



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**THE DEPUTY SECRETARY**  
WASHINGTON, DC 20410-0050

June 11, 2026

**VIA EMAIL (without exhibits) and FEDEX (with exhibits)**

Los Angeles Homeless Services Authority  
Attn: Gita O'Neill, CEO  
707 Wilshire Blvd., Suite 1000  
Los Angeles, CA 90017  
goneill@lahsa.org

**SUBJECT: Notice of Immediate Suspension Pending Investigation**

Dear Ms. O'Neill:

Your agency, the Los Angeles Homeless Services Authority (LAHSA), leads the largest federally funded Continuum of Care (CoC) in the nation for homeless services. LAHSA is the lead agency for the Los Angeles CoC, which received more than \$220 million for 2024, and \$944 million since 2021, from the Department of Housing and Urban Development (HUD). These are funds generously provided by American taxpayers for the care of our neediest neighbors. HUD has a mandate and a duty to the American taxpayer to ensure LAHSA is using those funds lawfully and appropriately. Information has come to light demonstrating that LAHSA may have committed violations of federal law in performing its obligations under HUD grant agreements. Accordingly, HUD's Office of Inspector General (OIG) has initiated an investigation. HUD has evidence that LAHSA's repeated false statements and its irresponsible actions and failures, including its lack of financial management, internal controls, and safeguards against conflicts of interest, pose a threat to HUD, the public, and those living on the streets of Los Angeles.

It is HUD's duty to ensure that CoC Program funds are being used as intended – to reduce homelessness. Today's action is done in furtherance of that duty and to protect HUD, the public, and homeless individuals and families. HUD has determined that continuing to provide additional federal funds to LAHSA is not in the public interest. HUD remains dedicated to the CoC Program's mission of reducing homelessness. Suspending LAHSA's participation in federal government programs is a necessary step in accomplishing that critical mission in Los Angeles.

LAHSA's failures have been so severe and pervasive that Los Angeles County has withdrawn its funding for the agency, and the City of Los Angeles is considering doing so as well. A federal judge in Los Angeles stated in open court that LAHSA appeared to have committed "obvious fraud" and appointed a monitor to oversee their financial activity. The agency's former CEO resigned after she and LAHSA violated federal conflict-of-interest rules by committing more than \$2 million in federal funds under LAHSA's control to her husband's employer. LAHSA and the former CEO also committed LAHSA-managed federal funds to her own former employer.

These examples are not isolated incidents—they establish a clear pattern. And despite all these failures, and more as detailed below, LAHSA has regularly certified to HUD that it is in compliance with federal law, rules, and HUD program requirements. HUD has ample reason to suspect that hundreds of those certifications and other statements by LAHSA are false.

HUD cannot ignore LAHSA's wanton mismanagement of public funds. HUD's mission is to reduce the plague of homelessness in America. Turning over billions of dollars from American taxpayers to an organization under investigation and suspected of gross misuse of federal funding and "obvious fraud" does nothing to reduce homelessness. Indeed, diverting dollars from worthy programs to LAHSA merely makes the homeless crisis worse.

Accordingly, and as further explained below, HUD is immediately suspending LAHSA from future participation in procurement and nonprocurement transactions as a participant or principal, with HUD and throughout the Executive Branch of the Federal Government, pending the outcome of the HUD OIG investigation.<sup>1</sup> This action is in accordance with the procedures set forth in Title 2, Code of Federal Regulations (C.F.R.), Parts 180 and 2424. Copies of the regulatory provisions cited herein can be found on the U.S. Government Publishing Office's website at [www.govinfo.gov](http://www.govinfo.gov).

#### **A. Basis for Suspension**

Suspension is a serious action. 2 C.F.R. § 180.700. HUD may suspend any person, including an entity such as LAHSA,<sup>2</sup> who has been, is, or may reasonably be expected to be a participant or principal in a covered transaction. 2 C.F.R. § 180.150. A suspension is warranted when the agency finds adequate evidence<sup>3</sup> to suspect a cause for debarment under 2 C.F.R. § 180.800(b), (d) and "[i]mmediate action is necessary to protect the public interest." § 180.700(b) & (c). Causes for debarment include a "[v]iolation of the terms of a public agreement or transaction so serious as to affect the integrity of a Federal agency program." § 180.800(b). This includes willful failures to perform in accordance with the terms of public agreements, a history of such failures, or a willful violation of "a statutory or regulatory provision or requirement applicable to a public agreement or transaction." *Id.* Debarment is also justified by "[a]ny . . . cause that is so serious or compelling in nature that it affects [the person's] present responsibility." § 180.800(d). Suspension is intended to protect the public interest by "ensur[ing] the integrity of Federal programs by conducting business only with responsible persons." 2 C.F.R. § 180.125.

