BILLING CODE 4210-67

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6628-N-01]

Notice of Research Justifying Additional Incentives for Certain Activities to Reduce Homelessness

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This notice seeks public comment on activities HUD proposes to incent through the Continuum of Care (CoC) program. These activities are proven to be effective at reducing homelessness or preventing homelessness, and HUD invites public comment on these proposed activities before incenting communities to adopt them as part of their CoC funding applications.

DATES: Comments are due [**INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER***].

ADDRESSES:

Interested persons are invited to submit comments regarding this notice. All submissions must refer to the docket number and title. There are two methods for submitting public comments:

1. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at *https://www.regulations.gov.*

2. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th St. SW, Washington, DC 20410.

FOR FURTHER INFORMATION CONTACT: Claudette Fernandez, General Deputy Assistant Secretary, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410; telephone 202-708-4300. (This is not a toll-free number.) HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. To learn more about how to make an accessible telephone call, please visit https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.

SUPPLEMENTARY INFORMATION:

PURPOSE

The Continuum of Care (CoC) Program is authorized by subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) ("the Act"). The purpose of this notice is to set forth HUD's determination regarding bonuses and other incentives for activities for the CoC Program in section 428 of the Act (42 U.S.C. 11386b).

Section 428(d)(1) of the Act (42 U.S.C. 11386b(d)(1)) authorizes the Secretary to provide bonuses or other incentives to geographic using CoC Program funds for activities "proven to be effective at reducing homelessness generally, reducing homelessness for a specific subpopulation, or achieving homeless prevention and independent living goals." Section 428(d)(2) provides that, "[f]or purposes of this subsection, activities that have

been proven to be effective . . . include[]" permanent supportive housing, rapid rehousing services, short-term flexible subsidies to overcome barriers to rehousing, support services concentrating on improving incomes to pay rent, coupled with performance measures emphasizing rapid and permanent rehousing and with leveraging funding from mainstream family service systems, and "any other activity determined by the Secretary, based on research and after notice and comment to the public, to have been proven effective at reducing homelessness."

On August 7, 2026, the U.S. District Court for the District of Rhode Island held that HUD could not issue its FY 2026 Continuum of Care Competition and Youth Homeless Demonstration Program Grants Notice of Funding Opportunity (NOFO) without going through notice and comment under section 421(d)(2)(C) to establish a set-aside for transitional housing and "supportive services only" projects. *See* Memorandum and Order, *Washington v. HUD*, 1:26-cv-436 (D.R.I. Aug. 7, 2026); Memorandum and Order, *National Alliance to End Homelessness v. HUD*, 1:26-cv-439 (D.R.I. Aug. 7, 2026). HUD does not concede the lawfulness of those orders here, either implicitly or otherwise, and fully stands by its ability to implement all of the parts of its 2026 NOFO without going through notice and comment. HUD is publishing this notice to reinforce its ability to establish the set-aside and to add another means of promoting sound policies on specific services and program components such as supportive services and transitional housing.

The bonuses and incentives contemplated in section 428(d) are a subset of the allowable tools HUD has to issue set-asides, bonus awards, scoring criteria, certifications, and other competitive advantages that allow HUD to implement sound policies to further

Congress's directive that HUD award grants "on a competitive basis" in furtherance of a "national competition." Section 422 of the Act (42 U.S.C. 11382(a)); section 427(a) of the Act (42 U.S.C. 11386a(a)); *see also* section 427(b)(1)(G) of the Act (42 U.S.C. 11386a(b)(1)(G)) (allowing the Secretary of HUD to require "such other factors … to carry this part in an effective and efficient manner").

Generally, HUD uses these tools to ensure "compliance with the program requirements…[and] selection criteria" in sections 426 and 427 of the Act, and to "establish priorities for funding projects in the geographic area involved." Section 403 of the Act (42 U.S.C. 11360a(f)(B)). HUD maintains that its set-asides, threshold criteria, merit criteria, certifications, and other challenged parts of the 2026 NOFO are lawful and not best characterized as bonuses or incentives under section 428(d) and (e) of the Act (42 U.S.C. 11386b(d), (e)). Nevertheless, HUD wishes to move forward with this notice identifying particular activities that are proven to be effective.

This notice announces specific activities the Secretary proposes to incentivize and makes available for notice and comment the research HUD is relying on in support of its determination that these activities are proven effective at reducing homelessness. HUD will review the public comments received and then, following the comment period, HUD will either publish revisions to the determination based on consideration of comments, or, if HUD determines that no revisions are needed, then HUD will adopt these determinations as part of future CoC funding opportunities.

Consistent with the statutory framework established by Congress, HUD seeks to ensure that communities utilize a balance of approaches and have access to the full range of eligible interventions authorized under the CoC Program. Ultimately, HUD aims to

provide communities with greater flexibility to address local conditions, and advance the statutory goals of reducing homelessness, optimizing self-sufficiency, and minimizing trauma to homeless individuals and the community.

DETERMINATION

HUD has determined that the following activities constitute proven effective activities for purposes of section 428(d):

- Transitional housing with supportive services concentrating on improving employment income and meeting behavioral healthcare needs for homeless individuals and families, particularly for homeless youth, families, and survivors of domestic violence, including dating violence, sexual assault, and stalking.
- Supportive services for homeless individuals and families concentrating on improving employment income, meeting healthcare needs, treating substance use disorder and mental illness, and addressing barriers to self-sufficiency and housing through the provision of supportive services in housing, shelter, a standalone facility, or through street outreach.
- Supportive service participation agreements to engage program participants in unique, individualized services tailored to their needs and goals.
- Housing that supports treatment and recovery for homeless individuals with a substance use disorder or in recovery from a substance use disorder by providing drug-free housing, sober housing, and on-site behavioral healthcare and recovery support services.
- Coordination with law enforcement and first responders as crucial partners in addressing homelessness.

Transitional Housing, Supportive Services Only projects, and supportive services are existing eligible CoC costs and program components under 24 CFR 578.53 and 578.37(a)(2) and (3). Supportive service participation agreements and sober housing are existing eligible CoC models of service under 24 CFR 578.75(h) and 578.93(b)(5). As such, this determination does not establish new CoC Program components, create new eligible activities, or expand HUD's statutory authority. Rather, it reflects the Secretary's exercise of authority expressly provided by Congress to identify, based on research and after notice and comment, additional proven effective strategies under section 428(d)(2)(C).

BACKGROUND

The McKinney-Vento Homeless Assistance Act established the CoC program to:

1. Promote community-wide commitment to the goal of ending homelessness;

2. Provide funding for efforts by nonprofit providers and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to individuals, families, and communities by homelessness;

3. Promote access to, and effective utilization of, mainstream programs described in section 203(a)(7) of the Act (42 U.S.C. 11313(a)(7)) and programs funded with State or local resources; and

4. Optimize self-sufficiency among individuals and families experiencing homelessness.

Congress recognized that homelessness has many causes and affects varying subpopulations with unique needs. In establishing the program, Congress found that "the

causes of homelessness are many and complex" and that "there is no single, simple solution to the problem of homelessness because of the different subpopulations of the homeless, the different causes of and reasons for homelessness, and the different needs of homeless individuals." Section 102 of the Act (42 U.S.C. 11301).

Consistent with this understanding, Congress authorized a range of program components and intervention strategies under the CoC program. HUD's regulations identify five eligible project components: Permanent Housing, including Permanent Supportive Housing and Rapid Re-Housing; Transitional Housing; Supportive Services Only; Homeless Management Information Systems; and Homelessness Prevention (24 CFR 578.37(a)). Together, these components were intended to create a balanced continuum of assistance.

Transitional Housing and Supportive Services, two of the five components, are neither new nor marginal activities. They are longstanding components of the Federal response to homelessness and have been funded through HUD homelessness assistance programs for decades. Transitional Housing is housing intended to facilitate the movement of individuals and families experiencing homelessness to permanent housing within 24 months or such longer period as the Secretary determines necessary. Section 401(31) of the Act (42 U.S.C. 11360(31)). By providing temporary housing and stability, Transitional Housing is intended to assist individuals and families in achieving and maintaining permanent housing, including market rate housing.

Supportive services are services that address the special needs of people served by a project and include childcare, job training, outpatient health services, case management, and other services necessary to obtain and maintain housing. Section 401(29) of the Act

(42 U.S.C. 11360(29)). Under HUD's regulation, Supportive Services Only projects provide such services to unsheltered and sheltered homeless persons without providing housing or housing assistance through the project and may include street outreach activities. Supportive Services Only projects may also utilize eligible funds for facilities from which supportive services are provided, allowing communities to connect homeless individuals and families with services designed to promote housing stability and self-sufficiency.

Transitional Housing was incorporated into the Stewart B. McKinney Homeless Assistance Act of 1987 through HUD's Supportive Housing Demonstration Program, and HUD began funding transitional housing, permanent supportive housing, and related supportive services through that program in the late 1980s. In 1992, Congress made the program permanent as the Supportive Housing Program.[1]

The period beginning in 1994 also reflected changes in Federal assistance policy. In 1994, HUD began developing the CoC concept, and in 1996, began requiring communities to submit Supportive Housing Program applications through the CoC process. Separately, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced Aid to Families with Dependent Children with Temporary Assistance for Needy Families, emphasizing work and time-limited assistance.[2] During the period that followed, transitional housing continued to be funded through the CoC Program and expanded substantially. HUD reports that approximately 4,400 transitional housing programs were operating in 1996, providing approximately 160,000 beds. By

---

[1] U.S. Dep't of Hous. & Urb. Dev., *Stewart B. McKinney Homeless Programs* (Dec. 12, 1995).
[2] U.S. Dep't of Health & Hum. Servs., Off. of the Assistant Sec'y for Planning & Evaluation, *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (Aug. 1996).

