POLICY PAPER NO. 2

What Counts as Success? Measuring Outcomes in Los Angeles Homelessness Spending

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Executive Summary

Los Angeles does not need to invent a new way to measure whether homelessness spending works. The U.S. Department of Housing and Urban Development already requires Continuums of Care — including LAHSA — to report system-level measures that track both successful permanent-housing outcomes and returns to homelessness over time. HUD's framework is a strong baseline, not a complete evaluation system for every intervention, but it already asks the right question: not how many people were placed in housing, but how many stayed housed.

The gap in Los Angeles is not the absence of a metric. It is who gets to report it, and who — if anyone — independently checks it. In the sampled interim-housing sites reviewed in a 2025 independent audit of the Los Angeles Homeless Services Authority, roughly 22 percent of participants exited to permanent housing, while nearly half returned to homelessness. LAHSA's own published target for its interim shelter system — no more than 30 percent released to unknown, unsheltered, or uninhabitable locations — has reportedly been missed by nearly double, according to the agency's own internal review, reported by journalists in 2026.

Los Angeles is already moving toward better measurement. In August 2025, the City Council unanimously adopted 35 performance measures and approved a new Bureau of Homelessness Oversight. That is real progress, and BeaconStone believes it deserves credit. But performance measures reported by the same department that administers the programs they describe are not the same thing as independently verified outcomes. The Amendment principles BeaconStone advocates — follow the money, follow the claims, follow the outcomes, follow up, and make the results public — apply here with particular force: a homelessness accountability system should adopt HUD's existing outcome standards as a floor, and then require that an independent body, not the funded programs themselves, verify whether those standards are actually being met.

The Federal Government Already Built the Ruler

HUD's System Performance Measures are not a new or experimental concept. They are the standard federal framework every Continuum of Care in the country — including LAHSA — is already required to report against. Two of the seven measures matter most for judging whether homelessness spending actually works.

Measure 2: Returns to Homelessness. This measure tracks the share of people who exited to a permanent housing destination and then reappeared in the homeless system within 6, 12, or 24 months. It exists precisely because a housing placement on the day it happens tells the public very little about whether that placement lasted.

Measure 7: Successful Placement in or Retention of Permanent Housing. This measure examines, for people served in permanent housing programs, how many either retained that housing or exited it to another permanent destination — as distinct from exiting to the street, an unknown location, or a temporary situation.

Together, these two measures already distinguish between activity and outcome in exactly the way public accountability requires: not "how many people did we place," but "how many people are still housed, and how many came back."

Los Angeles Already Has a Target — and Has Missed It

LAHSA's own stated goal for its interim shelter system is that no more than 30 percent of people who enter it will return to the streets or disappear from the system entirely. That is a meaningful, publicly stated benchmark — the kind of standard BeaconStone believes every publicly funded program should have.

According to reporting reviewed in 2026, an internal LAHSA review of the first five months of a recent fiscal year found the actual systemwide rate was approximately 59 percent — nearly double the target. One of LAHSA's largest interim housing partners was found to have a 66 percent rate of exits to unknown or uninhabitable locations. The finding did not surface through independent audit. It surfaced through LAHSA's own internal review, later reported by journalists — which is itself an argument for why independent, standing verification matters: the gap was real, but the public did not learn about it through a structured, guaranteed process.

This interim-housing measure is different from HUD's longer-term return-to-homelessness measure: it captures where people go when they leave interim housing, not whether a permanent-housing placement later fails months afterward. The two problems are related — both reflect whether the system is producing durable outcomes — but they are not the same statistic, and a rigorous accountability framework needs to track both separately rather than treating one as a stand-in for the other.

An Independent Audit Found an Even Starker Gap

In 2025, the consulting firm Alvarez & Marsal completed an independent audit of four years of LAHSA-managed homeless services spending — roughly $2.3 billion — commissioned in response to public concern about accountability. The audit's central finding was stark: in the sampled sites, roughly 22 percent of participants exited to permanent housing, while nearly half returned to homelessness — meaning that, in the sites reviewed, returns to homelessness outpaced successful permanent placements.

The same audit found that LAHSA frequently approved payments to contractors before verifying that services had actually been delivered, and that documentation gaps made it difficult to reconstruct how a substantial share of the money had been spent at all. Those are not primarily technology problems. They are structural problems: when the same set of institutions defines success, collects the data, and reports the results, there is no independent check built into the system by default.

Los Angeles Is Already Moving in the Right Direction

It would be inaccurate — and contrary to BeaconStone's own standard of evidence-based fairness — to suggest Los Angeles has ignored this problem. In August 2025, the City Council unanimously adopted 35 performance measures covering the City's largest homelessness investments: street outreach, interim housing, and permanent supportive housing, tracked monthly through the Homeless Strategy Committee. The City has also approved a new Bureau of Homelessness Oversight within the Los Angeles Housing Department, intended to centralize performance oversight, data analysis, and public reporting once it is fully staffed.

