the United States. He is
22 being sued in his official capacity only.

23 18. Defendant HUD is an executive department of the United States
24 government that is responsible for administering federal housing and urban
25 development laws. Its functions include providing affordable housing assistance,
26 enforcing fair housing laws, supporting homeownership programs, and
27 administering grants for urban development and disaster recovery. HUD is
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1 headquartered at The Robert C. Weaver Federal Building, 451 7th Street, S.W.,
2 Washington, DC 20410.

3 19. Defendant Scott Turner is the Secretary of HUD. He is being sued in
4 his official capacity only. Turner maintains an office at 451 7th Street, S.W.,
5 Washington, DC 20410.

6 **JURISDICTION AND VENUE**

7 20. This Court has subject matter jurisdiction over this action pursuant to
8 28 U.S.C. § 1331, because the action arises under federal law, including the United
9 States Constitution and the APA, 5 U.S.C. § 551 *et seq.* An actual controversy exists
10 between the parties within the meaning of 28 U.S.C. § 2201(a), and this Court may
11 grant declaratory relief, injunctive relief, and other appropriate relief pursuant to 28
12 U.S.C. §§ 2201-02 and 5 U.S.C. §§ 705-06.

13 21. Venue is proper in this Court under 28 U.S.C. § 1391(e)(1) because this
14 action seeks relief against federal agencies and officials acting in their official
15 capacities; the plaintiff is located in this district; and a substantial part of the events
16 or omissions giving rise to the claim occurred in this district.

17 **FACTUAL ALLEGATIONS**

18 **A. Congress’s Approach to Addressing and Alleviating
19 Homelessness: the Local Continuum of Care**

20 22. The Continuum of Care Program (“CoC Program”) is Congress’s
21 primary response to homelessness, supporting housing and other essential services
22 for hundreds of thousands of formerly unhoused people, including many disabled
23 and older individuals, veterans, and families. The backbone of the CoC Program is
24 funding permanent housing and, along with it, supporting long-term community
25 stability. It promotes this housing stability by prioritizing the renewals of local,
26 effective projects and guarding against dramatic funding fluctuations for each
27 community from year to year. This approach provides stability for the individuals
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1 and families it serves, promotes safer communities, and reduces burdens on local
2 law enforcement, hospital, and emergency shelter resources.

3 23. In 1987, Congress enacted what became the McKinney-Vento
4 Homeless Assistance Act (“McKinney-Vento Act”) “to meet the critically urgent
5 needs of the homeless of the Nation” and “to assist the homeless, with special
6 emphasis on elderly persons, handicapped persons, families with children, Native
7 Americans, and veterans.” 42 U.S.C. § 11301(b). In enacting the law, Congress
8 recognized that “the Federal Government has a clear responsibility and an existing
9 capacity to fulfill a more effective and responsible role to meet the basic human
10 needs and to engender respect for the human dignity of the homeless.” *Id.*
11 § 11301(a)(6).

12 24. For 20 years following the passage of the McKinney-Vento Act, HUD
13 administered three separate programs—the Supportive Housing program, Shelter
14 Plus Care program, and Section 8 Moderate Rehabilitation SRO program—that
15 “focuse[d] on the longer-term housing and services needs of homeless individuals
16 and families.”³

17 25. Congress passed the HEARTH Act in 2009, amending the McKinney-
18 Vento Act to consolidate these three programs under the umbrella of the CoC
19 Program. 42 U.S.C. §§ 11381-11389. The HEARTH Act created regional CoCs to
20 be responsible to coordinate federal funds and other available resources for
21 homelessness response within a geographic area. 24 C.F.R. § 578.3.

22 26. The CoC Program seeks to end homelessness by relying on local
23 stakeholders to effect a comprehensive local plan.⁴ The CoC Program funds a
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25 ³ Libby Perl, Cong. Rsch. Serv., RL33764, *The HUD Homeless Assistance Grants:
26 Programs Authorized by the HEARTH Act*, (2017), p. 10, available at [https://www.
27 congress.gov/crs_external_products/RL/PDF/RL33764/RL33764.45.pdf](https://www.congress.gov/crs_external_products/RL/PDF/RL33764/RL33764.45.pdf).

28 ⁴ 24 C.F.R. §578.1(b)(1)(2024).

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1 variety of programs that support homeless individuals and families, including by
2 providing permanent or transitional housing through construction, acquisition,
3 rehabilitation, or rental assistance, providing rehousing support, and providing
4 supportive services, which include, but are not limited to, childcare, job training,
5 healthcare, mental health services, trauma counseling, and life skills training. *See* 42
6 U.S.C. §§ 11360(29), 11383.

7 27. In the HEARTH Act, Congress expressly prioritized year-after-year
8 renewals of grants. The statute requires HUD to “increase the estimated need
9 amount” for a particular geographic area as “necessary to provide 1 year of renewal
10 funding for all expiring [CoC grant] contracts” for an area. 42 U.S.C.
11 § 11386a(b)(2)(B)(iii); *see also* 42 U.S.C. § 11386a(c) (HUD may adjust the
12 geographic need formula “as necessary[] to ensure that each [CoC] has sufficient
13 funding to renew all qualified projects for at least one year”). Congress also has
14 taken steps to ensure that renewal projects could provide the same level of service
15 despite rising costs. *See, e.g., id.* § 11382(f); Consolidated Appropriations Act,
16 2024, Pub. L. No. 118-42, div. F, tit. II, 138 Stat 25, 363 (2024) (authorizing HUD
17 to “make reasonable adjustments to renewal amounts to enable renewal projects to
18 operate at substantially the same levels.”). One of the jobs of the Collaborative
19 Applicant is to identify projects that qualify for the prioritized renewal funding,
20 which are generally automatically approved by HUD.

21 **B. Congress Designed the CoC Program to Prioritize Funding**
22 **Consistency and Respect for Local Decision-Making**

23 28. In codifying the CoC Program, Congress sought, among other things,
24 to “promote community-wide commitment to the goal of ending homelessness,” to
25 help rehouse people “while minimizing the trauma and dislocation” that
26 homelessness causes, and “to optimize self-sufficiency among individuals and
27 families experiencing homelessness.” 42 U.S.C. § 11381.
28

1 29. Three key aspects of the CoC Program contribute to its ability to meet
2 these statutory requirements. The program (1) prioritizes the funding of permanent
3 housing; (2) gives local communities a central role in determining how best to
4 eradicate homelessness in their areas, and (3) encourages stability by prioritizing the
5 renewal of funding where such funding is needed and has previously been used
6 effectively. 42 U.S.C. § 11386b(d)(2).

7 30. Congress has expressly recognized that the local CoC is an “integral
8 local function” that is “necessary to generate the local strategies for ending
9 homelessness.”⁵ Under the statute, a local CoC coordinates the process of applying
10 for CoC program funds for that community through an entity called the
11 “Collaborative Applicant,” which “shall be established for a geographic area by the
12 relevant parties in that geographic area.” 42 U.S.C. § 11360a(a).

13 31. The primacy of local decision-making is further codified by HUD in an
14 interim rule that has been in effect since 2012, (*see* 24 CFR Part 578, Homelessness
15 Emergency Assistance and Rapid Transition to Housing; Continuum of Care
16 Program (“CoC Interim Rule”)) which, per HUD, “governs the CoC Program.”⁶ The
17 Interim Rule requires that a CoC be established by representatives from “relevant
18 organizations within a geographic area,” which can include “nonprofit homeless
19 assistance providers, victim service providers, faith-based organizations,
20 governments, businesses, advocates, public housing agencies, school districts, social
21 service providers, mental health agencies, hospitals, universities, affordable housing
22 developers, law enforcement, and organizations that serve veterans and homeless
23 and formerly homeless individuals.” The CoC board must be representative of the

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25 ⁵ Prevent Mortgage Foreclosures and Enhance Mortgage Credit Availability, Pub. L.
26 No. 111-22, § 1002, 123 Stat 1632, 1664 (2009) *codified at* 42 U.S.C. § 11301.

27 ⁶ *See* Introductory Guide to the CoC Program, July 14, 2012, at
28 <https://files.hudexchange.info/resources/documents/CoCProgramIntroductoryGuide.pdf> (“CoC Introductory Guide”).

1 organizations and projects serving the community’s homeless residents, and must
 2 have at least one homeless or formerly homeless member.⁷ The Preamble for the
 3 Interim Rule explains the logic for this requirement: centralized, local control is
 4 designed to respond “to local needs and conditions.” Preamble, 24 CFR Part 578.
 5 This preamble further reflects HUD’s observation that local CoC operation is
 6 important in ensuring the success of homeless assistance and prevention programs in
 7 communities. *Id.*

8 32. The Collaborative Applicant is responsible for applying for funding on
 9 behalf of entities within the CoC’s geographic area. 42 U.S.C. § 11360a(a). In
 10 HUD’s words: “The Collaborative Applicant is the entity the CoC designates to
 11 submit the annual CoC Program Competition application and apply for planning
 12 funds on its behalf.”⁸ Each CoC must run a local competition to determine what
 13 projects and service providers will be part of its federal application, and how it will
 14 rank them. 42 U.S.C. § 11382; 24 C.F.R. § 578.9. The Collaborative Applicant then
 15 applies on behalf of the CoC and all project applicants in that region.

