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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, in his official
capacity as President of the United
States of America, *et al.*,

Defendants.

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

**DEFENDANTS' *EX PARTE*
APPLICATION FOR A
STAY PENDING APPEAL**

*Declarations of Alexander L. Farrell
and Caitlyn J. McKenney and
[proposed] order filed concurrently
herewith*

Honorable David O. Carter
United States District Judge

EX PARTE APPLICATION FOR STAY PENDING APPEAL

Defendants apply *ex parte*, pursuant to Local Rule 7-19, for an order under Federal Rule of Civil Procedure 62(d) and Federal Rule of Appellate Procedure 8(a)(1) partially staying enforcement of this Court's August 13, 2026, Order Granting Preliminary Injunction (ECF 63) pending the Government's recently noticed appeal. ECF 68. This status-quo-preserving stay on three of the six terms of the preliminary injunction order is necessary to prevent irreparable harm to the Government.

This Motion is based on this application, the attached Memorandum of Points and Authorities, the declarations of Caitlyn J. McKenney and Alexander L. Farrell (filed pursuant to Local Rules 7-19 and 7-19.1), the pleadings, records, and files in this action, and any further argument or evidence the Court may permit. A proposed order has been included herewith.

Pursuant to Local Rule 7-19 and as explained in the Declaration of Alexander L. Farrell, counsel for Defendants notified counsel for Plaintiffs of the date, substance, and grounds of this *ex parte* application on August 21, 2026. Lead counsel for Plaintiff Los Angeles Homeless Services Authority is Keri Curtis Axel, Waymaker LLP, 515 S. Flower Street, Suite 3500, Los Angeles, CA 90071, (424) 652-7800, kaxel@waymakerlaw.com. Lead counsel for Plaintiff-Intervenor Los Angeles Continuum of Care is Shayla R. Meyers, Legal Aid Foundation of Los Angeles, 1550 W. Eighth Street, Los Angeles, CA 90017, (213) 640-3983, smyers@lafla.org. Plaintiff opposes the requested *ex parte* relief. As of the time of filing this application, lead counsel for Plaintiff-Intervenor has not advised whether Plaintiff-Intervenor opposes the *ex parte* relief.

Ex parte relief is warranted because as set forth below, the requested stay application cannot be heard on the regularly noticed motion track in time to avoid irreparable harm. *See* L.R. 7-19, 7-19.1.

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This case involves the role the Los Angeles Homeless Services Authority (LAHSA) plays in the Continuum of Care Program, a competitive nationwide grant program established by Congress to combat homelessness via regional Continuums of Care (CoCs). The United States Department of Housing and Urban Development (HUD) administers the program, and each year determines which projects to fund based on its evaluation of applications submitted mostly by “Collaborative Applicants” such as Plaintiff LAHSA—organizations that apply to HUD for homeless funding on behalf of various organizations within their designated geographic areas.

On August 13, 2026, this Court entered a broad preliminary injunction precluding HUD from exercising its authority to immediately suspend LAHSA from serving as the Los Angeles CoC Collaborative Applicant pending HUD’s investigation of LAHSA’s longstanding mismanagement of federal funds and other suspected violations of HUD requirements. The Court did so, not because it doubted the egregiousness of LAHSA’s well-documented operational dysfunction, but because it mistakenly believed that to allow the suspension to go forward would mean that vital grant monies awarded by HUD would cease to flow to the LA CoC, to the irreparable detriment of the unhoused population the CoC program is intended to serve. With respect for the Court’s apparent intentions, the basis for its preliminary injunction was incorrect.

As this Court is aware, LAHSA is an entity that has served as the LA CoC Collaborative Applicant since the 1990s, with an accompanying decades-long litany of documented malfeasance and financial mismanagement. It was that lengthy history of dysfunction that caused HUD to issue a notice of suspension—but notably not permanent debarment—to allow HUD to investigate the results of audits and reports which yielded significant evidence that LAHSA either mishandled grant funds or violated the terms of HUD’s financial management guidelines to the point of adversely affecting the integrity of the CoC Program.

1 In entering the injunction, this Court was concerned that LAHSA's suspension
2 would have adverse and irreparable effects on the unhoused population within the LA
3 CoC. But as explained below, LAHSA may be removed as Collaborative Applicant with
4 no disruption to the flow of funds intended for the service providers in the LA CoC's
5 area. By contrast, certain terms of the injunction impose irreparable harm to HUD and to
6 the program Congress tasked it with administering.

