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**UNITED STATES DISTRICT COURT**

**CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

LOS ANGELES HOMELESS  
SERVICES AUTHORITY,

Plaintiffs,

vs.

DONALD J. TRUMP, in his official  
capacity as President of the United  
States of America; UNITED STATES  
DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT; SCOTT  
TURNER, in his official capacity as  
the Secretary of the U.S. Department  
of Housing and Urban Development;  
and DOES 1-10,

Defendant.

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

Hon. David O. Carter

**AMENDED COMPLAINT IN  
INTERVENTION**

## **INTRODUCTION**

1  
2       1. This case challenges the Administration’s attempt to use the suspension of  
3 Los Angeles’s homeless services agency to gain control of hundreds of millions of  
4 dollars in federal homelessness funding for the Los Angeles region—replacing  
5 Congress’s Continuum of Care (“CoC”) framework that prioritizes research-backed  
6 homelessness prevention strategies and vests control with local communities to develop  
7 comprehensive and balanced solutions to the crisis, with its own agenda that favors  
8 temporary and transitional shelters, institutionalization, and the use of law enforcement  
9 to clear encampments. At stake is the future of Los Angeles’s homelessness response  
10 system and the well-being of the thousands of individuals, families, children, veterans,  
11 domestic violence survivors, and people with disabilities who rely on it to obtain and  
12 maintain housing. By threatening to displace the Los Angeles Continuum of Care and  
13 its ability to set the community funding priorities and in doing so, redirect resources  
14 away from permanent housing, HUD’s actions jeopardize the very housing stability  
15 those programs have created for thousands of formerly unhoused residents.

16       2. The Los Angeles Continuum of Care (“LA CoC”) plays a critical yet  
17 underappreciated role in Los Angeles’s homelessness response system. It is tasked by  
18 Congress to bring together stakeholders throughout the region to set the priorities for  
19 federal funding and determine the allocation of hundreds of millions of dollars of federal  
20 funding, in alignment with other funding sources in the community and as part of a  
21 coordinated approach to homeless assistance. In a region plagued by political and  
22 administrative gridlock, LA CoC is one entity that, by Congressional design, brings  
23 together myriad stakeholders—homeless and formerly homeless individuals, nonprofit  
24 homeless assistance providers, victim service providers, faith-based organizations,  
25 governments, businesses, advocates, public housing agencies, school districts, social  
26 service providers, mental health agencies, hospitals, universities, affordable housing  
27 developers, and law enforcement—to work collaboratively to set the region’s  
28 homelessness funding priorities. Although Los Angeles’s homeless services system is

1 not without its shortcomings, the Continuum of Care is a bright spot—an example of  
2 successful regional collaboration and coordination, and for the past twelve years, that  
3 collaboration and coordination has resulted in year over year increases in federal  
4 funding for the region.

5 3. Formed pursuant to Title IV of the McKinney-Vento Homeless Services  
6 Act, LA CoC directs—in alignment with community priorities—the annual allocation  
7 of hundreds of millions of dollars in federal homelessness assistance funding across the  
8 region. These funds support 140 projects and collectively provide 11,423 people  
9 permanent housing, shelter, and services, including 1,030 families, 1,923 children, 823  
10 transition-age youth, 1,627 seniors, 901 individuals impacted by intimate partner  
11 violence, and 89 veterans. While homelessness remains an entrenched crisis in Los  
12 Angeles,<sup>1</sup> there is no dispute that the permanent housing and services funded by CoC  
13 grants have been instrumental in preventing even higher levels of homelessness by  
14 keeping more than 11,000 formerly homeless residents stably housed.

15 4. In June, in the middle of LA CoC’s annual priority-setting process and  
16 without any notice, hearing, or presentation of facts—HUD took unprecedented action  
17 to immediately suspend the Los Angeles Homeless Services Authority (“LAHSA”), LA  
18 CoC’s collaborative applicant. Citing its suspension of LAHSA, HUD then indicated it  
19 would institute extraordinary remedial measures against LA CoC. These measures, if  
20 left in place, would eliminate local control of over \$140 million dollars in federal  
21 funding—despite Congress’s clear intent to entrust that control to the community.

22 5. Taken just ten days after the start of the application period for 2026’s  
23 federal funding, HUD’s actions threaten LA CoC’s ability to carry out its  
24 congressionally mandated responsibilities and preserve the stability of housing projects  
25

26 <sup>1</sup> The 2026 Homeless Count, for example, showed a 1.2% increase in homelessness in  
27 the County, much of which was attributed to individuals moving out of temporary  
28 shelters and back onto the streets due to lack of permanent housing placements. L.A.  
Homeless Servs. Auth., 2026 Greater L.A. Homeless Count, 11 (July 24, 2026)  
<https://www.lahsa.org/documents?id=10115-hc-2026-data-ppt-slide-deck>.

1 around Los Angeles. HUD has no authority to disregard proper procedures in order to  
2 insert its own priorities into the community process designed by Congress. Yet that is  
3 precisely what HUD is attempting to do by suspending LAHSA and effectively  
4 disbanding LA CoC as a result.

5 6. HUD's remedial measure against LA CoC comes on the heels of numerous  
6 failed attempts by the Administration to radically shift the CoC program away from  
7 funding renewal programs that are based on research-backed strategies that have  
8 community support and towards its own strategies to address the homelessness crisis—  
9 strategies that are often at odds with local priorities, especially in locations like Los  
10 Angeles.

11 7. Those efforts have been thwarted—first by the U.S. District Court in  
12 Rhode Island, which has twice struck down the Administration's attempts to seize  
13 control of the CoC program through radical changes to the national competition process  
14 in 2025 and 2026, and then by Congress, which in its 2026 allocation of homeless  
15 assistance funding, continued to invest billions of dollars in the CoC program and its  
16 research backed solutions, and importantly, to leave the majority of that funding in the  
17 hands of local communities—the backbone of the CoC program.

18 8. HUD's suspension of LAHSA and remedial measures against LA CoC,  
19 which will effectively disband LA CoC and divest the LA region of local control of its  
20 funding, is simply the latest attempt by HUD to seize control of hundreds of millions of  
21 dollars in federal funding and to reshape Los Angeles's homeless services response  
22 system to fit its own priorities.

23 9. If HUD's actions against LAHSA and LA CoC are allowed to stand, the  
24 consequences will be devastating. It will cause the disruption of one of the most  
25 functional and stable tent poles of Los Angeles's regional response to homelessness.  
26 Tens of thousands of Angelenos, including hundreds of families, veterans, domestic  
27 violence survivors, and people with severe disabilities who are finally—often for the  
28 first time in decades—off the streets and in permanent housing, will lose that stability.

1 And there is no evidentiary support for the institutionalization-and-criminalization  
2 approach HUD would impose in its place.

