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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

LOS ANGELES HOMELESS
SERVICES AUTHORITY, a joint
powers authority,

Plaintiff,

v.

DONALD J. TRUMP, *et al.*,
Defendants.

No. 2:26-cv-07056-DOC-AJR

**DEFENDANTS' STATEMENT AND
PROPOSAL FOR CONDUCT OF
FY2026 CONTINUUM OF CARE
COMPETITION FOR GEOGRAPHIC
AREA OF LOS ANGELES
CONTINUUM OF CARE**

Honorable David O. Carter
United States District Judge

1 Pursuant to the Court’s Order (Dkt. 55), Defendants submit this post-hearing
2 statement and proposal for conduct of FY2026 continuum of care competition for
3 geographic area of Los Angeles Continuum of Care (i.e. Defendant’s request to submit a
4 proposed timeline and plan for a selection of a collaborative applicant). *See* Dkt. 57,
5 hearing transcript, 141:17-25, 142:1-8)

6 At the preliminary injunction hearing on August 6, 2026, the Court indicated it was
7 considering transitional arrangements under which plaintiff the Los Angeles Homeless
8 Services Authority (LAHSA) would not serve as the collaborative applicant for service
9 providers in the geographic area of Intervenor the Los Angeles Continuum of Care (LA
10 CoC) for the FY2026 Continuum of Care (CoC) nationwide grant competition.

11 HUD strongly opposes any arrangement under which LAHSA would have a role in
12 ranking or selecting projects for approval. At the hearing, LAHSA argued that HUD had
13 not, in its June 11, 2026, Letter (“June 11 Letter”) suspending LAHSA, identified any
14 failures by LAHSA in its activity ranking and selecting projects for approval as
15 Collaborative Applicant. But the June 11 Letter speaks for itself. It lays out a history—
16 both old and recent—of LAHSA’s lack of documentation, poor data collection, and failed
17 performance monitoring. June 11 Letter at 4-8. As to conflicts of interest, HUD has
18 recently suspended and proposed the five-year debarment of LAHSA’s former CEO for
19 her actions in connection with the selection and approval of CoC grants for her husband’s
20 employer. *Id.* at 10. And, as the June 11 Letter notes, HUD’s ongoing investigation has
21 given it reason to suspect that LAHSA’s conflict of interest violations are systemic. *Id.*

22 Those issues provided HUD with adequate evidence to suspect that LAHSA failed
23 to comply with program requirements for financial management controls, internal
24 controls, and conflict-of-interest safeguards. *See* June 11 Letter at 4; *id.* at 10-11
25 (explaining certifications incorporated into HUD’s grant agreements). And those issues
26 led HUD to “determine[] [that] it cannot reasonably rely on LAHSA’s ability to
27 operationally and effectively coordinate, manage, distribute, and monitor taxpayer dollars
28 in a responsible manner or to execute the CoC Program’s mission to combat

1 homelessness.” *Id.* at 4. An entity suspected of having conflicts of interest and of failing
2 to monitor even its own contracts is a poor choice to rank and evaluate projects for the
3 entire CoC. Thus, the Agency determined that allowing LAHSA to have any part in the
4 2026 competition, including the ability to select or rank projects and applicants, was not
5 in the public interest and required the immediate action of suspension.

6 First and foremost, the Court should deny the preliminary injunction and allow the
7 transitional arrangement HUD outlined in its June 18, 2026, Letter, to proceed.

8 Accepting project applications directly to HUD without a collaborative applicant is,
9 contrary to characterizations offered by Plaintiff and Intervenor, expressly authorized by
10 statute and regulation. Both provide that, if HUD finds that a CoC “for a geographic area
11 does not meet the requirements” imposed by statute or regulation, HUD may directly
12 accept applications from other eligible entities rather than go through a collaborative
13 applicant. —[42 U.S.C. § 11360a\(c\)](#) and [24 C.F.R. § 578.13\(a\)\(3\)](#). Some of those
14 “requirements” include “design[ing] a collaborative process for the development of an
15 application,” “establish[ing] priorities for funding projects in the geographic area
16 involved,” and “participat[ing] in the Consolidated Plan for the geographic area served by
17 the collaborative applicant.” [42 U.S.C. § 11360a\(f\)](#); see also [24 C.F.R. §§ 578.7, 578.9](#).
18 As explained in the June 11 Letter and the June 18, 2026, Letter, LAHSA’s suspension
19 from participating in HUD’s programs means that the LA CoC no longer has a
20 collaborative applicant at this time. That means it “does not meet the requirements” of [42](#)
21 [U.S.C. § 11360a](#) and its implementing regulations. HUD can therefore “permit[] other
22 eligible entities to apply directly for grants.” [42 U.S.C. § 11360a\(c\)](#); [24 C.F.R. §](#)
23 [578.13\(a\)\(3\)](#).