2007, nearly 7,300 transitional housing programs were operating, providing approximately 211,000 beds.[3]

The HEARTH Act of 2009 revised and consolidated federal homelessness assistance programs and established the current CoC Program framework. That year, 36 percent of the national CoC award went to Transitional Housing or Supportive Services Only projects.[4] Beginning with the 2013 CoC NOFO, HUD dramatically de-prioritized Transitional Housing and Supportive Services Only projects. In recent NOFOs, HUD's funding competition has effectively not allowed any new Transitional Housing or Supportive Services Only projects.[5] In 2024, only 6 percent of the national award went to Transitional Housing or Supportive Services Only projects, compared with 36 percent in 2009.[6] Since 2013, the nationwide supply of Permanent Housing (Permanent Supportive Housing and Rapid Re-Housing) has increased 100 percent. During the same time, the nationwide supply of Transitional Housing decreased 59.7 percent.[7]

The systematic defunding of Transitional Housing and Supportive Services Only projects can be attributed to HUD's 2013 implementation of a policy approach, generally referred to as "Housing First." While definitions of the policy and its implementation

---

[3] Martha R. Burt, *Life After Transitional Housing for Homeless Families* (U.S. Department of Housing and Urban Development, Office of Policy Development and Research 2010), at xvi, https://www.huduser.gov/portal/publications/pdf/LifeAfterTransition.pdf.
[4] U.S. Dep't of Hous. & Urb. Dev., *HUD's 2009 CoC Assistance Programs Funding Awards—National 2009* (2009), https://files.hudexchange.info/reports/published/CoC_AwardComp_NatlTerrDC_2009.pdf.
[5] Recent NOFOs had no threshold criteria for Transitional Housing or Supportive Services Only projects other than Coordinated Entry, meaning no new Transitional Housing or Supportive Services Only projects were eligible for funding. *See* U.S. Dep't of Hous. & Urb. Dev., *Notice of Funding Opportunity (NOFO) for Fiscal Year (FY) 2024 and FY 2025 Continuum of Care Competition and Renewal or Replacement of Youth Homeless Demonstration Program Grants*, No. FR-6800-N-25, at 60-63 (July 31, 2024),
[6] U.S. Dep't of Hous. & Urb. Dev., *CoC Award Competition National, Territories, and DC 2024* (2024), https://files.hudexchange.info/reports/published/CoC_AwardComp_NatlTerrDC_2024.pdf.
[7] U.S. Dep't of Hous. & Urb. Dev., *The 2025 Annual Homelessness Assessment Report (AHAR) to Congress: Part 1: Point-in-Time Estimates of Homelessness* (May 2026), https://www.huduser.gov/portal/sites/default/files/pdf/2025-AHAR-Part-1.pdf.

differ, HUD has consistently described Housing First as "rapid placement and stability in permanent housing in which admission does not have preconditions . . . and in which housing assistance is not conditioned upon participation in services."[8] In practice, HUD's implementation of the policy drew emphasis away from robust supportive services that were tied even to early iterations of the Housing First model, and replaced them with a single-minded focus on retention of housing subsidy.[9]

HUD's implementation of Housing First since 2013 has funded Permanent Housing to the exclusion of Transitional Housing and Supportive Services Only projects, and mandated "fidelity" to the Housing First model within CoC-funded projects.[10] While proponents claimed that Housing First would end all types of homelessness by 2020, the approach has profoundly failed to deliver on its promises.[11] After focusing on permanently subsidized housing with no conditions for more than a decade, homelessness reached the highest number ever recorded at the highest rate of increase ever recorded in 2024.[12] There are more people today than ever before who are dependent on indefinitely subsidized housing for homelessness.

Congress was clear that the "causes of homelessness are many and complex" and has no singular solution. Section 102(a) of the Act (42 U.S.C. 11301(a)). Consistent with

---

[8] U.S. Dep't of Housing & Urban Dev., *Notice of Funding Opportunity (NOFO) for Fiscal Year (FY) 2024 and FY 2025 Continuum of Care Competition*, No. FR-6800-N-25, 17 (July 31, 2024), https://www.hud.gov/sites/dfiles/CPD/documents/CoC/Foa_Content_of_FR-6800-N-25_1-9-download.pdf.
[9] Covenant House Int'l, National Network for Youth & School House Connection, *"To Become the Best Version of Myself": Youth-Supportive Transitional Housing Programs as An Essential Resource for Addressing Youth Homelessness* 23 (2021), https://www.covenanthouse.org/sites/default/files/2023-08/Transitional-Housing.pdf.
[10] Off. of Cmty. Planning & Dev., U.S. Dep't of Hous. & Urb. Dev., *Notice of Funding Opportunity (NOFO) for Fiscal Year (FY) 2024 and FY 2025 Continuum of Care Competition and Renewal or Replacement of Youth Homeless Demonstration Program Grants* 86 (2024), https://www.hud.gov/sites/dfiles/CPD/documents/CoC/Foa_Content_of_FR-6800-N-25_1-9-download.pdf.
[11] Tina Trenkner, *Are Cities' Pledges to End Homelessness Working?*, Governing (Mar. 26, 2012), https://www.governing.com/archive/gov-homelessness-rising-decade-after-pledges-to-end-it.html.
[12] *2025 AHAR*, *supra* note 7.

this understanding, HUD finds that an exclusive focus on permanent housing, paired with HUD's 2013 Housing First mandate, has failed to adequately address this reality.

More than a decade since the enactment of the HEARTH and the Housing First policy shift, homelessness trends and stakeholder experience have prompted renewed examination of the role of the full range of interventions authorized under the Act.

The 2009 HEARTH Act requires the Secretary to "provide bonuses or other incentives to geographic areas for using funding under this part for activities that have been proven to be effective at reducing homelessness generally, reducing homelessness for a specific subpopulation, or achieving homeless prevention and independent living goals." Section 428(d)(1) of the Act (42 U.S.C. 11386b(d)(1)). Section 428(d)(2) further provides that, "[f]or purposes of this subsection, activities that have been proven to be effective . . . includes":

- Permanent supportive housing for chronically homeless individuals.
- For homeless families, rapid rehousing services, short-term flexible subsidies to overcome barriers to rehousing, support services concentrating on improving incomes to pay rent, coupled with performance measures emphasizing rapid and permanent rehousing and with leveraging funding from mainstream family service systems such as Temporary Assistance for Needy Families and Child Welfare services.
- Any other activity determined by the Secretary, based on research and after notice and comment, to have been proven effective at reducing homelessness generally, reducing homelessness among a specific

subpopulation, or achieving homeless prevention and independent living goals.

More than fifteen years after enactment of the HEARTH Act, HUD now has access to substantially more data, research, and program experience than was available when the current policy framework was first implemented. HUD has therefore undertaken a review of available evidence concerning the effectiveness of Transitional Housing, supportive services, participation requirements, recovery-oriented housing models, and related interventions.

HUD's investment in Permanent Supportive Housing, to the exclusion of other forms of assistance—including robust wraparound services—and other subpopulations, has not led to a reduction in chronic homelessness. Instead, chronic homelessness has increased 80.5 percent since 2013 to the highest number on record despite a 44 percent increase nationwide in Permanent Supportive Housing beds during the same period. Chronic homelessness is not the only subpopulation for which the "proven effective strategies" have yet to prove effective. Family homelessness has increased 4 percent, unsheltered homelessness has increased 36 percent, and homelessness generally has increased 27 percent even as the supply of Permanent Supportive Housing has increased 44 percent.[13] These outcomes underscore the need for additional strategies.

Permanent Supportive Housing and re-housing services for families are not tied to a Housing First approach in statute. Rather, HUD finds that both have failed to prove effective when implemented to the exclusion of other types of assistance and services, especially those proven to be effective for populations that are able to regain self-

[13] *2025 AHAR*, *supra* note 5, at 1, 29.

sufficiency. Further, HUD finds that the implementation of the 2009 activities has not adequately furthered the independent living goals established in section 428(d)(1) of the Act. That provision states that "the Secretary shall provide bonuses...for activities that have been proven to be effective at...achieving homeless prevention and independent living goals as set forth in section 427(b)(1)(F)." The independent living goals set forth in section 427(b)(1)(F) are for homeless youth and families with children and include addressing:

- Chronic disabilities;
- Chronic physical health or mental health conditions;
- Substance use disorder;
- Histories of domestic violence or childhood abuse; and
- Barriers to employment.

HUD finds that these goals require interventions beyond permanent housing assistance alone. Employment-focused services, behavioral health services, substance use disorder treatment, recovery support services, participation agreements tailored to individual needs, and transitional housing assistance can address barriers to self-sufficiency and independent living in ways that an exclusive focus on permanent housing assistance cannot. Recognizing these interventions as proven effective strategies will help advance the independent living goals identified by Congress and encourage communities to utilize a broader range of authorized interventions tailored to local needs and individual circumstances.

HUD acknowledges that a select subpopulation of homeless individuals are unlikely to regain self-sufficiency or independence and may require long-term

assistance. However, there are countless individuals who, with supportive services and transitional housing, can become self-sufficient, and who deserve the opportunity to do so. HUD's past focus on permanently subsidized housing without conditions has failed to afford them that opportunity, and in doing so, has caused tremendous harm to vulnerable Americans.

For these reasons, HUD intends to implement the existing statutory strategies consistent with their original intents. Consistent with that goal, HUD is identifying activities that have been proven effective at reducing homelessness generally, reducing homelessness for a specific subpopulation, or achieving homeless prevention and independent living goals listed above.

The research supporting the Secretary's determination draws on HUD administrative data, external research and evaluations, published studies, program experience, and stakeholder feedback. HUD's review of this evidence demonstrates that these activities warrant recognition as proven effective strategies under section 428(d)(2)(C). The stakeholder perspectives and research discussed below describe the evidence considered by HUD and are being made available for public review and comment consistent with section 428(d)(2)(C).

STAKEHOLDER PERSPECTIVES AND FEEDBACK

As provided by statute, HUD is making available for notice and comment the research supporting its determination that the activities discussed below have been proven effective at reducing homelessness and achieving homeless prevention and independent living goals. In developing this determination, HUD undertook a preliminary process of eliciting comments and feedback from stakeholders and considered them as

part of its review. This publication provides further opportunity for interested parties to submit comments, which HUD will review and consider upon final publication of this report.

In conducting its review, HUD considered available data and engaged with stakeholders, including CoC collaborative applicants, CoC recipients, faith-based organizations, service providers, healthcare providers, law enforcement, local elected officials, and individuals with lived experience. Over the last year, HUD hosted 58 homelessness forums in 32 states, sharing its intended policy direction, listening to feedback, and answering questions.

HUD also partnered with the Substance Abuse and Mental Health Services Administration (SAMHSA) within the U.S. Department of Health and Human Services (HHS) and the White House Office of National Drug Control Policy (ONDCP) to release a *Best Practices Toolkit: Addressing Homelessness and Addiction through "Treatment First"*[14] ("Best Practices Toolkit"). The toolkit draws directly on a three-day White House summit with leading housing and service providers, law enforcement officers, medical personnel, addiction and mental health experts, and individuals with lived experience from across the country. The toolkit provides an extensively researched set of best practices for addressing homelessness among those with substance use disorders.

Several common themes emerged from HUD's engagement with stakeholders and informed HUD's review of additional strategies. These include:

- The value of and need for supportive services, including behavioral health services;

[14] U.S. Dep't of Hous. & Urb. Dev., *Best Practices Toolkit* (2026), https://www.hud.gov/sites/default/files/Main/documents/Best-Practices-Toolkit.pdf.