3 10. HUD's actions are not only ill-conceived and will have devastating  
4 consequences for the region, they are also unlawful and violate the Administrative  
5 Procedure Act as spelled out below.

### 6 **THE PARTIES**

7 11. Plaintiff-Intervenor Los Angeles Continuum of Care is an unincorporated  
8 association of stakeholders in Los Angeles County formed pursuant to Section IV of  
9 the McKinney-Vento Homeless Services Act.

10 12. Plaintiff LAHSA is a joint powers authority of the City and County of Los  
11 Angeles, created in 1993 to address the problem of homelessness in Los Angeles  
12 County. LAHSA serves as Plaintiff-Intervenor LA CoC's collaborative applicant,  
13 pursuant to federal law and LA CoC's own Charter.

14 13. Defendant Donald J. Trump is President of the United States. He is being  
15 sued in his official capacity only.

16 14. Defendant HUD is an executive department of the United States  
17 government that is responsible for administering federal housing and urban  
18 development laws. Its functions include providing affordable housing assistance,  
19 enforcing fair housing laws, supporting home ownership programs, and administering  
20 grants for urban development and disaster recovery. HUD is headquartered at The  
21 Robert C. Weaver Federal Building, 451 7<sup>th</sup> Street, S.W., Washington, D.C. 20410.

22 15. Defendant Scott Turner is the Secretary of HUD. He is being sued in his  
23 official capacity only. Turner maintains an office at 451 7<sup>th</sup> Street, S.W., Washington,  
24 D.C. 20410.

### 25 **JURISDICTION AND VENUE**

26 16. This Court has subject matter jurisdiction over this action pursuant to 28  
27 U.S.C. § 1331, because the action arises under federal law, including the United States  
28 Constitution and the APA, 5 U.S.C. § 551 *et seq.* An actual controversy exists between

1 the parties within the meaning of 28 U.S.C. § 2201(a), and this Court may grant  
2 declaratory relief, injunctive relief, and other appropriate relief pursuant to 28 U.S.C.  
3 §§ 2201-02 and 5 U.S.C. §§ 705-06.

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

### 8 **FACTUAL ALLEGATIONS**

#### 9 **A. Overview of the Continuum of Care Program**

10 18. Congress designed the Continuum of Care program (“CoC”) to support  
11 communities in responding to homelessness at the local level. In 1987, Congress  
12 adopted the groundbreaking McKinney-Vento Homeless Assistance Act “to meet the  
13 critically urgent needs of the homeless of the Nation” and “to assist the homeless, with  
14 special emphasis on elderly persons, handicapped persons, families with children,  
15 Native Americans, and veterans.” In 2009, Congress passed the Homeless Emergency  
16 Assistance and Rapid Transition to Housing (HEARTH) Act to consolidate homeless  
17 services programs funded under McKinney-Vento—the Supportive Housing program,  
18 Shelter Plus Care program, and the Section 8 Moderate Rehabilitation program—under  
19 the umbrella of the CoC program. The CoC program was created to promote housing  
20 stability by providing a continued funding source for effective projects in local  
21 communities that provide permanent housing for people experiencing homelessness.

22 19. Pursuant to 24 CFR § 578.5, each local region must create a Continuum of  
23 Care that is made up of stakeholders within a geographic area in order to participate in  
24 the Continuum of Care program. A primary purpose of the CoC program is to “promote  
25 community-wide commitment to the goal of ending homelessness.” The local  
26 Continuum, established at the community level, coordinates the application for CoC  
27 program funds for the community from the federal government. Only applicants  
28

1 designated by the CoC can apply for CoC grant funding as part of the consolidated  
2 application.

3 20. In Fiscal Year (“FY”) 2026, Congress allocated \$4.1 billion dollars in  
4 competitive funding to provide housing and supportive services for people experiencing  
5 homelessness nationally through the CoC program.

6 **B. Structure of the Los Angeles Continuum of Care**

7 21. LA CoC is the largest Continuum of Care in the country, receiving more  
8 than \$200 million dollars in federal funding each year to fund over 125 separate projects  
9 that that serve over 11,000 unhoused and formerly unhoused residents.

10 22. LA CoC includes 85 of the 88 cities in Los Angeles County, including the  
11 City of Los Angeles. LA CoC is led by a Board that is legally required to represent the  
12 community and designed to ensure that there is genuine collaboration among  
13 stakeholders in the region. LA CoC brings together a wide range of stakeholders  
14 throughout the Los Angeles region, including people with lived experience, nonprofit  
15 service providers, and local governments to “addresses critical issues related to  
16 homelessness through a coordinated community-based process of identifying and  
17 addressing needs utilizing U.S. Department of Housing and Urban Development (HUD)  
18 funding, as well as other sources of funding.” Membership in LA CoC is made up of  
19 “persons and entities interested in collaborative, solution-oriented planning to address  
20 homelessness in LA County (with the exception of Glendale, Long Beach, and  
21 Pasadena).”

22 23. Under LA CoC’s Charter, there are 21 members of the Board who are all  
23 “committed to the communitywide goal of ending homelessness in Los Angeles  
24 County.” To ensure geographic representation, eight (8) Board members are elected by  
25 the community to represent each of the eight service planning areas (SPAs) throughout  
26 the region. There are also eight (8) system partner seats representing significant partner-  
27 members of LA CoC, including Los Angeles County, the City of Los Angeles, LAHSA,  
28 the Department of Mental Health, the Housing Authority of the City of Los Angeles,

1 and the Los Angeles County Development Authority, which is the convening housing  
2 authority for nineteen regional housing authorities in the County. There are also five (5)  
3 at-large members. Importantly, at least three (3) of the 21 members of the Board must  
4 be people who are currently or formerly experiencing homelessness, each representing  
5 one of the three main subpopulations (Adults, Families, and Youth). This representative  
6 Board is consistent with federal requirements.

7 **C. Responsibilities of LA CoC**

8 24. LA CoC's responsibilities are set forth in federal law. As detailed below,  
9 LA CoC is responsible for (1) setting priorities for a consolidated application for federal  
10 funding and selecting a collaborative applicant to submit the application on behalf of  
11 LA CoC; (2) conducting an annual "point in time" count of people experiencing  
12 homelessness in the region; (3) managing the region's Homeless Management  
13 Information System ("HMIS"); and (4) managing the Coordinated Entry System  
14 ("CES").

15 **1. Consolidated Application and Collaborative Applicant**

16 25. Each CoC submits one consolidated application for funding. Each CoC  
17 must designate one entity, known as the collaborative applicant, to submit this  
18 application. LA CoC's Board sets the priorities that are used to rank projects for  
19 purposes of LA CoC's application for federal funding. This year's ranking priorities,  
20 like prior years, prioritize the use of federal funds to provide housing vouchers for  
21 formerly-unhoused residents who have moved into permanent housing.