24 Allowing HUD to run its direct-to-HUD process has the significant benefit of
25 ensuring that the FY2026 CoC competition can comply with congressional time directives
26 in an orderly manner. As noted at the hearing, delays attendant on identifying a new
27 collaborative applicant for the FY2026 CoC competition threaten to derail the nationwide
28 competition affecting over 400 CoCs across the country applying for roughly \$4 billion in

1 funds to address homelessness. In February, Congress directed HUD to publish the FY26
2 CoC Notice of Funding Opportunity (NOFO) by June 1, 2026, and then to review
3 applications and make awards by December 1, 2026. The CoC NOFO outlines a national
4 competition in which applications from all of the more than 400 CoCs across the country
5 compete against each other for funding as required by statute. There are approximately
6 7,000-9,000 individual project applications in the larger competition. By the terms of the
7 statute and subsequent competition, HUD cannot determine which applicants will get
8 funded, let alone make those awards, until all applications have been submitted and
9 reviewed by HUD. There is no way for HUD to make awards prior to completing the
10 review of all applications. How Los Angeles performs in the competition directly affects
11 how the rest of the country performs. It is impossible to separate one group of applications
12 from the entirety because the NOFO and the statute require a national competition between
13 CoCs. If Los Angeles performs well, funding will be directed away from other CoCs
14 towards Los Angeles and vice versa.

15 HUD set an August 26, 2026, deadline for all consolidated application packages to
16 HUD, which is roughly halfway between the June 1 publication and December 1 award
17 deadline. HUD already made a significant concession by extending this deadline for the
18 LA CoC by two weeks prior to the hearing. If HUD were to extend the application
19 deadline for LA CoC even further, it would cut too deep into the critical 90-day period
20 HUD has to review and score all 400 CoCs and their 7,000-9,000 project applications. By
21 comparison, historically, HUD's intensive application review process has taken roughly
22 four to six months with 50-70 staff working full-time solely on this project. HUD is now
23 required to complete this review in 90 days. This approach is necessary to meet the
24 congressionally mandated December 1 deadline and ensure timely delivery of \$4.04
25 billion in funds to all the other projects around the country.

26 HUD would like to assure the Court that it is fully capable of administering what
27 the parties have called the "direct-to-HUD" application process. Even when there is a
28 collaborative applicant, the buck stops with HUD, and HUD must itself evaluate each

1 project that receives CoC funding. HUD therefore has the institutional expertise and
2 capability to review project applications itself. Further, to respond to the Court's concerns
3 that a direct-to-HUD process would be less responsive to local concerns, as noted in prior
4 filings and at the August 6, 2026, hearing, HUD would like to emphasize that it designed
5 its process to respect past local preferences as much as practicable. Congressional
6 appropriations generally require sixty percent (60%) of available funds to be selected by
7 the local continuum, assuming a functioning CoC exists. HUD, in crafting the approach
8 outlined in the June 18 Letter and the related amended NOFO, opted to send that 60% to
9 renewal projects, consistent with LAHSA's past practice. By definition, such projects will
10 be projects selected and approved in prior years. HUD made this choice intentionally to
11 reflect local preferences. HUD's thoughtful approach appropriately balances program-
12 wide interests with deference to local interests.

13 Regarding LAHSA's other duties, including the Homeless Management
14 Information System (HMIS), the Coordinated Entry System (CES), and the Point-in-Time
15 (PIT) Count, HUD contemplates that the County's Department of Homeless Services and
16 Housing would immediately assume those duties as stated in the County's July 24, 2026,
17 letter to the LA CoC. *See* [Dkt. 36](#).

18 During the hearing, the Court indicated it was considering allowing LA CoC to
19 identify a new collaborative applicant and ordering HUD to extend the FY2026 application
20 deadline to accommodate that selection process and a subsequent local competition to
21 prepare a collaborative application for the LA CoC. The Court suggested an extension of
22 sixty days, and HUD discussed the possibility of a forty-five (45) day extension. HUD
23 herein clarifies its position as it applies to a forty-five (45) day extension. As noted above,
24 the timeline of the FY2026 nationwide competition means that a forty-five (45) day
25 extension dramatically constrains HUD's review to award funds by the Congressional
26 deadline of December 1. HUD cannot untether Los Angeles from the rest of the country.
27 Allowing forty-five (45) days for the CoC to select a new collaborative applicant and then
28 allowing an undetermined additional extension for that entity to run a local competition

1 and prepare and submit a collaborative application would produce a combined delay that
2 would, based on HUD's available resources, make HUD's review ahead of the
3 Congressional deadline on December 1 nearly impossible, halting funds to the rest of the
4 country.

5 Finally, as noted by Intervenor's post-hearing filing, *see* [Dkt. 56](#), the United States
6 District Court for the District of Rhode Island entered orders today vacating HUD's
7 issuance of the NOFO for the Continuum of Care program. *See State of Washington et al.*
8 *v. HUD*, Case No. 26-CV-439 (D.R.I.), [Dkt. No. 34](#); and *Nat'l Alliance to End*
9 *Homelessness v. HUD*, 26-CV-436 (D.R.I.), [Dkt. No. 41](#). HUD does not currently
10 anticipate that these rulings will fundamentally alter the logistical considerations described
11 herein.

12 Given these practical realities, the most pragmatic and least disruptive approach to
13 rewarding funds under these tight congressionally imposed deadlines is to deny the
14 preliminary injunction and allow HUD to follow the statutorily authorized course laid out
15 in HUD's June 18 Letter. To the extent the order would effectively stay the actions
16 described in the June 11 or June 18 letters, Defendants respectfully reserve the right to
17 appeal and seek emergency relief so that it can implement the direct-to-HUD application
18 process.

1 Dated: August 7, 2026

Respectfully submitted,

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25 **Local Rule 11-6.2 Certificate of Compliance**

26 The undersigned counsel of record certifies that this Statement contains 1,638
27 words, which complies with the word count set by the Court's Standing Order.

28 Dated: August 7, 2026

/s/ Alexander L. Farrell

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