7 To start, the preliminary injunction requires HUD to disburse approximately \$241
8 million in funds which the Court mistakenly believed were "earmarked" exclusively for
9 the LA CoC for Fiscal Year 2026. Only 60% of what is called the LA CoC's "annual
10 renewal demand," or roughly \$143 million, was deemed exempt from national
11 competition and presumed slated for the LA CoC. And even those funds are not
12 guaranteed. But because the remaining 40% of what the Court characterized as a \$241
13 million pie—more precisely a "maximum award amount" of approximately \$239
14 million—is statutorily subject to nationwide competition, the Court's injunction
15 improperly gives the LA CoC an unfair competitive advantage over the other applicants
16 across the country, without any legal justification.

17 The Court's requirement that HUD retain LAHSA as the collaborative applicant
18 for the LA CoC on a supposedly temporary basis for purposes of submitting the FY 2026
19 consolidated application is equally untenable. Indeed, HUD and the LA CoC will be
20 irreparably harmed should LAHSA—an entity which the Court itself agrees is not a
21 responsible steward of the tens of millions of dollars of homeless funding it is entrusted
22 with every year—is allowed to continue its malfeasance for another grant cycle.

23 Finally, HUD cannot be forced into grant agreements with LAHSA it has not yet
24 executed. Indeed, while HUD may obligate funds through an obligation memo, it can—
25 and indeed must—always assess whether a grant recipient meets all requirements before
26 executing the agreement. This Court's finding to the contrary is plain error and
27 impermissibly requires HUD to execute agreements that it has every lawful right to
28 decline to execute for any number of varied reasons. To prevent these irreparable harms

1 and to preserve the status quo pending HUD’s appeal of the preliminary injunction order,
2 HUD respectfully submits that a partial stay is warranted.

3 **II. BACKGROUND**

4 **A. The Continuum of Care Program**

5 HUD’s Continuum of Care program provides funding to states and organizations
6 for homelessness services. In general, the program operates through regional
7 “continuum of care” (or CoCs), which are local coalitions of stakeholders in a particular
8 geographic region. 24 C.F.R. § 578.5. CoCs have several responsibilities. They are
9 tasked with data management (HMIS Lead), services matching (CES Coordinator), and
10 counting the homeless population (PIT Count Administrator).

11 CoCs also are typically responsible for designating an organization to be the
12 “collaborative applicant” for the region. The collaborative applicant is the CoC’s main
13 interface with HUD. For the annual grant competition, homeless service entities send
14 their applications to the collaborative applicant, who then compiles those applications,
15 ranks them, and sends a consolidated application to HUD. *Id.* § 578.9(a)(3)(ii).

16 Once submitted to HUD, the consolidated application is considered as part of the
17 nationwide CoC competition for the fiscal year. By congressional directive, the amount
18 of funding available is based on the funding provided to the geographic area the previous
19 year (the annual renewal demand, or ARD). For FY 2026, Congress provided that, for
20 funds equal to 60% of the ARD, the CoC (through the collaborative applicant) gets to
21 decide which projects are presumptively funded (Tier 1 projects). *See* 2026
22 Appropriations Act, Pub. L. No. 119-75, div. D, tit. II, 140 Stat. 173, 399 (2026). The
23 remaining 40%, however, is allocated based on a nationwide competition between
24 projects across different CoCs (Tier 2 projects), and Congress has not provided that any
25 amount of Tier 2 funding be guaranteed based on an applicant’s geographic area. *See* 42
26 U.S.C. § 11386a(a).

27 Congress has set strict statutory deadlines for HUD to make awarding decisions.
28 Most relevant here, Congress has directed HUD to award grants “not later than

December 1, 2026.” *See* 2026 Appropriations Act, Pub. L. No. 119-75, div. D, tit. II, 140 Stat. 173, 399 (2026). Once HUD announces the awards, each recipient or project sponsor must satisfy site control, matching funds, and environmental review requirements. 42 U.S.C. § 11382(d)(1)(B). The statute then provides that, “[n]ot later than 45 days after a recipient or project sponsor meets the requirements,” HUD “shall obligate the funds for the grant involved.” *Id.* § 11382.