Here, there is more than adequate evidence to suspect that LAHSA has violated the terms of numerous public agreements or transactions, including those with HUD, that these violations affect the integrity of multiple HUD funding programs under § 180.800(b), and that LAHSA's actions and inactions affect its present responsibility under § 180.800(d). LAHSA has repeatedly certified in its agreements with HUD that it has adequate capacity, financial safeguards and reporting, safeguards against conflicts of interest, and complies with applicable laws and regulations. But its track record

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<sup>1</sup> The scope of a HUD-OIG investigation is subject to privilege.

<sup>2</sup> See 2 C.F.R. § 180.985 (defining "Person" as "any individual, corporation, partnership, association, unit of government, or legal entity, regardless of how organized.").

<sup>3</sup> "Adequate evidence" means "information sufficient to support the reasonable belief that a particular act or omission has occurred." 2 C.F.R. § 180.900.

demonstrates systemic and repeated failures to comply and jeopardizes the operations of LAHSA and all parties it does business with. These failures put at risk hundreds of millions of dollars from HUD—that is, the taxpayers—every year. The serious nature of these deficiencies and the amount of money at stake necessitate HUD taking immediate action to protect the public interest.

### ***Background***

Homelessness is a crisis plaguing Americans, American families, and our communities. Through the CoC Program, HUD promotes the goal of ending homelessness by making grants to, *inter alia*, fund efforts by nonprofit providers and state and local governments. Representatives from relevant organizations, such as governments and nonprofit homeless assistance providers, establish a CoC for a particular geographic area. The CoC is responsible for the community-wide efforts to reduce homelessness and for selecting the individual projects that will be considered for HUD funding. CoCs apply for HUD grant funds, which are then directed to individual projects, such as nonprofit homeless assistance providers.

Los Angeles is, and for years has been, the epicenter of the homelessness crisis in America. In 1993, the City and County of Los Angeles created LAHSA as a joint powers authority to address the problem of homelessness in Los Angeles County. *See* Exhibit 1, Joint Exercise of Powers Agreement – County, City, LAHSA. LAHSA is the lead agency in the HUD-funded Los Angeles City and County CoC (Los Angeles CoC)—the largest CoC in the country—and is responsible for coordinating and managing federal, state, county, and city funds for programs providing shelter, housing, and services to homeless individuals and families. *See* Exhibit 2, Los Angeles Continuum of Care, Governance Charter, at 7-9; Exhibit 3, Fiscal Year 2024 Continuum of Care Competition Homeless Assistance Award Report. In 2024, LAHSA was the second largest direct recipient of HUD CoC funds in the nation, behind only the Housing Authority of the City of Los Angeles, receiving \$77,065,784. *See* Exhibit 4, HUD’s 2024 Continuum of Care Program Funding Awards, CA-600.<sup>4</sup> Moreover, from 2013-2024 the Los Angeles CoC received \$1.62 billion in CoC funds from HUD. *See* Exhibit 5, LA City and County CA-600 CoC Awards 2013-24. Despite receiving significant funding from the federal government, as well as state, city, and county funding, Los Angeles’ homelessness crisis remains the largest in the country.<sup>5</sup>

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<sup>4</sup> Awards for individuals CoCs for 2024 are available here: [https://www.hudexchange.info/programs/coc/awards-by-component/?filter\\_Year=2024&filter\\_Scope=Coc&filter\\_State=&filter\\_CoC=&program=Coc&group=AwardComp](https://www.hudexchange.info/programs/coc/awards-by-component/?filter_Year=2024&filter_Scope=Coc&filter_State=&filter_CoC=&program=Coc&group=AwardComp) (last visited June 5, 2026).

<sup>5</sup> California has consistently been at the center of the nation’s homelessness crisis. California alone represents 24% of the nation’s homelessness. *Compare* Exhibit 6, CoC Homeless Population 2024 – All States with Exhibit 7, CoC Homeless Population 2024 – California. California has had the largest homeless population in the country every year since 2007—almost two decades. *See* CoC Homeless Populations and Subpopulations Reports, <https://www.hudexchange.info/programs/coc/coc-homeless-populations-and-subpopulations-reports/> (last visited June 3, 2026) (for relevant years, compare “Total Homeless Persons” in reports for “All States, Territories, Puerto Rico and District of Columbia” and reports for California). Los Angeles’ homeless population makes up 38% of the entire state’s homeless

LAHSA receives and manages significant HUD funding and has since 1993. In addition to CoC funds, LAHSA has also received funding—either directly from HUD or through the City or County of Los Angeles—under HUD’s Emergency Solutions Grants (ESG) and Community Development Block Grant (CDBG) programs. *See* Exhibit 9, LAHSA Single Audit FY2025, p. 49; Exhibit 10, LAHSA Single Audit FY2022, p. 50. As such, LAHSA is and may reasonably be expected to be a participant in covered transactions. *See* 2 C.F.R. §§ 180.200, 180.970, 180.980.