- The difficulty faced by new providers in receiving CoC funding in a system dominated by renewal projects;
- The benefits of partnerships with law enforcement and first responders to engage individuals in crisis with the goal of connecting them to services;
- The impact of the fentanyl crisis and substance use disorders in contributing to the loss of housing, perpetuating homelessness, and creating barriers to recovery and self-sufficiency; and
- The complex nature of underlying causes of homelessness beyond the loss of housing alone.

HUD does not create policy in a vacuum. In addition to direct stakeholder engagement, HUD considered developments in state and local homelessness policy across the country that reflect large-scale shifts in approaches to homelessness. It is evident that the status quo on Federal homelessness policy has not resulted in an America with fewer homeless individuals and families. The opposite is true. HUD and the Federal Government are far from the first to recognize this reality and the need for a new approach. Cities and states across the country have been reevaluating their approaches to homelessness in favor of public safety, accountability, self-sufficiency, and recovery for those who need it.

Examples of these policy shifts can be found in jurisdictions across the nation, including those where Housing First has been the dominant policy framework. San Francisco, California has increased law enforcement response to public illicit drug use, invested in housing conditioned on treatment and sobriety, and recently passed a drug-

free housing ordinance.[15] California declared increased efforts to remove homeless encampments across the state.[16] Portland, Oregon has implemented a camping ban and invested heavily in short-term shelter and housing.[17] Anchorage, Alaska reported eliminating major homeless encampments for the first time in a decade following investments in behavioral health treatment and public safety partnerships.[18] The mayor of Houston, Texas declared he would be "reclaiming our public spaces."[19] Seattle, Washington is making new investments, not in permanent supportive housing, but in shelter.[20] Multnomah County, Oregon is investing in sobering centers and recovery beds.[21]

Across the country, the intertwined realities of homelessness, addiction, and mental illness have become increasingly inescapable, driving communities to reconsider approaches that do not adequately address these challenges. This has contributed to

---

[15] Luz Pena, *SF Mayor Signs Legislation for Officers to Arrest Drug Users, Send Them to RESET Center*, ABC7 News (Feb. 17, 2026), https://abc7news.com/post/san-francisco-mayor-signs-legislation-police-sheriff-deputies-arrest-drug-users-send-reset-center/18613975/; Mayor Daniel Lurie, *Mayor Lurie Signs Legislation To Expand Drug-Free Permanent Supportive Housing, Building on Progress of Breaking the Cycle Plan*, City & Cnty. of S.F. (Feb. 17, 2026), https://www.sf.gov/news-mayor-lurie-signs-legislation-to-expand-drug-free-permanent-supportive-housing-building-on-progress-of-breaking-the-cycle-plan.

[16] Marisa Kendall, *Newsom Launches Task Force to Clear CA Homeless Encampments*, CalMatters (Aug. 29, 2025), https://calmatters.org/housing/homelessness/2025/08/newsom-homeless-encampments-task-force/.

[17] Michaela Bourgeois & Anthony Kustura, *Portland Resumes Homeless Camping Ban Enforcement, Focuses on Connecting Portlanders with Shelter*, KOIN 6 News (Oct. 30, 2025), https://www.koin.com/news/portland/portland-resumes-homeless-camping-ban-enforcement-focuses-on-connecting-portlanders-with-shelter/.

[18] Press Release, Anchorage Assembly, Chair Constant Statement on Homelessness Milestone (Mar. 3, 2026), https://www.muni.org/Departments/Assembly/PressReleases/Pages/Chair-Constant-Statement-on-Homelessness-Milestone.aspx.

[19] Dominic Anthony Walsh, *Mayor Whitmire Wants to 'End Homelessness' in Houston This Year. The Effort Faces Challenges*, Houston Public Media (Feb. 28, 2026), https://www.houstonpublicmedia.org/articles/news/city-of-houston/2026/02/28/544667/homeless-houston-mayor-whitmire-policy/.

[20] Stephannie Stokes, *Next Homeless Shelter Village in Wilson's Surge to Be in South Seattle*, Seattle Times (May 7, 2026), https://www.seattletimes.com/seattle-news/homeless/next-homeless-shelter-village-on-wilsons-surge-to-be-in-south-seattle/.

[21] *County Investments Add More Than 250 Recovery and Stabilization Beds*, Multnomah Cnty. (Oct. 28, 2024), https://multco.us/news/county-investments-add-more-250-recovery-and-stabilization-beds.

growing dissatisfaction among communities and taxpayers with the broader policy approaches that have shaped the Nation's response to homelessness,[22] particularly as ever-increasing taxpayer investment has failed to alter the visible crisis on the streets. The persistence of these conditions has raised concerns that approaches focused primarily on housing placement, without addressing underlying behavioral health, substance use, and other barriers to stability, can leave individuals trapped in cycles of addiction and homelessness. With the right support, homeless individuals with addiction and mental illness can recover, achieve stability, and lead healthy lives in stable housing.

As the largest federal homelessness assistance program, the CoC Program plays a leading role in shaping homelessness policy across the nation. The perspectives and experiences shared with HUD reinforce the need for approaches that address homelessness through a broader range of interventions, including services, treatment, recovery, and pathways to self-sufficiency. The research and evidence discussed below further examine these approaches and provide the evidentiary basis for HUD's determination.

RESEARCH

Transitional Housing with Supportive Services

The McKinney-Vento Homeless Assistance Act defines Transitional Housing as "housing the purpose of which is to facilitate the movement of individuals and families experiencing homelessness to permanent housing within 24 months or such longer period as the Secretary determines necessary." Section 402(31) of the Act (42 U.S.C.

[22] Will James, *Homelessness Continues to Get Worse. Should Seattle, and the U.S., Still Embrace 'Housing First'?*, KUOW (Jan. 8, 2025), https://www.kuow.org/stories/housing-first-seattle-history-homelessness-homeless.

11360(31)). One of the four objectives of the CoC Program is to "optimize self-sufficiency" among homeless individuals and families. Section 421(4) of the Act (42 U.S.C. 11381(4)). This objective is aided by Transitional Housing, which is one of five eligible project types under the CoC regulations and is a key component of the continuum of assistance (24 CFR 578.37) Congress established the Act to address the "many and complex" causes of homelessness and serve the "diverse needs" of each continuum's geographic area. Section 102(a)(3) of the Act (42 U.S.C. 11301(a)(3)).

Transitional Housing is particularly effective in addressing the needs of subpopulations including homeless youth, families with children, and survivors of domestic violence (DV), dating violence, sexual assault, and stalking. Together, these subpopulations make up a significant subset of the total homeless population.[23] For these and other populations, Transitional Housing can provide the time, stability, and intensive supportive services necessary to address barriers to employment, health, behavioral health, substance use, safety, and self-sufficiency while working toward stable housing.

HUD's recognition that Transitional Housing is an effective strategy is not new. In 2010, a HUD Policy Development and Research (PD&R) study stated that "Transitional Housing has been an important element of the Department's efforts to respond to the housing needs of homeless families and individuals."[24] Despite being a key feature of Congress's design and HUD's implementation of the CoC Program, just three years later, HUD would pivot decisively against Transitional Housing, shifting resources toward Permanent Housing.

---

[23] Unaccompanied youth and people in families with children accounted for approximately 35 percent of the 2025 Point-in-Time Count. *2025 AHAR*, *supra* note 7.
[24] Burt, *supra* note 3.

The effect of this policy shift on the availability of Transitional Housing has been substantial. The national supply of Transitional Housing has decreased approximately 60 percent since HUD first began collecting data in 2007. [25] In HUD's 2013 CoC NOFO, the Department dramatically de-prioritized Transitional Housing and Supportive Services Only projects. In recent NOFOs, HUD has effectively not allowed any new Transitional Housing or Supportive Services Only projects to compete for funding. Recent NOFOs had no threshold criteria for Transitional Housing or Supportive Services Only projects other than Coordinated Entry, meaning no new Transitional Housing or Supportive Services Only projects were eligible for funding. [26] Thus, Housing First very quickly became Housing Only. This historical divestment from Transitional Housing in favor of Permanent Housing has left vulnerable individuals without the necessary support and tools to become self-sufficient.

HUD now has substantially more performance data with which to assess that policy shift than it did when the shift occurred. The period from 2007 (when HUD first started collecting PIT count data) to 2013 provided approximately six years of national homelessness data before HUD began diverting resources away from Transitional Housing. During those first six years (2007 to 2013), homelessness decreased 8.8 percent. By contrast, during the last 13 years (2013 to 2026) of a near-exclusive focus on Permanent Housing, homelessness increased 27 percent, rising to highest recorded levels

---

[25] U.S. Dep't of Hous. & Urb. Dev., *CoC Housing Inventory Count (HIC): National, Territories, and DC 2007* (2007), https://files.hudexchange.info/reports/published/CoC_HIC_NatlTerrDC_2007.pdf

[26] *See* . U.S. Dep't of Hous. & Urb. Dev., *FY 2024 and FY 2025 Continuum of Care Competition and Renewal or Replacement of Youth Homeless Demonstration Program Grants*, 89 Fed. Reg. 61,988 (July 31, 2024), https://www.hud.gov/sites/dfiles/CPD/documents/FY2024_FY2025_CoC_and_YHDP_NOFO_FR-6800-N-25.pdf

in 2024 and 2025.[27] Further, since 2013, HUD has chosen to distribute an average of only 5.45 percent of funding to new projects each year, severely limiting the funds available for new projects in favor of renewal projects.[28] It is well past time for HUD to recognize that funding Transitional Housing is a necessary part of the CoC Program.

The practical consequences of this shift in resources and attention away from case management and supportive services towards housing placements and retention were reflected by homelessness providers, one of which described the change as:

> *"The [2013] shift in HUD funding to rapid rehousing programs was seismic for nonprofit organizations providing homeless services at the local level ... Following the HUD money, emphasis in the field shifted to finding landlords willing to take a risk by renting to referrals from homeless services agencies instead of providing services. Service providers, encouraged by HUD, eliminated case manager positions and hired housing locators instead."* [29]

HUD has found that the exclusion of Transitional Housing and resulting imbalance in the CoC Program has prevented communities from executing the core purposes of the program—to reduce homelessness and optimize self-sufficiency. Transitional Housing should be recognized as one strategy, among others, to address homelessness and promote independent living.

A. Transitional Housing for Youth Subpopulation

---

[27] *2025 AHAR*, *supra* note 7.
[28] U.S. Dep't of Hous. & Urb. Dev., *CoC Award Summary Reports by Component and Project Type* (2007–2024), HUD Exchange (last visited Sept. 1, 2026), https://www.hudexchange.info/programs/coc/awards-by-component/.
[29] Covenant House Int'l, *supra* note 9.