16 C. Timing and Administration of the Consolidated Application

17 1. Annual Administration of the CoC Program

18 33. The HEARTH Act sets forth various requirements for HUD’s
 19 administration of the CoC Program. In addition to the requirements described above,
 20 the statute establishes timing requirements, eligibility and selection criteria, and
 21 conditions to which grantees must agree, as well as other mandates. 42 U.S.C.
 22 § 11386.

23 34. For one, the statute establishes timing requirements to ensure that funds
 24 are awarded promptly to the communities that need them. It provides that “the

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 26 ⁷ See *id.* at n.1.

27 ⁸ See <https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-governance/coc-roles/collaborative-applicant/>
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1 Secretary shall release a notification of funding availability”—also known as a
2 “notice of funding opportunity” or “NOFO”—for CoC grants “for a fiscal year not
3 later than 3 months after” Congress has enacted the relevant appropriations statute.
4 42 U.S.C. § 11382(b). It then must announce conditional awards “within 5 months”
5 after the NOFO application deadline. *Id.* § 11382(c)(2)(A). And once a recipient
6 meets all relevant requirements for a final award (such as obtaining matching funds
7 and passing environmental review), HUD must “obligate the funds for the grant
8 involved” within 45 days. *Id.* § 11382(d)(2).

9 35. HUD awards funds to eligible recipients through a national
10 competition between geographic areas based on criteria including previous
11 performance regarding homelessness according to metrics specified in the statute.
12 42 U.S.C. § 11386a(b). The competition period begins when HUD publishes the
13 Fiscal Year (“FY”) CoC Program Competition NOFO and ends when HUD issues
14 the final funding announcement for that year’s conditionally awarded funds.⁹

15 36. Before a Collaborative Applicant can submit an application as part of
16 any year’s CoC Program Competition, the applicant must be registered with HUD
17 for that fiscal year. Collaborative Applicants must complete their registration using
18 HUD’s web-based portal. The registration process only applies to Collaborative
19 Applicants who will register to submit the annual CoC Consolidated Application for
20 CoC Program funds. The registration process does not apply to project applicants or
21 private individuals as HUD does not provide funding to private individuals, and all
22 project applications must be submitted by the Collaborative Applicant to the
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27 ⁹ March 20, 2026 Notice CPD-26-03 re Continuum of Care Program Registration, at
28 3 available at <https://www.hud.gov/sites/default/files/OCHCO/documents/CPD-26-03.pdf>

1 Department during the CoC Program competition as described in the applicable
2 NOFO.¹⁰

3 37. HUD itself tells applicants not to change Collaborative Applicants mid-
4 stream: “Generally, the Collaborative Applicant approved by the Department during
5 the CoC Program Registration process prior to each FY CoC Program Competition
6 must be the same organization that will submit the CoC Consolidated Application
7 (the CoC Application, CoC Priority Listing that lists all project applications
8 accepted and ranked or rejected in the CoC local competition, and the Project
9 Application(s)) during the CoC Program Competition.” There are limited
10 circumstances by which a Collaborative Applicant can be changed, and it would
11 require HUD approval.¹¹

12 38. Although the Collaborative Applicant registration period generally
13 opens the second Tuesday of each January with a due date in April, this year, HUD
14 did not open the registration until April 1 and set an April 23 due date. As it has
15 been for decades, LAHSA was timely registered and approved by HUD.
16 Accordingly, as the LA CoC’s registered Collaborative Applicant, only LAHSA can
17 access the application documents on behalf of the LA CoC.

18 39. HUD published the 2026 NOFO on June 1, 2026, but the application
19 itself has not been published. The application deadline is August 26, 2026.¹²

20 2. The Consolidated Application

21 40. Following statutory directives, HUD’s regulations specify that, after
22 “enactment of the annual appropriations act” each year, HUD will calculate for each
23

24 ¹⁰ *Id.* at 2.

25 ¹¹ *Id.* at 5.

26 ¹² *See* June 18, 2026 HUD letter re “Notice of Findings and Proposed Remedial
27 Action, , available at,
28 <https://www.hud.gov/sites/default/files/OCHCO/documents/CPD-26-03.pdf>

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1 CoC the sum of “all projects within the [COC] eligible to apply for renewal in that
2 fiscal year’s competition.” 24 C.F.R. § 578.17(a)-(b)(2). This amount is known as
3 the annual renewal demand (ARD) and is the “maximum award amount” for that
4 geographic area (unless their formula-based need amount is higher, which is rare).¹³
5 24 C.F.R. § 578.17(b).

6 41. In submitting the Consolidated Application, HUD asks the
7 Collaborative Applicant to rank project applicants in two tiers. Tier 1 projects are
8 the renewals that the Applicant identifies as most critical to meeting community
9 needs, and HUD will typically fund all Tier 1 projects. Because Tier 1 funding is
10 relatively assured, CoCs can and do rely in advance on the likelihood of approval of
11 the Tier 1 projects, which helps bring stability to the system and allows local leaders
12 to prioritize other types of projects.

13 42. Tier 1 projects also generally receive the vast majority of funding: Each
14 year, HUD identifies the percentage of funds available for Tier 1 projects as a
15 percentage of each geographic area’s ARD. For example, in FY 2024, Tier 1 was set
16 at 90 percent of each CoC’s ARD. “HUD’s intent” has been “to continue to fund
17 projects that are currently serving people to avoid having them experience
18 homelessness again.”¹⁴

19 43. Tier 2 projects are less assured: they are subject to a national
20 competition, and HUD awards the funding available for Tier 2 projects to the
21 projects that score highest under the competition’s criteria.¹⁵
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24 ¹³ See, e.g., HUD, CoC Estimated Annual Renewal Demand Report – revised
25 (2024), <https://perma.cc/NZ8X-6QCT>.

26 ¹⁴ HUD, Determining the Amount of Available CoC Program Funds 4, available at
27 <https://perma.cc/M6VL-G5T4>.

28 ¹⁵ 24 C.F.R. § 578.17.

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1 44. As a practical matter, since funding for projects ranked in Tier 1 is
2 protected, CoCs can reliably balance between prioritizing renewing existing projects
3 that are critical to maintaining the current level of services and meeting new
4 community needs when ranking projects in Tier 2 in their local competitions.

5 **D. LAHSA**

6 45. By Congressional design and HUD regulation, all CoCs must delegate
7 an entity to serve in four key roles: (1) as the Collaborative Applicant, which
8 functions as the System’s CEO or strategist; (2) as the HMIS Lead, which is akin to
9 a data and systems manager responsible for the local information technology system
10 used to collect client-level data and data on the provision of housing and services to
11 individuals and families at risk of and experiencing homelessness; (3) as the CES
12 coordinator, which serves as an operations manager for client flow (*see* § 24 C.F.R.
13 578.7); and (4) as administrator of the PIT count. LAHSA also serves in a fifth role,
14 common to many Collaborative Applicants, which is acting as a grantee, receiving
15 funding for its own function and submitting funding and reimbursement requests on
16 behalf of subgrantees, who are service providers providing directly services to the
17 unhoused.

18 46. In many regional CoC’s, these functions are performed by different
19 entities but in Los Angeles, the largest CoC in the United States, LAHSA performs
20 them all.

21 1. LAHSA as Collaborative Applicant

22 47. The LA CoC Governance Charter appoints LAHSA as the
23 Collaborative Applicant, which requires it to coordinate the applications of all
24 government entities and service providers to the unhoused in the region, weighing
25 the objectives discussed above. In its capacity as the Collaborative Applicant,
26 LAHSA functions as the system’s strategic leader—setting the vision, aligning
27 stakeholders, and serving as the primary interface with HUD. It is responsible for
28 developing and submitting the CoC’s consolidated funding application, ensuring

1 that local priorities are reflected in project selection, and guiding system-wide
2 planning efforts to reduce homelessness. Through this role, LAHSA establishes
3 governance structures, coordinates policy development, and ensures compliance
4 with federal requirements, acting much like a “system CEO” that steers both
5 strategy and accountability.