22 26. Under the McKinney-Vento Act, although the CoC sets the priorities for  
23 rankings and remains responsible for the application, a CoC must designate one entity,  
24 the "collaborative applicant" to submit the consolidated application on behalf of the  
25 CoC. While technically the CoC itself can play the role of collaborative applicant, in  
26 jurisdictions as large as Los Angeles, which this year will include 140 projects in its  
27 application, the CoC itself does not have the infrastructure to conduct the local  
28 competition, draft the consolidated application, and administer the grants for projects

1 that are actually funded. Therefore, a CoC like LA CoC designates one of the larger  
2 applicants to serve as the collaborative applicant for the CoC.

3 27. LA CoC has currently designated LAHSA as collaborative applicant. As  
4 LAHSA has spelled out in its complaint, the role of the collaborative applicant requires  
5 an enormous amount of resources. LAHSA administers the local CoC competition, the  
6 results of which are used by LA CoC to set the region's priorities. Because the continued  
7 housing of more than 11,000 people and hundreds of millions of dollars are at stake,  
8 coordinating the local competition is a significant amount of work, which LAHSA has  
9 built into its workplan and budget. As the collaborative applicant, LAHSA can apply  
10 for (and has received) a planning grant from HUD to support its work, but that planning  
11 grant is further subsidized by the County and the City of Los Angeles.

12 28. In April 2026, LAHSA registered for and was approved by HUD as LA  
13 CoC's collaborative applicant. Since even before then, LAHSA has been diligently  
14 taking steps necessary to prepare the consolidated application for the CoC.

15 29. Importantly, however, while LAHSA plays a crucial role as the  
16 collaborative applicant, under federal law, the CoC is responsible for designating the  
17 collaborative applicant and could choose a new one were that necessary. And regardless  
18 of which entity the CoC designates to serve as the collaborative applicant, the CoC  
19 retains responsibility over the region's application for CoC funding.

## 20 **2. Other Delegated Duties of LA CoC**

21 30. In addition to applying for federal funding, CoCs play other roles for the  
22 region under federal law. Federal law requires CoCs to conduct an annual point in time  
23 count to identify the number of unhoused people in the region ("Homeless Count").  
24 CoCs are responsible for managing the region's Homeless Management Information  
25 System ("HMIS"), a database used by homeless service providers to coordinate and  
26 document case management and other services to unhoused people in the region.  
27 Finally, CoCs are required to manage a centralized or coordinated assessment system  
28

1 that matches individuals with housing as it becomes available, in consultation with the  
2 geographic area's Emergency Solutions Grants program funds recipient.

3 31. Because of the complicated nature of homeless services in Los Angeles,  
4 LA CoC has delegated LAHSA to perform each of these functions. LAHSA is  
5 responsible for conducting a Homeless Count that meets HUD's standards. LAHSA is  
6 named as the HMIS Lead and "manag[es] the HMIS on the CoC's behalf." Finally, LA  
7 CoC's centralized or coordinated assessment system is known as the Coordinated Entry  
8 System ("CES"), and LA CoC has delegated the role of CES Management Entity to  
9 LAHSA and oversight over the CES to a CES Policy Council of community members  
10 that consult on policies related to the operation of the CES.

11 32. Because LA CoC has designated a single agency that is already centered  
12 within Los Angeles's homeless response system, LAHSA is able to not only execute  
13 the core functions of the CoC, but also bring together other resources which support the  
14 congressionally mandated requirements of the CoC. As a result, the HMIS system is  
15 deployed to serve a number of functions in the Los Angeles region beyond what is  
16 mandated by federal law. Likewise, the CES is used to match persons experiencing  
17 homelessness with more resources than just the ones funded with CoC grant funding.  
18 These programs are integral to Los Angeles's homelessness response system.

19 **D. FY 2026 Notice of Funding Opportunity ("NOFO") and Prioritization**  
20 **of Funding**

21 33. On June 1, 2026, HUD released its Fiscal Year ("FY") 2026 Continuum of  
22 Care Competition and Youth Homeless Demonstration Program Grants Notice of  
23 Funding Opportunity ("NOFO") (the "FY 2026 NOFO"). The FY 2026 NOFO outlines  
24 the funding process used by HUD to award the \$4.1 billion dollars allocated by  
25 Congress in competitive funding for the CoC program, to be used by local communities  
26 to provide housing and supportive services for people experiencing homelessness. The  
27 CoC program is not the only source of federal funding to combat homelessness in Los  
28 Angeles, but it is the largest and most consistent. In FY 2024 and 2025, LA CoC

1 received more than \$220,000,000 in federal funds, which has allowed LA CoC to fund  
2 more than 8,000 housing units and to provide more than 11,000 residents housing,  
3 shelter, and services.

4 34. The implementing statute for the CoC program, 42 U.S.C. §11380 *et seq.*,  
5 sets forth a framework that prioritizes permanent housing, stability, and a strong role  
6 for local decision-making. Because CoC funding is intended to provide stability and  
7 consistency to local communities, Congress has prioritized the renewal of existing  
8 grants to ensure stability of those projects for the formerly unhoused residents who call  
9 those units home, with an emphasis on local decision-making about which projects  
10 should receive continued funding.

11 35. Every year, at the start of the CoC funding cycle, HUD is required to  
12 determine how much funding is necessary to provide one year of renewals for all of the  
13 CoC's renewal grants. That amount is the annual renewal demand ("ARD") for each  
14 CoC. Los Angeles's ARD for FY 2026 is \$238,849,767. In its appropriation of funds,  
15 Congress requires HUD to divide this funding into two tiers. Tier One is a minimum  
16 percentage of the ARD for each region that HUD must set aside for renewal projects.  
17 Projects that CoCs decide fall within the percentage set by Congress and HUD, or Tier  
18 One, are presumptively funded, subject only to a threshold eligibility review by HUD.  
19 Projects that fall into the next tier, Tier Two, are subject to a national competition and  
20 are not guaranteed funding.

21 36. In order to determine which tier projects fall into, the CoC holds a local  
22 competition to determine which projects will be prioritized for funding each year. The  
23 CoC ranks all projects within the region that are eligible for federal funding, using its  
24 own local priorities and assessments about each project's performance. Based on these  
25 rankings, the CoC can decide which projects fall into Tier One and which projects fall  
26 into Tier Two.

27 37. Because of the tiered funding structure, one of the most important tasks  
28 assigned to the regional CoC is to determine the ranking priorities for the community

1 and to score projects applying for funding, based on those priorities. This process allows  
2 local communities to prioritize Tier One funding for the projects that will make the  
3 greatest impact for the region. Doing so determines how the Tier One funding will be  
4 spent within the region. It also allows the CoC to balance federal funding dollars with  
5 other sources of funding to ensure a sustainable mix of funding for different types of  
6 homeless services. Consistent with congressional intent, CoC funding in Los Angeles  
7 has historically been used to fund permanent housing; 8,206 units of permanent housing  
8 are currently paid for with CoC funding, keeping over 10,000 formerly unhoused  
9 residents in stable housing and preventing them from falling back into homelessness.