For subpopulations such as homeless youth, data indicate that Transitional Housing leads to positive outcomes for housing stability and employment. Research shows high rates of unemployment among homeless youth and negative outcomes in safety, stability, and self-sufficiency associated with unemployment. [30] A study published in *Social Science and Medicine* found that a temporary housing and supportive services intervention was effective in promoting stabilization among the young individuals included in the study. [31] The authors also stated that research shows permanent supportive housing for homeless youth is "associated with worse employment outcomes, probably due to disincentives to work." [32]

A 2016 study published in *Pediatrics* evaluated outcomes of homeless youth with mental illness receiving a "Housing First" intervention compared with treatment as usual. Notably, the "Housing First" intervention was "combined with assertive community treatment or intensive case management," which is a level of service uncommon in CoC housing assistance. Even with that additional service component, the "Housing First" intervention was associated with lower rates of employment and higher rates of "leisure"—two measures that do not indicate progress toward self-sufficiency for working age youth.[33]

Evidence from Transitional Housing programs presents a different picture. A study by *Covenant House International* found that among youth exiting Transitional

---

[30] Natasha Slesnick, Jing Zhang & Tansel Yilmazer, *Employment and Other Income Sources Among Homeless Youth*, 39 J. Primary Prevention 247, 247–62 (2018), https://doi.org/10.1007/s10935-018-0511-1.
[31] Jing Zhang et al., *Housing Stability, Employment, and Survival Behaviors Among Young Mothers Experiencing Homelessness: A Randomized Controlled Trial of a Housing Intervention*, 366 Soc. Sci. Med. 117658 (2025), https://doi.org/10.1016/j.socscimed.2024.117658.
[32] *Id.*
[33] Nicole Kozloff et al., *"Housing First" for Homeless Youth with Mental Illness*, 138 Pediatrics, no. 4, e20161514 (2016), https://housingfirst.wp.tri.haus/assets/files/2016/12/HF-for-homeless-youth-with-mental-illness.pdf.

Housing programs across 15 U.S. cities, 73 percent exited to stable housing and 69 percent were employed or in school upon exit. Among youth who remained in Transitional Housing for at least one year, these percentages increased to 83 percent and 75 percent respectively.[34] These outcomes are particularly relevant to the CoC Program's statutory objective of optimizing self-sufficiency and underscore the value of pairing housing assistance with supportive services focused on employment, mental health, substance use treatment, and recovery in addressing youth homelessness.

The continued demand for Transitional Housing among youth is evident in HUD's program data. Of the limited supply of Transitional Housing and Supportive Services Only projects that remain in the CoC Program, a significant portion are dedicated to youth. Nearly 16 percent of Transitional Housing awards and 33 percent of Supportive Services Only awards in FY24 were youth projects.[35]

B. Transitional Housing for Domestic Violence Survivor Population

For the population of individuals and families impacted by domestic violence, dating violence, sexual assault, and stalking, Transitional Housing is a key tool for providing community and support to recover and regain self-sufficiency in a safe environment. According to the *2025 National Network to End Domestic Violence* National Summary, 71 percent of programs providing services to survivors provided emergency shelter, while 39 percent provided "Transitional or Other Housing." Nevertheless, demand for temporary housing continued to exceed available resources, as

[34] Covenant House Int'l, *supra* note 9, at 23.
[35] *CoC Award Competition 2024*, *supra* note 6.

the majority of unmet requests were for "emergency shelter, hotels, motels, transitional housing, and other housing."[36]

The Department of Justice's Office on Violence Against Women likewise identified "widespread shortages in emergency shelters, transitional housing, and long-term affordable housing" in a January 2025 report.[37] The report further identified the need for partnerships with law enforcement and substance use disorder treatment and recovery programs to "deliver comprehensive, wraparound services" for survivors.[38] These sources indicate that short- to medium-term shelter and housing assistance, coupled with supportive services, remains a critical gap in existing resources available to survivors and their families. For survivors, these documented needs highlight the importance of preserving access to Transitional Housing as part of a broader continuum of housing and supportive services.

C. Transitional Housing for Families with Children Subpopulation

For families with children, research, including HUD's Family Options Study, supports the provision of short- to medium-term housing assistance paired with robust services.[39] In a 2025 study published in *Social Science & Medicine*, researchers conducted a randomized controlled trial and evaluated the longitudinal impacts of a "temporary housing and supportive services" model compared with "housing only" among homeless young mothers.[40] The study found that a 3-month temporary housing

---

[36] Nat'l Network to End Domestic Violence, *20th Annual Domestic Violence Counts Report: National Summary* (2026), https://nnedv.org/wp-content/uploads/2026/03/20th-Annual-DV-Counts-Report-National-Summary-FINAL-EN.pdf.
[37] U.S. Dep't of Just., Off. on Violence Against Women, *30 Years of the Violence Against Women Act: A Legacy and Future of Safety and Justice* 14 (2025), https://www.justice.gov/ovw/media/1385701/dl?inline.
[38] *Id.*
[39] U.S. Dep't of Hous. & Urb. Dev., *The Family Options Study*, HUD User, https://www.huduser.gov/portal/family_options_study.html.
[40] Zhang et al., *supra* note 31.

and supportive services intervention was "powerful to promote mothers' stabilization" and produced consistently positive outcomes in housing, employment, and survival behaviors compared with "housing only."

Similar findings in favor of housing paired with supportive services were found in a 2023 study in the *Journal of Substance Abuse Treatment,* which examined outcomes of young homeless mothers with substance use disorders.[41] The randomized controlled trial found that mothers receiving housing paired with supportive services were more likely to maintain or reduce substance use and increase self-efficacy compared with mothers receiving housing alone or services as usual. Together, these findings suggest that supportive services are particularly important when providing housing to young mothers with substance use disorders.

D. Transitional Housing and Supportive Services Provision

HUD also finds that some of the early concerns that drove the de-prioritization of Transitional Housing were too narrowly focused on immediate costs driven by service intensity, rather than on long-term outcomes those services can deliver. The higher levels of supportive services provided in Transitional Housing, and the associated costs, were one of the primary drivers of HUD's shift away from Transitional Housing. In a 2010 PD&R research report, HUD posed the question, "Should transitional housing continue to be emphasized as an option for all homeless?"[42] The report noted that "transitional housing is the most expensive model [compared to shelter and Permanent Supportive

---

[41] Natasha Slesnick et al., *Housing and Supportive Services for Substance Use and Self-Efficacy Among Young Mothers Experiencing Homelessness: A Randomized Controlled Trial*, 144 J. Substance Abuse Treatment 108917 (2023), https://doi.org/10.1016/j.jsat.2022.108917.

[42] U.S. Dep't of Hous. & Urb. Dev., *Bridging the Gap: Homelessness Policy*, 1 Insight, no. 1, 2011, at 1, https://www.huduser.gov/portal/periodicals/insight/insight_1.pdf.

Housing],” but also recognized that it frequently offered “more privacy and a comprehensive range of on-site services.” The report also noted ongoing decreases in chronic homelessness from 2007 to 2009. Despite these positive outcomes, HUD’s consideration of immediate costs subsequently led to a significant expansion of Permanent Supportive Housing, while failing to provide the appropriate level of Transitional Housing with supportive services. As a result, since 2013, the Federal Government has provided approximately $36 billion in CoC funding to address homelessness. Yet approximately 155,000 more people are homeless today than in 2013 — a 26.3 percent increase.

There is clear and consistent research demonstrating the value of Transitional Housing paired with supportive services, particularly for subpopulations such as youth, families with children, and DV survivors. Transitional Housing is distinguished from other forms of housing assistance by its ability to pair housing with a more robust provision of supportive services.[43] The evidence demonstrates that the effectiveness of Transitional Housing is largely dependent on the provision of those services, including treatment, job training, recovery support, and case management. The need for these services is also consistently self-reported by homeless individuals and is discussed in detail below.[44]

Taken together, the research, data, and program experience demonstrate that Transitional Housing, particularly when paired with robust supportive services, advances

---

[43] *What is a Continuum of Care?*, Nat’l Alliance to End Homelessness (Jan. 14, 2010), https://endhomelessness.org/resources/policy-information/what-is-a-continuum-of-care/.
[44] Univ. of Cal., San Francisco, Benioff Homelessness & Hous. Initiative, *California Statewide Study of People Experiencing Homelessness*, https://homelessness.ucsf.edu/our-impact/studies/california-statewide-study-people-experiencing-homelessness.

housing stability, self-sufficiency and the independent-living objectives established by Congress. Research and program experience indicate that Transitional Housing is especially effective for populations including youth, families with children, and survivors. HUD further finds that the substantial reduction in Transitional Housing capacity since 2013 has limited communities' access to a congressionally authorized intervention designed to facilitate the transition to permanent housing while addressing barriers to self-sufficiency. Recognizing Transitional Housing as eligible for bonuses and incentives restores a critical component of the continuum that Congress authorized, and gives communities greater flexibility to respond to local needs.

Supportive Services and Participation Agreements

HUD finds that supportive services, and participation agreements designed to engage program participants in those services, are critical components of an effective response to homelessness. One of the primary purposes of the CoC program is to optimize self-sufficiency. Section 421 of the Act (42 U.S.C. 11381). Through incentives and bonuses for supportive services and participation agreements, CoCs will have increased opportunities to prioritize and invest in projects that advance treatment, recovery, and economic independence based on individual need.

HUD recognizes that not every CoC Program participant will be able to return to self-sufficiency. However, everyone deserves the opportunity to do so. Among the estimated 745,000 homeless individuals and families in the U.S., and the more than 500,000 living in housing for the homeless, many have the potential to achieve recovery, employment, independence, and self-sufficiency when provided the appropriate tools, services, and support, including those who have been chronically homeless.

HUD's performance data suggests that the CoC Program has struggled to advance the statutory objective of optimizing self-sufficiency. HUD data reveals low rates of increased employment income and exits to unsubsidized housing. As of 2023, a median of only 6 percent of individuals in CoC-funded housing across the nation increased their earned employment income during that reporting period. By comparison, 33 percent increased their benefits and welfare income.[45] Nationwide, 76.1 percent of Permanent Supportive Housing residents are under age 65 and 17.4 percent under age 18.[46] Yet 38.8 percent of households stay in Permanent Supportive Housing for five or more years, and the number of households staying for five or more years increased 30 percent between 2019 and 2022. Only 13.2 percent of all Permanent Supportive Housing households exited their housing in a twelve-month reporting period as of 2022. Of those exits, only 12.9 percent, or 1.7 percent of total participating households, were to unsubsidized housing. Under Housing First policy, the tragic reality is that nearly twice as many exits were due to death, with the death rate nearly doubling in recent years.[47]

After more than a decade of Federal homelessness policy emphasizing permanent housing, coupled with HUD's typical past practice of renewing 85 to 95 percent of projects every year at the expense of supporting new households, these outcomes show that housing alone is insufficient to address the behavioral health, substance use, employment, and other barriers that contribute to homelessness and impede long-term stability and self-sufficiency. Supportive services provide a critical means of addressing

---

[45] Office of Special Needs Assistance Programs, U.S. Dep't of Housing and Urban Dev., *Continuum of Care (CoC) System Performance Measures Data Since FY 2015* (Excel data file) (2025), https://files.hudexchange.info/resources/documents/System-Performance-Measures-Data.xlsx.
[46] U.S. Dep't of Hous. & Urb. Dev., *The 2022 Annual Homelessness Assessment Report (AHAR) to Congress, Part 2: Annual Estimates of Sheltered Homelessness in the United States* 105 (2024), https://www.huduser.gov/portal/sites/default/files/pdf/AHAR-Part-2-2022.pdf
[47] *Id.* at 106.

those barriers and helping individuals achieve self-sufficiency. Individualized supportive services can help individuals pursue recovery, greater independence, stability, dignity, and personal goals, while supporting each individual according to their circumstances and capacity for self-sufficiency.