6 2. LAHSA as HMIS Lead: Tracking the Unhoused and Providing
7 Key Data to Government And Stakeholders

8 48. Along with being the Los Angeles CoC lead applicant, LAHSA is also
9 responsible for operating as the HMIS Lead for the LA CoC and the Glendale,
10 Pasadena and Long Beach CoCs. The HMIS is a complex, federally mandated
11 database that tracks demographic and service usage data, including a census of
12 people using homelessness-related services. This data is mission-critical for all
13 federal, state and local policy matters, and all service providers aiding the unhoused.
14 As stated in LAHSA’s HMIS Policies and Procedures, “[t]o end homelessness, a
15 community must know the scope of the problem Reliable data enables a
16 community to work confidently toward its goals as it measures outputs, outcomes,
17 and impacts.”¹⁶

18 49. The HMIS database serves multiple core functions and is the conduit
19 through which all services flow to the unhoused in Los Angeles. It is the database
20 through which LAHSA and service providers connect people with housing and
21 related services. Once a person is in the HMIS database, they can then be matched
22 with housing and services offered by service providers. In fact, entry into HMIS is
23 required by federal, state and local funders before an applicant can be placed into
24 permanent housing. If the HMIS database were shut down, no applicants could be
25 matched with housing, including the more than 27,000 people currently on the
26

27 ¹⁶ See [https://www.lahsa.org/documents?id=1128-la-hmis-policies-and-](https://www.lahsa.org/documents?id=1128-la-hmis-policies-and-procedures.pdf)
28 [procedures.pdf](https://www.lahsa.org/documents?id=1128-la-hmis-policies-and-procedures.pdf).

1 HMIS waitlist for permanent housing. Furthermore, if the HMIS database were
2 nonfunctional, persons newly experiencing homelessness could not be given an
3 assessment and added to the database at all, blocking them from getting in the
4 housing queue completely.

5 50. Federal regulations also require that LAHSA use HMIS to record client
6 data and report to HUD on program performance. Federal regulations also require
7 LAHSA, as the HMIS Lead for the LA CoC, to annually submit several detailed
8 reports to HUD. Failure to submit these annual reports could result in the CoC's
9 compliance rating lowered at HUD, which in turn could result in the loss of millions
10 of dollars in annual funding. California state law also mandates the use of an HMIS
11 system for receiving homelessness service funding. If LAHSA were no longer to
12 operate its HMIS database, that critical funding would be jeopardized. Moreover, it
13 would be exceedingly difficult for another entity to replace LAHSA because of the
14 level of expertise required. It can take almost a year for a skilled worker to reach full
15 operational proficiency in the system.

16 51. LAHSA is not only the HMIS Lead for the LA CoC, it also holds the
17 related dual role of HMIS Implementation Manager—making LAHSA uniquely
18 irreplaceable in the regional homeless services infrastructure. As the HMIS
19 Implementation Manager, LAHSA is also responsible for ensuring the maintenance
20 and ongoing operational functionality of the HMIS database, which includes
21 working with the database vendor on upgrades and customizations, ensuring
22 software is up to date, and developing training materials for HMIS users.

23 52. The Los Angeles CoC HMIS is, by a massive margin, the largest in the
24 country. At any given time, LAHSA's HMIS system includes profiles for about 350
25 participating agencies, along with profiles for 200,000 to 250,000 individual
26 program participants. For context, the next largest HMIS in the country, which
27 covers the entire state of Washington, has only 4,000 users.

28

1 53. Administering such a massive, complex database requires a highly
2 trained and specialized staff. Currently, LAHSA employs 60 data specialists to
3 administer HMIS. Because of the technical, database-specific nature of these
4 specialists' work, another entity cannot simply take over the database, and critical
5 data would be lost if LAHSA simply suspends its efforts..

6 3. LAHSA as CES Lead: Matching Persons Experiencing
7 Homelessness With Services and Permanent Housing

8 54. As the Coordinated Entry System ("CES") coordinator, LAHSA
9 oversees the operational flow of individuals and families through the homelessness
10 response system. The CES is a federally mandated system that manages a
11 standardized, equitable process for accessing housing and services, ensuring that
12 those with the highest needs are prioritized appropriately. LAHSA coordinates
13 assessments, referrals, and placements across the provider network, maintains by-
14 name lists, and monitors system performance to address disparities and improve
15 outcomes. In this operational role, LAHSA acts as the "manager of client flow,"
16 ensuring that resources are matched efficiently and fairly to those in need.

17 55. As the CES Coordinator, LAHSA ensures that two databases, HMIS
18 (discussed in detail above) and the Resource Management System ("RMS") work in
19 harmony to match people with available housing. The RMS is a database that hosts
20 real time inventory of available housing resources across the CoC. LAHSA employs
21 a specialized staff of 30 employees to run the CES matching team to ensure that
22 individuals are placed in homes as quickly as possible once a match has been made.
23 This staff completely relies on accurate, operational HMIS and RMS databases to
24 perform their work.

25 56. The CES program depends on the continued functionality of both the
26 HMIS and RMS databases in order to generate the thousands of housing matches
27 LAHSA makes each year. If the functionality of HMIS or RMS were disrupted, or
28 LAHSA's role in running CES were suspended, no new housing matches could be

1 generated, and the over 27,000 people currently on the waitlist for permanent
2 housing would be stuck in limbo, with no viable way to get housing placement.
3 Furthermore, if the RMS database were nonfunctional, LAHSA's CES team would
4 not know how many housing units were available, which could result in people
5 sleeping in the streets while vacant units go unfilled.

6 4. LAHSA as Administrator of the PIT Count

7 57. HUD mandates that a PIT Count be conducted biannually. The agency
8 relies on these PIT Counts to provide an Annual Homelessness Assessment Report
9 to Congress that provides critical information, such as nationwide estimates of the
10 unhoused population, and includes information about the demographic
11 characteristics of unhoused persons, service use patterns, and the capacity to house
12 persons experiencing homelessness.

13 58. For the last ten years, the LA and related CoCs in Los Angeles County
14 have elected to conduct a PIT count every year. The LA CoC has delegated this
15 responsibility to LAHSA. This duty requires LAHSA to design and execute an
16 enumeration methodology that is fully compliant with HUD standards.
17 Operationally, LAHSA manages the logistics of the unsheltered Adult street count
18 by recruiting, training, and deploying community volunteers, public employees, and
19 professional outreach workers across LA CoC census tracts.

20 59. LAHSA also partners with academic institutions to conduct detailed
21 demographic surveys and executes rigorous data validation and quality assurance
22 protocols.

23 60. Concurrently, the agency directs the sheltered Housing Inventory Count
24 in coordination with emergency, transitional, and safe haven housing providers
25 LAHSA formally submits this finalized data to HUD to secure and maintain the
26 region's eligibility for federal homeless services funding.

27 61. LAHSA released the final results from 2025 PIT Count on October 25,
28 2025, and completing HUD's validation process.

1 62. For 2026, LAHSA conducted the unsheltered PIT Count in
2 January, and submitted its initial data to HUD in the spring. LAHSA is
3 currently reviewing its 2026 PIT Count data with a HUD-contracted Technical
4 Assistance provider. If the proposed HUD suspension takes effect, LAHSA likely
5 will not be able to complete its 2026 PIT Count process. Should that occur, HUD
6 would not have an accurate count for the Los Angeles area (the largest homeless
7 population in the country) to include in its Annual Homelessness Assessment Report
8 to Congress. And, since HUD mandates that the PIT Count occur within a 10-day
9 period at the end of January, it would be difficult for the LA CoC to conduct the
10 2027 PIT Count.

11 5. LAHSA as Grant Recipient for Itself and Subgrantees

12 (a) The Grant Cycle

13 63. HUD operates under a reimbursement model, whereby grantees are
14 expected to provide services first and then submit requests for reimbursement. No
15 requests for reimbursement can be processed until HUD has confirmed an award
16 with a fully executed grant agreement. It is only after these grant agreements are
17 executed that a grantee can submit a request for reimbursement to HUD.

18 64. After award letters are sent, recipients generally rely on the promise of
19 federal dollars in their operations, even though there is often a significant delay
20 between the issuance of award letters and the provision of executed grant
21 agreements. During this period, grantees are in a form of limbo—they have the
22 promise of funds but no executed grant agreement they could use to demand
23 payment, and no funds available to draw down.

24 (b) LAHSA as Grantee

25 65. In conjunction with HUD’s national priorities for CoCs, the LA CoC’s
26 portfolio of grants, as submitted by LAHSA as the Collaborative Applicant, is over
27 90 percent dedicated to permanent housing, with 75 percent allocated to permanent
28 supportive housing for individuals with disabilities who require housing on a long-

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1 term basis. LAHSA’s own organizational portfolio, as a direct grant applicant whose
2 applications are included in the Consolidated Application, includes transitional
3 housing for youth and domestic violence survivors in addition to permanent
4 housing.

