

Wildfire Resilient Landscapes Institute

**The Structural Gap in Housing Systems: A Systems Analysis  
of Interim Housing, TLS Disruption, and Failed Transition  
Pathways**

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April 2026

**Published by:**

Wildfire Resilient Landscapes Institute (WRL Institute)

Los Angeles, California

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This working paper is part of the Wildfire Resilient Landscapes Institute Working Paper Series.

It is intended to support research, policy analysis, and applied systems development in environmental resilience and public sector strategy.

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**Suggested citation:**

Hanson, D. J. (2026). *The Structural Gap in Housing Systems: A Systems Analysis of Interim Housing, TLS Disruption, and Failed Transition Pathways*. Wildfire Resilient Landscapes Institute. Working Paper Series (No. 006). <https://wildfireresilientlandscapes.org>

## 1. Introduction

The City of Los Angeles has committed substantial financial resources to address homelessness, including the establishment of a Homelessness Emergency Account and the allocation of significant funding toward interim housing and related services (City of Los Angeles, 2023). These efforts have emphasized rapid placement into temporary accommodations such as motels and hotels through programs like Inside Safe. However, despite these investments, publicly reported data indicate that only a limited proportion of participants successfully transition into permanent housing, raising questions about the effectiveness of current system design (City of Los Angeles Homeless Strategy Committee, 2025).

The Los Angeles homelessness response system operates within a complex network of programs intended to address immediate housing instability while supporting long-term transitions into permanent housing. Central to this system is a coordinated continuum of care that includes outreach, interim housing, and permanent housing interventions (Los Angeles Homeless Services Authority, 2024). Interim housing programs, including motel placements under initiatives such as Inside Safe, are designed to provide immediate shelter and stabilization. Time-Limited Subsidy (TLS) programs, formerly known as Rapid Re-Housing, are intended to facilitate transitions into permanent housing through short-term financial assistance and supportive services (Los Angeles Homeless Services Authority, 2026).

TLS programs represent a critical component of the permanent housing portfolio and are designed to serve individuals and households who do not require the intensive, long-term services associated with Permanent Supportive Housing. Rooted in a Housing First approach, these programs aim to reduce barriers to housing access and promote rapid exits from homelessness (United States Interagency Council on Homelessness, 2014). Within this framework, the system is structured as a progression in which individuals move from crisis response and interim housing into subsidized permanent housing, with the expectation that time-limited support will enable long-term stability (Aubry et al., 2020).

However, evidence from program documentation, system performance data, and oversight reports suggests that this progression is increasingly unreliable. Disruptions in TLS program availability, including enrollment pauses and funding instability, have reduced the system's capacity to support timely transitions into permanent housing (Los Angeles Homeless Services Authority, 2026). At the same time, performance data from interim housing programs indicate substantial barriers to progression, including low rates of housing navigation referrals, incomplete documentation, and limited advancement through housing application processes (City of Los Angeles Homeless Strategy Committee, 2025). Federal monitoring reports further identify inconsistencies in program implementation, gaps in data reporting, and misalignment between program intent and measurable outcomes (United States District Court, 2025).

This paper examines a structural gap within the Los Angeles homelessness response system, specifically the disconnect between interim housing placement and access to permanent housing pathways. It analyzes how the disruption of TLS programs, combined with systemic inefficiencies in interim housing operations, contributes to a breakdown in the intended continuum of care (Los Angeles Homeless Services Authority, 2026; City of Los Angeles Homeless Strategy Committee, 2025). Drawing on participant-observation and systems analysis, this study introduces the concept of a “gap population,” defined as individuals who do not require high-acuity services but lack the financial resources and structural support necessary to secure and sustain housing independently. This population is particularly vulnerable to system breakdowns due to its reliance on transitional pathways that are currently unstable or inaccessible (City of Los Angeles Homeless Strategy Committee, 2025).

By situating lived experience within the broader policy and program context, this paper argues that the current system is not failing randomly, but predictably, due to misalignment between program design, funding structures, and housing market realities (United States District Court, 2025; City of Los Angeles Homeless Strategy Committee, 2025). Addressing this structural gap is essential not only for improving individual housing outcomes, but also for strengthening the overall effectiveness and efficiency of homelessness response systems in Los Angeles.