The need for supportive services is clear and widely supported. As described below, data shows that homeless individuals frequently identify social, health, and income-related challenges as causes of their loss of housing, highlighting the needs for services that address these underlying challenges.

A. Prevalence of Substance Use Disorder, Mental Health Conditions, and Unemployment Among the Homeless Population

A 2023 University of California San Francisco study found that homeless individuals point to social and health factors as contributing to their loss of housing more frequently than economic factors. When asked to report the reasons for leaving their last housing, the authors found that 95 percent report a social or health reason compared to 47 percent reporting an economic reason. Among economic factors, loss of income was the most cited—almost twice as common as "housing costs were too high."[48]

According to multiple comprehensive studies detailed below and HUD's own Point-In-Time Count data, homeless individuals self-report high rates of substance use disorders. Within HUD-funded Permanent Supportive Housing, 41 percent of adult-only households self-report a substance use disorder. One CoC-funded provider in a large urban setting reported that 68 percent of residents in their CoC-funded housing have a

[48] Margot Kushel & Tiana Moore, *Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness* 38 (2023), https://homelessness.ucsf.edu/sites/default/files/2026-04/CASPEH_Report_62023_v4.pdf.

substance use disorder. Among unsheltered homeless individuals, 75 percent report substance abuse and 51 percent report that substance abuse contributed to their loss of housing.[49] Rates of alcohol use disorder are two to four times higher among the homeless population than the general population.[50] A 2023 study found that 29 percent of homeless individuals reported regularly using amphetamines, cocaine, or non-prescribed opioids in the six months leading up to their loss of housing. [51] Of individuals reporting regular drug use, 20 percent reported wanting treatment but being unable to receive it.[52] SAMHSA's national Treatment Episode Data Set shows that more than 1 in 5 treatment admissions in the U.S. reported being homeless at treatment admission in 2024, a significant overrepresentation compared to the general population.[53]

Unemployment rates among the homeless population are also significantly higher than among the general population. In addition to reporting "loss of income" as the most common economic factor behind their loss of housing, only 18 percent of homeless individuals in the University of California San Francisco study reported income from jobs. Of that share, only 8 percent reported income from formal employment.[54] A significant 70 percent of homeless individuals reported at least two years since the last time they worked for 20 hours or more per week.[55] Among homeless youth, the

---

[49] Janey Rountree et al., *Health Conditions Among Unsheltered Adults in the U.S.* 5 (2025), https://capolicylab.org/wp-content/uploads/2025/11/Health-Conditions-Among-Unsheltered-Adults-in-the-US.pdf ; UCSF Benioff Homelessness & Housing Initiative, *supra* note 33, at 43.
[50] Ctr. for Substance Abuse Treatment, *Comprehensive Case Management for Substance Abuse Treatment*, Treatment Improvement Protocol (TIP) Series, No. 27, HHS Pub. No. (SMA) 15-4215 (2015), https://library.samhsa.gov/sites/default/files/sma15-4215.pdf.
[51] Kushel & Moore, *supra* note 48.
[52] *Id.*at 8.
[53] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., Treatment Improvement Protocol (TIP) Series 27, Comprehensive Case Management for Substance Abuse Treatment, HHS Pub. No. (SMA) 15-4215 (2015), https://www.samhsa.gov/data/sites/default/files/reports/rpt57179/2024-teds-annual-report.pdf.
[54] Kushel & Moore, *supra* note 48.
[55] *Id.*

unemployment rate is reportedly as high as 75 percent compared to 16 percent among the general population of youth.[56]

Taken together, these studies demonstrate the breadth of challenges homeless individuals face and the need for a wide array of supportive services that address more than housing alone. By advancing a narrow focus on Permanent Housing at the expense of a broader array of strategies and services, HUD finds that the CoC Program has not adequately acknowledged and addressed these needs.

B. Value and Effectiveness of Supportive Services

In recognizing the need for services related to behavioral health needs among the homeless population, HUD looks to SAMHSA as an operator of federal programs designed to address these challenges. SAMHSA's homelessness programs include outreach, case management, mental and substance use disorder treatment, peer support, and employment readiness services.[57] According to SAMHSA, the effectiveness and need for case management for homeless individuals and families is well established:

> *The need for case management with this population is obvious. Clients need suitable short- and long-term housing; many have mental disorders. Homeless individuals frequently suffer from significant health problems secondary to their lifestyle, including tuberculosis, HIV, and AIDS. Unemployment is high. This constellation of tangible needs can best be addressed by one individual at the interface between the streets and social service agencies.*[58]

---

[56] Slesnick, Zhang & Yilmazer, *supra* note 30.
[57] Substance Abuse & Mental Health Servs. Admin., *Grant Programs and Services for Homelessness*, https://www.samhsa.gov/communities/homelessness-programs-resources/grants.
[58] *Comprehensive Case Management for Substance Abuse Treatment*, *supra* note 50.

For health outcomes in particular, a SAMHSA Advisory details the effectiveness of case management:

> *Multiple analyses (Joo & Huber, 2015; Kirk et al., 2013; Penzenstadler et al., 2017; Rapp et al., 2014; Regis et al., 2020) have found positive outcomes [of case management] for one or more measures, such as treatment adherence, overall functioning, costs, decreases in substance use, reductions in acute care episodes, and increased engagement in nonacute services. A 2019 meta-analysis comparing case management with treatment as usual showed a small yet statistically significant positive effect, which was greater for treatment-related tasks than for personal functioning outcomes such as improved health status and family relations and reductions in substance use and legal involvement (Vanderplasschen et al., 2019).*

SAMHSA's Projects for Assistance in Transition from Homelessness (PATH) program provides services to homeless individuals with substance use disorders or mental illness. These services include behavioral healthcare, outreach, case management, and job training.[59] Combining these approaches has proved effective in the PATH program. In the most recent evaluation data, homeless participants emphasized the value of case management, transportation assistance, documentation support, housing navigation, and behavioral health linkages.[60]

---

[59] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., Residence of Individuals Experiencing Homelessness Prior to Enrollment in the Projects for Assistance in Transition from Homelessness Program: Findings from the 2023 PATH Evaluation, CBHSQ Spotlight, Pub. No. PEP25-07-001 (Mar. 2025), https://www.samhsa.gov/data/sites/default/files/reports/rpt56240/PATH-clients-resid-prior-to-enroll.pdf.

[60]Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., Projects for Assistance in Transition from Homelessness (PATH) Program: FY 2022-2024 Triennial Process Evaluation Highlights (June 2026),

SAMHSA's Certified Community Behavioral Health Clinics (CCBHCs) provide mental health and substance use care to local communities including homeless individuals. An impact report found that all CCBHCs throughout the country serve homeless individuals, with 13 percent of CCBHCs reporting that more than 25 percent of their clients are homeless. The certification criteria for CCBHCs include:

> *Targeted case management to "assist people receiving services in sustaining recovery and gaining access to needed medical, social, legal, educational, housing, vocational and other services and supports," and that this service should be provided during "critical periods, such as episodes of homelessness or transitions to the community from jails or prisons"*[61]

A 2021 SAMHSA report examined research and best practices on integrating employment with substance use disorder treatment and recovery. Underscoring the important role of employment opportunities and job training as supportive services, the authors state that "work is one of the best predictors of positive outcomes for individuals with substance use disorder."[62] Those positive outcomes include lower rates of recurrence, higher rates of abstinence from substance use, and more successful transition from long-term residential treatment back into the community.

---

https://www.samhsa.gov/data/sites/default/files/reports/rpt57148/2025%20PATH%20Triennial%20Eval%20Report.pdf.

[61] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Hum. Servs., *Improving Housing Stability for People with Behavioral Health Needs Through the CCBHC Model*, Pub. No. PEP26-01-016 (June 2026), https://library.samhsa.gov/sites/default/files/improving-housing-stability-ccbhc-pep26-01-016.pdf.

[62] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., Substance Use Disorders Recovery with a Focus on Employment and Education, Pub. No. PEP21-PL-Guide-6 (Mar. 2021), https://library.samhsa.gov/sites/default/files/pep21-pl-guide-6.pdf; Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., Advisory: Integrating Vocational Services into Substance Use Disorder Treatment (Based on TIP 38), Pub. No. PEP20-02-01-019 (Jan. 2021), https://library.samhsa.gov/sites/default/files/pep20-02-01-019.pdf.

A wide array of supportive services is therefore foundational to addressing behavioral health challenges and reducing associated homelessness. The SAMHSA/HUD/ONDCP *Best Practices Toolkit* details the practices commonly employed by leading experts in the country.[63] The experts who informed the toolkit agreed on a set of core program elements including "self-sufficiency as the central goal," "structure and routine," "learning and skill building," "individualized care planning," and "understanding employment readiness as a mechanism for building self-esteem and self-efficacy." The toolkit identifies a series of services phased by levels of readiness from "crisis" to "thriving," including healthcare, crisis stabilization, inpatient and outpatient treatment, community recovery support services, housing options, employment support, education, transportation, case management, and legal services.

Research indicates that housing paired with supportive services delivers better outcomes than "housing only."[64] A 2010 paper on support for homeless families separated services for homeless families into Tiers of increasing intensity including housing, employment, child care, healthcare, transportation, basic services for children, education, mental health services, and family support.[65] The authors note that "without services, many families will fall back into homelessness or remain isolated in permanent housing." According to the National Center on Family Homelessness, Health Care for the Homeless Clinician's Network, "all programs serving homeless families and children

---

[63] *Best Practices Toolkit, supra* note 14.
[64] Zhang et al., *supra* note 31.
[65] Ellen L. Bassuk, Katherine T. Volk & Jeffrey Olivet, *A Framework for Developing Supports and Services for Families Experiencing Homelessness*, 3 Open Health Servs. & Pol'y J. 34, 34–40 (2010), https://homelesshub.ca/wp-content/uploads/2023/12/eyn4xm01.pdf.

should provide a core group of support services central to stabilizing families and improving their wellbeing."[66]

HUD's eligible supportive services costs and Supportive Services Only project component play critical roles in addressing the unique needs of homeless individuals and families. Supportive Services Only projects may include child care, health clinics, mobile dental clinics, legal services, licensed apprenticeship programs, and many other standalone services or services provided in shelters for sheltered and unsheltered homeless individuals. By increasing bonuses and incentives for the provision of supportive services, HUD intends to better advance community-wide commitments to reducing homelessness and optimizing self-sufficiency.