5 66. In 2026, LAHSA had FY 2024 grant agreements with service providers
6 that were due to expire during the first and second quarters of this calendar year—
7 between January 31, 2026 and June 30, 2026—for which it did not receive FY 2025
8 grant agreements until May. By the time LAHSA received the grant agreements, six
9 grants had expired, with another two expiring at the end of May and six expiring at
10 the end of June, including the CoC Planning Grant (awarded to the Collaborative
11 Applicant). LAHSA has signed and returned these agreements to HUD, but HUD
12 has not countersigned them. Accordingly, for these fourteen expired or expiring
13 grants, HUD has not signed grant agreements, preventing the subgrantees from
14 being reimbursed. For the twelve service providers that operate most of these
15 projects, they are floating their own costs with no immediate path to reimbursement
16 for the funds that HUD agreed to—and was in fact ordered by Congress—to
17 provide.

18 (c) LAHSA’s Subgrantees

19 67. Many of LAHSA’s subrecipients, who are direct providers of services
20 to the unhoused, do not have the resources or bandwidth to compile or oversee all
21 that is required to submit an application to HUD. They rely on LAHSA and
22 cooperate with it to assemble the information needed to submit applications, and to
23 seek reimbursements, on their behalf. The projects for which HUD has approved
24 awards but which have not received an executed 2025 grant agreement include
25 grants to the following organizations: 1736 Family Crisis Center; A Community of
26 Friends; The People Concern; Jewish Family Services; House of Ruth Claremont;
27 SRO Housing Corporation; Penny Lane; Rainbow Services; Jenesse Center; Project
28 New Hope; Antelope Valley Domestic Violence Council; and Downtown Women’s

1 Center. All of these service providers are currently waiting for a new grant
2 agreement and corresponding subcontract with LAHSA and are attempting to
3 operate while their funding has already expired.

4 68. Although CoC funding is typically reimbursed retroactively from the
5 grant start date—meaning these organizations routinely float costs annually—
6 HUD’s suspension threatens to leave them without the funds they need to continue
7 operating. These organizations are soon likely to face an urgent lack of funds that
8 may threaten their ability to continue providing critical services to the unhoused
9 under HUD’s suspension notice.

10 **E. The Trump Administration Seeks to Contravene Congressional**
11 **Priorities for Homelessness Funding**

12 1. The Administration Signals Its Intent to Change Policy
13 on Homelessness and to Defund the LA CoC

14 69. On July 24, 2025, President Trump issued an Executive Order
15 embracing a new policy focused on “ending crime and disorder” on the streets by
16 prioritizing criminal enforcement, drug treatment, institutionalization and civil
17 commitment of the mentally ill.¹⁷

18 70. That same week, Amy Perkins, a LAHSA Commission member and
19 homeless advisor to L.A. County Supervisor Lindsey Horvath, met with senior
20 representatives of HUD, and a senior political appointee told her that he would
21 recommend there be no HUD funding coming to Los Angeles.

22 2. HUD Issues the Unlawful Policy-Driven FY 2025 NOFO

23 71. Congress has regularly appropriated funds for the CoC Program since
24 the Program’s inception. Prior to the change in administration, in a bipartisan bill,
25 Congress authorized HUD to run a single competition to cover awards for both
26 fiscal year 2024 and 2025. Consolidated Appropriations Act, 2024, Pub. L. No. 118-

27 ¹⁷ Exec. Order No. 14,321, “Ending Crime and Disorder on America's Streets,” 90
28 Fed. Reg. 35,817 (July 29, 2025).

1 42, div. F, tit. II, § 242. This allowed HUD to solicit and review applications once
2 and use the results of that competition to make awards both for fiscal year 2024 and,
3 once funds were appropriated, for fiscal year 2025.

4 72. Consistent with Congressional mandates and HUD’s practices for
5 nearly a decade, HUD issued a NOFO for fiscal years 2024 and 2025 (“the FY24-25
6 NOFO”), which prioritized permanent housing solutions to homelessness.
7 Communities undertook their local processes and applied to the FY24-25 NOFO.
8 HUD made fiscal year 2024 awards in January 2025. Funding became available for
9 fiscal year 2025 awards in March 2025. On March 15, 2025, a bipartisan Congress
10 then enacted a continuing resolution appropriating \$3.544 billion for the CoC and
11 related programs. Full-Year Continuing Appropriations and Extensions Act, 2025,
12 Pub. L. No. 119-4, § 1101(12).

13 73. Because HUD had issued a two-year NOFO, no new fiscal year 2025
14 NOFO was required. If, however, HUD wanted to issue a new NOFO for awarding
15 2025 funds, it was required to do so within three months, that is, by June 15, 2025.
16 See 42 U.S.C. § 11382(b). But HUD did not issue a new NOFO by June 15, 2025.

17 74. Rather, on July 3, 2025, HUD announced its intention to publish a new
18 NOFO for fiscal year 2025 CoC awards. It provided few details beyond stating that
19 the NOFO would “seek to provide opportunities for new types of projects including
20 street outreach and transitional housing programs” and inviting applicants to
21 “prepare for an application focused on treatment and recovery, reducing unsheltered
22 homelessness, reducing returns to homelessness, and increasing the earned income
23 of participants.”¹⁸

24 75. Congress took notice. On November 13, 2025, members of the United
25 States Senate, including Patty Murray, the Vice Chair of the Senate Committee on
26

27 ¹⁸ HUD Email to CoCs re Important FY2025 CoC Competition Updates, *See*
28 <https://ciceroinstitute.org/news-media/fy-2025-hud-notice-of-funding-opportunity>.

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1 Appropriations, sent HUD Secretary Turner a letter to express “deep concerns
2 regarding the instability the entire homeless support system could face if funding
3 delays, uncertainty, and rushed policy changes continue.”¹⁹ The letter noted that
4 HUD’s planned 2025 NOFO appeared to propose “harmful and potentially illegal
5 changes that could result in nearly 200,000 older adults, chronically homeless
6 Americans with disabilities, veterans, and families being forced back onto the
7 streets.”²⁰

8 76. The Senators’ letter noted that, on January 20, 2025, HUD had
9 “spark[ed] chaos and disrupt[ed] grantee operations” when it imposed “new and
10 likely illegal conditions” on receipt of previously awarded CoC grants, proposed
11 eliminating the CoC Program altogether, and “repeat[ed] rhetoric used by the
12 President to villainize homeless people.”²¹ The Senators concluded that HUD’s
13 “actions raise[d] serious questions and concerns about whether HUD [was]
14 intentionally violating the law to prevent Congressionally appropriated funds from
15 reaching the people and communities they were intended to support.”²²

16 77. On November 13, 2025, 2025, eight months after Congress
17 appropriated fiscal year 2025 funds for the CoC Program and mere weeks before
18 awards would have been issued, HUD issued a new fiscal year 2025 NOFO (the
19 “FY25 NOFO”). In one sentence of the 128-page FY25 NOFO, HUD rescinded the
20
21
22

23 ¹⁹ Letter from Senator Patty Murray et al. to HUD Secretary Scott Turner,
24 November 13, 2025. See https://www.appropriations.senate.gov/imo/media/doc/251113_letter_to_hud_on_coc_nofo.pdf

25 ²⁰ *Id.*

26 ²¹ *Id.*

27 ²² *Id.*

28

1 FY24-25 NOFO with no explanation.²³ This rescission followed Administration
 2 efforts to leverage federal funding to advance the Executive Branch’s own agenda
 3 without congressional authorization.

4 78. In HUD’s own words, the FY25 NOFO was intended to effect “the
 5 most significant policy reforms and changes in the program’s history.”²⁴

6 3. The District Court of Rhode Island Enjoins the FY25 NOFO

7 79. The FY25 NOFO was shortly thereafter challenged in two lawsuits
 8 filed in the United States District Court for the District of Rhode Island: one filed by
 9 a coalition of national nonprofits, CoC providers, and municipal governments:

10 *National Alliance to End Homelessness v. United States Department of Housing and*
 11 *Urban Development*, Case No. 1:25-cv-00636, filed December 1, 2025; and the
 12 second filed by a group of Attorneys General, *State of Washington et al. v. United*
 13 *States Department of Housing and Urban Development*, filed November 25, 2025.

14 80. Plaintiffs sought preliminary and permanent relief to enjoin the FY25
 15 NOFO, arguing that it lacked Congressional authorization, was contrary to relevant
 16 statutes and regulations, was published late, and lacked satisfactory reasoning by
 17 turning away from a decade of prioritizing evidence-based approaches to reduce
 18 homelessness. Plaintiffs further argued that HUD’s actions would cause devastating
 19 and irreparable harms to the plaintiffs and their associations’ members, as well as to
 20 the people who rely on them for housing and services.

21 81. HUD withdrew the NOFO on December 8, 2025, just prior to a hearing
 22 on the preliminary relief requested by the plaintiffs. On December 23, 2025, the

23
 24 _____
 25 ²³ HUD, FY 2025 Continuum of Care Competition and Youth Homeless
 26 Demonstration Program Grants NOFO at 15, <https://perma.cc/7MSQ-5FHQ> (FY25
 NOFO).