10 38. The central role of local communities in controlling the allocation of  
11 federal funding at the local level is a key component of the CoC program. By requiring  
12 each region to pull stakeholders together and set priorities for the community, it ensures  
13 that the needs of the community are decided not in Washington D.C., but rather, by the  
14 community itself. It also ensures a level of local collaboration among governmental and  
15 non-governmental stakeholders that would likely not otherwise exist.

16 39. In FY 2026, the CoC's role in setting the ranking priorities for project  
17 applications is even more significant. As in past years, the FY 2026 NOFO sets a two-  
18 tier system for project applications. However, Congress set the minimum threshold for  
19 renewals at 60%, compared to past years' 90%. As a result, only 60% of projects that  
20 were previously funded will be presumptively guaranteed funding. The CoC gets to  
21 determine which projects fall into Tier One and will therefore presumptively receive  
22 funding. Moreover, HUD has set aside the remaining 40% of funding for new projects,  
23 meaning that the only projects that are likely to receive renewal funding in FY 2026 are  
24 the projects the CoC determines fall within Tier One of the consolidated application. In  
25 FY 2026, 60% of the ARD of \$238,849,767 million is \$143,309,860.20 million for Tier  
26 One projects.

27 40. After HUD released the FY 2026 NOFO on June 1 with a deadline of  
28 August 26 to apply for funds, as in past years, LA CoC began diligently meeting to

1 prepare its project rankings for the FY 2026 NOFO in accordance with its duties under  
2 federal law and its local priorities. LA CoC and LAHSA began the work of compiling  
3 the CoC's consolidated application, which included setting ranking priorities and  
4 ranking 140 separate projects to determine which projects fall into Tier One and will be  
5 presumptively funded, and which ones fall into Tier Two and may not be.

6 41. On July 15, 2026, LA CoC approved preliminary priorities for Tier One  
7 and Tier Two. In Tier One, which will be presumptively funded, LA CoC's preliminary  
8 ranking policy prioritizes funding site-based permanent supportive housing projects,  
9 projects that serve special populations (domestic violence and youth homelessness),  
10 projects to manage HMIS and CES, and tenant-based PSH projects. These ranking  
11 priorities are consistent with LA CoC's prior year rankings. The ranking priorities to be  
12 used for the FY 2026 NOFO were finalized on August 5, 2026.<sup>2</sup>

13 **E. The Impact of HUD's Actions Against LA CoC and LAHSA**

14 42. On June 11, 2026, only ten days into the FY 2026 competition period, this  
15 work was all called into question when HUD took the unprecedented step of notifying  
16 LAHSA that it was immediately suspending LAHSA and preventing it from engaging  
17 in any transactions with the federal government. According to HUD, its suspension of  
18 LAHSA took effect immediately, without any prior notice to either LAHSA or LA CoC,  
19 let alone an opportunity to challenge the suspension before it went into effect. Instead,  
20 LAHSA was given 30 days to request a hearing, but HUD was clear that the suspension  
21 would remain in effect unless and until it was overturned at the hearing.

22 43. Although the federal regulation upon which HUD relied to immediately  
23 suspend LAHSA requires a finding that the immediate suspension is within the public  
24

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25  
26 <sup>2</sup> On August 7, 2026, the United States District Court for the District of Rhode Island  
27 entered an order vacating HUD's issuance of the FY 2026 NOFO. *See State of*  
28 *Washington et al. v. HUD*, Case No. 26-CV-439 (D.R.I.), Dkt. No. 34; and *Nat'l*  
*Alliance to End Homelessness v. HUD*, 26-CV-436 (D.R.I.), Dkt. No. 41. As a result,  
there was no longer a FY 2026 NOFO application deadline of August 26, and the  
future of the FY 2026 grant cycle is currently unclear.

1 interest, HUD made very few findings that doing so was actually in the public interest.  
2 HUD also failed to consider significant consequences of the immediate suspension,  
3 which are distinctly against the public interest, including the disruption of LA CoC's  
4 HMIS and CES systems. And critically, as outlined below, HUD's suspension of  
5 LAHSA, if upheld by this Court, will result in remedial measures against LA CoC. Yet  
6 HUD failed to mention, let alone even consider the consequences of effectively  
7 disbanding LA CoC and disrupting the region's application for millions of dollars in  
8 federal funding, a consequence that was not only predictable but also initiated by HUD  
9 itself.

10 44. HUD's actions stripped LAHSA of its ability to apply for federal funds.  
11 HUD has also taken the position that the suspension prevents LAHSA from performing  
12 its other delegated duties, which include the operation of HMIS and CES, both critical  
13 segments of Los Angeles's homelessness response system without which LA CoC  
14 cannot function, let alone the rest of Los Angeles's homelessness response system.

15 45. On June 18, 2026, only a week after HUD notified LAHSA of its  
16 suspension, and with no prior warning, HUD sent a letter to LA CoC, informing the  
17 Board Chair that HUD had determined that because LAHSA was suspended, LAHSA  
18 could not serve as the collaborative applicant or perform its "other delegated duties."  
19 As such, HUD took the position that LA CoC is de facto out of compliance with federal  
20 law and regulations.

21 46. As a result, HUD notified LA CoC that it was invoking its authority to  
22 take remedial measures against the CoC, citing 42 U.S.C. 11360a(c) and 24 C.F.R.  
23 Section 578.13(a). Specifically, Assistant Secretary Ronald Kurtz informed the CoC  
24 that HUD had determined that "it was in the public interest to allow eligible entities to  
25 submit their grant requests directly to HUD." This action against LA CoC is  
26 unprecedented. In the course of suspending LAHSA, HUD effectively suspended LA  
27 CoC as well, usurping community control from the body congressionally mandated to  
28 identify, assess, and carry out community priorities and solutions to homelessness in

1 Los Angeles. This purported “remedial measure” effectively strips the entire LA region  
2 of its ability to make its own decisions about how approximately \$144 million in  
3 dedicated Tier One federal funds will be spent in Los Angeles County.

4 47. Notably, HUD provided no allegations of wrongdoing or deficiencies by  
5 the CoC itself, nor did LAHSA’s suspension relate to the duties LAHSA performed as  
6 the collaborative applicant for LA CoC. The letter also included no findings that LA  
7 CoC itself could not operate effectively. Nor did HUD provide any grace period for LA  
8 CoC to identify a new collaborative applicant, even though the HUD regulations and  
9 the NOFO itself allows a CoC to change its collaborative applicant at any time,  
10 including where, as here, the collaborative applicant can no longer perform its role. And  
11 critically, HUD made no finding that the remedial measure HUD chose to take against  
12 LA CoC would actually remediate the harm caused by LAHSA’s suspension—which it  
13 will not. Allowing individual applicants will not remediate the harm caused by HUD’s  
14 suspension of LAHSA. It has no impact on the HMIS and CES systems, which HUD  
15 has said are currently suspended.