HUD requires those who receive and manage grant funds under HUD programs to ensure the integrity of those programs by using adequate financial management and internal controls, and by safeguarding against possible conflicts of interest or improper personal gain.<sup>6</sup> These requirements are part of LAHSA’s agreements with HUD, and LAHSA has repeatedly certified that it will follow them. LAHSA’s suspension is necessary because, as discussed below, there is adequate evidence to suspect LAHSA has failed to comply with those requirements, made repeated false statements to HUD, and has “committed irregularities that seriously reflect on the propriety of further Federal Government dealings” with it, 2 C.F.R. § 180.715(b)(5). Due to the existence of adequate evidence to suspect numerous serious and ongoing violations of HUD program requirements by LAHSA, as detailed below, HUD has determined it cannot reasonably rely on LAHSA’s ability to operationally and effectively coordinate, manage, distribute, and monitor taxpayer dollars in a responsible manner or to execute the CoC Program’s mission to combat homelessness. LAHSA, as the lead agency of the largest CoC in the nation, has been woefully remiss in carrying out its obligations and has detrimentally affected the integrity of the CoC Program. HUD and the public have lost confidence in LAHSA and its ability to tackle the homelessness crisis.<sup>7</sup>

### ***LAHSA’s Financial Management and Internal Controls***

LAHSA’s publicly documented difficulties with financial management and internal controls are chronic and systemic.<sup>8</sup> HUD’s OIG found that LAHSA failed to conduct onsite fiscal

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population. *Compare* Exhibit 8, CoC Homeless Population 2024 – Los Angeles *with* Exhibit 8, CoC Homeless Population 2024 – California. In 2024, the homeless population of Los Angeles made up more than 9% of the entire nation’s homeless population. *Compare* Exhibit 8, CoC Homeless Population 2024 – Los Angeles *with* Exhibit 6, CoC Homeless Population 2024 – All States.

<sup>6</sup> *See* 2 C.F.R. §§ 200.302 (financial management), 200.303 (internal controls), 200.112 (conflicts of interest), 200.113 (mandatory disclosures). These requirements are incorporated into the program-specific regulations governing HUD grant programs. *See* 24 C.F.R. §§ 570.502 (CDBG), 576.407(c) (ESG), 578.99(e) (CoC). HUD’s program regulations also contain separate conflict-of-interest prohibitions. *See* 24 C.F.R. §§, 570.611 (CDBG), 576.404 (ESG), 578.95 (CoC).

<sup>7</sup> Los Angeles County’s decision to reduce its funding to LAHSA is a clear example of the public’s loss of confidence in LAHSA’s ability to effectively carry out its mission. *See infra* at p. 7.

<sup>8</sup> This suspension will allow HUD to independently investigate public reports and issues referenced herein. For the purpose of this action, those reports constitute “adequate evidence” justifying immediate suspension.

monitoring of project sponsors, lacked required documentation, paid for ineligible expenses, and had poor cash management controls. *See* Exhibit 11, HUD OIG Audit Report, dated June 8, 2007. That audit warned of systemic accountability and compliance failures that have persisted for decades.

Recent reviews and oversight reveal that LAHSA has not adequately implemented requisite financial management and internal controls. In 2019, the LA City Controller faulted LAHSA for having ill-defined goals, uncoordinated data collection, and performance metrics that were unclear and not specific. *See* Exhibit 12, Los Angeles City Controller Report, dated August 28, 2019. In 2022, HUD's OIG found that LAHSA failed to use \$3.5 million in CoC grant awards, letting the funds expire, did not support the CoC's Homeless Management Information System (HMIS), did not submit timely annual performance reports, and did not provide supporting documentation for over \$870,000 in payroll and rent costs LAHSA charged to its CoC grants. *See* Exhibit 13, HUD OIG Audit Report, dated January 20, 2022. In a City Council meeting in August 2023, it was disclosed that LAHSA was not enforcing a requirement that providers under a City program record when individuals exited transitional motel housing.<sup>9</sup> As a result, LAHSA could not even determine whether it had used funding to pay for empty hotel rooms.

Since November 2024, multiple audits, assessments, and lawsuits reveal consistent and continued failures related to delays or misdirected payments, failed monitoring of performance and adequate reviews, lack of payment and integrity measures, and misconduct in operations. The following describes some of the serious failures in each of these areas.