27 ²⁴ HUD Sec. Scott Turner Leads Monumental Reforms to Homelessness Program,
 28 Ending Biden-Era Slush Fund (Nov. 13, 2025), <https://perma.cc/334N-5AWQ>.

1 district court issued orders in both matters staying the 2025 NOFO and ordering
2 HUD to preserve the status quo ante.

3 4. Congress Mandates That HUD Fund the CoCs Per Statute

4 82. On February 3, 2026, Congress stepped in. The Consolidated
5 Appropriations Act of 2026 (H.R. 7148 (the “CAA”)) included budget increases for
6 HUD, such as earmarking over \$4 billion for homeless services—an increase of
7 \$366 million. Section 244 of the CAA further required HUD to immediately non-
8 competitively renew all projects expiring in quarter one (January through March) of
9 2026 for a 12-month period. The bill gave HUD until April 1 to make awards for
10 quarter two and, if it failed to meet that deadline, required HUD to non-
11 competitively renew all projects expiring in quarter two (April through June) of
12 2026 for a 12-month period. The bill gave HUD until July 1 to make awards for
13 quarters three and four (July through December) of 2026 and, if it failed to meet that
14 deadline, it was required to non-competitively renew all projects expiring in quarters
15 three and four.

16 83. On March 31, 2026, HUD announced FY 2025 renewal award funding
17 for projects that expired in quarter one (January through March 2026). All LA CoC
18 projects expiring in the first quarter were renewed as part of this announcement.
19 HUD has issued these grant agreements to LAHSA, but LAHSA has not received
20 the countersigned agreements, and therefore has received no funding for these
21 grants. The service providers operating as subgrantees under these agreements
22 therefore have been providing services in anticipation of being paid but their
23 funding lapsed in quarter one and they are carrying their own operations without
24 reimbursement.

25 84. On April 27, 2026, HUD announced FY 2025 renewal award funding
26 for projects that expired in quarter two (April through June 2026). All LA CoC
27 projects expiring in the second quarter were renewed as part of this announcement.
28 HUD has issued these grant agreements to LAHSA but LAHSA has not received the

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1 countersigned agreements, and therefore has received no funding for these grants.
2 The service providers operating as subgrantees under these agreements therefore
3 have been providing services in anticipation of being paid but their funding lapsed,
4 or will lapse, at some point in quarter two and they have or will soon be carrying
5 their own operations without reimbursement.

6 85. On May 21, 2026, HUD announced FY 2025 renewal award funding
7 for projects that expire in quarters three and four (July through December 2026). All
8 LA CoC projects expiring in these quarters were renewed as part of this
9 announcement, but HUD has not yet issued grant agreements for these projects.

10 86. In total, the LA CoC was awarded more than \$200 million through the
11 FY 25 HUD awards, but HUD has not signed and funded the grant agreements for
12 any 2025 awards made to LAHSA, despite being legally required to do so. That
13 means that the service providers covered by the awards cannot be paid. Twelve
14 LAHSA-funded organizations are already operating under expired grant agreements,
15 which means they are funding their own operations but anticipating the federal
16 funds guaranteed by the award letters. Without the promised funding, these
17 organizations may not be able to continue to serve the needs of the unhoused in Los
18 Angeles.

19 5. The President’s Fiscal Year 2027 Budget

20 87. On April 3, 2026, the White House released President Trump’s 2027
21 budget, which proposes to entirely eliminate the CoC program, calling it “failed and
22 harmful,” and “administratively burdensome.”²⁵ The budget expressly attacked
23 LAHSA, calling it “an example of the need to overhaul the unaccountable CoC
24 system” and alleging (1) that LAHSA “has an abysmal record of reducing what is
25 the highest number of street individuals in the United States, and (2) an independent
26 audit issued in March 2025 found that LAHSA failed to accurately track billions of

27 _____
28 ²⁵ See *supra* n.1.

1 Federal and local dollars.”²⁶ Both of these claims are false, but closely track similar
2 false claims in the June 11 letter addressed below.

3 **F. The Suspension Letters**

4 1. The June 11 Suspension Notice

5 88. On June 11, 2026, HUD Deputy Secretary Andrew D. Hughes sent a
6 letter (the “June 11 Letter”) to LAHSA CEO Gita O’Neill advising that HUD’s
7 Office of Inspector General (“OIG”) had opened an investigation into LAHSA²⁷ due
8 to “[i]nformation that has come to light demonstrating that LAHSA may have
9 committed violations of federal law in performing its obligations under HUD grant
10 agreements.” The letter, however, provided no detail about the scope or nature of
11 that investigation, citing “privilege.” (June 11 Letter at 2 n.1.)

12 89. The June 11 Letter advised that, because of that investigation, the scope
13 of which HUD claimed was privileged, the agency was “immediately suspending
14 LAHSA from future participation in . . . transactions as a participant or principal,
15 with HUD” and all other federal agencies pending the investigation’s outcome.

16 90. As a legal basis for suspension, HUD purported to rely not on a statute
17 enacted by Congress or a regulation promulgated by HUD itself, but on the Office
18 of Management and Budget regulation codified at 2 C.F.R. §180.700. The June 11
19 Letter advised that, under OMB regulation 2 C.F.R. §180.700(b) HUD has “more
20 than adequate evidence to suspect” a basis for LAHSA’s debarment (the causes for
21 which are enumerated at 2 C.F.R. § 180.800), and that LAHSA’s immediate
22 suspension was “necessary to protect the public interest” as required by 2 C.F.R.
23 § 180.700(c).

24 91. According to HUD, LAHSA’s purported violations of “the terms of
25 numerous public agreements or transactions” were serious enough to “affect the

26 _____
27 ²⁶ *Id.*

28 ²⁷ Prior to the letter, LAHSA was not aware of any OIG investigation into LAHSA.

1 integrity of multiple HUD funding programs under [2 C.F.R. §] 180.800(b), and that
2 LAHSA’s actions and inactions affect its present responsibility under [2 C.F.R. §]
3 180.800(d).”

4 92. The June 11 Letter asserts three categories of purported violations to
5 support its decision to suspend LAHSA with immediate effect. First, HUD contends
6 that LAHSA has “chronic and systemic” problems with financial management and
7 internal controls. Specifically, HUD claimed that, since November 2024, “audits,
8 assessments, and lawsuits reveal consistent and continued failures related to”
9 payments to service providers, as well as with monitoring and integrity programs.
10 However, none of those many “audits, assessments, and lawsuits” that HUD cites
11 relate to fraud or misrepresentations by LAHSA.

12 93. Indeed, not a single one of the materials HUD cites, including public
13 statements, details allegations of fraud or criminal conduct by LAHSA itself.
14 Instead, HUD bases its suspension decision on a suspected “[v]iolation of the terms
15 of a public agreement or transaction so serious as to affect the integrity of a Federal
16 Agency program.” (June 11 Letter at 2 (quoting 2 C.F.R. § 180.800(b).) But the
17 June 11 Letter does not identify any particular agreement, transaction or contract
18 term that LAHSA violated for any specific time period. (*See* June 11 Letter at 4, n.6
19 (vaguely referring to regulatory requirements related to financial management,
20 internal controls, conflicts of interest and mandatory disclosures that “are
21 incorporated into the program-specific regulations governing HUD grant
22 programs”).) Nor does it assert that any violations by LAHSA were “willful,” as
23 contemplated by § 180.800(b).

24 94. HUD does not cite *any* evidence contemplated by 2 C.F.R. § 180.705.
25 This may be because there are no indictments, judgments, official findings, or
26 affidavits to cite. Instead, HUD supports its position with an amalgamation of
27 uncorroborated hearsay information apparently cherry-picked from the internet.
28 Among other things, it cites to online articles from LAist, a local news source, for

1 stories about LAHSA’s former CEO who resigned in the summer of 2025. HUD
2 repeatedly mischaracterizes facts. For example, it describes and attaches a
3 November 14, 2024 LA City Controller Announcement, stating that “LAHSA failed
4 to spend \$513 million in public funds that were budgeted during fiscal year 2024,
5 pointing to a lack of staff and old technology.” However, the facts referenced in this
6 announcement concern the City of Los Angeles, not LAHSA.

7 95. Similarly, most of the audits, reviews, assessments, letters, news
8 articles, and statements at public hearings are not relevant to federal funding at all,
9 but address state and local grants and programs. What the letter does not state—but
10 HUD well knows—is that state and local frameworks for funding are fundamentally
11 distinct from the federal framework. For example, state and local funders impose a
12 cost-reimbursable payment model—under which providers must first incur
13 expenses, submit invoices, and then await reimbursement. This structure is dictated
14 by the funders, not by LAHSA. By contrast, the federal drawdown process makes
15 funds available to grantees and subgrantees within approximately three business
16 days, and as a result, outstanding payables against federal funding have rarely
17 exceeded 30 days. Criticisms of payment delays under the state and local model
18 therefore say nothing about LAHSA’s administration of federal funds.