16 48. The effect of HUD’s intended remedial measure against LA CoC was  
17 spelled out in greater detail on July 16, 2026, when HUD issued a notice of its intent to  
18 amend the FY 2026 NOFO to include a process by which individual applicants in the  
19 LA CoC would apply directly to HUD. The process, outlined in a new Appendix III that  
20 was added to the modified NOFO, would also apply more broadly to any region where,  
21 as HUD had found for Los Angeles, “a CoC does not meet the requirements of the CoC  
22 program in accordance with 24 CFR 578.13 and 42 U.S.C. 11360a(c).”

23 49. Appendix III spelled out the process by which project applicants would  
24 apply directly to HUD and how HUD would rank those applications. Rather than  
25 relying on the CoC to conduct a local competition to select applications and rank them  
26 based on the communities’ priorities and specific knowledge of the community and its  
27 needs, in the “direct-to-HUD” process, HUD itself will determine which projects  
28 should be funded.

1           50. While the Appendix III process required Tier One funding to be granted  
2 to renewal projects within the CoC, the rest of the criteria HUD intended to use to  
3 rank projects diverged significantly from LA CoC's ranking priorities, including by  
4 ranking projects based on their fealty to HUD funding priorities instead of the  
5 priorities set by the local community. These funding priorities are significantly  
6 different from the ones used by LA CoC to rank its projects.

7           51. On July 17, 2026, LA CoC sent a response letter to HUD, presenting its  
8 case that (1) HUD failed to provide adequate due process before suspending LAHSA;  
9 (2) HUD had made no separate findings to support its June 18 findings; (3) the issuance  
10 of a remedial action against LA CoC is premature and unnecessary because the CoC  
11 can delegate different entities to perform the functions necessary to participate in the  
12 FY 2026 NOFO; (4) HUD's "direct-to-HUD" remedial measures are inconsistent with  
13 federal law and regulations that created the CoC scheme; and (5) LA CoC must be given  
14 an opportunity to cure any potential deficiencies caused by LAHSA's suspension. LA  
15 CoC requested that HUD withdraw the June 18 letter and allow LA CoC to participate  
16 in the CoC competition consistent with the FY 2026 NOFO. Further, LA CoC requested  
17 that in the event the Court allows the suspension of LAHSA to remain place, that HUD  
18 provide LA CoC with a reasonable amount of time to cure any deficiencies caused by  
19 a suspension of LAHSA before enacting remedial measures against the CoC, including  
20 designating a new collaborative applicant and other entities to perform the CoC's duties  
21 as required by federal law and regulations.

22           52. Rather than respond to LA CoC directly, on July 21, 2026, in an  
23 objection to a proposed order from LAHSA to maintain the status quo before the  
24 preliminary injunction hearing in this case, HUD confirmed that it intended to  
25 implement the "direct to HUD" application process within the LA CoC if LAHSA  
26 remained suspended following the Court's ruling on LAHSA's preliminary injunction  
27 application, thus rejecting LA CoC's proposal in its July 17, 2026 response that it  
28

1 could designate a new collaborative applicant and lead agency to perform the CoC's  
2 duties.

3 53. HUD's commandeering of the application process away from community  
4 control will be devastating for Los Angeles. Over the past several years, and consistent  
5 with congressional intent to provide a stable source of funding for permanent supportive  
6 housing, LA CoC has prioritized renewing permanent supportive housing projects. The  
7 results, while no panacea, have nonetheless been successful in ensuring that when  
8 unhoused residents move off the streets, they have a permanent place to go, rather than  
9 cycling back to homeless.

10 54. CoC funding currently provides rental assistance for 8,206 permanent  
11 housing units. This permanent housing is occupied by formerly unhoused residents who  
12 have found stability, often after decades on the streets. This includes domestic violence  
13 survivors, families with young children, seniors, veterans, and people with significant  
14 disabilities—individuals who without rental subsidies would be unable to afford  
15 housing and would likely end up unhoused again. For decades, and consistent with  
16 congressional intent, LA CoC has prioritized funding permanent housing projects to  
17 ensure that the progress made to move these residents off the streets is not undone by  
18 funding cuts and budget pressures.

19 55. Based on LA CoC's ranking priorities, this year has proven to be no  
20 exception. LA CoC's ranking criteria to determine which projects will wind up in Tier  
21 One, and will therefore be presumptively funded with grant money, prioritize continued  
22 support for permanent housing along with performance metrics to fund the most  
23 successful projects at keeping people off the streets.

24 56. The strategy to invest CoC dollars towards keeping formerly unhoused  
25 people in their housing was not established in a vacuum. As was Congress's intent, by  
26 allowing the local CoC to determine funding priorities, it has allowed the CoC to  
27 balance the investment of CoC dollars in permanent housing with investments in other  
28 areas of the homeless response system by other funding streams. One of the principal

1 aspects of LA CoC's prioritization strategy is that its investment in permanent housing  
2 is balanced by increased investment by other parts of the homeless response system in  
3 Los Angeles that fund interim shelter. Allowing local decision making about Tier One  
4 funding has allowed LA CoC and the greater homeless response system to ensure that  
5 federal funding is integrated into Los Angeles's broader homelessness system, helping  
6 to move more people off the streets and to remain in their housing.

7 57. On the other hand, under the "direct to HUD" application process, HUD  
8 will be able to set its own ranking factors for projects, which will replace the local  
9 priorities if individual applicants are forced to apply directly to HUD. As one example,  
10 the funding priorities outlined in Appendix III prioritize projects that adhere to the  
11 Administration's shift away from congressionally mandated, research-backed housing  
12 strategies in favor of criminalization and institutionalization objectives. The rankings  
13 HUD intended to use before the NOFO was invalidated provided up to 15 points to  
14 individual projects that committed to aiding law enforcement to clear tents and  
15 encampments on public property, arresting individuals using illegal drugs regardless of  
16 root cases, and instead supporting involuntary commitment. Tragically, such efforts  
17 have never been proven as effective in addressing homelessness. Whatever their  
18 ideological appeal, they run contrary to congressional intent, community experience,  
19 and common sense. Yet under HUD's prioritization, commitment to this strategy is  
20 given a higher priority than keeping formerly unhoused residents in their homes.

21 58. A likely result of the dismantling of the LA CoC ranking process in favor  
22 of HUD's priorities will be that funding that would go to pay for rental assistance to  
23 keep formerly unhoused residents in their homes will likely be slashed in favor of other  
24 forms of shelter and services. The result will be that housing stability for over 11,000  
25 people will be placed in jeopardy, potentially adding to a Homeless Count that already  
26 this year showed homelessness up 1.2% again in the County.