C. Supportive Service Participation Agreements

One way to advance both recovery and economic self-sufficiency is through participation requirements. HUD seeks to provide bonuses and incentives for CoCs and providers who demonstrate successful implementation of supportive service participation requirements. Service participation requirements have been successfully employed in many federal social service programs and have strong bipartisan support. [67]

In 2022, HUD's PD&R published an issue of its *Evidence Matters* newsletter on the topic of Housing First.[68] When describing Housing First, the authors focus heavily on the "no preconditions" aspect of the model rather than the "no participation requirements." The study cited by HUD in *Evidence Matters* compared Pathways to

---

[66] *Id.*
[67] Cicero Inst., *National Crime Poll* (2025), https://ciceroinstitute.org/research/national-crime-poll/.
[68] Office of Policy Dev. & Research, U.S. Dep't of Housing & Urban Dev., *Evidence Matters: Transforming Knowledge into Housing and Community Development Policy* (Spring/Summer 2023), https://docs.huduser.gov/archives/portal/sites/default/files/pdf/EM-Newsletter-spring-summer-2023.pdf.

Housing to "treatment first" programs that preconditioned housing on treatment. In fact, the *Evidence Matters* report acknowledged that the first program to implement Housing First—Pathways to Housing—initially required program participants to agree to two staff visits per month. This example illustrates that Housing First did not preclude participation requirements. Today, HUD finds that the weakness in the nation's homelessness system is not that too few entities condition assistance on sobriety, but rather that too few entities create the accountability and structure needed to help an individual recover or a young person to finish school and find meaningful employment. Participation requirements such as these, when determined appropriate by the provider, are the type of requirements for which HUD seeks to provide incentives and bonuses.

The subject matter experts informing the *Best Practices Toolkit* collectively agree that structure and routine are fundamental to addressing homelessness and addiction, and HUD finds that healthy structure is furthered by required engagement in services such as case management to build individualized service plans. In SAMHSA's PATH program, program participants, the majority of which were living in unsheltered situations at program entry, specifically emphasized the value of case management services provided under the program.[69]

HUD has previously acknowledged the value of required engagement in case management. In the development of the interim CoC rule, HUD stated that "its experience with the Supportive Housing and Shelter Plus Care programs" led HUD to determine that "programs should require *at least* case management for some initial period after exiting homelessness." As a result, the interim CoC rule requires participants in

[69] *Triennial Process Evaluation, supra* note 60.

Rapid Re-Housing to meet with a case manager at least once a month (24 CFR 578.37(a)(1)(ii)(F)).

Opponents of participation requirements argue that participation is more meaningful if the choice to participate is entirely optional. It is certainly the case that individual choice is critical to success. In fact, HUD finds that well-designed participation requirements empower individual choice while pairing it with accountability, which is critical to achieving personal goals. The HUD Veteran Affairs Supportive Housing (HUD-VASH) program for homeless Veterans is an example of case management requirements delivering effective outcomes in reducing homelessness and resolving barriers to housing stability.

HUD finds that HUD-VASH demonstrates the efficacy of housing assistance tied to participation in case management and services. HUD-VASH implementation guidance updated in 2024 directs the provision of "regular ongoing case management, outpatient health services, hospitalization, and other supportive services as needed" and states that, "*as a condition* of rental assistance, a HUD-VASH eligible veteran must receive the case management services noted above, as needed."[70]

One study of homeless veterans with a dual diagnosis (substance use disorder and mental health) utilizing HUD-VASH found that individuals who expressed disinterest in participating in supportive services at entry, yet who were determined by case managers to need services, were "almost 6 times more likely to experience residential instability

[70] Section 8 Housing Choice Vouchers: Revised Implementation of the HUD-Veterans Affairs Supportive Housing Program, 89 Fed. Reg. 65,769 (Aug. 13, 2024).

than others."[71] This finding supports the reality of gaps between perceived and actual needs, and suggests that deferring to perceived need may result in negative housing outcomes. Participation requirements based on individual need are a tool to promote individual engagement in services necessary for housing stability.

Unlike every other subpopulation of homelessness, Veteran homelessness has decreased significantly year-over-year for the last two decades. The HUD-VASH program provides evidence that assistance conditioned on participation in services works on a national scale, not just an individual one.

Drug Free and Sober Housing

Housing assistance in the CoC Program should be conducive to recovery rather than to substance use. As discussed in the preceding section, homeless individuals self-report substance use and substance use disorders at high rates and frequently identify addiction as a contributing factor to their loss of housing. For individuals with substance use disorders, housing environments matter. Research on sober living environments has found that housing settings can either support or hinder recovery and that the social and physical environment through which services are delivered plays an important role in recovery outcomes. Access to living environments that support recovery is therefore an important component of an effective response to homelessness. The evidence discussed below demonstrates both the need for recovery-oriented housing environments and the effectiveness of drug-free and sober housing as tools to advance recovery, housing stability, and self-sufficiency.

---

[71] Russell K. Schutt et al., Explaining Service Use and Residential Stability in Supported Housing: Problems, Preferences, Peers, 59 Med. Care S117, S117-S123 (2021), https://doi.org/10.1097/MLR.0000000000001498.

A. Demonstrated Need for Drug-Free Housing

Individuals in recovery, or working towards sobriety, deserve safe living environments that support rather than undermine that effort. HUD has considered input from individuals with lived experience in recovery and from service providers, who consistently report that living environments must be conducive to recovery rather than detrimental to it.

HUD finds that drug-free housing advances the safety, recovery, and self-sufficiency of individuals and families served by the CoC Program. Further, the prevalence of illicit drug use and distribution in CoC housing is detrimental to the success and well-being of individuals and the surrounding community.

The subject matter experts, including individuals with lived experience, who informed the *Best Practices Toolkit* collectively determined that "substance free living spaces" are a fundamental component of programs addressing homelessness and addiction because they help "ensure daily safety and set conditions for ongoing success."

The need for recovery-oriented housing environments is evident in the high prevalence of substance use disorder among homeless individuals and those living in housing assistance for the homeless. According to HUD data, 41 percent of adult-only households in CoC-funded Permanent Supportive Housing self-report a substance use disorder. One CoC-funded provider in Philadelphia reported that 68 percent of residents in CoC-funded housing have a substance use disorder and 97 percent have either a mental health condition or a substance use disorder.

The prevalence of substance use disorder is reflected in alarming rates of overdose deaths. Studies examining overdose deaths among homeless individuals

consistently find rates far exceeding those of the general population. According to a 2022 JAMA study, deaths among homeless individuals in San Francisco "more than doubled to 331 deaths during the first year of the COVID-19 pandemic, driven by a large increase in overdose deaths."[72] In Boston, the opioid overdose fatality rate among the homeless population increased by more than 1400 percent between 2013 and 2018.[73] The homeless population's overdose fatality rate was 12 times higher than the general population in Massachusetts from 2003 to 2018. In Los Angeles County in 2024, the overdose fatality rate among homeless individuals was 46 times higher than among the general population.[74] The results of ignoring the prevalence of substance use disorder and overdose among homeless individuals are deadly. Yet, addiction is a treatable chronic disease and recovery is possible when people are provided the right supports and environment for their recovery to flourish.[75]

According to HUD data, 19.5 percent of exits from Permanent Supportive Housing among adults living alone are due to death. Between 2019 and 2022, the share of adults living alone who died while residing in Permanent Supportive Housing increased from 13 percent of exits to 20 percent, while the total number of deaths increased by 31 percent.[76]

---

[72] Caroline Cawley et al., *Mortality Among People Experiencing Homelessness in San Francisco During the COVID-19 Pandemic*, 5 JAMA Network Open e221870 (2022).
[73] *Id.*
[74] L.A. Cnty. Dep't of Pub. Health, *Final PEH Report 2026 — Lives Lost: Mortality Trends and Prevention Opportunities for People Experiencing Homelessness in LA County, 2015–2024* 2 (2026), http://publichealth.lacounty.gov/chie/reports/Homeless_Mortality_Report_2026.pdf.
[75] What is the Definition of Addiction | American Society of Addiction Medicine
[76] U.S. Dep't of Hous. & Urb. Dev., *The 2022 Annual Homelessness Assessment Report (AHAR) to Congress: Part 2: Estimates of Homelessness in the United States* 106 (2022), https://www.huduser.gov/portal/sites/default/files/pdf/AHAR-Part-2-2022.pdf.

Local data further underscore the severity of the challenge. According to reporting on data from the San Francisco Medical Examiner's Office between 2020 and 2025, 23 percent of overdose deaths in San Francisco occurred inside Permanent Supportive Housing.[77] During the first four months of 2025, 30 percent of overdose deaths occurred inside Permanent Supportive Housing, compared with 20 percent outdoors and 3.5 percent in shelters.[78] In response to the tragedy of overdose deaths inside of housing for the homeless, the City and County of San Francisco recently passed an ordinance prohibiting illicit drug use and distribution in city-funded Permanent Supportive Housing.[79]

The City of Seattle reported a 282 percent increase in overdose deaths in King County's Permanent Supportive Housing (and other subsidized housing) between 2020 and 2023.[80] The report from the City Auditor states that, in 2023, overdose fatalities in King County among those living in Permanent Supportive Housing for the homeless made up 21 percent of all overdose fatalities in the County, just 3 percent less than both unsheltered and emergency shelter combined. [81]

In New York, a 2023 focus group of residents in Permanent Supportive Housing identified that overdose was a significant concern within Permanent Supportive Housing

---

[77] Susan Dyer Reynolds, *Housing First, Morgue Second*, The Voice of San Francisco (Aug. 28, 2025), https://thevoicesf.org/housing-first-morgue-second/.
[78] Matt Dorsey (@MattDorsey), X (June 10, 2025, 12:36 a.m. UTC), https://x.com/mattdorsey/status/1932235329777574029.
[79]San Francisco Mayor's Off., *Mayor Lurie Signs Legislation to Expand Drug-Free Permanent Supportive Housing, Building on Progress of Breaking the Cycle Plan* (July 29, 2026), https://www.sf.gov/news-mayor-lurie-signs-legislation-to-expand-drug-free-permanent-supportive-housing-building-on-progress-of-breaking-the-cycle-plan
[80] Seattle Off. of City Auditor, *Addressing Places in Seattle Where Overdoses and Crime are Concentrated: An Evidence-Based Approach* (2024), https://www.seattle.gov/documents/departments/cityauditor/auditreports/overdoseandcrimeconcentrationsaudit.pdf.
[81] *Id.*

and "created significant trauma for tenants and staff" and that this was true despite "heterogeneity in Permanent Supportive Housing buildings' current overdose prevention efforts and adoption of harm reduction principles."[82] The study drew out a subtheme that "tenants using drugs alone behind closed doors was a common factor in overdose deaths."[83] Further, in 2023, overdose fatalities in single room occupancies (SROs) or "supportive housing" comprised 10 percent of all overdose fatalities in New York City, while just 4 percent occurred in shelters. [84] Taken together, these findings demonstrate that overdose fatalities are disproportionately high among homeless individuals and that the Permanent Supportive Housing environment may be more dangerous than shelter settings.[85]

These findings underscore the need to consider the environment in which housing assistance is provided, particularly for individuals in recovery. HUD's stakeholder engagement highlighted the importance of living environments that are conducive to recovery. Individuals in recovery and their families deserve access to safe housing environments free from substance use and distribution.