19 96. The only audits that are relevant to LAHSA’s compliance with federal
20 laws and regulations are the federal audits, which include the Single Audit and HUD
21 OIG Audits. The annual independent audit—which includes both a financial
22 statement audit and a Single Audit evaluating compliance with major federal
23 programs, such as its performance in its roles as CoC Lead Applicant, HMIS Lead,
24 and CoC Coordinator—is conducted by an independent CPA firm. The most recent
25 Single Audit concluded that LAHSA’s financial statements were “presented fairly in
26 all material respects.” The Single Audit also concluded that LAHSA was in
27 compliance with requirements related to its major federal programs, consistent with
28 prior fiscal years. In other words, LAHSA most recently had a clean Single Audit.

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1 97. With respect to the HUD OIG audits—the only other audit directly
2 relevant to federal program compliance—there are no significant unresolved
3 findings: the 2007 audit findings are resolved, and, of the 2022 findings, two are
4 fully implemented and one is in progress, with full implementation underway.
5 Further, none of the findings go to the integrity of LAHSA’s internal controls over
6 federal funds, or indicate any violation of a HUD agreement.

7 98. Rather than address LAHSA’s recent comprehensive Single Audit,
8 HUD tries to create smoke by cherry-picking notes from historical audits and
9 reviews. Many of these, as noted above, have nothing to do with federal funding.
10 Further, public entities such as LAHSA are subject to routine and rigorous audits for
11 the very purpose of constantly improving internal controls in the interest of public
12 integrity. LAHSA’s job is to implement the suggested corrections, as it has. In the
13 past several years, LAHSA has made significant improvements to its internal audit
14 and control functions. LAHSA currently maintains a robust and independent
15 Internal Audit function that reports directly to, and takes direction from, the
16 Commission, with only dotted-line reporting to the interim CEO.

17 99. Next, the June 11 Letter extensively discusses a potential conflict of
18 interest issue that LAHSA resolved to HUD’s satisfaction in April 2026. The issue
19 arose in October 2024, when LAHSA approved a \$2.1 million contract with a
20 service provider that employed the husband of LAHSA’s then-Chief Executive
21 Officer, Dr. Va Lecia Adams Kellum.²⁸ The June 11 Letter does not mention or
22 acknowledge that LAHSA’s outside counsel, following an internal investigation,
23 found that Dr. Adams Kellum did not participate in LAHSA’s initial decision to
24 contract with, or how much to disburse to, the service provider (those decisions
25 were made before Dr. Adams Kellum became LAHSA’s CEO).

26
27 ²⁸ Dr. Adams Kellum resigned in July 2025 and has not been involved with LAHSA
28 for over a year.

1 100. The June 11 Letter further claims that while LAHSA did not maintain a
2 formal, written conflict of interest policy in the past, that issue was only rectified
3 with LAHSA’s adoption of such a policy on September 26, 2025. This is one of
4 several critical misstatements in the June 11 Letter— LAHSA’s written conflict of
5 interest policy dates back to at least 2001 (although last September it amended that
6 policy to include a procedure for seeking HUD waivers of potential conflicts). The
7 letter also does not mention or acknowledge that LAHSA nevertheless strengthened
8 its conflict of interest policies after the internal investigation regarding Dr. Adams
9 Kellum, to provide rules on when staff should seek conflict waivers under 24 CFR
10 § 578.95(d)(2). Nor does it admit that, after LAHSA updated its conflict of interest
11 policy, HUD closed its own investigation into the matter.

12 101. Accordingly, while the June 11 Letter claims that HUD has “reason to
13 suspect” that LAHSA has conflict of interest problems beyond this isolated incident,
14 HUD provides no evidence to support this contention.

15 102. In summary, none of the assortment of internet citations that HUD
16 threw together in the June 11 Letter provides “reasoning” supporting its conclusion
17 that any conduct is “so serious as to affect the integrity of a Federal agency
18 program;” nor does HUD identify “[a]ny other cause that is so serious or compelling
19 in nature that it affects [LAHSA’s] present responsibility.” *See* 2 C.F.R.
20 § 180.800(b), (d).

21 103. Finally, HUD asserts that suspension is appropriate because, in its
22 recurring applications for COC funds, LAHSA submitted periodic statements to
23 HUD certifying that LAHSA maintained adequate accounting systems, conflict of
24 interest protocols, and other compliance safeguards. Much of this relies on the
25 aforementioned audit issues, which do not support a lack of compliance safeguards,
26 much less false certifications about them. Indeed, HUD fails to accurately identify
27 any missing policies or financial controls. The purported bases for the June 11 Letter
28 are, in sum, wholly flawed.

1 104. Based on these purported violations, HUD issued its suspension with
2 immediate effect on June 11, 2026. The June 11 Letter advised LAHSA that it could
3 contest the suspension by submitting a written request for a hearing within 30 days.
4 Although the June 11 Letter purports to have immediate effect, it was unclear
5 whether the suspension applied only to future grants, whether it constituted a
6 complete freeze on LAHSA spending, which would affect the millions of dollars in
7 service provider payments currently due, or whether it applied to LAHSA's role as
8 Collaborative Applicant, HMIS lead, and CES coordinator.

9 2. The June 18 CoC Suspension

10 105. On June 18, 2026, HUD followed up with a short second letter (the
11 "June 18 Letter"), this one from Ronald J. Kurtz, Assistant Secretary for
12 Community Planning and Development. The June 18 Letter, entitled "Notice of
13 Findings and Proposed Remedial Action," contains no fact findings at all,
14 presumably relying on the hodgepodge of internet sources cited in the June 11 letter.

15 106. The June 18 Letter states that, pending the outcome of a HUD-OIG
16 investigation, "LAHSA is no longer eligible to serve as a collaborative applicant for
17 the [LA] CoC or apply for" the FY 2026 NOFO. Further, it states that LAHSA may
18 not act on behalf of the LA CoC "either as its collaborative applicant *or in its other*
19 *delegated duties*[" which presumably includes its HMIS, CES, and PIT count
20 responsibilities

21 107. HUD bases these sweeping conclusions on a purported finding that "the
22 [LA] CoC and LAHSA, as the collaborative applicant, do not meet the requirements
23 of 42 U.S.C. § 11360a and 24 C.F.R. part 578 subpart B." But it fails to identify any
24 "requirement" that LAHSA does not meet. The letter then goes on then to state that
25 "because LAHSA is unable to act as its collaborative applicant, the [LA] COC is
26 unable to execute its responsibilities as outlined in 24 CFR §578.7 and §578.9." In
27 other words, the letter purports to disqualify not only LAHSA but also the LA CoC,
28 without any statutory or regulatory basis to do so.

1 108. Finally, the letter states that, in lieu of a Consolidated Application by a
2 Collaborative Applicant as mandated by Congress, it finds it in the “public interest
3 to allow eligible entities to submit their grant request directly to HUD period.”

4 **FIRST CLAIM**

5 **Violation of the Administrative Procedure Act –**

6 **5 U.S.C. §§ 702, 704, 706(1), (2)(A)-(D)**

7 **Against All Defendants**

8 **(Agency Action In Excess of Constitutional and Statutory Authority, Contrary**
9 **to Law, and Not In Accordance With Law)**

10 109. Plaintiff incorporates the above paragraphs as if fully set forth herein.

11 110. Under the APA, a court shall “hold unlawful and set aside agency
12 action . . . found to be (A) . . . not in accordance with law; (B) contrary to
13 constitutional right, power, privilege, or immunity;” “(C) in excess of statutory
14 jurisdiction, authority, or limitations, or short of statutory right”; or “(D) without
15 observance of procedure required by law[.]” 5 U.S.C. § 706(2)(A)-(D).

16 111. An agency action is reviewable under the APA if it is a final agency
17 action. 5 U.S.C. § 704. Final agency actions (1) “mark the ‘consummation’ of the
18 agency’s decision-making process” and (2) are ones “by which ‘rights or obligations
19 have been determined,’ or from which ‘legal consequences will flow.’” *Bennett v.*
20 *Spear*, 520 U.S. 154, 178 (1997).

21 112. Defendants’ actions constitute “[a]gency action made reviewable by
22 statute,” 5 U.S.C. § 704; 42 U.S.C. § 2000d-2, as well as “final agency action for
23 which there is no other adequate remedy in a court,” 5 U.S.C. § 704, and is therefore
24 subject to judicial review. 5 U.S.C. §§ 702, 704. HUD’s suspension of LAHSA has
25 immediate and direct effect, with concrete consequences that qualifies as a final
26 agency action subject to review under the APA. Indeed, “[a] suspension is effective
27 when the suspending official signs the decision to suspend.” 2 C.F.R. § 180.710.

