CICERO INSTITUTE POLICY BRIEF

The Evidence Is Overwhelming: HUD's Homelessness Program Lacks Oversight and Accountability

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Key Takeaways

- Federal courts, grand juries, inspectors general, the U.S. Government Accountability Office (GAO), and state and city auditors have independently identified serious weaknesses in the data and financial controls underpinning HUD's Continuum of Care (CoC) Program. These weaknesses prevent reliable verification of how CoC funds are spent, what services are delivered, and whether programs achieve their intended outcomes.
- In Los Angeles, a court-appointed data monitor found in September 2026 that occupancy and participant figures are self-reported and not routinely verified on-site, participant counts were not deduplicated across quarters, and major programs relied on Google Forms and spreadsheets outside Homeless Management Information System (HMIS) entirely.
- A 2026 San Francisco Civil Grand Jury found that the city, which spends roughly $700 million annually on homeless services, could not systematically analyze critical-incident data, benchmark providers, or connect safety data to contract decisions—despite operating every HUD-required accountability structure.
- Similar deficiencies appear nationwide: Long Beach's city auditor referred concerns arising from a homelessness-services audit to an outside investigative agency; Denver could not document an estimated $150 million in shelter spending; Portland's Joint Office of Homeless Services may have overstated housing placements by more than 20 percent; auditors in New Orleans could not evaluate program outcomes because of inadequate records and resistance to oversight from the CoC's lead agency.
- HUD's own watchdogs confirm the failure ran through the Department itself: GAO found HUD's quality checks of homelessness data are limited, and HUD's Inspector General found the Department lacked even written guidance for monitoring CoC grantee spending.
- HUD's recent actions within the CoC Program—suspending funding to the largest CoC in the country and emphasizing outcomes and accountability—signal a greater emphasis on accountability. Additional monitoring and oversight activity can improve the program and ensure that taxpayer funds are spent effectively.

Introduction

Since 2013, the federal government has provided approximately $36 billion in Continuum of Care funding. Meanwhile, homelessness has risen 26 percent, reaching the highest level ever recorded in 2024. Defenders of the status quo often argue that the system is underfunded. The record assembled over the past five years by courts, grand juries, inspectors general, and auditors points to a different

explanation: significant weaknesses in the ability of HUD, its grantees, and the regional entities administering federal funds to verify expenditures, confirm service delivery, establish shelter capacity and occupancy, and measure outcomes.

This brief assembles that record. The analysis draws principally on two 2026 documents: the first quarterly report of Nardello & Co. LLC, the Data Monitor appointed by the U.S. District Court for the Central District of California in LA Alliance for Human Rights v. City of Los Angeles (Dkt. 1360, Sept. 30, 2026), and the San Francisco Civil Grand Jury's report At Scale, At Risk: Upgrading Data and Oversight to Improve Homelessness Services (June 23, 2026). The analysis also incorporates the court-ordered Alvarez & Marsal assessment of Los Angeles homelessness spending (Dkt. 870, Mar. 6, 2025), the Cicero Institute's survey of audit findings across five jurisdictions (June 2025), the unfolding Long Beach audit, and audits and oversight reports from the GAO, the HUD Office of Inspector General, and auditors in California, Colorado, Oregon, Louisiana, Arizona, Washington, New York, and Minnesota.

These jurisdictions differ in political dynamics, geography, housing markets, and program scale. Yet their audits repeatedly identify similar weaknesses. This convergence suggests that the problems extend beyond isolated local management failures. They are the predictable output of a federal program that distributes more than $3 billion a year through unelected regional intermediaries, accepts self-reported data, renews 85 to 95 percent of grants regardless of performance, and fields almost no independent verification.

Exhibit A: Los Angeles—The Court-Tested Record

Los Angeles offers an unusually detailed case study because federal court proceedings have generated extensive examinations of its homelessness programs. Two court-related assessments—the Alvarez & Marsal (A&M) assessment and the Nardello Data Monitor's quarterly report—describe the nation's second-largest CoC in granular, evidence-backed detail.