Congress provided a contingency for when a CoC “for a geographic area does not meet the requirements” set out by statute, or when there is no CoC “for a geographic area.” 42 U.S.C. § 11360a(c). In such circumstances, HUD “may take remedial action to ensure fair distribution of grant amounts . . . to eligible entities within that area.” *Id.* “Such measures may include designating another body as a collaborative applicant, or permitting other eligible entities to apply directly for grants.” *Id.*; *see also* 24 C.F.R. § 578.13 (same).

B. Suspension and Debarment

Since the 1980s, the Office of Management and Budget (OMB) established guidelines for suspension and debarment of federal contractors. Those guidelines are set out in 2 C.F.R. part 180. HUD (as well as HHS, USDA, State, Energy, Transportation, Commerce, Interior, EPA, and others) has adopted these guidelines. *See* 2 C.F.R. § 2424.10.

Debarment is a final determination that a person is not presently responsible, and it excludes that person from participating in covered transactions and transactions covered under the Federal Acquisition Regulations. *Id.* § 180.925. 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,” and “[a]ny other cause that is so serious or compelling in nature that it affects [the person’s] present responsibility.” *Id.* § 180.800. To debar a person, the federal agency must establish the cause of debarment by a preponderance of the evidence. *Id.* § 180.850(a).

Suspension, by contrast, is not a final determination. *Id.* § 180.1015. It instead

1 “immediately prohibits a person from participating in covered transactions and
2 transactions covered under the Federal Acquisition Regulations” for “a *temporary*
3 period, pending completion of a Federal agency investigation and any judicial or
4 administrative proceedings that may ensue.” *Id.* (emphasis added). To suspend a person,
5 the federal agency must (1) “have adequate evidence that there may be a cause for
6 debarment of a person,” and (2) “conclude that immediate action is necessary to protect
7 the Federal interest.” *Id.* § 180.605. Adequate evidence is “information sufficient to
8 support the reasonable belief that a particular act or omission has occurred.” *Id.* §
9 180.900.

10 **C. The LA CoC and LAHSA**

11 In terms of funding, the LA CoC is the largest CoC in the nation. Dkt. 1 at 17. It
12 has long designated LAHSA to serve as the HMIS Lead, CES Coordinator, PIT Count
13 Administrator, and Collaborative Applicant for the region. LAHSA is also a direct
14 recipient of federal funds under HUD programs. *Id.* at 17-20.

15 On June 11, 2026, HUD sent LAHSA a notice of suspension (the June 11 Letter).
16 *Id.* at 3. The June 11 Letter set out the grounds for suspension. In particular, it cited a
17 string of audits and reports stretching from 2007 to May 2026. *See* Dkt. 15-25.
18 According to the letter, those audits and reports provided adequate evidence that LAHSA
19 had violated the terms of numerous public agreements or transactions in a manner so
20 serious as to affect the integrity of multiple HUD funding programs. Dkt. 15-25 at 3. The
21 letter pointed to the various certifications LAHSA made in its federal grant agreements
22 that it would comply with HUD’s conflict-of-interest, internal controls, and financial
23 management guidelines. *Id.* at 2-12. On June 18, 2026, HUD sent LAHSA and the Los
24 Angeles CoC a second letter (the June 18 Letter). Dkt. 15-24. The June 18 Letter
25 explained that, because LAHSA was suspended, the Los Angeles CoC no longer met the
26 statutory requirements and HUD would thus institute a process to “permit[] other eligible
27 entities to apply directly for grants.” 42 U.S.C. § 11360a(c). Dkt. 15-24 at 2.

28 **D. The District Court Litigation**

1 LAHSA filed its complaint in this Court, alleging that the June 11 and June 18
2 Letters violated the APA and the Constitution. As to the APA, LAHSA claims that
3 HUD's actions were arbitrary and capricious, and contrary to law (for failing to obligate
4 funds to LAHSA). As to the Constitution, LAHSA claims that the June 11 and June 18
5 Letters violated the Tenth Amendment. LAHSA also sought a preliminary injunction.