28



1 113. LAHSA is a state-created entity jointly formed in 1992 by the City of
2 Los Angeles and the County of Los Angeles to combat homelessness—a
3 quintessential local problem. “Functionally, LAHSA is the primary entity
4 responsible for implementing the funding provided by the City for homelessness-
5 related services.” *LA All. for Human Rights v. City of L.A.*, 792 F. Supp. 3d 1049,
6 1060 (C.D. Cal. 2025). Among other things, California law requires LAHSA to
7 maintain HMIS operations on a statewide basis, which matches individuals to state-
8 funded and locally funded housing and services. *See, e.g.*, Cal. Health and Safety
9 Code § 50222.

10 114. As discussed above, HUD’s suspension of LAHSA purports to prohibit
11 LAHSA from, *inter alia*, carrying out programmatic functions delegated to it by the
12 LA CoC, serving as the collaborative applicant for the LA CoC, and applying for
13 federal funding under the CoC Program for fiscal year 2026, and declares that the
14 LA CoC is unable to execute its responsibilities and thus ineligible for federal
15 funding.

16 115. HUD’s suspension also purports to prohibit LAHSA from carrying out
17 its other delegated duties, including the critical HMIS and CES systems, which track
18 individuals applying for and receiving services throughout the County, as well as its
19 duty to conduct the PIT Count. The HMIS data and PIT Count data are required by
20 Congress and used at all levels of government to make policy decisions. LAHSA’s
21 CES role is also required by HUD’s own regulations. It would contravene
22 Congressional intent for LAHSA to simply suspend these roles. HUD identifies no
23 contractual violations or other serious issues that address these programmatic
24 functions in any way. HUD cannot simply abandon these functions, and this Court
25 should not “rubber-stamp” HUD’s decision, as it is “inconsistent with “HUD’s]
26 statutory mandate” and “frustrate[s] the congressional policy” underlying the
27 HEARTH Act. *Ocean Advocs.*, 402 F.3d at 859.

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1 116. LAHSA’s suspension contravenes Congressional mandates to fund FY
2 25 projects consistent with FY 24 grants. At present, there are multiple service
3 providers without executed grant agreements that HUD was statutorily required to
4 provide; these providers may be forced to cease operations absent the previously
5 awarded funding.

6 117. In various ways, HUD’s actions as described above are in excess of its
7 constitutional and statutory authority, contrary to law, and not in accordance with
8 law. HUD’s actions impermissibly interfere with the core sovereign police functions
9 of state and local governments, violates federal statutes and congressional
10 appropriations that require HUD to fund federal grants under the CoC Program
11 throughout the country, and disregards the legitimate reliance interests of LAHSA
12 and service providers in the LA CoC.

13 118. Moreover, HUD lacks valid statutory or regulatory authority to take the
14 actions described above. Nothing in the OMB Guidelines or any other law or
15 regulation authorizes HUD to use the suspension or debarment mechanism as an
16 end-run around its statutory funding obligations for the CoC Program set forth in
17 42 U.S.C. §§ 11381-11389.

18 119. HUD’s actions jeopardize \$241 million dollars in federal funding for an
19 entire geographic region in need of those funds.

20 120. Plaintiff and the individuals it services have suffered a legal wrong as a
21 result of, and have been adversely affected or aggrieved by, Defendants’ actions
22 alleged herein for purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2, including by
23 cutting off critical revenue that ensures over 11,000 people are housed or sheltered,
24 including 982 families, 2,223 children, 89 veterans, and 1,647 seniors.

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SECOND CLAIM

Violation of the Administrative Procedure Act – 5 U.S.C. § 706(2)(A)

Against All Defendants

(Arbitrary and Capricious Agency Action)

121. Plaintiff incorporates the above paragraphs as if fully set forth herein.

122. Under the APA, a court shall “hold unlawful and set aside agency action . . . found to be arbitrary, capricious, [or] an abuse of discretion[.]” 5 U.S.C. § 706(2)(A).

123. Agency action is arbitrary or capricious where it is not “reasonable and reasonably explained.” *Ohio v. Env’tl. Prot. Agency*, 603 U.S. 279, 292 (2024) (quotation omitted). The APA requires that agencies provide “a satisfactory explanation for its action[,] including a rational connection between the facts found and the choice made.” *Motor Vehicle Mfrs. Ass’n of the United States, Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (quotation omitted). An action is also arbitrary and capricious if the agency “failed to consider . . . important aspect[s] of the problem.” *Dep’t of Homeland Sec. v. Regents of the Univ. of Cal.*, 591 U.S. 1, 25 (2020) (quotation omitted) (alteration in original).

124. HUD’s actions as described above are arbitrary, capricious, and an abuse of discretion in multiple ways.

125. A suspension is a “serious” action, 2 C.F.R. § 180.700, and may only be used “to exclude persons who are not presently responsible from Federal programs.” 2 C.F.R. § 180.125(b). As pertinent here, a suspending official may impose suspension only where that official determines both (1) “adequate evidence” exists for a cause for debarment and (2) “[i]mmediate action is necessary to protect the public interest.” 2 C.F.R. §§ 180.700, 180.800 (listing recognized causes for debarment).

126. HUD failed to set forth a reasoned, evidence-based explanation for its conclusion that “adequate evidence” exists to suspect a cause for debarment under 2

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1 C.F.R. § 180.800(b) or (d). HUD does not cite any evidence contemplated by 2
2 C.F.R. § 180.705 in its June 11, 2026 Suspension Notice. Instead, HUD supports its
3 position with an amalgamation of uncorroborated hearsay information apparently
4 cherry-picked from the internet including online articles from LAist, a local news
5 source.

6 127. Most of the audits, reviews, assessments, letters, news articles, and
7 statements at public hearings are not relevant to federal funding at all, but address
8 state and local grants and programs. State and local frameworks for funding are
9 fundamentally distinct from the federal framework.

10 128. LAHSA’s annual independent audit—which includes both a financial
11 statement audit and a Single Audit evaluating compliance with major federal
12 programs, such as its performance in its roles as CoC Lead Applicant, HMIS Lead,
13 and CoC Coordinator—is conducted by an independent CPA firm. The most recent
14 Single Audit concluded LAHSA’s financial statements were “presented fairly in all
15 material respects.” The Single Audit also concluded that LAHSA was in compliance
16 with requirements related to its major federal programs, consistent with prior fiscal
17 years.

18 129. Moreover, HUD does not provide reasoning supporting its conclusion
19 that any breaches or other past conduct are “so serious as to affect the integrity of a
20 Federal agency program;” nor does HUD identify “[a]ny other cause that is so
21 serious or compelling in nature that it affects [LAHSA’s] present responsibility.”
22 *See* 2 C.F.R. § 180.800(b), (d). None of the findings in the Single Audit go to the
23 integrity of LAHSA’s internal controls over federal funds, or indicate any violation
24 of a HUD agreement.

25 130. HUD also failed to provide a reasoned explanation as to why an
26 immediate suspension of LAHSA, in all of its delegated roles, is necessary to
27 protect the public interest. The references in the Suspension Notice date back as far
28 as 2007 and do not demonstrate a lack of present responsibility. LAHSA currently

1 maintains a robust and independent Internal Audit function that reports directly to,
2 and takes direction from, the Commission, with only dotted-line reporting to the
3 interim CEO.

4 131. HUD also failed to consider how a blanket suspension on LAHSA will
5 hurt tens of thousands of the Los Angeles region’s neediest residents, and it will
6 without question stymie HUD’s stated goal of reducing homelessness. HUD also
7 failed to account for the substantial reliance interests of sub-grantees, the local
8 government, and the unhoused—all of which rely on LAHSA.

9 132. The terms of the suspension set forth in the June 11 Letter are also
10 arbitrary and capricious because they are vague and indiscernible and fail to provide
11 a sufficiently reasoned basis to guide compliance.

12 133. The June 18 letter is further arbitrary and capricious. Among other
13 things, it prescribes broad remedies, including finding that LAHSA and the LA CoC
14 both have failed “to meet the requirements of 42 U.S.C. § 11360a and 24 C.F.R. part
15 578 subpart B.” But it fails to identify any “requirement” that LAHSA or the LA
16 CoC does not meet. The letter then goes on then to state the unfounded conclusion
17 that “because LAHSA is unable to act as its collaborative applicant, the [LA] CoC
18 is unable to execute its responsibilities as outlined in 24 CFR §578.7 and §578.9.”

19 134. The June 18 letter also provides no basis to support its proposed
20 remedial measure that “eligible entities” “submit their grant request directly to
21 HUD,” which directly contravenes the statute and Congressional policy favoring
22 local stakeholders participating in the ranking of applications through the local CoC,
23 the Collaborative Applicant, and the Consolidated Application.