Money That Cannot Be Traced

A&M identified approximately $2.3 billion in appropriations, commitments, and expenditures across three city programs subject to court oversight from June 2020 through June 2024. It concluded that “insufficient financial accountability led to an inability to trace substantial funds allocated to the City Programs.” Because the City and LAHSA could not identify and calculate all relevant expenses, A&M was unable to determine total program spending. The audit identified several significant oversight failures: LAHSA approved provider invoices without verifying “that the service paid was actually provided”; could not produce a definitive list of its own contracts, providing three different lists containing 139, 215, and 191 contracts, respectively; used cash from unrelated funders to pay providers; and appeared to have received duplicate cash advances on at least four of nine Roadmap contracts. Meanwhile, the City’s housing department conducted no monitoring of LAHSA for three consecutive years. When monitoring resumed, it covered only about 11 percent of contracts, and more than 80 percent of those reviewed had findings. Separately, 31 of the 45 hotels participating in Inside Safe invoiced the City before a contract was in place.

Data That Cannot Be Trusted

Eighteen months later, the court's Data Monitor found that the city's data problems remained largely unresolved. Nardello & Co. "could not identify routine site-level verification processes used to confirm provider-reported information." The City's reporting office "largely copied the numbers from the reporting templates," relying on provider-reported data that "cannot be independently verified." Participant counts are not deduplicated across quarters, even though A&M found that 51 percent of approximately 38,000 interim-housing participants were enrolled in more than one subprogram. Agencies also use conflicting definitions of basic terms such as "served."

The Mayor's Inside Safe program, which has received more than $322 million, tracks occupancy through "a Google form maintained by the Mayor's office," which counsel described as a "hyper-internal tool." The housing department's consolidated report is a live workbook with "no historic copies available." The resulting data raise serious questions about accuracy: one site reported an increase in people served from 110 to 174 in a single quarter despite having the same 52 beds; another reported 144 units when only 134 physically existed. Thirteen sites revised their reported figures downward during the Monitor's brief review, and on-site visits found vacancy rates of 30 to 40 percent at properties reported as substantially occupied. Staff at more than half of the sites visited denied the Monitor access, while the Monitor's contract prohibited direct access to any database.

Outcomes That Raise Questions About Effectiveness

Where outcomes could be measured, A&M found a median permanent-housing exit rate of 22 percent across sampled sites in fiscal year 2023-2024. Meanwhile, 47.8 percent of exits were returns to homelessness, meaning the system returned more people to homelessness than it placed in permanent housing. An average of 29 percent of recorded exits from Roadmap permanent supportive housing were due to death.

Exhibit B: San Francisco—The Grand Jury Record

San Francisco maintains all the accountability structures required by HUD, including a CoC board, a HUD-compliant HMIS known as the ONE System, Coordinated Entry, and biennial point-in-time counts. The 2025-2026 Civil Grand Jury's June 2026 report*, At Scale, At Risk* identifies gaps in what these structures deliver. The city spends approximately $700 million annually on homelessness, while its homelessness department administers nearly $500 million in nonprofit contracts each year. Despite this spending, the report concludes that "this system has gaps that jeopardize safety, accountability, and results."

The Jury's central finding is that San Francisco collects critical incident data but fails to use it to identify risks and prevent harm. Thousands of reports involving deaths, overdoses, and violence "are not systematically analyzed in aggregate to identify troubling patterns or trends, compare and manage providers, identify systemic risks, or prevent future harm." Seventy-nine percent of provider sites reported that incident data undercounted events, while 64 percent of sites were unclear about when reporting was required.

The consequences are measurable. In 2024, 26 percent of the city's accidental overdose deaths occurred in permanent supportive housing (PSH), which serves about 1.5 percent of the city's population. Yet no agency tracks overdose deaths by specific site or provider. Contract oversight is similarly deficient. Performance is "measured by simple counts measuring actions or functions, not real

outcomes." The Jury found that the department had never declined to renew a contract because of a corrective-action designation. In one case, two separate oversight bodies approved the renewal of the same troubled site "without treating client safety or community conditions as a measured factor"—despite the availability of relevant data. Meanwhile, the city's homelessness data "remain scattered across departments." Previous audits found that nearly half of PSH contracts lacked complete monitoring documentation and that on-site audits covered only 17 of 49 nonprofits requiring review.

The implications for federal policy are significant. Every corrective intervention documented by the Jury originated with local actors, including the Controller, the Budget Analyst, journalists, and a grieving family member who spoke at a public meeting. The federally required oversight apparatus identified none of the problems that prompted these interventions.