27 59. Another result of the shift from the consolidated application to "direct-to-  
28 HUD applications" will be the timing of notifications of likely grant awards, which will

1 have a dramatic impact on LA CoC stakeholders' abilities to brace for the potential loss  
2 of funding that is coming down the pike as a result of the setting of a lower threshold  
3 for Tier One funding than in past years.

4 60. Because of the presumption of funding for projects in Tier One, projects  
5 that are in Tier One can be relatively certain they will receive funding when the CoC  
6 completes its rankings as part of the consolidated application process. The "direct-to-  
7 HUD" application process will push the timeline for a project to learn whether they will  
8 receive funding until HUD announces the results of the national competition, as  
9 opposed to when the LA CoC determines which projects will be in Tier One. This  
10 uncertainty in funding will give unfunded projects only two months to find funding, or  
11 even more likely, cause them to serve eviction notices on the thousands of residents  
12 who previously relied on CoC rental subsidies to remain in their homes.

13 61. This inevitable uncertainty that the remedial actions against LA CoC have  
14 caused and will continue to cause is directly contrary to Congress's intent when it  
15 created the CoC program in 2009. And the weight of the uncertainty is being carried by  
16 LA CoC and the stakeholders who make up LA CoC: the service providers, funders,  
17 and government entities who were already reeling from HUD's shift in priorities in the  
18 FY 2026 NOFO. And most importantly, it is being carried by the more than 11,000  
19 residents who receive housing, shelter, and services as a result of CoC funding, residents  
20 who have been helped off the streets and are currently in stable housing but who may  
21 wind up back on the streets if community control over that funding is taken away.

22 **FIRST CAUSE OF ACTION**

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

24 **5 U.S.C. §§ 702, 704, 706(1), (2)(A)-(D)**

25 **Against All Defendants**

26 **(Agency Action In Excess of Constitutional and Statutory Authority,**

27 **Contrary to Law, and Not In Accordance With Law)**

1           62. Plaintiff-Intervenor incorporates the above paragraphs as if fully set forth  
2 herein, and joins LAHSA's first cause of action into this complaint in intervention, as  
3 if fully set forth herein.

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

9           64. An agency action is reviewable under the APA if it is a final agency action.  
10 5 U.S.C. § 704. Final agency actions (1) "mark the 'consummation' of the agency's  
11 decision-making process" and (2) are ones "by which 'rights or obligations have been  
12 determined,' or from which 'legal consequences will flow.'" *Bennett v. Spear*, 520 U.S.  
13 154, 178 (1997).

14           65. HUD's June 11 suspension of LAHSA and its June 18 remedial measures  
15 against LA CoC, reinforced in its July 21 and August 7 filings with the Court, constitute  
16 an "[a]gency action made reviewable by statute," 5 U.S.C. § 704; 42 U.S.C. § 2000d-2,  
17 as well as "final agency action for which there is no other adequate remedy in a court,"  
18 5 U.S.C. § 704, and is therefore subject to judicial review. 5 U.S.C. §§ 702, 704. The  
19 suspension has an immediate and direct effect, with concrete consequences that  
20 qualifies as a final agency action subject to review under the APA. Indeed, "[a]  
21 suspension is effective when the suspending official signs the decision to suspend." 2  
22 C.F.R. § 180.710.

23           66. HUD's suspension of LAHSA purports to prohibit LAHSA from, inter  
24 alia, carrying out programmatic functions delegated to it by LA CoC, serving as the  
25 collaborative applicant for LA CoC, and applying for federal funding under the CoC  
26 Program for fiscal year 2026, and declares that LA CoC is unable to execute its  
27 responsibilities and thus ineligible for federal funding.  
28

1           67. HUD’s suspension also purports to prohibit LAHSA from carrying out its  
2 other delegated duties, including the critical HMIS and CES systems, which track  
3 individuals applying for and receiving services throughout the County, as well as its  
4 duty to conduct the annual Homeless Count. The HMIS data and Homeless Count data  
5 are required by Congress and used at all levels of government to make policy decisions.  
6 LAHSA’s CES role is also required by HUD’s own regulations. It would contravene  
7 congressional intent for LAHSA to simply suspend these roles. HUD identifies no  
8 contractual violations or other serious issues that address these programmatic functions  
9 in any way. HUD cannot simply abandon these functions, and this Court should not  
10 “rubber-stamp” HUD’s decision, as it is “inconsistent with “[HUD’s] statutory  
11 mandate” and “frustrate[s] the congressional policy” underlying the HEARTH Act.  
12 *Ocean Advocs. v. U.S. Army Corps of Eng’rs*, 402 F.3d 846, 859 (9th Cir. 2005) (citation  
13 omitted) (alteration in original).

14           68. HUD’s actions as described above are in excess of its constitutional and  
15 statutory authority, contrary to law, and not in accordance with law. HUD’s actions  
16 impermissibly interfere with the core sovereign police functions of state and local  
17 governments, violates federal statutes and congressional appropriations that require  
18 HUD to fund federal grants under the CoC Program throughout the country, and  
19 disregards the legitimate reliance interests of LA CoC members and unhoused and  
20 formerly unhoused residents who rely on LA CoC funding to receive services and to  
21 remain stably housed or in shelter.

22           69. HUD also lacks valid statutory or regulatory authority to take the actions  
23 it has taken against LAHSA and LA CoC. Nothing in the OMB Guidelines or any other  
24 law or regulation authorizes HUD to use the suspension or debarment mechanism as an  
25 end-run around its statutory funding obligations for the CoC Program set forth in 42  
26 U.S.C. §§ 11381-11389. HUD’s remedial actions taken against LAHSA and LA CoC  
27 far exceed what would be necessary “to prevent a continuation of the deficiency; to  
28 mitigate, to the extent possible, its adverse effects or consequences; and to prevent its

1 recurrence,” which is the applicable standard in the CoC implementing regulations,  
2 which HUD should have used when applying remedial measures against LAHSA and  
3 LA CoC for failure to comply with program requirements. 24 C.F.R. § 578.107(b).

4 70. LA CoC and its members have suffered a legal wrong as a result of, and  
5 have been adversely affected or aggrieved by, Defendants’ actions alleged herein for  
6 purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2, including by cutting off critical  
7 revenue that ensures over 11,000 people are housed or sheltered including 1,030  
8 families, 1,923 children, 823 transition-age youth, 1,647 seniors, 901 individuals in  
9 families impacted by intimate partner violence, and 89 veterans.

10 **SECOND CAUSE OF ACTION**

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

12 **5 U.S.C. §§ 702, 704, 706(1), (2)(A)-(D)**

13 **Against All Defendants**

14 **(Agency Action In Excess of Constitutional and Statutory Authority,**

15 **Contrary to Law, and Not In Accordance With Law)**

16 71. Plaintiff-Intervenor incorporates the above paragraphs as if fully set forth  
17 herein.