24 135. Plaintiff and the individuals it serves have suffered a legal wrong as a
25 result of, and have been adversely affected or aggrieved by, Defendants’ actions
26 alleged herein for purposes of 5 U.S.C. § 702, including by cutting off critical
27 revenue that ensures over 11,000 people are housed or sheltered, including 982
28 families, 2,223 children, 89 veterans, and 1,647 seniors.

THIRD CLAIM

**Violation of Separation of Powers / Spending Clause / Take Care Clause /
Ultra Vires Action – U.S. Const., Art. I, Art. II
Against All Defendants**

136. Plaintiff incorporates the above paragraphs as if fully set forth herein.

137. The Constitution vests in Congress legislative power, including the spending power, *see* U.S. Const., art. I, § 8, cl. 1, and the appropriations power, *see* U.S. Const., art. I, § 9, cl. 7.

138. “The Framers viewed the legislative power as a special threat to individual liberty, so they divided that power to ensure that ‘differences of opinion’ and the ‘jarrings of parties’ would ‘promote deliberation and circumspection’ and ‘check excesses in the majority.’” *Seila Law LLC v. Consumer Fin. Prot. Bureau*, 591 U.S. 197, 223 (2020) (quoting *The Federalist* No. 70, at 475 (A. Hamilton) and citing *id.*, No. 51, at 350).

139. The separation of powers doctrine thus represents perhaps the central tenet of our constitution, *see, e.g., Trump v. United States*, 603 U.S. 593, 637–38 (2024); *W. Va. v. Env'tl. Prot. Agency*, 597 U.S. 697, 723–24 (2022); *Seila Law LLC*, 591 U.S. at 227, and consistent with these principles, the executive acts at the “lowest ebb” of its constitutional authority and power when it acts contrary to the express or implied will of Congress. *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579, 637 (1952) (Jackson, J., concurring).

140. Pursuant to the separation of powers doctrine, the Executive Branch may not “claim[] for itself Congress’s exclusive spending power, . . . [or] coopt Congress’s power to legislate.” *City & Cty. of S.F. v. Trump*, 897 F.3d 1225 1234 (9th Cir. 2018).

141. Instead, the Constitution vests executive power in the President and imposes on the President a duty to “take Care that the Laws be faithfully executed.” U.S. Const. art. II, § 3.

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1 142. Congress exercised its Article I legislative and spending authority to
2 authorize the federal grants and contracts Defendants have placed under review and
3 threatened to—and imminently will—cancel and/or withdraw.

4 143. HUD’s suspension of LAHSA and the LA CoC is incompatible with
5 and directly contravenes congressional policy as enshrined in statutory law. HUD’s
6 suspension unlawfully prevents LAHSA from continuing to perform the statutorily
7 designated functions of the Collaborative Applicant, by, *inter alia*, distributing
8 funds to project sponsors as required by 42 U.S.C. § 11382(d)(3), complying with
9 its federal reporting obligations as required by 42 U.S.C. § 11360a(f)(3), and
10 participating in the FY 2026 NOFO process as contemplated by 42 U.S.C.
11 § 11360a(a). It also suspends LAHSA from all of its “delegated duties”— including
12 those expressly mandated by Congress. These actions are ultra vires.

13 144. HUD’s attempt to supplant local judgment and abolish the CoC
14 Program in Los Angeles through its proposed remedy of disqualifying both LAHSA
15 and the LA CoC from submitting a Consolidated Application and instead taking
16 only direct applications is also ultra vires and violates the Separation of Powers and
17 the Take Care clause.

18 145. HUD seeks to withhold funding from LAHSA to achieve the Executive
19 Branch’s political aims and not to faithfully execute the appropriations made by
20 Congress. Defendants’ actions alleged herein represent an unconstitutional
21 usurpation of the spending power of Congress, an unconstitutional effort to amend
22 Congressional appropriations, and a violation of the separation of powers. They also
23 are ultra vires.

24 146. Federal courts have the equitable power to enjoin unlawful actions by
25 executive officials. *See, e.g., Armstrong v. Exceptional Child Ctr., Inc.*, 575 U.S.
26 320, 326-27 (2015). This Court can and should exercise its equitable power to enter
27 appropriate declaratory and injunctive relief.

28 ///

FOURTH CLAIM

Usurping State Power – U.S. Const. Amend. X

Against All Defendants

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4 147. “The powers not delegated to the United States by the Constitution, nor
5 prohibited by it to the States, are reserved to the States respectively, or to the
6 people.” U.S. Const., Amend. X.

7 148. “In our federal system, the National Government possesses only limited
8 powers; the States and the people retain the remainder.” *Nat’l Fed’n of Indep. Bus.*
9 *v. Sebelius*, 567 U.S. 519, 533 (2012) (“*NFIB*”). The states “thus can and do perform
10 many of the vital functions of modern government,” *i.e.*, the “general power of
11 governing,” known as the “police power.” *Id.* at 535-36; *see also Printz v. United*
12 *States*, 521 U.S. 898, 919 (1997) (states retain “a residuary and inviolable
13 sovereignty” (quoting *The Federalist No. 39*, at 245 (J. Madison))).

14 149. Addressing homelessness is the province of “the people and their
15 elected leaders.” *See City of Grants Pass, Or. v. Johnson*, 603 U.S. 520, 556 (2024);
16 *LA All. for Human Rights*, 792 F. Supp. 3d at 1092 (“only the voters of Los Angeles
17 have the power to elect representatives to solve these problems”).

18 150. By suspending LAHSA from performing its “programmatic functions”
19 (*see* June 18 Letter), the federal government has prevented the state and its local
20 government agencies from performing this core state function.

21 151. The suspension of LAHSA as a collaborative applicant further disables
22 the state and its local government agencies from being able to carry out the
23 functions of the CoC.

24 152. Ultimately, the suspension of LAHSA cripples the state and its local
25 government agencies from addressing homelessness in Los Angeles County, a
26 function reserved for state and local governments. *See City & Cty. of S.F.*, 897 F.3d
27 at 1243 (affirming statewide injunction of policy “intend[ed] to cripple jurisdictions
28 that do not assist in enforcing federal immigration policy”); *Wash. v. United States*



1 *Dep't of Homeland Sec.*, 614 F. Supp. 3d 863, 878–81 (2020) (ruling that
2 Washington state had stated claims against federal agencies under the APA and the
3 Tenth Amendment concerning a civil arrest policy in or near state courthouses).

4 **PRAYER FOR RELIEF**

5 **WHEREFORE**, Plaintiff requests that this Court:

6 A. Postpone and stay all agency actions set forth in the June 11 and June
7 18 Letters to LAHSA from HUD pending further judicial review under 5 U.S.C.
8 § 705.

9 B. Temporarily, preliminarily and permanently enjoin Defendants,
10 including their agents, servants, employees, partners, and any person acting in
11 concert with them and any person affiliated with them, from suspending, barring,
12 excluding or taking any other adverse action to prevent LAHSA from:

13 1. Providing homelessness services or from participating in the
14 CoC Program or any other federal program, as a participant, principal, or
15 Collaborative Applicant;

16 2. Carrying out the programmatic functions or other responsibilities
17 delegated to it by the LA CoC, including but not limited to LAHSA's existing
18 functions as HMIS Lead and CES Coordinator and all other programmatic
19 functions, including conducting the PIT count;

20 3. Seeking, obtaining or processing reimbursement or payment
21 from HUD on its own behalf or on behalf of other eligible service providers in the
22 LA CoC, pursuant to grant awards and/or cooperative grant agreements previously
23 issued by HUD under the CoC Program for fiscal years 2025, 2024, 2023, and 2022
24 Special Unsheltered NOFO;

25 4. Distributing federal, state, or local grant funds to eligible service
26 providers in the LA CoC;

27 ///

28 ///



1 5. Applying for funding on behalf of the LA CoC under HUD’s
2 Fiscal Year (FY) 2026 Continuum of Care Competition and Youth Homelessness
3 Demonstration Program Grants Notice of Funding Opportunity (NOFO); or
4 otherwise;

5 6. Preventing the LA CoC from participating in or executing its
6 responsibilities under the CoC Program.

7 C. Declare unlawful the suspension and any future debarment of LAHSA
8 and any related actions, including any withholding, withdrawal, termination or
9 cancellation of grant awards, cooperative grant agreements, or federal funding under
10 the CoC Program to LAHSA or its partners;

11 D. Award LAHSA its reasonable attorneys’ fees and costs in accordance
12 with law; and

13 E. Award such other relief as the Court deems just and proper.

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15 DATED: June 29, 2026

WAYMAKER LLP

17 By: /s/ Keri Curtis Axel

KERI CURTIS AXEL

*Attorneys for Plaintiff Los Angeles
Homeless Services Authority*

20 DATED: June 29, 2026

NORTON ROSE FULBRIGHT US LLP

22 By: /s/ Christopher Pelham

Christopher Pelham

*Attorneys for Plaintiff
Los Angeles Homeless Services Authority*

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