6 On August 13, 2026, this Court granted the preliminary injunction in part. The
7 Court did not dispute "the sufficiency of the evidence HUD cites for its debarment
8 investigation," stressing that much of the evidence of mismanagement HUD relied on
9 "has been discussed by the Court for years." ECF 63 at 18. However, the Court
10 concluded "that HUD has not satisfactorily explained why an immediate suspension was
11 necessary." *Id.* Specifically, the Court held that HUD failed "to explain why a
12 suspension became appropriate only now, at a time when suspending LAHSA would
13 effectively bar the LA CoC from being able to submit a consolidated application." *Id.* at
14 20.

15 This Court accordingly entered a multi-pronged injunction, valid until October 27.
16 *Id.* at 26. Among other terms, the Court:

- 17 • Ordered HUD to "distribute the approximately \$241 million dollars that
18 was earmarked for the LA CoC by Congress for Fiscal Year 2026 via the
19 priorities outlined in LA CoC's Collaborative Application." *Id.*
- 20 • Ordered that LAHSA would remain the collaborative applicant, HMIS lead,
21 CES Coordinator, and PIT Count Administrator for the interim period until
22 October 27, so that LAHSA may submit the LA CoC's consolidated
23 application for the FY 2026 funding cycle. *Id.* at 26-27.
- 24 • Ordered the Los Angeles CoC to effectively begin the process of
25 considering applications for a new collaborative applicant, and ordered
26 HUD to "evaluate the applicant or applicants chosen by the LA CoC." *Id.* at
27 27.
- 28 • Ordered HUD to "execute signed agreements for every LA CoC grant it has

1 approved for FY 25 forthwith.” *Id.* at 28.

2 **III. LEGAL STANDARD**

3 A District Court has authority to stay an order pending appeal under Federal Rule
4 of Civil Procedure 62(d), and the same authority is preserved by Federal Rule of
5 Appellate Procedure 8(a)(1). A stay pending appeal serves a function the Supreme Court
6 has long recognized: It “does not make time stand still, but does hold a ruling in
7 abeyance to allow an appellate court the time necessary to review it.” *Nken v. Holder*,
8 556 U.S. 418, 421 (2009). The standard is: “(1) whether the stay applicant has made a
9 strong showing that he is likely to succeed on the merits; (2) whether the applicant will
10 be irreparably injured absent a stay; (3) whether issuance of the stay will substantially
11 injure the other parties interested in the proceeding; and (4) where the public interest
12 lies.” *Id.* at 434. The first two factors are “the most critical.” *Id.* When the Government is
13 the movant, the third and fourth factors “merge.” *Id.* at 435.

14 **IV. ARGUMENT**

15 **A. HUD is Likely to Succeed on the Merits of the Appeal**

16 To obtain a stay, the movant must make “a strong showing that he is likely to
17 succeed on the merits.” *Nken*, 556 U.S. at 434. HUD need not show that success is “more
18 likely than not”; instead, a “reasonable probability” or “fair prospect” of success
19 suffices. *FTC v. Qualcomm Inc.*, 935 F.3d 752, 755 (9th Cir. 2019). As set forth below,
20 HUD satisfies that showing several times over.

21 1. The Court Erred in its APA Analysis in Finding that HUD’s 22 Suspension Decision was Arbitrary, Capricious, and an Abuse of 23 Discretion

24 In its preliminary injunction order, this Court concluded that HUD’s decision to
25 suspend LAHSA was arbitrary, capricious, and an abuse of discretion. Dkt. 63 at 17. The
26 Court reasoned principally that HUD did not adequately explain why an immediate
27 suspension of LAHSA was warranted. *Id.* at 17–18. But importantly, the Court “[did] *not*
28 take up the issue of the sufficiency of the evidence HUD cites for its debarment

1 investigation.” *Id.* at 18 (emphasis added). Thus, it did not conclude that HUD failed to
2 show “adequate evidence to suspect” a “cause for debarment.” 2 C.F.R. § 180.700(b).
3 Instead, the Court effectively subjected HUD to heightened scrutiny based solely on the
4 timing of the suspension. It was error to do so.