18 72. HUD’s decision to take remedial measures against LA CoC, as announced  
19 in its June 18 letter and confirmed in court filings on July 21 and August 7, 2026  
20 constitutes “[a]gency action made reviewable by statute,” 5 U.S.C. § 704; 42 U.S.C. §  
21 2000d-2, as well as “final agency action for which there is no other adequate remedy in  
22 a court,” 5 U.S.C. § 704, and is therefore subject to judicial review. 5 U.S.C. §§ 702,  
23 704. Although the June 18 letter was titled a Notice of Findings and Proposed Remedial  
24 Action, and HUD later indicated that the remedial action was contingent on LAHSA’s  
25 suspension, HUD’s conduct — including its steps to issue (later invalidated) binding  
26 competition rules and its subsequent statements to this Court —evidence the fact that  
27 the agency’s decision-making process was consummated and constituted a “final  
28 agency action” for purposes of this Court’s jurisdiction. 5 U.S.C. § 704.

1           73. HUD's remedial measures against LA CoC, if allowed to stand, will  
2 prevent LA CoC from submitting a consolidated application for federal funding under  
3 the CoC Program for fiscal year 2026, which will have the effect of preventing LA CoC  
4 from receiving federal funding based on priorities set by LA CoC, as required by  
5 Congress in its FY 2026 appropriation of federal funds to the CoC Program.

6           74. HUD's actions as described above are in excess of its constitutional and  
7 statutory authority, contrary to law, and not in accordance with law. HUD's actions  
8 impermissibly interfere with the core sovereign police functions of state and local  
9 governments, violates federal statutes and congressional appropriations that require  
10 HUD to fund federal grants under the CoC Program throughout the country, and  
11 disregards the legitimate reliance interests of LA CoC members and unhoused and  
12 formerly unhoused residents who rely on LA CoC funding to receive services and to  
13 remain stably housed or in shelter.

14           75. HUD lacks valid statutory or regulatory authority to take the actions it has  
15 taken against LA CoC. Nothing in the OMB Guidelines or any other law or regulation  
16 authorizes HUD to use the authority to take remedial measures to ensure to do an end  
17 run around the entire CoC program as its statutory funding obligations for the CoC  
18 Program set forth in 42 U.S.C. §§ 11381-11389. HUD's remedial actions taken against  
19 LA CoC far exceed what would be necessary "to prevent a continuation of the  
20 deficiency; to mitigate, to the extent possible, its adverse effects or consequences; and  
21 to prevent its recurrence," which is the applicable standard in the CoC implementing  
22 regulations, which HUD should have used when applying remedial measures against  
23 LAHSA and LA CoC for failure to comply with program requirements. 24 C.F.R. §  
24 578.107(b).

25           76. LA CoC and its members have suffered a legal wrong as a result of, and  
26 have been adversely affected or aggrieved by, Defendants' actions alleged herein for  
27 purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2, including by cutting off critical  
28 revenue to continue housing and shelter assistance that is currently used by 11,000

1 people, including 1,030 families, 1,923 children, 823 transition-age youth, 1,647  
2 seniors, 901 individuals in families impacted by intimate partner violence, and 89  
3 veterans.

### 4 **THIRD CAUSE OF ACTION**

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

#### 6 **Against All Defendants**

#### 7 **(Arbitrary and Capricious Agency Action)**

8 77. Plaintiff-Intervenor incorporates the above paragraphs as if fully set forth  
9 herein.

10 78. Under the APA, a court shall “hold unlawful and set aside agency  
11 action...found to be arbitrary, capricious, [or] an abuse of discretion[.]” 5 U.S.C. §  
12 706(2)(A).

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

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

24 81. A suspension is a “serious” action, 2 C.F.R. § 180.700, and may only be  
25 used “to exclude persons who are not presently responsible from Federal programs.” 2  
26 C.F.R. § 180.125(b). As pertinent here, a suspending official may impose suspension  
27 only where that official determines both (1) “adequate evidence” exists for a cause for  
28

1 debarment and (2) “[i]mmediate action is necessary to protect the public interest.” 2  
2 C.F.R. §§ 180.700, 180.800 (listing recognized causes for debarment).

3 82. HUD failed to provide a reasoned explanation as to why an *immediate*  
4 suspension of LAHSA, in all of its delegated roles, is necessary to protect the public  
5 interest. The references in the June 11 letter date back as far as 2007.

6 83. HUD further failed to consider how a blanket suspension on LAHSA,  
7 which would then lead to the disbanding of LA CoC, will hurt tens of thousands of the  
8 Los Angeles region’s neediest residents, and it will without question stymie HUD’s  
9 stated goal of reducing homelessness. HUD also failed to account for the substantial  
10 reliance interests of sub-grantees, the local government, and the unhoused—all of which  
11 rely on LAHSA.

12 84. HUD also failed to consider how the suspension of LAHSA would force  
13 LA CoC out of compliance with its obligations under federal law or how that would  
14 impact LA CoC’s ability to participate in the CoC competition. Although HUD itself  
15 later determined that, as a result of its suspension, LA CoC was out of compliance with  
16 federal regulations, there is no evidence that HUD considered this consequence when it  
17 determined that suspending LAHSA was in the public interest. As outlined above and  
18 in LAHSA’s complaint, the effect of LAHSA’s suspension has resulted in HUD’s  
19 determination that the nation’s largest CoC cannot participate in the CoC competition,  
20 which impacts not only LA CoC but all of the project applicants and service providers  
21 who must now submit their own applications to HUD rather than relying on the  
22 consolidated application already being prepared by LAHSA.

23 85. Nor is there any recognition that by *immediately* suspending LAHSA, it  
24 would result in LA CoC immediately losing its ability to perform HMIS and CES  
25 functions—critical functions required by federal law, and the inability to perform those  
26 duties pushed LA CoC out of compliance with federal regulations and therefore subject  
27 to potential remedial measures.

86. LA CoC and its members have suffered a legal wrong as a result of, and have been adversely affected or aggrieved by, Defendants' actions alleged herein for purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2, including by cutting off critical revenue that ensures over 11,000 people are housed or sheltered, including 1,030 families, 1,923 children, 823 transition-age youth, 1,647 seniors, 901 individuals in families impacted by intimate partner violence, and 89 veterans.

#### **FOURTH CAUSE OF ACTION**

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

## Against All Defendants

**(Arbitrary and Capricious Agency Action)**

87. Plaintiff-Intervenor incorporates the above paragraphs as if fully set forth herein.

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

89. HUD failed to provide any reasoned explanation in its June 18 letter implementing remedial measures against LA CoC why it chose the specific remedial measure it chose against LA CoC. HUD provided no evidence to support its conclusion that LA CoC was not in compliance with its federal obligations, warranting remedial measures. Nor did HUD explain why LA CoC should not be given an opportunity to come into compliance after LAHSA's immediate suspension.