In November 2024, a review by LA County's Auditor-Controller found, among other things, that LAHSA misused money from a government funder by using it "to pay for services provided under another government funders' contract/grant." *See* Exhibit 15, LA County Auditor-Controller Review Report, dated November 19, 2024, p. 8. Similarly, LAHSA paid two subrecipients, including a subrecipient of HUD funds, weeks *before* LAHSA received grant funds to cover the particular cost. *See id.* at 38-39. In response, LAHSA described changes to its payment protocols but did not dispute that it used funds from an unrelated source to make the payments. *See id.*

The County's 2024 review also found that LAHSA routinely pays service providers late, including, in that case, five of thirteen sampled subcontractors. *See id.* at 8-9. LAHSA's failure to make timely payments had been noted in prior audits in 2018 and 2021. *See* Exhibit 16, LA County Auditor-Controller Review Report, dated April 10, 2018, pp. 12-13; Exhibit 17, LA County Auditor-Controller Review Reports 2020-21, pp. 6-7, 14, 25-27, 147. In another finding of financial mismanagement, the 2024 review report notes that, in 2017, LAHSA failed to secure repayment agreements with service providers that received a total of \$51 million in cash advances. *See* Exhibit 15 at 3-5. By July 2024, only a small fraction of that money had been paid back, and

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<sup>9</sup> *See* LA City Council Housing and Homelessness Committee meeting, August 2, 2023, at <https://www.youtube.com/watch?v=MWyLexzTu9M> (last visited June 5, 2026) (timestamp 1:16:40); *see also* Exhibit 14 - City of LA CAO Correspondence, Homeless Emergency Account, dated July 28, 2023, pp. 14-15 (showing exit data accuracy of 0%-27%, which "continues to fall below a reliable rate of accuracy.").

some providers were no longer contracting with LAHSA, making recovery more difficult. *See id.*

The County's 2024 audit was deeply critical of LAHSA's internal audit program and provider review. The relevant findings suggest the program is not meaningfully functioning. *See id.* at 15-17. For example, the audit found that roughly half of LAHSA's planned contract reviews with providers did not include methods for monitoring the providers' compliance with service delivery requirements. *See id.* at 12-13.

Separately, in November 2024, the City Controller's Office found that LAHSA failed to spend \$513 million in public funds that were budgeted during fiscal year 2024, pointing to a lack of staff and old technology. *See Exhibit 18, LA City Controller Announcement, dated November 14, 2024.*

In 2025, a federal judge in Los Angeles presiding over a lawsuit against the City and County regarding homelessness spending—*LA Alliance for Human Rights, et al. v. City of Los Angeles, et al.*, Case No. 2:20-cv-02291 (C.D. Cal.) (the LA Alliance case)—ordered an assessment that included a review of services provided by LAHSA. *See Exhibit 19, Independent Assessment of City-Funded Homelessness Assistance Programs, dated May 14, 2025.* The firm conducting the assessment, Alvarez & Marsal Public Sector Services, LLC (A&M), found CoC services to be “disjointed,” and faulted LAHSA's limited financial oversight and performance monitoring. *See id.* at 5. A&M found that LAHSA was unable to accurately identify and calculate its expenses and did not rigorously reconcile spending with services provided, making it impossible to determine how much was spent, how well the services worked, or whether they were even provided.<sup>10</sup> *See id.* at 4-5, 84-85. A&M found LAHSA's contracts with providers to be unclear, allowing wide variations in the services provided and the cost of those services. *See id.* at 5-7. A&M further found that LAHSA's “lack of data and real-time oversight not only limited the capacity to measure the effectiveness of homelessness interventions but also increased the risk of resource misallocation.” *Id.* at 4.

During the 2025 assessment, LAHSA failed to provide documentation to verify the existence of nearly 2,300 housing sites for which it was responsible. *See id.* at 64. Seventy percent of the contracts for those sites did not disclose any expenses over the prior year. *See id.* LAHSA issued a statement acknowledging some of the problems identified in an amended draft of the A&M assessment. *See Exhibit 20, LAHSA Response to Second Amended Draft A&M Assessment, dated March 24, 2025, pp. 3-8.*

In recent months, it was disclosed in the LA Alliance case that LAHSA had not adjusted its requests for funding of an 88-bed shelter space even though it knew the shelter was operating at roughly half-capacity, which the presiding judge considered “obvious fraud.” *See Exhibit 21, Transcript of Hearing in LA Alliance v. City and County of LA, 20-CV-02291, dated November 12, 2025, pp. 117-18.* The presiding judge in the LA Alliance case has already appointed a monitor, and a Special Master in that case has recommended that, absent significant progress, the court consider placing LAHSA into receivership. *See Exhibit 22, Order dated June 24, 2025, pp. 9-10,*

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<sup>10</sup> Even after requesting supplemental documentation from the City, “A&M was not able to confirm that LAHSA actually validated the accuracy of the expenses, including that the service paid was actually provided.” *Id.* at 84.

61-62.

Both during the court-ordered 2025 assessment and in its reported dealings with officials, LAHSA has struggled to provide requested documentation, a fundamental task for an entity subject to oversight. *See* Exhibit 19 at 32. For example, it was recently reported that LAHSA had failed to produce a summary of unpaid bills requested by one of its own Commissioners, such that the Commissioner resorted to filing a *public* records request. *See LA's Lead Homelessness Agency Owes At Least \$69M to Service Providers in Overdue Payments*, LAist, February 20, 2026.