5 First, while the Court is correct that LAHSA has a well-documented history of
6 malfeasance and mismanagement of the millions of dollars of taxpayer funds entrusted
7 to it each year, there is no legal basis to preclude this Administration from taking
8 immediate action to correct that malfeasance at any given time. *See Motor Vehicle Mfrs.*
9 *Ass’n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 59 (1983) (“A change in
10 administration brought about by the people casting their votes is a perfectly reasonable
11 basis for an executive agency’s reappraisal of the costs and benefits of its programs and
12 regulations.”). Indeed, LAHSA’s long-standing dysfunction is reflective of the necessity
13 for immediate corrective action, and it should not serve as a means for allowing LAHSA
14 to prolong and continue its mismanagement of the crucial funds necessary to combat the
15 homelessness crisis in the greater Los Angeles area.

16 This Court was concerned that the “remedial plan proposed by HUD in its June 18
17 Letter, initiating a direct-to-HUD protocol, is a pretextual attempt to bypass the carefully
18 constructed CoC scheme set up by Congress.” Dkt. 63 at 24. That too was incorrect.¹
19 Indeed, Congress expressly authorized HUD to create a direct-to-HUD process by which
20 individual applicants may submit grant applications directly to HUD without going
21 through a collaborative applicant. 42 U.S.C. § 11360a(c) (“If the Secretary finds that a
22 collaborative applicant for a geographic area does not meet the requirements of this
23

24 ¹ Emphasizing the point, HUD’s June 11 Letter directly addressed why
25 “[i]mmediate action [was] needed to protect the public interest,” June 11 Letter at 11-12,
26 highlighted evidence from the weeks before suspension that LAHSA’s failings persist, and
27 noted the recent seismic shift in LAHSA’s funding—*i.e.*, the loss of hundreds of millions
28 of dollars from the County, which resulted in hundreds of layoffs at LAHSA—all made
relevant by LAHSA’s own acknowledgement that its financial management and internal
controls problems are explained, at least in part, by a lack of funding and a lack of staff.

1 section, or if there is no collaborative applicant for a geographic area, the Secretary may
2 take remedial action to ensure fair distribution of grant amounts under part C to eligible
3 entities within that area. Such measures may include designating another body as a
4 collaborative applicant, or permitting other eligible entities to apply directly for
5 grants.”); *see also* Defs.’ Br. Op.. PI at 15 (explaining the same). It was not pretext for
6 HUD to rely on a procedural option Congress created precisely for this circumstance.

7 Moreover, , HUD took affirmative steps to minimize the potential disruption to
8 applicants in the event HUD found a CoC unqualified, as HUD did here. Indeed, HUD
9 explicitly designed its direct-to-HUD process to mimic the project selection of LAHSA
10 and other CoCs. McKenney Decl. ¶ 25. For example, HUD issued a revision to the FY
11 2026 Notice of Funding Opportunity which set aside sixty percent of a geographic area’s
12 annual renewal demand for renewal projects, in such cases. *Id.* ¶ 26. As a result, service
13 providers in the LA CoC’s geographic area will have the same amount of Tier 1 funds
14 (funds exempted from national competition) available to it regardless of whether
15 LAHSA remains in place as collaborative applicant. *Id.* ¶ 27. Relatedly, service
16 providers in the LA CoC’s geographic area will be able to compete for the same amount
17 of Tier 2 funds (funds subject to national competition) with or without LAHSA and on
18 equal footing with their peers around the country. *Id.* ¶ 28.

19 Because it was beyond this Court’s authority to preclude HUD from electing to
20 avail itself of an alternative mechanism Congress explicitly afforded, HUD has a
21 likelihood of success on appeal as to this term.

22 2. The Court Erred in Mandating the Disbursal of \$241 Million in Funds
23 Supposedly “Earmarked” for the LA CoC

24 The Court also erred in requiring HUD to distribute approximately \$241 million in
25 funding it mistakenly believed to be “earmarked” for the LA CoC by Congress for Fiscal
26 Year 2026. Dkt. 63 at 26. Contrary to the Court’s understanding, the amount of funding
27 available to the LA CoC is based on a specific measure of funding it received the
28 previous year, called the “annual renewal demand.” For Fiscal Year 2026, only 60% of

1 that amount, or approximately \$143 million, is exempt from nationwide competition.
2 McKenney Decl. ¶¶ 12–14. The remaining funds are subject, by law, to the nationwide
3 competition among service providers in geographic areas throughout the country.
4 § 11386a(a); *see also* McKenney Decl. ¶¶ 12–13. And even the \$143 million is not,
5 strictly speaking, *guaranteed*, as such funds are subject to normal risk reviews and other
6 required checks implemented to prevent fraud, waste, and abuse of taxpayer dollars. *Id.*
7 ¶ 14. Accordingly, the Court’s order directly violates the statutory scheme Congress
8 implemented by awarding the LA CoC tens of millions of dollars in funds that Congress
9 directed be awarded only through a nationwide competition.

