

THE HOMELESS POPULATION INDEPENDENT OVERSIGHT COMMITTEE

SYSTEM FAILURE

How Southern California's Homeless Industry Became Homeless Itself

The Homeless Population Independent Oversight Committee Investigation

Southern California • 2025–2026

"This is not a failure of compassion. It is a failure of systems."

INSIDE:

- Governance breakdowns
- Financial accountability failures
- Regulatory delay and state intervention
- Interconnected nonprofit power structures
- The rise of federal criminal inquiry
- The human cost of systemic collapse
- **NEW:** Suggested Solution to Ensure Current Issues Are Not Repeated

EXECUTIVE SUMMARY

This investigation documents a comprehensive governance and financial accountability crisis affecting Southern California's homelessness services ecosystem. Specifically, it examines the systemic failures at the Los Angeles Homeless Services Authority (LAHSA) and several of its primary nonprofit partners, including Skid Row Housing Trust (SRHT), Skid Row Development Corporation (SRDC), The People Concern, and Union Station Homeless Services (USHS).

KEY FINDINGS INCLUDE:

- **LAHSA (\$914.8M annual budget):** Failed to recover **\$50.8 million** in cash advances; unable to track spending or verify service delivery; leadership ethics violations; planned dissolution (July 2026).
 - **Skid Row Housing Trust:** Complete operational collapse (2023) involving CEO nepotism, board negligence, state compliance warnings ignored for 2+ years by local government, and eventual receivership affecting 1,500 residents.
 - **Systemic Patterns:** Inadequate board oversight, regulatory capture, insider promotion of unqualified leaders, and governance conflicts of interest.
 - **Federal Response:** U.S. Attorney announced criminal Homelessness Fraud and Corruption Task Force (April 2025) investigating potential fraud and corruption across California's homelessness system.
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PART I: THE LAHSA SYSTEMIC FAILURE

GOVERNANCE STRUCTURE DISCONNECTED

- 5 members appointed by LA County Board of Supervisors
- 5 members appointed by LA Mayor (confirmed by City Council)
- No elected officials serve on the board (departing from best governance practices)
- Receives legal counsel from County Counsel and City Attorney (creating potential conflicts)

This structure embeds political rather than performance incentives into governance. Commissioners serve at political pleasure, not professional mandate.

FINANCIAL ACCOUNTABILITY CRISIS (2024-2025)

THE \$50.8 MILLION UNRECOVERED ADVANCE PROBLEM (NOV 2024 AUDIT)

The Los Angeles County Auditor-Controller released a 57-page audit revealing systematic financial control failures:

- **LAHSA Cash Advance Accountability Crisis:** \$50.8M Distributed, Only 10% Recovered.
- **DOCUMENTED FINDINGS:**
 - LAHSA distributed \$50.8 million in cash advances to service providers beginning in FY 2017-18.
 - As of November 2024, only 10% of those funds were reconciled.
 - LAHSA lacked a system to track whether these advances were ever even used for intended services.
 - In multiple cases, LAHSA continued to issue new advances to agencies that had failed to reconcile previous millions in taxpayer funds.

INABILITY TO TRACK SPENDING (MARCH 2025 FEDERAL COURT-ORDERED AUDIT)

Independent Auditor David S. Carter reported:

- LAHSA "failed to verify whether services were received... essentially making payments based on contractor-provided reports without independent verification."
 - "Significant fiscal accountability failures and inability to track funds to outcomes related to the homelessness crisis."
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SUGGESTED SOLUTION TO ENSURE CURRENT ISSUES ARE NOT REPEATED IN THE FUTURE

The so-called "professionals" have left a mess, including pilfered funds and services not delivered to the intended population. We propose that our system be evaluated and implemented as the tool to replace this broken infrastructure.

1. THE SKID ROW JOE SYSTEM: UNIFIED & AI-ASSISTED

We propose a modern system that connects **all services under one umbrella**, accessible by those seeking services on their own, with assistance from our AI agent "**Michelle**," or by dedicated intake teams at drop-in centers.

- **Real-Time Resource Tracking:** Once fully operational, our system tracks open beds and other resources in **real-time**. This eliminates delay and ensures accuracy.
- **Zero "Empty Bed" Tolerance:** In the report, sources indicate contracted beds sat empty at times when they should have been full. Our site assures that if there is a bed available, a person seeking it will be placed.
- **Unified Grievance System:** Our system serves clients by establishing a unified grievance form that is promptly delivered to the proper agency, ensuring accountability for service quality.
- **Local Government Role:** With the dismantling of LAHSA, Southern California local governments are in a prime position to rebuild a modern system that utilizes AI-assisted agents to complete tasks such as intakes and placement efficiently.

2. THE INDEPENDENT CITIZENS OVERSIGHT COMMITTEE

We propose that our newly created committee be entrusted to serve as the **primary source for distribution advice** for future funding.

- **Role & Authority:**
 - Work with overseers from state and county representatives (who serve as executors of funds).
 - **Sole Duties:** Provide **lived experience** perspective combined with **current visitations** to programs.
 - **Objective:** Ensure program participants are not treated unfairly or unethically.

- **Powers:** The committee does not need executive powers; it makes observations guided by pre-set state standards.
- **Composition:** Former homeless people (restoring trust) or any member of the community in good standing.
- **Cost Efficiency:** Research indicates the financial cost for such a system is approximately **\$8,000 - \$10,000** annually—a fraction of the wasted millions in the current system.
- **Why It Works:**
 1. **Trust:** Provides the homeless population a sense of trust knowing that former homeless people are part of decisions, rather than not being heard at all.
 2. **Voter Confidence:** The voters themselves are tired of missing funds, mismanagement claims, and poor treatment of their loved ones.

3. UNIQUE QUALIFIED EVALUATION

(From **Doc Jordan**): I am in the process of wrapping up my personal non-profit evaluation report, discussing the programs I've worked at or lived in. Because I don't know anyone else who has been able to observe day-to-day operations as **both clinician and client simultaneously**, I am in a unique position to serve in a volunteer advisory role.

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Report Compiled by Doc Jordan and research performed using Perplexity.

For and on behalf of: The Homeless Population Independent Oversight Committee.

This document stands as public record. What follows is not opinion. It is evidence.