According to public reporting, in 2025, LAHSA settled allegations of misconduct—including financial mismanagement—from two former senior employees, but did not report their allegations, as required, to LA County's Office of County Investigations, which later opened an investigation based on media reports regarding the settlements. *See* "Investigation Underway into Claims LAist Unearthed about Top Homeless Services Officials," LAist, September 16, 2025.

LAHSA's inability to make timely payments to providers has shown little or no improvement. In recent months, LAHSA and City staff have reported that LAHSA owed roughly \$69 million in payments to shelter, housing, and other service providers, many of which are more than 90 days overdue.<sup>11</sup> City staff recently described the ineffective flow of money "back and forth and around and around in circles" between the City and LAHSA.<sup>12</sup> For one provider, the amount past due is more than \$12 million.<sup>13</sup> LAHSA's providers have reportedly considered layoffs or even bankruptcy filings due to the delayed payments.<sup>14</sup> In February 2026, a LAHSA Commissioner reported that unpaid LAHSA vendors are simply walking off the job.<sup>15</sup> The head of one of LAHSA's CoC subrecipients has been quoted as saying that the late payments have brought his organization "to the breaking point." *See* Exhibit 23, LA County Board of Supervisors Meeting Transcript, dated May 21, 2024, p. 29. In recent months, LAHSA's interim CEO has acknowledged on-going payment problems and months-long delays in contracting with service providers and is reported to have described LAHSA as being "in crisis" and "unstable."<sup>16</sup>

In April 2025, LA County voted to withdraw its funding from LAHSA effective July 1, 2026, a decision covering roughly \$350 million annually. *See* Exhibit 24, LA County Board of Supervisors Meeting Statement of Proceedings, dated April 1, 2025, pp. 17-22. The LA City Council is considering doing the same and its homelessness committee has already recommended transferring at least some funding away from LAHSA. *See* Exhibit 25, City of LA Housing and

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<sup>11</sup> *See* LAHSA Finance Committee Meeting – February 20, 2026, available at <https://www.youtube.com/watch?v=UUAqtdXisOw> (last visited June 4, 2026) (timestamp 7:00).

<sup>12</sup> *See* Housing and Homelessness Committee Meeting – April 10, 2026, available at <https://www.youtube.com/watch?v=e4e7R0yAylk> (last visited June 4, 2026) (timestamp 1:42:30).

<sup>13</sup> *See id.* at timestamp 54:25.

<sup>14</sup> *See* Housing and Homelessness Committee Meeting – April 10, 2026, available at <https://www.youtube.com/watch?v=e4e7R0yAylk> (last visited June 4, 2026) (timestamps 49:57, 1:18:30).

<sup>15</sup> *See* LAHSA Finance Committee Meeting – February 20, 2026, available at <https://www.youtube.com/watch?v=UUAqtdXisOw> (last visited June 4, 2026) (timestamp 16:41).

<sup>16</sup> *See* LAHSA Commission Meeting, February 27, 2026, available at <https://www.youtube.com/watch?v=nBXZt7hs4Dc> (last visited June 5, 2026) (timestamp 2:08:46).

Homelessness Committee Meeting Journal, April 15, 2026; Exhibit 26, City of LA Staff Recommendations Adopted by Housing and Homelessness Committee on April 15, 2026. As a result, LAHSA announced in April 2026 that it will lay off 284 employees and eliminate 130 vacant positions. *See* Exhibit 27, LAHSA Announces Organizational Restructuring, dated April 20, 2026.

In March 2026, LAHSA missed the deadline for filing its federally mandated Single Audit, in part because it could not timely produce financial records to its auditor. *See* “LAHSA’s Federal Funding at Risk after Homelessness Agency Blows Audit Deadline,” LAist, April 2, 2026. LAHSA eventually released the audit in May 2026. *See* Exhibit 9, LAHSA Single Audit FY2025, p. 6, 56. The auditor found further failures of bookkeeping and accounting:

LAHSA did not have effective controls in place to provide reasonable assurance that financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on a timely basis.

...

The internal controls over financial reporting were not adequately designed or implemented to ensure timely identification and correction of accounting matters or timely preparation and provision of information necessary for financial reporting and audit purposes.

*Id.* at 52-53.

And on May 21, 2026, the County’s Auditor-Controller released a financial and operational process review of LAHSA, covering the period following LAHSA’s FY2025 Single Audit. *See* Exhibit 28, LA County Auditor-Controller Review, dated May 21, 2026. The Auditor-Controller faulted LAHSA for its limited financial transparency, for having incomplete and inaccurate financial records, for deficiencies in cash management, for its volume of overdue payments to service providers, for failing to submit timely requests to LA County for advance funding to pay providers, for accepting late invoices from providers—83% of the invoices reviewed—and for failing to identify overpayments and underpayments and recoup excess advances at the end of each fiscal quarter. *See id.* at 5-10. Like others described herein, the Auditor-Controller’s review was frustrated because “LAHSA was unable to provide complete financial statements and accounting records, including a balance sheet, which prevented us from conducting a full-scope review.” *Id.* at 1.