Meanwhile, outcomes have deteriorated despite increased spending. Successful exits to stable housing accounted for 37.6 percent of outflow in 2024, then fell by 14.3 percent the following year. Over the same six-year period, spending on nonprofit contracts tripled. The findings point to a fundamental accountability failure: the city has expanded spending without establishing the data analysis, performance measurement, and oversight necessary to determine whether its homelessness programs are protecting clients or delivering results.

Exhibit C: A National Pattern

If Los Angeles and San Francisco were outliers, the case for federal reform would be weaker. They are not. The same deficiencies—unverified payments, inadequate monitoring, unreliable data, and a lack of accountability for outcomes—recur across every jurisdiction that has undergone independent examination.

- **Long Beach, California:** Auditors examined roughly $69 million in homeless-services spending over five years and found "questionable billings, missing documentation" and doubts about "whether the city had received the services for which it paid." City Auditor Laura Doud described the review as "really one of our top audits that we have done in 20 years"—meaning among the most alarming. In April 2026, the city severed ties with First to Serve, which operated 423 of the city's 500 shelter beds, after withholding payments since November 2025. By September 2026, the auditor confirmed that the investigation had been referred to an outside agency, citing "irregularities that caused significant concerns."
- **Denver, Colorado:** The city auditor found the housing department could not provide documentation for an estimated $150 million in shelter spending between January 2022 and March 2024. Thirty-eight percent of sampled invoices lacked support documentation, and some had been paid twice. At one shelter that failed its security contract requirements, two fatal shootings occurred with no guards or cameras present.
- **Portland, Oregon:** The Multnomah County auditor found the Joint Office of Homeless Services may have overstated permanent-housing placements by more than 20 percent over two years because of unreliable data. A 2024 follow-up found that contract monitoring was "outdated." By 2026, only one of eight recommendations had been fully implemented, and the auditor reported the county failed to adequately monitor a troubled contractor's spending.

- **New Orleans, Louisiana:** The legislative auditor found that the city and its CoC lead agency, UNITY, spent $216.3 million, mostly federal funds, despite the city lacking a strategic plan and failing to regularly inspect shelters. In 2023, UNITY failed to conduct annual monitoring of 56 percent of providers. UNITY also resisted producing records, leaving auditors "unable to evaluate the outcomes associated with homeless programs."
- **California statewide:** The state auditor found that the state spent $24 billion across more than 30 programs over five years, while its interagency council "has not consistently tracked and evaluated the State's efforts." The state also stopped publishing spending and outcome data after fiscal year 2020–21. The statewide data system contained test records, including one labeled "Mickey Mouse," duplicate entries, and a shelter reporting 1,100 enrollments despite having only 300 beds. A companion audit found that neither San José nor San Diego could account for its homelessness spending. One San Diego shelter, which was contractually required to achieve a 26 percent rate of exits to permanent housing, achieved a rate of about 6 percent. The city had not documented an evaluation of the shelter's performance.
- **Arizona:** The auditor general found that the housing department approved more than $8.1 million in payments without sufficient documentation, including a $2,000 personal loan to a staff member. The department also failed to conduct required inspections for six of seven applicable projects, left high-risk sites uninspected for years, and instructed staff to approve payments without adequate review.
- **Washington State:** The state auditor's performance audit of contracted homeless services found that 18 of 23 underperforming Seattle programs received no corrective action, while none of Yakima's underperforming programs faced consequences. The audit also found that no audited government had standardized procedures for escalating performance issues or contract clauses requiring providers to improve.
- **New York and Minnesota:** The state comptroller found that 49 percent of shelter clients diagnosed with substance-use issues were not placed in appropriate specialized shelters. The city comptroller found that 14 program analysts were responsible for overseeing 155 family shelters housing approximately 12,500 families. In Minnesota, the legislative auditor found that the Department of Human Services "generally did not have adequate internal controls" over more than $130 million in homelessness and housing grants.

The Failure Extends to HUD's Own Oversight

These local failures persisted because federal oversight was inadequate. In 2020, the U.S. Government Accountability Office (GAO) concluded that the nation's headline homelessness statistic, the point-in-time (PIT) count, likely undercounts the homeless population, that data-collection methods vary widely across Continuums of Care (CoCs), and that "HUD's quality checks of PIT data are limited." In 2022, the U.S. Department of Housing and Urban Development's (HUD) Office of Inspector General (OIG) found that the department "did not have written guidance" for field-office reviews of CoC grantee spending and did not prioritize grantees struggling to spend their awards. Nearly $257 million in CoC funds went unspent and was recaptured between 2017 and 2020. For the $4 billion pandemic-era Emergency Solutions Grant program, the OIG found that 87 percent of grantees passed funds to subrecipients and

that 84 percent of those grantees reported an impaired ability to monitor them. A 2024 follow-up found that subrecipient monitoring remained deficient.