Drug-free housing is required by federal law and not a new strategy. Communities that had previously turned a blind eye to drug use within housing settings in the name of

---

[82] Marina Gaeta Gazzola et al., *Understanding Overdose Risk and Response in Permanent Supportive Housing: Results of Focus Groups with Tenants, Staff, and Leaders*, 20 Addiction Science & Clinical Practice 91 (2025), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC12664209/.
[83] *Id.*
[84] N.Y.C. Dep't of Health & Mental Hygiene, Epi Data Brief No. 142, *Unintentional Drug Poisoning (Overdose) Deaths in New York City in 2023* 9 (2024), https://www.nyc.gov/assets/doh/downloads/pdf/epi/databrief142.pdf.
[85] By contrast, data in Los Angeles is limited. When evaluating overdose fatalities among homeless individuals in Los Angeles County, the public health department removed fatalities in Permanent Supportive Housing from their findings. *See* Los Angeles County Department of Public Health, *Final PEH Report 2026—Lives Lost: Mortality Trends and Prevention Opportunities For People Experiencing Homelessness in LA County, 2015-2024* (2026), http://publichealth.lacounty.gov/chie/reports/Homeless_Mortality_Report_2026.pdf.

"harm reduction" are increasingly revisiting those policies and expanding recovery-focused options, evidenced by a resurgence in drug-free housing as a proven effective model. One example is San Francisco. When residents of the city were asked if all new Permanent Supportive Housing for the homeless should "prohibit the use of illicit drugs on-site, and mandate the inclusion of recovery-focused options for those seeking to maintain their sobriety," 69 percent of participants responded affirmatively.[86] According to members of the San Francisco Board of Supervisors, "26 percent of overdose deaths occurred in Permanent Supportive Housing, a higher percentage than in shelters, hospitals, private homes, or on the street." The Supervisors find that "the externalities that arise from residents' illicit drug use overburden the City's public health and public safety resources...diminishing San Franciscans' confidence in their city government's response to homelessness overall."[87] On the basis of this data, the San Francisco Board of Supervisors passed legislation requiring city-funded Permanent Supportive Housing to be drug-free.[88]

B. Value and Effectiveness of Sober Housing

HUD distinguishes between drug-free housing and sober housing. Drug-free housing prohibits the use and distribution of illicit drugs on the premises and is consistent with longstanding federal law regarding drug-involved premises. Drug-free housing does not prescribe sobriety or regulate the behavior of program participants off premises. Sober housing is an extension of drug-free housing, designed specifically for individuals

---

[86] Matt Dorsey (@MattDorsey), X (July 9, 2026, 3:13 p.m. UTC), https://x.com/mattdorsey/status/2075236928061120931.
[87] Office of S.F. Supervisor Matt Dorsey, *Drug-Free Supportive Housing: Legislative Handout* (July 2026), https://acrobat.adobe.com/id/urn:aaid:sc:us:5d606903-bc3b-44eb-a55e-379476539368.
[88] *Mayor Lurie Signs Legislation*, *supra* note 79.

living in recovery, and is described by SAMHSA as "a safe and supportive alcohol- and drug-free residence where people can live, build stability, and work toward independence."[89] SAMHSA distinguishes sober housing as requiring "a commitment to not use alcohol or illicit drugs" and requiring "engagement in recovery supports."[90] Sober housing builds upon the concept of drug-free housing by providing an environment intentionally structured to support recovery, personal responsibility, and long-term stability. This is in direct contrast to SAMHSA's characterization that Permanent Supportive Housing "does not require a person to engage in services, reduce substance use, or otherwise demonstrate their readiness to live independently."[91]

Importantly, sober housing is not a novel concept within federal homelessness policy. The CoC regulations at 24 CFR 578.93(b)(5) expressly contemplate sober housing, and HUD's determination intends to further incentivize and provide bonuses for the provision of an already authorized intervention.

Research demonstrates that sober housing produce positive outcomes across a wide range of measures.[92] According to a 2025 systematic literature review, individuals in sober housing had better outcomes in substance use, employment, income, and criminal justice involvement when compared to those who continued care as usual or

---

[89] Press Release, U.S. Dep't of Health & Human Servs., *SAMHSA Awards More Than $45 Million in Supplemental Funding to Support Young Adult Sober Housing Services* (Sept. 23, 2025), https://www.hhs.gov/press-room/samhsa-awards-45-million-funding-support-sober-housing-services.html.
[90] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., *Housing Supports Recovery and Well-Being: Definitions and Shared Values*, Pub. No. PEP24-08-007 (Dec. 2024), https://library.samhsa.gov/sites/default/files/housing-supports-pep24-08-007.pdf.
[91] *Id.*
[92] Substance Abuse & Mental Health Servs. Admin., U.S. Dep't of Health & Human Servs., *Best Practices for Recovery Housing*, HHS Pub. No. PEP23-10-00-002 (2023), https://library.samhsa.gov/sites/default/files/best-practices-for-recovery-housing-pep23-10-00-002.pdf.

received no intervention.[93] The Oxford House model, a sober living environment in which individuals share and self-govern their housing, is one example of these benefits. In a study that compared outcomes over 24 months, study participants who were assigned to Oxford House sober living homes (SLHs) had significantly lower substance use, significantly higher monthly income, and significantly lower incarceration rates than participants assigned to usual-care (i.e., outpatient treatment or self-help groups).[94]

One study found that sober living residents not only experienced substantial reductions in substance use by six months that were maintained at twelve months, but also showed significant improvement or "maintained low baseline levels of severity in substance use, employment, and legal problems.[95] A 2023 paper in the journal of *Addiction Research and Theory* found similar results:[96]

> *Three large-scale studies of sober living homes in Northern California and Southern California have demonstrated improved outcomes of individuals in these settings. The first study tracked functioning of 300 individuals residing in 20 different SLHs over an 18-month period. Results showed significant improvement on a wide variety of variables including alcohol and drug use, 6-month abstinence rates, alcohol and drug related problems, psychiatric symptoms, employment, and arrests (Polcin, Korcha, Bond, & Galloway, 2010a; Polcin, Korcha, Bond, & Galloway, 2010b). The second study assessed substance use,*

---

[93] Corrie L. Vilsaint et al., Recovery Housing for Substance Use Disorder: A Systematic Review, 13 Frontiers Pub. Health 1506412 (2025), https://doi.org/10.3389/fpubh.2025.1506412.
[94] Leonard A. Jason et al., Communal Housing Settings Enhance Substance Abuse Recovery, 96 Am. J. Pub. Health 1727, 1727-29 (2006), https://doi.org/10.2105/AJPH.2005.070839.
[95] Douglas L. Polcin et al., Recovery from Addiction in Two Types of Sober Living Houses: 12-Month Outcomes, 18 Addiction Rsch. & Theory 442, 442-55 (2010), https://doi.org/10.3109/16066350903398460.
[96] Amy A. Mericle et al., *Social Model Recovery and Recovery Housing*, 31 Addiction Rsch. & Theory 370, 370-77 (2023), https://doi.org/10.1080/16066359.2023.2179996.

HIV risk and other outcomes among persons entering houses who are on probation or parole (N=330); some of whom were recruited from houses that were randomized to have participant receive a motivational interviewing and case management intervention. This study found that at 6- and 12-month follow-up, residents in both groups reported significant improvement on measures of substance abuse, criminal justice involvement, HIV risk, and employment (Polcin, Korcha, Witbrodt, Mericle, & Mahoney, 2018). The third study is currently focusing on the role of the social environment within sober living houses and neighborhood environments surrounding them with respect to resident outcomes. As part of this study, the researchers developed the Recovery House Environment Scale (RHES), which was developed by the research team to assess issues that are central to social model recovery. Higher scores on the RHES have been found to be positively associated with length of stay and negatively associated with days of substance use (Polcin, Mahoney, & Mericle, 2021). Results from this work highlight the importance of the social environment in sober living houses, particularly those most closely aligned with social model recovery principles.

Taken together, the evidence demonstrates that sober housing is a proven and effective strategy for addressing substance use disorder and advancing self-sufficiency. Research consistently shows that residents of sober housing experience improved substance use outcomes, higher rates of employment and income, greater housing stability, and reduced criminal justice involvement. These findings are particularly significant given the high prevalence of substance use disorder among homeless individuals and the devastating toll of overdose deaths documented throughout this

notice. Treatment and supportive services are important components of recovery and long-term stability, but the living environment also matters. For individuals seeking sobriety, structured, drug-free settings that provide accountability, peer support, and stability can create the conditions necessary for long-term success. HUD therefore finds that sober housing should be encouraged as part of a comprehensive continuum of care and intends to further incentivize both sober housing and drug-free housing as a means to advancing recovery and self-sufficiency.

Law Enforcement and First Responders as Crucial Partners

Safety and security for all members of the public, especially the unsheltered homeless population, are essential to promoting a community-wide commitment to ending homelessness and minimizing the trauma caused to individuals, families, and communities by homelessness. The McKinney-Vento Act recognizes not only the trauma caused to individuals and families, but also the trauma to "communities" (42 U.S.C. 11381(2)). Homelessness does not occur in a vacuum, and its effects—particularly unsheltered homelessness in public spaces—impact the entire community.[97] HUD intends to create incentives and bonuses to encourage CoCs to assist in reducing the trauma associated with living on the streets or in encampments, and with related public illicit drug use and other criminal activity, including through partnerships with law enforcement, first responders, and other public safety agencies.