LAHSA’s lack of financial management and internal controls violates HUD’s requirements, violates the terms of LAHSA’s agreements with HUD, undermines the integrity of HUD programs, and exposes taxpayer funds to heightened risk of fraud and abuse.

### ***Conflicts of Interest***

LAHSA’s conduct with regard to conflicts of interest raises separate concerns regarding its responsibility to participate in federal programs. As noted above, HUD’s program regulations prohibit conflicts of interest to preserve the integrity of HUD programs and otherwise protect against actual or perceived improprieties, including fraud, waste, and abuse. *See* 2 C.F.R.

§ 200.112 (conflicts of interest); 24 C.F.R. §§, 570.611 (CDBG), 576.404 (ESG), 578.95 (CoC). Those prohibitions are also terms of the agreements and transactions between LAHSA and HUD, and between LAHSA and its subrecipients. *See, e.g.*, Exhibit 29, LAHSA CoC Grant Agreement, dated January 8, 2025 (incorporating 24 C.F.R. Part 578). HUD expects and requires recipients of federal funds to comply with these provisions.

LAHSA certifies to HUD dozens of times each year that it will comply with these requirements and will “establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.” *See, e.g.*, Exhibit 30, LAHSA CoC Application dated September 20, 2023, p. 18. HUD’s conflict-of-interest requirements apply to, among others, any “employee, agent, consultant, officer, or elected or appointed official” of LAHSA. § 578.95(d)(1).

LAHSA did not even have its own internal written conflict-of-interest policy until September 26, 2025. *See* Exhibit 31, LAHSA Commission Meeting, dated September 26, 2025. Based on public reporting, it appears that prior to 2024, LAHSA did not require any of its hundreds of staff and commissioners to file interest disclosure forms, other than one individual—the Executive Director or CEO—before 2025. *See* “LA’s Homelessness Agency Handles \$700M in Contracts Each Year. Just One Employee Must Disclose Conflicts,” LAist, December 18, 2024. In 2022, LAHSA’s then-Executive Director notified LAHSA that California law required LAHSA to obtain interest disclosures from people in dozens of additional roles, but LAHSA’s Commission did not approve a list of new disclosures for roughly two years, and even then, it needed further approval from the County Board of Supervisors. *See id.* This failure made it much more difficult for LAHSA to learn of any potential conflicts of interest, an obvious missing “safeguard.”

The Single Audit released in May 2026 noted that LAHSA had engaged in undisclosed “Related Party Transactions” with a subrecipient that had employed the husband of LAHSA’s former CEO as one its senior staff.<sup>17</sup> *See* Exhibit 9, LAHSA Single Audit FY2025, p. 37. In a particularly troubling instance during an October 30, 2024, meeting, LAHSA’s Commissioners reviewed and approved conflict of interest code statements and, in the same meeting, authorized its then-CEO to contract with her husband’s employer to provide services for over \$2 million—an obvious violation of HUD’s requirements. *See* Exhibit 32, LAHSA Special Commission Meeting, dated October 30, 2024.

Although LAHSA purported to screen the CEO from LAHSA’s specific dealings with that subrecipient, such a screen would not have addressed the scope of interests covered by HUD’s requirements. Those requirements cover a broader swath of conduct—for example, being in a position to “gain inside information” regarding HUD-assisted activity. *See* 24 C.F.R. § 578.95(d)(1). The purported screen notwithstanding, the CEO went on to sign contracts and communicate with the subrecipient regarding public complaints alleging that the subrecipient failed to provide required services and falsified documents. *See* “LA’s Top Homelessness Official Signed \$2.1 Million Contract with Husband’s Employer,” LAist, February 11, 2025. LAHSA

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<sup>17</sup> LAHSA did not tell the auditor about these transactions; he learned about them through public reporting. *See* LAHSA Audit Committee Meeting, April 20, 2026, available at <https://www.youtube.com/watch?v=6ndD5NCIOss> (last visited June 5, 2026) (timestamp 12:53).

never conducted a performance report for that subrecipient. *See id.*

Even though LAHSA's Commission knew about this conflict of interest before the CEO began working at LAHSA, no one at LAHSA disclosed the conflict of interest to HUD, and no one at LAHSA ever asked HUD, as required, to grant an exception covering the conflict of interest. *See* 24 C.F.R. § 578.95(d)(2).