10 3. The Court Erred in Directing HUD to Execute Signed Agreements
11 for Every LA CoC Grant it Has Awarded for FY 2025

12 Finally, the Court’s order for HUD to execute signed agreements for grants
13 approved in FY 2025 is premised on a misapplication of 42 U.S.C. § 11382(d)(2). Under
14 that provision, “[n]ot later than 45 days after a recipient or project sponsor meets the
15 requirements described in paragraph (1), the Secretary shall obligate the funds for the
16 grant involved.” *Id.* However, obligating funds is a distinct step from executing a grant
17 agreement. HUD obligates funds through obligation memos, and it has already so
18 obligated all funds awarded for FY 2025. Obligating funds does not necessarily mean
19 that HUD will ultimately execute an agreement with the original grant recipient.
20 McKenney Decl. ¶¶ 49-53.

21 HUD expressly reserves the right to assess whether an intended grant recipient
22 satisfies all requirements and qualifications before executing the grant agreement. *See* 24
23 C.F.R. § 578.107(b); *see also* HUD Grants Management Handbook, Chapter 1-7,
24 available at <https://www.hud.gov/sites/dfiles/OCHCO/documents/221017c1ADMH.pdf>
25 (“There are Federal government-wide, HUD-wide, and program-specific requirements
26 governing the award. HUD must manage and administer Federal awards in a manner to
27 ensure HUD funding is expended and programs are implemented in full accordance with
28 applicable requirements.”). Accordingly, the obligation of funds does not eliminate

1 HUD’s authority to take any lawful remedial action, which may include transferring
2 grants to another recipient, should the originally intended grant recipient fail to satisfy all
3 necessary requirements. McKenney Decl. ¶ 59. The Court’s preliminary injunction
4 erroneously divested HUD of that authority.

5 Separately, the Court’s edict that HUD must execute signed agreements for grants
6 approved in FY 2025 implicates jurisdictional concerns. If the Court’s understanding of
7 42 U.S.C. § 11382(d)(2) were correct and the Secretary were indeed required to execute
8 signed grant agreements pursuant to that statute, it would be a “money-mandating”
9 provision as contemplated by the Tucker Act. *See, e.g., Hajro v. USCIS*, 811 F.3d 1086,
10 1100 n.9 (9th Cir. 2016). And if section 11382(d)(2) were in fact a money-mandating
11 provision, any claim to challenge a violation of that provision would only be proper in
12 the Court of Federal Claims. *Munns v. Kerry*, 782 F.3d 402, 414 (9th Cir. 2015) (“To
13 establish jurisdiction under the Tucker Act, . . . the Court of Federal Claims asks only
14 whether the plaintiff is within the class of plaintiffs entitled to recover under the
15 provision if the elements of a cause of action are established. This jurisdictional inquiry
16 goes only so far as to determine whether the provision being invoked is a ‘money-
17 mandating’ source of authority, not whether the plaintiffs’ claims for relief have any
18 merit.”) (cleaned up).

19 **B. HUD Will Be Irreparably Injured Absent a Stay**

20 The terms of the Court’s preliminary injunction order outlined above will cause
21 HUD irreparable harm absent a stay. *First*, requiring HUD to maintain LAHSA as the
22 LA CoC collaborative applicant, even if only for purposes of submitting a consolidated
23 application, would result in irreparable harm. Collaborative applicants play significant
24 roles in submitting consolidated applications that determine how the CoCs will perform
25 relative to the rest of the country and by responding to the entirety of the merit criteria
26 prescribed by the NOFO on behalf of the rest of the CoC. McKenney Decl. ¶ 41.
27 Because individual providers do not submit responses to the merit criteria, they are
28 directly impacted by the CoC score calculated based on the consolidated application