## Section 2: Background and Program Overview

### Housing First Framework

The Los Angeles homelessness response system is grounded in the Housing First framework, a widely adopted policy approach that prioritizes immediate access to housing without preconditions such as sobriety, treatment participation, or demonstrated housing readiness (United States Interagency Council on Homelessness, 2014). Housing First is designed to reduce barriers to entry and accelerate exits from homelessness by recognizing housing as a foundational platform for stability and recovery.

Under this framework, supportive services are offered but not required, and individuals are placed into housing as quickly as possible with the expectation that stability will improve outcomes across health, employment, and social domains (Aubry et al., 2020; United States Interagency Council on Homelessness, 2014). The model has been widely validated in high-acuity populations, particularly through Permanent Supportive Housing programs, which combine long-term rental assistance with intensive supportive services (Henwood et al., 2023).

However, the effectiveness of Housing First depends not only on initial placement, but also on the availability of appropriate housing pathways and sustained system capacity. When downstream housing options are limited or unstable, the model's emphasis on rapid placement may not translate into long-term housing retention (Aubry et al., 2020; United States Interagency Council on Homelessness, 2014; National Low Income Housing Coalition, 2023).

### Time-Limited Subsidy (TLS) and Rapid Re-Housing

Time-Limited Subsidy programs, formerly referred to as Rapid Re-Housing, represent a central component of the homelessness response system's permanent housing strategy. These programs provide short-term rental assistance and supportive services to help individuals and families transition quickly from homelessness into market-rate housing (Los Angeles Homeless Services Authority, 2026).

TLS is specifically designed for individuals who do not require the intensive, long-term services associated with Permanent Supportive Housing. Instead, it targets those who are expected to achieve housing stability with temporary financial support and limited case management (HUD, 2014). The model assumes that with short-term subsidies, individuals can stabilize income, secure employment, and ultimately sustain housing independently.

However, the effectiveness of TLS programs is highly dependent on several external conditions, including the availability of affordable housing units, landlord participation, and consistent program funding. Recent program updates indicate that TLS enrollment has been paused for certain populations during the 2025 to 2026 fiscal year, reflecting funding constraints and system capacity limitations (Los Angeles Homeless Services Authority, 2026). Such disruptions directly

impact the system's ability to move individuals out of interim housing and into permanent placements.

### **Inside Safe and the Role of Interim Housing**

Interim housing programs serve as the immediate response mechanism within the homelessness system, providing temporary shelter and stabilization for individuals experiencing unsheltered homelessness. In Los Angeles, initiatives such as Inside Safe have expanded the use of motels and hotels as interim housing placements, with the stated goal of transitioning individuals into permanent housing as units become available (City of Los Angeles, 2023).

These programs are intended to function as a bridge between street homelessness and permanent housing. Services typically include case management, housing navigation, and assistance with documentation required for housing placement (Los Angeles Homeless Services Authority, 2024). In practice, however, system performance data indicates that key components of this transition process are not consistently achieved. A majority of participants are not referred to housing navigation, have not completed required documentation, or have not initiated housing applications, limiting their ability to progress toward permanent housing (City of Los Angeles Homeless Strategy Committee, 2025).

As a result, interim housing increasingly functions as a holding environment rather than a transitional pathway. Federal monitoring reports further identify inconsistencies in program implementation and gaps in performance tracking, reinforcing concerns that interim housing is not operating as an effective bridge within the system (United States District Court, 2025). When combined with disruptions in TLS availability and limited access to permanent housing resources, the intended continuum of care becomes fragmented, leaving individuals without a clear or reliable pathway forward.

### **Conceptual Framework: The Gap Population**

This paper introduces the concept of the “**gap population**” as a distinct and under-recognized group within the homelessness response system. The gap population consists of individuals who do not meet the criteria for high-acuity interventions, such as Permanent Supportive Housing, but who also lack the financial stability, social support, or structural access required to secure housing independently.