The same CEO, within weeks of moving to LAHSA from her role leading a different LAHSA CoC subrecipient, took official action on behalf of LAHSA in favor of the subrecipient. *See id.* The move was so recent that the CEO was still listed as one of the *subrecipient's* points of contact on the form she executed for LAHSA. *See* "LA's Top Homelessness Official Signed \$2.1 Million Contract with Husband's Employer," LAist, February 11, 2025. This action possibly violated HUD's prohibition on organizational conflicts of interest and may have violated California prohibitions of conflicts of interest, which cover not only an individual's tenure, but the one-year period thereafter. *See id.*; *see also* 24 C.F.R. § 578.95(c).

After HUD learned of the conflict, it moved to immediately suspend and proposed the 5-year debarments of LAHSA's former CEO and her husband, who was a member of the subrecipient's senior staff. *See* Exhibit 33, Notice of Immediate Suspension and Proposed Debarment, Dr. Adams Kellum, dated September 22, 2025; Exhibit 34, Notice of Immediate Suspension and Proposed Debarment, Mr. Kellum, dated September 24, 2025.

HUD has reason to suspect that LAHSA's conflict of interest violations are not limited to the conflict related to its former CEO and her husband but are systemic. HUD is currently reviewing what appears to be a practice of LAHSA's Commission to allow individuals with potential conflicts of interest to recuse from specific decisions without disclosing relevant interests to HUD or seeking a required exception under HUD's regulations.

LAHSA's failure to comply with HUD's conflict-of-interest regulations has undermined the integrity of—and the public's trust in—the CoC and other HUD programs and put millions of dollars of HUD funds at increased risk of fraud and abuse.

### ***False Certifications and Statements***

As referenced above, LAHSA and its signatories make several mandatory certifications regarding compliance with HUD requirements. For example, in each application for CoC funds, LAHSA certified:

1. LAHSA has the institutional, managerial and financial capacity (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in the application;
2. LAHSA will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives;
3. LAHSA will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain;

4. LAHSA will comply with all applicable requirements of all other Federal laws, executive orders, regulations,<sup>18</sup> and policies governing this program;
5. LAHSA has disclosed all interested parties for the particular grant;<sup>19</sup> and,
6. The statements in LAHSA's applications are true, complete, and accurate to the best knowledge of the signatory, acknowledging that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties.<sup>20</sup>

*See, e.g.*, Exhibit 30, pp. 8, 11, 18-20. Each of these certifications is expressly incorporated into each of HUD's grant agreements with LAHSA along with the further agreement that the award will be governed by HUD's program regulations. *See, e.g.*, Exhibit 29 (incorporating 24 C.F.R. Part 578).

Based on the public information described above, there is adequate evidence to suspect LAHSA made false certifications and statements in its applications for HUD grant funds, possibly hundreds of them. These false certifications and statements erode HUD's trust in LAHSA as a steward of public funds and undermine HUD's ability to rely on LAHSA to responsibly manage those funds.

### ***Conclusion***

The issues described above and identified over several years of public audits, assessments, reports, and statements, including recent audits, provide more than adequate evidence and support a reasonable belief that LAHSA lacks the required financial management, internal controls, and safeguards against conflicts of interest to responsibly administer HUD grant funds, in violation of applicable regulations and of the terms of its many public agreements with HUD. LAHSA's repeated false statements, actions, and inaction, represent serious violations of multiple HUD regulations and programmatic requirements, and are highly irresponsible.

Immediate action is needed to protect the public interest. LAHSA's recent Single Audit and LA County's recent review—released on May 19, 2026, and May 21, 2026, respectively—both reveal that the issues previously identified persist. Moreover, in recent years LAHSA has cited lack of funds and lack of staff as explanations for its failings. Due to the County's transfer of funds away from LAHSA effective July 1, 2026, any additional transfer of funds away by the City, and LAHSA's announced significant reduction in staff will further exacerbate these problems in the coming months. Suspension is necessary to protect the integrity of HUD programs and the public interest while OIG investigates whether LAHSA has committed offenses that are actionable under federal law. It is not in the public interest to perpetuate the status quo, *i.e.*, to permit LAHSA to continue to receive additional millions of dollars of federal funds, as the lead agency in the largest

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<sup>18</sup> Note that the program regulations include specific prohibitions on conflicts of interest. *See* 24 C.F.R. §§ 570.611 (CDBG), 576.404 (ESG), 578.95 (CoC); *see also* 2 C.F.R. § 200.112. Program regulations also incorporate the uniform administrative requirements of 2 C.F.R. Part 200. *See* 24 C.F.R. §§ 570.502 (CDBG), 576.407(c) (ESG), 578.99(e) (CoC). Those provisions require adequate financial management and internal controls systems. *See* 2 C.F.R. §§ 200.302, 200.303.

<sup>19</sup> *See* 2 C.F.R. § 200.113.

<sup>20</sup> *See* 18 U.S.C. § 1001.