submitted by the collaborative applicant. *Id.* The Court readily acknowledged that LAHSA has a storied history of dysfunction and malfeasance. Dkt. 63 at 18 (“The Court does not take up the issue of the sufficiency of the evidence HUD cites for its debarment investigation. Indeed, much of the information HUD relies on has been discussed by the Court for years. None of this is new.”). In particular, HUD has significant concerns with the prospect of relying on the claims and statements of a collaborative applicant it simply cannot trust. McKenney Decl. ¶¶ 42-43. These concerns are well founded, as LAHSA’s egregious violations of HUD’s conflict-of-interest requirements were a central reason for HUD’s choice to suspend LAHSA in the first place. *Id.* ¶ 42. LAHSA’s claims as the collaborative applicant of the nation’s largest CoC directly impact the outcomes of a nationwide competition on a significant scale. *Id.* Moreover, even LAHSA’s temporary retention for purposes of a consolidated application would undermine the confidence of other program participants and the public in HUD’s administration of the CoC program and the program’s integrity. *Id.* ¶ 45.

Second, as to the requirement that HUD disburse approximately \$241 million in funds supposedly “earmarked” for the LA CoC, as explained above, requiring HUD to award the LA CoC funds that Congress directed be subject to nationwide competition, would improperly give grant recipients within the LA CoC an unfair competitive advantage over the other service providers nationwide. *Id.* ¶ 17. This directive would require HUD to abdicate its statutory and regulatory duties to administer the CoC program fairly by prioritizing funding for the nation’s largest CoC, unfairly giving it an advantage to the detriment of all other CoCs throughout the country. *Id.* ¶ 18.

Third, the requirement to execute grant agreements “for every LA CoC grant it has approved for FY 25 forthwith” will result in irreparable harm. Even where HUD has obligated funds via an obligation memo, there are additional steps it must take before grant agreements may be executed. *Id.* ¶ 51. Specifically, HUD must provide significant training to HUD Field Office staff and conduct quality control and quality assurance by manually reviewing each grant agreement. *Id.* ¶ 52. But HUD notably is not legally

1 required to execute outstanding FY 2025 grant agreements despite the prior obligation of
2 funds. *Id.* ¶ 59. The Court’s preliminary injunction order erroneously deprives HUD of
3 its discretion to consider viable alternatives to the execution of grant agreements. *Id.*
4 ¶ 59.

5 **C. The Public Interest Favors a Stay**

6 The fourth factor merges with the second when the United States is a party. *Nken*,
7 556 U.S. at 435; see *Assurance Wireless USA, L.P. v. Reynolds*, 100 F.4th 1024, 1031
8 (9th Cir. 2024). The public interest favors a stay for several reasons. First, the public
9 interest lies in allowing HUD to administer the federal program Congress assigned to it.
10 As discussed above, HUD’s planned course of action ensures homeless services funding
11 will continue to flow to the LA CoC in the manner Congress intended while reducing the
12 risk that money intended to help the unhoused will be misspent.

13 Second, the public interest disfavors the entrenchment of an order that likely
14 exceeds the Court’s authority and is contrary to laws enacted by Congress. Third, the
15 public interest favors orderly appellate review: A stay “does not make time stand still,”
16 but “hold[s] a ruling in abeyance to allow an appellate court the time necessary to review
17 it,” *Nken*, 556 U.S. at 421, and here it preserves HUD’s ability to administer the CoC
18 program while the Ninth Circuit decides whether HUD may be enjoined at all.

19 HUD is both duty and statutorily bound to faithfully and vigorously maintain the
20 integrity of a critical federal program created to combat the homelessness crisis plaguing
21 the nation. It cannot effectively fulfill that mission with a collaborative applicant that for
22 decades consistently mismanaged the many millions of dollars in grant monies entrusted
23 to it, to the detriment of the LA CoC’s most vulnerable population. The public interest
24 favors a stay to allow HUD to suspend LAHSA and fully investigate its many
25 shortcomings to determine if it is ultimately qualified to continue serving as
26 collaborative applicant. Because the answer to that question is likely no, the balance of
27 interests favors a stay.

28 ///

1 **V. CONCLUSION**

2 Defendants respectfully request that the Court grant this *ex parte* application and
3 stay the terms of the preliminary injunction order set forth above.

4 Dated: August 24, 2026

5 Respectfully submitted,

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

23 The undersigned counsel of record certifies that this Opposition Brief contains
24 4,518 words, which complies with the word count set by the Court's Standing Order.

25 Dated: August 24, 2026

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