Unlike chronically homeless populations with intensive service needs, individuals within the gap population often demonstrate functional capacity in areas such as decision-making, problem-solving, and, in some cases, employment. However, this capacity is insufficient to overcome systemic barriers, including high rental costs, limited housing supply, and fragmented program pathways. As a result, they exist in a state of conditional stability that is highly sensitive to disruptions in income, housing access, or program availability.

The structure of current homelessness programs implicitly assumes a binary classification system: individuals either require intensive, long-term support or can achieve stability with minimal intervention. The gap population does not align with either category. Instead, they require targeted, time-sensitive support that is both accessible and continuous. When such support is unavailable, inconsistent, or interrupted, these individuals are at high risk of cycling between temporary housing, informal arrangements, and unsheltered homelessness.

The emergence of this population highlights a structural limitation within existing program design. Time-Limited Subsidy programs are conceptually aligned with the needs of this group; however, their effectiveness is undermined by funding instability, enrollment pauses, and dependence on external housing market conditions. Similarly, interim housing programs are not designed to provide the level of stability or autonomy required for this group to maintain employment or pursue independent housing solutions.

The gap population therefore represents a critical point of failure within the system's continuum of care. It is not defined by individual deficiency, but by a mismatch between system design and the realities of housing access. Recognizing and formally defining this group is essential for developing more responsive program models, improving housing outcomes, and increasing overall system efficiency.

### 3. Method and Approach

This study employs a qualitative systems analysis approach to examine the structural dynamics of the Los Angeles homelessness response system, with particular attention to the transition between interim housing and permanent housing pathways. Qualitative systems analysis is used to assess how program design, funding structures, and implementation processes interact to produce observed outcomes (Kim et al., 2023; Verboom & Baumann, 2022). Rather than focusing solely on individual program performance, this approach evaluates the relationships between system components and identifies points of misalignment that contribute to systemic inefficiencies.

A central component of this analysis is participant observation, which is utilized as a form of case-based evidence. Participant-observation allows for direct engagement with the system being studied, providing insight into how policies and programs operate in practice, rather than solely as designed (Verboom & Baumann, 2022). In this study, lived experience is not presented as anecdotal evidence, but as embedded observation within the system itself. This perspective enables the identification of process gaps, service inconsistencies, and barriers that may not be fully captured through administrative data alone.

The participant-observation informing this study is grounded in a clearly defined entry condition, in which the researcher entered the homelessness response system while experiencing vehicular homelessness and limited access to basic facilities. This starting point reflects a common, yet underexamined, pathway into the system and provides a relevant basis for analyzing system performance for individuals who are not categorized as high acuity but require structured support to achieve stability.

The use of participant-observation is particularly relevant in the context of homelessness systems, where individual navigation of services often reveals discrepancies between formal program structures and actual implementation. Observations include interactions with interim housing placements, housing navigation processes, and attempts to access permanent housing resources. These experiences are analyzed in relation to documented program goals and system expectations to identify areas of divergence (City of Los Angeles Homeless Strategy Committee, 2025; United States District Court, 2025).

In addition to participant-observation, this study incorporates a review of publicly available reports, program descriptions, and policy documents related to the Los Angeles homelessness response system. Sources include materials from the Los Angeles Homeless Services Authority, City of Los Angeles administrative reports, federal monitoring documents, and publicly released program updates regarding Time-Limited Subsidy programs and interim housing initiatives (Los Angeles Homeless Services Authority, 2026; City of Los Angeles Homeless Strategy Committee, 2025; United States District Court, 2025). These documents provide context for program design, funding conditions, and reported performance metrics.

The analytical approach integrates these data sources to compare intended system function with observed outcomes. This includes examining discrepancies between stated program objectives, such as rapid transition to permanent housing, and reported or observed results, including delays in housing navigation, limited access to subsidies, and unsuccessful housing exits (City of Los Angeles Homeless Strategy Committee, 2025; United States District Court, 2025).

This methodology supports the identification of structural patterns rather than isolated incidents. By combining systems analysis, participant-observation, and document review, the study seeks to provide a comprehensive understanding of how and why breakdowns occur within the housing continuum. This approach also supports the development of conceptual contributions, such as the identification of the gap population, by grounding new insights in both observed experience and existing program frameworks.