HUD-funded CoC in the nation, when there is adequate evidence that it is not in compliance with HUD requirements and not presently responsible to participate in government programs.

**B. Procedures to Contest Suspension**

If LAHSA decides to contest this Notice of Suspension (Notice), it may do so by requesting a hearing. Pursuant to 2 C.F.R. § 180.730, the request for a hearing should identify: 1) specific facts that contradict the statements contained in this Notice (a general denial is insufficient to raise a genuine dispute over facts material to the suspension); 2) all existing, proposed, or prior exclusions against LAHSA under regulations implementing Executive Order 12549 and all similar actions taken by Federal, State, or local agencies, including administrative agreements that affect only those agencies; 3) all criminal and civil proceedings against LAHSA not included in this Notice that grew out of the facts relevant to the cause(s) stated in this Notice; and 4) all of LAHSA's affiliates as defined in the enclosed regulations at 2 C.F.R. § 180.905. If LAHSA provides false information, HUD may seek further criminal, civil, or administrative action as appropriate.

LAHSA's written hearing request must be submitted within 30 days of receipt of this Notice. See 2 C.F.R. § 180.725. LAHSA's response **MUST** be in the form of an e-mail directed to the Departmental Enforcement Center, U.S. Department of Housing and Urban Development at the following email address: DEC-Docket@HUD.gov.

The final decision regarding this suspension will be based upon evidence/information or argument that both LAHSA and the Government may submit in this matter. If LAHSA fails to respond to this Notice within the 30-day period, this suspension will become final agency action.

Sincerely,



Andrew D. Hughes  
Deputy Secretary

Enclosures

- Exhibit 1 - Joint Exercise of Powers Agreement - County, City, LAHSA
- Exhibit 2 - Los Angeles Continuum of Care, Governance Charter
- Exhibit 3 - Fiscal Year 2024 Continuum of Care Competition Homeless Assistance Award Report
- Exhibit 4 - HUD's 2024 Continuum of Care Program Funding Awards, CA-600
- Exhibit 5 - LA City and County CA-600 CoC Awards 2013-24
- Exhibit 6 - CoC Homeless Population 2024 - All States
- Exhibit 7 - CoC Homeless Population 2024 - California
- Exhibit 8 - CoC Homeless Population 2024 - Los Angeles
- Exhibit 9 - LAHSA Single Audit FY2025
- Exhibit 10 - LAHSA Single Audit FY2022
- Exhibit 11 - HUD OIG Audit Report, dated June 8, 2007
- Exhibit 12 - Los Angeles City Controller Report, dated August 28, 2019
- Exhibit 13 - HUD OIG Audit Report, dated January 20, 2022
- Exhibit 14 - City of LA CAO Correspondence, Homeless Emergency Account, dated July 28, 2023
- Exhibit 15 - LA County Auditor-Controller Review Report, dated November 19, 2024
- Exhibit 16 - LA County Auditor-Controller Review Report, dated April 10, 2018
- Exhibit 17 - LA County Auditor-Controller Review Reports 2020-21
- Exhibit 18 - LA City Controller Announcement, dated November 14, 2024
- Exhibit 19 - Independent Assessment of City-Funded Homelessness Assistance Programs, dated May 14, 2025
- Exhibit 20 - LAHSA Response to Second Amended Draft A&M Assessment, dated March 24, 2025
- Exhibit 21 - Transcript of Hearing in LA Alliance v City and County of LA 20-CV-02291, dated November 12, 2025
- Exhibit 22 - Order Appointing Monitor in LA Alliance v City and County of LA 20-CV-02291, dated June 24, 2025
- Exhibit 23 - LA County Board of Supervisors Meeting Transcript, dated May 21, 2024
- Exhibit 24 - LA County Board of Supervisors Meeting Statement of Proceedings, dated April 1, 2025
- Exhibit 25 - City of LA Housing and Homelessness Committee Meeting Journal, April 15, 2026
- Exhibit 26 - City of LA Staff Recommendations Adopted by Housing and Homelessness Committee on April 15, 2026
- Exhibit 27 - LAHSA Announces Organizational Restructuring, dated April 20, 2026
- Exhibit 28 - LA County Auditor-Controller Review, dated May 21, 2026
- Exhibit 29 - LAHSA CoC Grant Agreement, dated January 8, 2025
- Exhibit 30 - LAHSA CoC Application dated September 20, 2023
- Exhibit 31 - LAHSA Commission Meeting, dated September 26, 2025
- Exhibit 32 - LAHSA Special Commission Meeting, dated October 30, 2024
- Exhibit 33 - Notice of Immediate Suspension and Proposed Debarment, Dr. Adams Kellum, dated September 22, 2025
- Exhibit 34 - Notice of Immediate Suspension and Proposed Debarment, Mr. Kellum, dated September 24, 2025