The structural cause is the CoC program's design. Nearly 400 unelected regional bodies control the distribution of federal homelessness funds, set their own priorities, govern their own HMIS access, and face a HUD competition that renews the overwhelming share of grants every year regardless of performance. New entrants must ask incumbent providers—their competitors—for permission to compete. Data standards exist on paper, but records from Los Angeles and San Francisco show that a jurisdiction can satisfy HMIS requirements while maintaining its actual records in Google Forms and live spreadsheets. When the Louisiana Legislative Auditor sought records from the New Orleans CoC, it faced resistance. In Los Angeles, a court-appointed monitor was contractually barred from accessing the database. In another case, a state auditor seeking HMIS data from a CoC could be denied access, even as a public oversight office. A program whose auditors cannot audit it is not an accountable program.

HUD has recognized the challenges of administering a decentralized national program that relies on self-reported data to determine accountability and has acknowledged accountability failures under previous administrations. In June of 2026, HUD suspended the Los Angeles Homeless Services Authority from serving as the region’s collaborative applicant, barring it from submitting the region's fiscal year 2026 funding application. The suspension followed years of missed audit deadlines, inadequate corrective action, and news reports of waste, fraud, and financial mismanagement.

HUD has also reformed its Notice of Funding Opportunity (NOFO) for the CoC Program to prioritize outcomes and program performance. Secretary Turner has pledged to end funding for wasteful and ineffective programs.

What Accountability Would Require

The consistency of the findings points to a clear reform agenda. Drawing on recommendations from the court monitor's framework, the grand jury, and auditors, federal policymakers should:

- **Pay only on verified data.** No bonus, renewal advantage, or other incentive should be based on self-reported figures. Outputs and outcomes reported in federal applications and reports should be generated from HMIS or certified interoperable systems, deduplicated longitudinally, and reconciled with site-level records. Google Forms, emailed surveys, and live spreadsheets should not qualify as systems of record.
- **Conduct unannounced, on-site verification.** HUD field offices or independent examiners should conduct unannounced site-level inspections on a published schedule, physically reconciling beds, rosters, and HMIS records. Funds should be clawed back when reported figures cannot be substantiated. Thirty site visits by a court-appointed monitor exposed problems in Los Angeles, demonstrating that this approach is both effective and cost-efficient.
- **Guarantee auditors and monitors access to data.** Grant acceptance should require consent to direct, read-only federal access to HMIS and other systems of record for HUD, its OIG, and designated monitors. Auditors should not be denied access to relevant data, and monitors should not be limited to “stakeholder representations.”

- **Condition funding on financial controls.** Eligibility for CoC funds should require demonstrated financial controls, including invoice-level verification that billed services were delivered, fund accounting that ties each federal dollar to a specific contract, executed contracts before services begin, audit logs and immutable reporting records, and separation of payment approval responsibilities from performance monitoring.
- **Measure outcomes, not activity.** Replace subsidy-retention and activity counts with verified exits to stable housing, reductions in returns to homelessness, gains in employment income, and site- and provider-level safety measures, including deaths, overdoses, and violence. End the practice of renewing 85 to 95 percent of grants regardless of performance.
- **Restore democratic accountability.** Consolidating the more than 400 CoCs to state-led entities, as the Cicero Institute has proposed, would place this funding under governments that answer to voters, maintain formal financial systems, and are subject to audits, rather than private umbrella organizations that have repeatedly denied access to auditors, monitors, and the public.

Conclusion

A federal court-appointed monitor, a civil grand jury, the GAO, HUD's OIG, and auditors in at least 10 states and cities have independently examined HUD-funded homelessness programs. Their findings reveal persistent weaknesses in financial oversight, recordkeeping, and performance measurement. Several found that programs could not produce basic records, and at least two identified conduct serious enough to warrant referrals for investigation. Collectively, these findings raise significant concerns about oversight and accountability in HUD's homelessness programs. HUD is working to reform the CoC Program and strengthen oversight and accountability. Combined with this report's recommendations, these reforms should establish a new era of accountability in which more than $4 billion in annual funding is subject to verifiable financial controls, independent audits, and measurable outcomes.

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