90. HUD further failed to consider how the “direct-to-HUD” application process would impact the grantees applying for funds through the consolidated application, who will now be required to submit applications directly to HUD. Nor did it consider how the “direct-to-HUD” application process would impact the timeline for funding will impact defunded projects’ ability to seek additional funding before grants run out. This inability to plan for defunding will hurt tens of thousands of the Los

1 Angeles region's neediest residents, and it will without question stymie HUD's stated  
2 goal of reducing homelessness. HUD also failed to account for the substantial reliance  
3 interests of sub-grantees, the local government, and the unhoused—all of which rely on  
4 continued CoC funding.

5 91. LA CoC and its members have suffered a legal wrong as a result of, and  
6 have been adversely affected or aggrieved by, Defendants' actions alleged herein for  
7 purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2, including by cutting off critical  
8 revenue that ensures over 11,000 people are housed or sheltered, including 1,030  
9 families, 1,923 children, 823 transition-age youth, 1,647 seniors, 901 individuals in  
10 families impacted by intimate partner violence, and 89 veterans.

11 **FIFTH CAUSE OF ACTION**

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

13 **Against All Defendants**

14 **(Agency Action without Observation of Procedure Required by Law)**

15 92. Plaintiff-Intervenor incorporates the above paragraphs as if fully set forth  
16 herein.

17 93. Under the APA, a court shall “hold unlawful and set aside agency  
18 action...found to be...without observation of procedure required by law.” 5 U.S.C. §  
19 706(2)(D). The obligation to observe procedures “required by law” include not only  
20 procedures required by governing statutes, but also procedures required by the agency's  
21 own regulations.

22 94. Although HUD purported to suspend LAHSA pursuant to OMB  
23 regulations related to the suspension and debarment of government contractors, HUD  
24 ignored the applicable regulatory procedure in implementing regulations of the  
25 McKinney-Vento Homeless Assistance Act which apply specifically to sanctions  
26 against a recipient of a CoC grant.

27 95. 24 C.F.R. § 578.107 governs the process by which HUD can review the  
28 performance of grant recipients and take remedial measures against a recipient if HUD

determines that the recipient “has not complied with a program requirement.” 24 C.F.R. § 578.107(a)(2).

96. LAHSA is a recipient of grants and at least some of the violations alleged by HUD to justify its suspension of LAHSA constitute non-compliance with program requirements.

97. HUD failed to observe any of the procedures outlined in 24 C.F.R. § 578.107, including (1) giving the recipient notice of its determination that LAHSA had not fulfilled program requirements; and (2) providing LAHSA with “an opportunity to demonstrate, within the time prescribed by HUD and on the basis of substantial facts and data that the recipient has complied with the requirements.” 24 C.F.R. § 578.107(a)(2).

98. Because HUD failed to observe its own procedures, HUD also failed to make the findings necessary to take remedial measures or issue sanctions against LAHSA pursuant to 24 C.F.R. § 578.107. HUD did not find, as is required under the regulation, that the suspension of LAHSA was “designed to prevent a continuation of the deficiency; to mitigate, to the extent possible, its adverse effects or consequences; and to prevent its recurrence.” Instead, the sanction taken against LAHSA, suspension of LAHSA from all federal grants, exceeds any steps necessary to remediate the harm caused by LAHSA’s program violations.

99. HUD’s failure to observe its own procedures, including providing notice and an opportunity to cure the deficiencies, made it impossible for LA CoC to take any mitigating steps to prevent the harm caused by LAHSA’s suspension or that would prevent HUD from taking remedial measures against LA CoC. Had HUD followed its procedures, LA CoC would have been on notice and could have mitigated the harm and prevented HUD from taking remedial measures against it.

100. LA CoC and its members have suffered a legal wrong as a result of, and have been adversely affected or aggrieved by, Defendants’ actions alleged herein for purposes of 5 U.S.C. § 702 and 42 U.S.C. § 2000d-2. By failing to provide LAHSA

1 notice and an opportunity to remedy the alleged violations and instead immediately  
2 suspending LAHSA, HUD deprived LA CoC of any opportunity to mitigate the harms  
3 caused by LAHSA's suspension, which would result in the loss of critical revenue that  
4 ensures over 11,000 people are housed or sheltered, including 1,030 families, 1,923  
5 children, 823 transition-age youth, 1,647 seniors, 901 individuals in families impacted  
6 by intimate partner violence, and 89 veterans.

7 **PRAYER FOR RELIEF**

8 **WHEREFORE**, Plaintiff-Intervenor requests that this Court:

9 A. Declare unlawful, vacate, and set aside HUD's suspension of LAHSA, to  
10 whom LA CoC has delegated its congressionally mandated responsibilities;

11 B. Declare unlawful, vacate, and set aside HUD's decision to take remedial  
12 measures against LA CoC based on its suspension of LAHSA, including requiring  
13 eligible applicants to apply directly to HUD for funding, instead of participating in the  
14 congressionally-mandated CoC process, including by seeking CoC funding by way of  
15 the consolidated application;

16 C. Temporarily, preliminarily, and permanently enjoin Defendants, including  
17 their agents, employees, partners, and any person acting in concert with them, from  
18 immediately or otherwise suspending LAHSA from fulfilling the duties delegated to it  
19 by LA CoC, including serving as the collaborative applicant for the FY 2026 NOFO,  
20 conducting the annual Homeless Count, managing HMIS, and managing CES.

21 D. Temporarily, preliminarily, and permanently enjoin Defendants, including  
22 their agents, employees, partners, and any person acting in concert with them, from  
23 immediately or otherwise taking any remedial measures against LA CoC;

24 E. Award LA CoC its reasonable attorneys' fees and costs in accordance with  
25 law; and

26 F. Award any other relief the Court deems just and proper.  
27  
28

1 Dated: August 31, 2026

Respectfully submitted,

2 LEGAL AID FOUNDATION OF LOS ANGELES

3  
4 /s/ Shayla Myers

Shayla Myers

5 *Attorneys for Plaintiff-Intervenors*

6  
7 PUBLIC COUNSEL

8 /s/ Mark Rosenbaum

9 Mark Rosenbaum

10 *Attorneys for Plaintiff-Intervenors*

11  
12 STEPTOE LLP

13 /s/ Robyn C. Crowther

14 Robyn C. Crowther

15 *Attorneys for Plaintiff-Intervenors*

16  
17 **Local Rule 5-4.3.4 Attestation**

18 I hereby attest that all signatories listed, and on whose behalf the filing is  
19 submitted, concur in the filing's content and have authorized the filing.

20  
21 DATED: August 31, 2026

LEGAL AID FOUNDATION OF LOS ANGELES

22  
23 /s/

24 Shayla Myers