## 4. Findings: Structural Breakdown in the Housing Continuum

### A. The Broken Continuum

The Los Angeles homelessness response system is designed to function as a continuum in which individuals move from unsheltered homelessness into interim housing and then transition into permanent housing. In practice, this continuum is not functioning as intended. Interim housing is no longer operating as a reliable bridge to permanent housing, but instead often functions as a temporary holding environment.

Program design assumes that placement into interim housing initiates a structured transition process that leads to housing stability. However, this transition depends on the availability of downstream resources, including housing navigation, subsidies, and accessible housing units.

When these components are unavailable or delayed, individuals remain in interim settings without a clear pathway forward (City of Los Angeles, 2023; United States District Court, 2025).

Participant-observation indicates that individuals may enter interim housing with the expectation of progression toward permanent housing but encounter prolonged uncertainty and limited movement through the system. This disconnect between program intent and operational reality represents a breakdown in the continuum itself.

### B. TLS Disruption

Time-Limited Subsidy programs are a central mechanism for transitioning individuals from interim housing into permanent housing. However, recent disruptions to TLS availability have significantly weakened this pathway.

Public documentation indicates that TLS programs experienced enrollment pauses for certain populations during the 2025 to 2026 fiscal year, reflecting funding constraints and system capacity limitations (Los Angeles Homeless Services Authority, 2026). In addition, broader funding volatility has contributed to inconsistency in program availability and reduced system reliability (City of Los Angeles, 2023).

The TLS model depends on continuity. It requires that subsidies, housing navigation, and placement opportunities be available at the moment individuals are ready to transition. When enrollment is paused or funding is unstable, this timing is disrupted. As a result, individuals who are positioned to move into permanent housing are unable to do so, effectively stalling their progression within the system.

This disruption transforms TLS from a functional bridge into an uncertain or inaccessible resource, undermining its role within the continuum of care.

### C. Navigation Failures

Housing navigation is a critical component of the transition from interim housing to permanent housing. It includes activities such as completing referrals, securing documentation, identifying housing units, and coordinating placements. Findings indicate that this component of the system is not consistently effective.

System performance data suggests that completion rates for housing navigation processes, including referrals and applications, are significantly lower than expected (United States District Court, 2025; City of Los Angeles Homeless Strategy Committee, 2025). Documentation readiness, including possession of identification and required records, also remains a barrier for many participants (City of Los Angeles Homeless Strategy Committee, 2025). Participant-observation further reveals that navigation processes may be delayed, fragmented, or unclear. Individuals may not receive timely guidance or may lack consistent support in completing required steps. In some cases, expectations regarding documentation and eligibility are not clearly communicated, contributing to delays in progression.

These navigation failures are not minor administrative issues. They represent critical breakdowns in the mechanisms required to convert interim placement into permanent housing outcomes.

#### **D. Outcome Failures**

The cumulative effect of continuum breakdown, TLS disruption, and navigation failures is reflected in system outcomes. Available data indicates that a significant proportion of individuals placed in interim housing do not successfully transition into permanent housing.

Reports on interim housing outcomes show relatively low rates of exits to permanent housing, alongside substantial rates of exits to unknown destinations or returns to unsheltered homelessness (United States District Court, 2025; City of Los Angeles Homeless Strategy Committee, 2025). Early exits from interim housing are particularly associated with poor outcomes, including instability and re-entry into homelessness (Aubry et al., 2020).

These outcome patterns suggest that placement alone is not sufficient to achieve housing stability. Without effective transition mechanisms, interim housing may delay, rather than resolve, housing insecurity.

From a systems perspective, this represents an efficiency failure. Public resources are heavily invested in initial placement but are not consistently converted into sustained housing outcomes. This reflects a breakdown not only in program performance, but in the system's ability to translate inputs into durable results.

#### **E. The Gap Population**

The findings of this study support the identification of a distinct group within the homelessness response system, defined here as the **gap population**. This population consists of individuals who fall between existing program categories and are not adequately served by current system design.