This is genuine progress, and it validates the direction BeaconStone has been arguing for. The City has already recognized the need for verification, not just reporting: LAHD's own August 2025 report specifically recommends that LAHD, LAHSA, and HACLA enter into a data-sharing agreement allowing integrated access to HMIS, RMS, and HACLA data — language the report explicitly frames as needed "to monitor and verify" the use of City-funded programs, not merely to aggregate the totals those programs already report. The report also describes site visits and direct provider engagement as part of the Bureau's planned quality-control process.

The unresolved question, then, is not whether Los Angeles wants verification — it clearly does. It is whether the resulting Bureau will be sufficiently independent, durable, and empowered to test reported outcomes against underlying evidence, rather than compiling figures that ultimately still originate from the programs being measured. Much of the data the Bureau will rely on, including LAHSA's own dashboards, is self-reported at its source. Self-monitoring and independent audit are complementary functions, not substitutes for one another, and the design choices made as the Bureau is staffed will determine which one Los Angeles actually ends up with.

Independent Verification Is a Standard Safeguard, Not an Accusation

Independent verification is a standard accountability principle, not an accusation of dishonesty. Financial statements are routinely audited even when no fraud is suspected, precisely because a well-run organization should not be the sole judge of its own reported results — audits exist to confirm that internal reporting matches reality, not because auditors assume the worst.

Performance claims deserve the same structural safeguard whenever billions of dollars in public funding, and major public policy decisions, depend on the answer being right. The 2025 Alvarez & Marsal findings did not emerge because anyone suspected bad faith at LAHSA. They emerged because an independent party was finally asked to check. That is the model a homelessness accountability system should build in from the start, rather than relying on it to happen only when public pressure forces an outside review.

What an Accountability System Should Actually Require

BeaconStone's recommendation is not to invent a new outcome standard. It is to adopt the standard that already exists, and then guarantee that someone outside the funded system checks it.

Specifically, a Los Angeles homelessness accountability framework should require: reporting exits and retention using HUD's existing System Performance Measures — particularly 6, 12, and 24-month returns to homelessness — as the minimum public standard, not an optional add-on; independent, statistically valid sampling of case-level HMIS records against underlying documentation, conducted by an entity independent of the programs being reviewed, to verify that reported placements and retention figures reflect what actually happened; standardized, public definitions distinguishing temporary, transitional, and permanent housing exits, so that a placement cannot be reported in a way that obscures whether it was actually durable; and regular public reporting of both the performance measures and the independent verification findings — including when they diverge — rather than only the version compiled by the programs themselves.

None of this requires Los Angeles to build something novel. HUD has already defined the metric. LAHSA and the City already collect the underlying data. What is missing is a standing, independent mechanism — the kind BeaconStone's Policy Paper No. 1 argues for — with the authority and the mandate to verify that what gets reported is what actually happened.

Conclusion

Los Angeles has not failed to measure homelessness outcomes. It has built real measurement infrastructure — a federal framework it is already required to use, and, as of 2025, a new City-level performance measurement effort built on top of it. The 2025 independent audit and LAHSA's own internal findings show precisely why that infrastructure needs an independent check: not because anyone assumes bad faith, but because no institution, public or private, should be the sole judge of its own success when public money and public trust are at stake.

Follow the outcomes. Then verify them independently. That is not a new standard for Los Angeles to invent — it is the standard the City has already set for itself, applied consistently and checked by someone other than the programs being checked.

Sources & Further Reading

BeaconStone Foundation believes public-policy arguments should be grounded in evidence that readers can examine for themselves. The following primary and official sources provide background for the outcome-measurement standards and Los Angeles-specific findings discussed in this article.

- **HUD System Performance Measures Guide** — Official federal definitions for Measure 2 (Returns to Homelessness) and Measure 7 (Successful Placement in or Retention of Permanent Housing). HUD Exchange

- **"Scathing audit finds L.A. homeless spending lacks oversight, accountability"** — Coverage of the 2025 Alvarez & Marsal independent audit of $2.3 billion in LAHSA-managed spending, including the sampled sites' permanent-housing exit and return-to-homelessness findings. KTLA

- **"LA County's Homeless Shelter System Is a Revolving Door"** — Reporting on LAHSA's internal review finding a 59% return-to-streets rate against the agency's own 30% target. MindSite News

- **Los Angeles City Council File 25-0576** — The August 2025 adoption of 35 City performance measures for homelessness response and the proposed Bureau of Homelessness Oversight. City Clerk report

- **Homelessness Data & Accountability — Council District 4** — Ongoing monthly reporting on the City's 35 performance measures. cd4.lacity.gov
- **California Policy Lab — Key Performance Indicators for Homelessness Services in Los Angeles** — LAHSA's ongoing partnership with an independent academic research center to track outcome KPIs. California Policy Lab

BeaconStone will continue updating these source notes as Los Angeles's performance measurement framework develops, as the Bureau of Homelessness Oversight becomes operational, and as additional independent audit findings become available.