

Los Angeles City Council attacks homeless authority, opening the door for profiteering

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In a unanimous vote last Tuesday, the Los Angeles City Council has taken a decisive step toward dismantling the LA Homeless Services Authority (LAHSA) and shifting control of hundreds of millions of dollars in funding to private homeless service providers.

The council's decision follows two scathing audits that exposed failures in LAHSA's financial oversight, but the true significance of this move extends far beyond the agency's mismanagement. At its core, this is not about fixing homelessness; it is about turning the crisis into a lucrative business opportunity for the private sector.

Councilmember Monica Rodriguez, who spearheaded the effort, branded LAHSA a "monstrosity," citing delayed provider payments and failures to track spending. Yet, rather than addressing the deeper systemic failures of the city's (and, in fact, the state's) approach to homelessness, the council is using LAHSA's dysfunction as a pretext to accelerate the privatization of services. This is not a genuine effort to improve conditions for the nearly 50,000 unhoused individuals in Los Angeles, it is a deliberate strategy to carve up public funding and distribute it among politically connected private contractors.

Meanwhile, Los Angeles County supervisors are set to vote on April 1 on whether to overhaul homeless spending by "redirecting" the vast majority of county funding from LAHSA. If they approve the proposal, the county would take direct control of overseeing more than \$300 million it sends to the agency each year.

The rhetoric against "funding the failure" obscures the real issue: the failure of Los Angeles officials themselves. LAHSA was set up to manage a problem that cannot be solved by tinkering at the edges. Homelessness is a product of poverty, skyrocketing housing costs, wage stagnation, and social neglect. In a word, it is a direct consequence of the failure of capitalism. Cutting funding to LAHSA does not

address these root causes; instead, it ensures that corporate profiteers, not the public sector, will control the flow of resources.

In fact, this measure by the city council mirrors current attempts by the Trump administration to privatize the US Postal Service and dismantle social programs like Medicare under the pretense that they are mismanaged and waste taxpayer dollars. Just as Trump seeks to destroy essential services for corporate gain, the LA City Council is using the failures of LAHSA as an excuse to create a privatized, profit-driven homelessness industry.

The council's decision comes amid mounting scrutiny from US District Court Judge David O. Carter, who lambasted city officials for their inability to track the billions spent on homelessness programs. During a recent hearing, Carter threatened to appoint a court-ordered receiver to oversee the city's homeless spending, citing years of financial mismanagement.

Judge Carter's findings allege the same recurring issue: the money earmarked for homelessness is being mishandled. But rather than advocating for transparency, the council's vote signals an intent to redirect these funds to private contractors who will be even less accountable to the public. If as claimed, LAHSA was opaque, private firms will be completely impenetrable, hiding their financial dealings behind corporate secrecy laws.

Homelessness programs like Mayor Karen Bass's Inside Safe initiative, supported by city council members who belong to the Democratic Socialists of America, funnel hundreds of millions of dollars to private contractors and non-profits, which gain handsomely from the crisis without delivering substantive results.

Companies involved in encampment sweeps, temporary housing, and security services have already turned

homelessness into a lucrative industry. A *ProPublica* investigation last year revealed that hotels receiving Inside Safe contracts, despite numerous health and safety violations, continue to secure funding, raising serious questions about oversight and accountability. The program's reliance on hotel and motel vouchers as temporary housing has left many homeless individuals shuffled from one unstable situation to another, while well-connected private interests pocket massive sums of public money.

Rather than investing in public housing or structural solutions, Inside Safe has operated as a slush fund for politically connected service providers that benefit from a never-ending crisis. The program's failure is not accidental, it is the logical outcome of a system designed to serve corporate interests rather than the homeless population it claims to help. In this regard, Bass's bureaucratic opposition to the council's privatization push is meaningless—she has actively facilitated the same for-profit model under a different name.

Privatization of homeless services has already demonstrated its catastrophic consequences in cities like New York. Investigative reports from the *New York Times* and *New York Post* exposed how James A. Brown III, a prominent shelter provider, amassed over \$1 million annually by funneling public funds into his own security, catering, and management companies. His shelters, meanwhile, were hotbeds of neglect and abuse. Residents reported mold-infested food, rampant drug use, and physical violence—all while taxpayers unknowingly subsidized this fraudulent empire.

Los Angeles is poised to follow the same disastrous trajectory. A *ProPublica* investigation has already documented the growing business of encampment sweeps in California, revealing that private firms have received at least \$100 million to carry out these operations. Companies like Tucker Construction have profited immensely from forcibly removing homeless individuals, an effort that does nothing to address homelessness itself but serves to cycle people through a brutal and ineffective system of displacement.

Once the floodgates of privatization open, homelessness becomes not a crisis to be solved but an industry to be maintained. The more people remain homeless, the more money flows into the pockets of shelter operators, security firms, and real estate developers poised to capitalize on the displacement of the city's most vulnerable.

The complicity of the Los Angeles City Council in this

decision is especially damning given that four of its members are affiliated with the DSA, thus giving lip service to socialism. Yet, instead of standing against privatization, these so-called progressives joined their colleagues in sanctioning the wholesale transfer of public services to private interests. The absence of even a symbolic dissenting vote speaks volumes about the opportunism of pseudo-left politics.

Their silence on the privatization issue is a betrayal of the principles they claim to uphold. The vote exposes their true role within the political establishment—not as adversaries of corporate exploitation, but as its enablers. If homelessness advocates and activists hoped that these officials would fight to preserve public services, they have been bitterly disappointed.

The privatization of homelessness services in Los Angeles must be understood for what it is: a calculated effort to turn human suffering into a profit-making enterprise. The city council's unanimous decision is not about helping the homeless; it is about ensuring that public money lines the pockets of corporate entities that have no incentive to reduce homelessness.

The ultimate goal should not be merely holding LAHSA accountable, but dismantling the conditions that create homelessness in the first place—rampant inequality, unaffordable housing, and stagnant wages.

Instead of funneling money into private coffers, Los Angeles should be expanding its investment in public housing, rent control, and social services that provide long-term stability for the unhoused. The fight against homelessness must be part of a broader struggle against the capitalist system that perpetuates it. Without this understanding, the crisis will not only persist but will continue to be exploited for profit, as Los Angeles becomes the next cautionary tale of a city that abandoned its most vulnerable for the benefit of corporate greed.



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