The gap population includes individuals who do not require high-acuity services associated with Permanent Supportive Housing, but who also lack financial stability, support networks, or system access needed to independently secure housing. These individuals may demonstrate functional capacity, including the ability to work, manage daily activities, and engage with services, yet remain structurally unable to exit homelessness.

Current program structures implicitly assume that individuals can be categorized into either high-need or low-need groups. The gap population does not align with this binary classification. As a result, they are often placed into interim housing environments that do not match their needs, while lacking access to consistent and timely pathways into permanent housing.

The disruption of TLS programs further exacerbates this exclusion. Although TLS is conceptually aligned with the needs of this population, its effectiveness is undermined by funding instability, enrollment pauses, and reliance on external housing market conditions. When TLS is unavailable, the gap population is left without a viable pathway forward.

This exclusion is not the result of individual failure, but of structural misalignment. The system does not consistently provide a level of support that matches the needs of individuals who are capable of achieving stability with the right resources, but who cannot do so under current conditions.

The identification of the gap population highlights a critical limitation in existing program design. It demonstrates the need for targeted interventions that are continuous, accessible, and responsive to the realities of housing access, rather than constrained by rigid program categories.

## 5. Discussion

The findings of this study indicate that the breakdown in the Los Angeles homelessness response system is not the result of isolated program failures, but rather the outcome of structural misalignment across key system components. Specifically, the interaction between program design, funding cycles, and housing market conditions produces a system that is unable to consistently translate interim housing placements into permanent housing outcomes.

### Structural Drivers of System Breakdown

At a structural level, the system is designed around a linear progression model in which individuals move from interim housing into permanent housing through defined pathways such as Time-Limited Subsidy programs. This model assumes that each stage of the system is both available and synchronized. However, the findings demonstrate that these components often operate independently, with limited coordination and inconsistent timing.

When one component of the system is disrupted, such as the availability of TLS programs, the entire progression is affected. Interim housing placements continue, but the mechanisms required for transition are weakened or absent. This creates a backlog within the system, where individuals remain in temporary settings without a viable pathway forward (Los Angeles Homeless Services Authority, 2026; City of Los Angeles, 2023).

This structural dependency on coordination, without corresponding guarantees of continuity, results in predictable breakdowns rather than random failures. From a systems perspective, this reflects a failure of interdependent system design, in which the performance of each component is contingent on the stability of others (Kim et al., 2023; Verboom & Baumann, 2022).

### Misalignment Between Program Design and Implementation

Program design within the homelessness response system is based on clearly defined categories and pathways. Individuals are expected to move through these pathways based on assessed need and program eligibility. However, the findings suggest that real-world implementation does not consistently reflect these design assumptions.

Interim housing programs are intended to function as transitional environments, but in practice they often lack the necessary infrastructure to support progression into permanent housing. This includes limitations in housing navigation capacity, inconsistent case management, and delays in documentation processes (United States District Court, 2025; City of Los Angeles Homeless Strategy Committee, 2025).

Similarly, TLS programs are designed to provide timely, short-term support, yet their effectiveness depends on conditions that are not controlled within the program itself, including funding availability and housing market access. When these conditions are not met, program design no longer aligns with operational reality.

This misalignment results in a system that appears coherent in theory but fragmented in practice.

### Funding Cycles and Program Instability

Funding structures play a central role in shaping system performance. Many homelessness programs, including TLS, rely on a combination of federal, state, and local funding sources that are often time-limited, variable, or subject to reallocation (City of Los Angeles, 2023).

The expansion of TLS programs during the COVID-19 pandemic, followed by subsequent contraction as one-time funding diminished, illustrates how funding cycles can directly impact program continuity (Los Angeles Homeless Services Authority, 2026). Enrollment pauses and reduced capacity are not merely administrative decisions, but reflections of underlying financial constraints.

This creates a mismatch between program expectations and system capacity. Individuals enter the system under the assumption that resources will be available, but funding instability means that these resources may not exist at the time they are needed.

As a result, the system operates with built-in uncertainty, reducing its ability to deliver consistent outcomes.

### Housing Supply Constraints

The effectiveness of both TLS and interim housing programs is ultimately constrained by the availability of affordable housing. In high-cost markets such as Los Angeles, limited housing supply and high rental prices create significant barriers to placement, even when subsidies are available (City of Los Angeles, 2023).

TLS programs depend on landlord participation and access to units within an increasingly competitive rental market. Without sufficient supply, subsidies alone are insufficient to secure housing. This places additional pressure on housing navigation systems and prolongs the time required to achieve placement.

The interaction between limited housing supply and time-limited subsidies further compounds the problem. Individuals may secure housing temporarily, but face ongoing risk of instability once subsidies end, particularly in a market where rents exceed income capacity (Aubry et al., 2020).

### Synthesis: A Predictable System Failure

Taken together, these factors reveal a system that is structurally misaligned across multiple dimensions. Program design assumes continuity and coordination, funding cycles introduce instability, and housing supply constraints limit the feasibility of placement. These elements do not operate independently but reinforce one another.

The result is a system in which interim housing placements are not reliably converted into permanent housing outcomes. Instead, individuals may experience delays, stalled progression, or returns to homelessness, not due to individual limitations, but due to systemic conditions.

From a systems perspective, this reflects a failure to align inputs, processes, and outputs within a coordinated framework. Resources are allocated toward placement but are insufficiently supported by stable transition mechanisms and external capacity conditions (Kim et al., 2023; Verboom & Baumann, 2022).

This analysis supports the conclusion that the observed failures are predictable outcomes of system design. Without addressing the structural misalignment between program intent and operational capacity, efforts to improve housing outcomes are likely to remain limited in effectiveness.

## 6. Policy Implications and Call to Action

The findings of this study point to the need for a structural shift in how homelessness response systems are designed, funded, and evaluated. Current approaches emphasize rapid placement and short-term intervention, yet do not consistently support long-term housing stability. Addressing the identified gaps requires reorienting the system toward continuity, alignment, and outcome-based performance.

### **Establish Continuous Subsidy Pathways**

A primary limitation within the current system is the lack of continuity in subsidy programs. Time-Limited Subsidy programs are designed to provide short-term assistance, but their effectiveness depends on consistent availability and timely access. Enrollment pauses and funding instability disrupt this continuity, leaving individuals without viable transition pathways (Los Angeles Homeless Services Authority, 2026).

Policy efforts should prioritize the development of continuous subsidy models that are not subject to abrupt interruption. This may include multi-year funding commitments, flexible subsidy durations based on individual need, and mechanisms that allow for seamless transition between different levels of assistance (United States Interagency Council on Homelessness, 2014).

A continuous subsidy framework would reduce system bottlenecks and ensure that individuals who are ready to transition into permanent housing are not delayed due to program availability constraints.

### **Develop Gap-Specific Program Models**

The identification of the “**gap population**” highlights the need for program models that are specifically designed to address the needs of individuals who fall outside existing categories. Current program structures are largely built around high-acuity or low-acuity classifications, leaving limited options for those who require moderate, targeted support.

Gap-specific programs should focus on providing stable, accessible, and time-sensitive resources that align with the functional capacity of this population. This may include flexible rental assistance, streamlined access to housing units, and support structures that enable individuals to maintain employment and autonomy while securing housing (Aubry et al., 2020).

Designing programs around this population would not only improve individual outcomes but also enhance overall system efficiency by reducing cycling between interim housing and homelessness.

### **Shift Performance Metrics Toward Housing Outcomes**

Current performance evaluation frameworks often emphasize placement metrics, such as the number of individuals moved into interim housing. While placement is an important first step, it does not capture the effectiveness of the system in achieving long-term housing stability.

Policy frameworks should shift toward outcome-based metrics that prioritize successful exits to permanent housing, housing retention over time, and reductions in returns to homelessness (United States Interagency Council on Homelessness, 2014).

This approach is consistent with broader systems analysis principles, which emphasize the alignment of inputs, processes, and outcomes in evaluating system performance (Kim et al., 2023).

By focusing on exits rather than placements, systems can better identify where breakdowns occur and allocate resources accordingly.

### **Reorient Program Design Toward Stability Rather Than Throughput**

Many components of the homelessness response system are structured around throughput, with an emphasis on moving individuals quickly through program stages. While timeliness is an important objective, it should not come at the expense of housing stability.

A stability-oriented approach would prioritize sustained housing outcomes over rapid movement through the system. This includes ensuring that individuals have adequate time, resources, and support to secure and maintain housing, rather than being advanced through program stages based on timelines that do not reflect real-world conditions (Aubry et al., 2020; United States Interagency Council on Homelessness, 2014).

This shift requires a rethinking of program timelines, funding structures, and service delivery models. Stability should be treated as the primary objective, with throughput serving as a supporting function rather than the central goal. Aligning program expectations with housing market realities and individual capacity is essential to improving long-term outcomes.

### **Toward a More Aligned and Effective System**

Together, these policy implications point to the need for a more integrated and responsive system. Continuous subsidy pathways, gap-specific program design, outcome-based performance metrics, and stability-oriented approaches are not independent solutions. They are interdependent components of a system that must function cohesively to achieve meaningful results.

The current system demonstrates that placement without continuity, categorization without alignment, and speed without stability are insufficient to address the complexities of housing insecurity. These conditions reflect broader issues of system misalignment, in which program design, funding structures, and external constraints are not coordinated to support intended outcomes (Kim et al., 2023; Verboom & Baumann, 2022).

A reoriented approach, grounded in structural alignment and long-term outcomes, is necessary to close the gap identified in this study. Without such alignment, improvements in individual program performance are unlikely to translate into meaningful system-wide change.

## 7. Conclusion

This study has examined the Los Angeles homelessness response system through a systems analysis of interim housing, Time-Limited Subsidy programs, and transition pathways into permanent housing. The findings demonstrate that the system is not failing randomly, but predictably, due to structural gaps between program design, funding continuity, and housing market realities.

At the center of this breakdown is a misalignment between placement and sustainability. Programs are structured to move individuals into housing quickly, yet do not consistently ensure that placements can be maintained over time. This creates conditions in which short-term success may lead to long-term instability, particularly for individuals whose financial capacity, health status, or employment limitations are not aligned with the realities of the housing they are expected to sustain (Aubry et al., 2020).

The implications of this misalignment are not abstract. In the course of participant-observation, it became evident that accepting a permanent housing placement under existing conditions may not always represent a viable or responsible outcome. In situations where long-term affordability cannot be achieved, placement can introduce additional risk, including financial strain, displacement, and loss of stability. From a systems perspective, this represents an inefficient use of public resources, as housing placements that cannot be sustained are unlikely to produce durable outcomes.

In this context, the decision not to pursue a particular housing placement reflects an assessment of system conditions rather than a refusal of assistance. When program expectations do not align with individual capacity or structural realities, individuals may be placed in positions where compliance with the system does not lead to stability. This dynamic highlights a critical limitation in current program design, where success is often defined by placement rather than by long-term outcomes.

Participant-observation also revealed that individuals navigating these conditions may encounter additional challenges within service environments, including inconsistent support, unclear expectations, and barriers to recourse when issues arise (Verboom & Baumann, 2022). These experiences further underscore the need for accountability, transparency, and alignment between program intent and implementation.

The identification of the gap population reinforces the conclusion that the system does not adequately account for individuals who fall between established program categories. These individuals are neither fully supported by high-acuity interventions nor sufficiently resourced to succeed independently. As a result, they are disproportionately affected by the structural gaps identified throughout this study.

Addressing these challenges requires a shift in how success is defined and measured. Housing systems must move beyond a focus on placement and toward an emphasis on stability, continuity, and long-term outcomes. This includes aligning subsidy programs with real housing costs, ensuring continuity in funding and access, and designing interventions that reflect the lived realities of those they are intended to serve.

Ultimately, this analysis demonstrates that the effectiveness of homelessness response systems depends not only on the availability of programs, but on the coherence and alignment of the system as a whole. Without addressing the structural gaps between interim housing and permanent housing pathways, efforts to reduce homelessness will remain constrained by predictable and recurring failures.

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