A. Need for Public Safety Partnerships

[97] Marc Cota-Robles, *Los Angeles Post Office Parking Lot Overrun by Homeless Encampment*, ABC7 Los Angeles (Apr. 2, 2026), https://abc7.com/post/los-angeles-post-office-parking-lot-overrun-homeless-encampment/18826260/., Bonny Chu, *Horror Video Captures Repeat Offender Allegedly Attacking 75-Year-Old Woman, Gouging Her Eye With Spiked Stick*, Fox News (May 24, 2026), https://www.foxnews.com/us/horror-video-captures-repeat-offender-allegedly-attacking-75-year-old-woman-gouging-her-eye-spiked-stick.

Firefighters, emergency medical personnel, police officers, co-response social workers and clinicians, mobile crisis teams, and crisis intervention teams play an important role in engaging individuals in the midst of a mental health or substance use disorder crisis.[98] By providing emergency services, first responders often witness and respond to the impacts of encampments and public drug use in a way that service providers simply do not. They also witness and respond to the impact of homelessness on non-homeless members of the community.[99] As a result, first responders possess unique insight into both the needs of homeless individuals and the broader community impacts associated with homelessness.

Public camping and public illicit drug use often exist in a self-perpetuating cycle. Open-air drug markets frequently emerge in and around public encampments, and existing drug markets can themselves attract and sustain encampments.[100] HUD's research found that, in at least one well-known example, the existence of a readily accessible open-air heroin market directly contributed to the formation and continued existence of a large homeless encampment despite the availability of shelter beds elsewhere. More broadly, the prevalence of substance use disorders among the unsheltered population, combined with the lack of law enforcement, treatment, and services can create environments where illicit drug use and distribution become pervasive. As a result, encampments often function not only as places of habitation, but

---

[98] Substance Abuse & Mental Health Servs. Admin., *2025 National Guidelines for a Behavioral Health Coordinated System of Crisis Care* (2025), https://library.samhsa.gov/sites/default/files/national-guidelines-crisis-care-pep24-01-037.pdf

[99] Sam DiGiovanna, A Growing Trend of Fires-the Homeless, Cal. State Firefighters' Ass'n (June 22, 2023), https://www.csfa.net/a-growing-trend-of-fires-the-homeless/.

[100] Rebecca Cohen, Will Yetvin & Jill Khadduri, *Understanding Encampments of People Experiencing Homelessness and Community Responses: Emerging Evidence as of Late 2018* (U.S. Dep't of Hous. & Urb. Dev., Office of Policy Development & Research Jan. 7, 2019)

also as places where substance use, overdose, and criminal activity occur in concentrated form. "Open air drug markets" threaten public safety and hurt residents, tourists, and local businesses, while perpetuating harmful cycles of addiction and instability.[101] Unchecked public camping and public drug use inhibit nonprofit providers, outreach workers, and local governments' abilities to connect individuals with effective interventions and undermine broader efforts in reducing homelessness.

The harms of unchecked encampments and public drug use particularly impact the most vulnerable subpopulations, such as children and survivors of domestic violence and trafficking.[102] In 2024, there were 18,557 people in families with children experiencing unsheltered homelessness on a single night in January.[103] These are families with children whose primary nighttime location is somewhere such as a car, the street, a public park, a train station, or an encampment. Data shows that adverse childhood experiences, including lack of housing and exposure to substance use and domestic violence, are associated with increased occurrences of homelessness, addiction, and mental illness in adulthood.[104]

Encampments also expose homeless individuals and surrounding communities to heightened risks of violence, victimization, overdose, and other threats to public safety.

---

[101] Makenna Marks, *Open-Air Drug Market in Downtown Portland Hurting Local Businesses*, KPTV FOX 12 Oregon (Nov. 22, 2024), https://www.kptv.com/2024/11/22/open-air-drug-market-downtown-portland-hurting-local-businesses/.

[102] Charlie Harger, *This kid's going to die': Neighbors say 9-year-old abandoned in tent off Aurora. CPS claims he's not in danger*, KIRO (Dec. 19, 2025), https://mynorthwest.com/seattles-morning-news/9-year-old-tent-aurora/4174872; Melissa Henry, *'Prostitution, drugs, human trafficking': Colorado Springs business owner calls on leaders to address homelessness problems*, KKTV (Nov. 7, 2025), https://www.kktv.com/2025/11/08/prostitution-drugs-human-trafficking-colorado-springs-business-owner-calls-leaders-address-homelessness-problems/.

[103] *2024 AHAR Part 1*, *supra* note 40.

[104] Megan Burgasser, *Adverse Childhood Experiences Tied to Higher Homelessness*, UC News (May 12, 2025), https://www.uc.edu/news/articles/2025/05/adverse-childhood-experiences-tied-to-higher-homelessness.html.

As unsheltered homelessness increased in King County, Washington, gun crimes tied to homeless encampments increased by 122 percent in the first six months of 2022. Between 2017 and 2020, 50 percent of all arrests in Portland, Oregon were of homeless individuals despite the homeless population making up only 2 percent of the total population. In New York City, drug overdoses were the most common cause of death among homeless individuals between 2018 and 2021, with deaths doubling during that period.[105] One study indicates that in some states, as many as half of unsheltered homeless individuals are registered sex offenders.[106]

While these realities do not suggest that the entire homeless population is engaged in criminal or illicit activity, they demonstrate that unchecked encampments are associated with crime. At the same time, research indicates that homeless individuals are victims of crime at higher rates than the general public.[107] Gun violence, fatal drug overdoses, exploitation, and sexual assault inflict profound harm and trauma on homeless individuals and families and further perpetuate the cycles of homelessness. Tragically, the violence and harm have become so commonplace that outreach providers have described the discovery of human remains in encampments as an "expectation."[108]

---

[105] Robert G. Marbut et al., *How Congress Can Reform Government's Misguided Homelessness Policies: Real Solutions for Mental Illness, Drug Addiction, and Crime Cannot Be Found in Housing Subsidies Alone* 4 (2022), https://www.discovery.org/m/securepdfs/2022/10/How-Congress-Can-Reform-Governments-Misguided-Homelessness-Policies-20221011.pdf

[106] Cicero Inst., *Sex Offenders: An Overlooked but Significant Subpopulation of the Homeless* (2024), https://ciceroinstitute.org/research/sex-offenders-an-overlooked-but-significant-subpopulation-of-the-homeless/.

[107] San Diego Cnty. Dist. Att'y, *DA Shares First-of-Its Kind Crime Data, Proposes Three-Point Plan to Address Intersection of Crime and Homelessness* (Mar. 21, 2022), https://www.sdcda.org/content/MediaRelease/Homeless%20Data%20and%20Plan%20News%20Release%20FINAL%203-21-22.pdf.

[108] Frank Sumrall, *Volunteer Group Finds Human Remains in Seattle Park: 'It's Now an Expectation'*, MyNorthwest (Jan. 9, 2024), https://mynorthwest.com/local/volunteer-group-human-remains-seattle-park-its-now-an-expectation/3947793.

These realities underscore that minimizing the trauma caused by homelessness requires addressing unsheltered homelessness and encampments, where individuals live in dangerous environments while the surrounding communities face the consequences of those conditions.[109] Public safety agencies and first responders are therefore crucial partners in identifying individuals in crisis, responding to dangerous situations, and connecting people to appropriate services and supports.

B. Value and Effectiveness of Public Safety Partnerships

The *Best Practices Toolkit,* shaped by subject matter experts from across the country in coordination with HUD, HHS/SAMHSA, and ONDCP, offers a model for homeless encampment response that recognizes the important role of law enforcement and first responders. According to the toolkit:

> *People living in encampments face serious, at times life-threatening, challenges, including untreated mental illness, substance use disorders, physical health conditions due to unsanitary and unsafe conditions, limited healthcare access, and long histories of trauma. The traditional response of allowing the growth of homeless encampments has not produced lasting solutions and often worsened outcomes for both individuals and neighborhoods.*

The toolkit recognizes that effective encampment response requires coordination among outreach workers, housing providers, behavioral health professionals, first responders, and public safety agencies. Rather than treating homelessness solely as a

---

[109] Nina Joudeh and Jamie Paige, *Deadly Bacteria at a Bay Area Homeless Encampment Sparks Urgent Calls for Action*, N.Y. Post (Jan. 17, 2026), https://nypost.com/2026/01/17/us-news/deadly-bacteria-at-a-bay-area-homeless-encampment-sparks-urgent-calls-for-action/.

housing issue, the toolkit advances an integrated approach designed to improve outcomes for individuals while restoring safety and order in surrounding communities.

One example of a successful coordinated approach is the Homeless Outreach Services Team (HOST), which integrates specialized law enforcement teams with housing and services providers. HOST has achieved full resolution of over 1,500 encampments with no arrests, no use of force, and no litigation.

Well-designed approaches to disincentivize public camping results in treatment and shelter beds being filled, not jail cells. Under the Safer Kentucky Act of 2024, 92 percent of unlawful camping charges filed in the first year were non-jailable first offenses.[110] These engagements were opportunities to identify behavioral health or other challenges and for the provision of services, rather than efforts to incarcerate. According to one report, 150 cities in 32 states have passed ordinances banning or restricting public camping with California having the largest share.[111] Restrictions on public camping can be a critical tool to match individual needs with appropriate levels of care.[112]

These public-safety approaches to homelessness are also broadly supported by the public. According to national polling conducted in 2025, there is strong bipartisan support for public camping bans and stricter enforcement of drug laws. Not only do nearly two-thirds of voters oppose allowing homeless individuals to camp on public

---

[110] Paul Webster and Caleb Jacobs, *Safer KY Act isn't cruel. It's a solution that's working. | Opinion*, Courier Journal (Mar. 24, 2026), https://www.courier-journal.com/story/opinion/contributors/2026/03/24/safer-kentucky-act-homelessness-camping-ban-jail-law-enforcement/89199931007/?gnt-cfr=1&gca-cat=p&gca-uir=false&gca-epti=z1188xxp002450n11----l115650c11----e1188xxv003344&gca-ft=142&gca-ds=sophi

[111] Robbie Sequeira, *Many More Cities Ban Sleeping Outside, Despite a Lack of Shelter Space*, Stateline (Jan. 27, 2025), https://stateline.org/2025/01/27/many-more-cities-ban-sleeping-outside-despite-a-lack-of-shelter-space/.

[112] Devon Kurtz, *With Louisiana Homeless Bill, Democrats Once Again Smear Sensible Policy as Jim Crow*, The Federalist (Apr. 27, 2026), https://thefederalist.com/2026/04/27/with-louisiana-homeless-bill-democrats-once-again-smear-sensible-policy-as-jim-crow/.

property, but 75 percent of voters found that it was more compassionate to move individuals into shelters rather than allowing camping. When shelters are unavailable, 70 percent supported designated temporary camping areas with sanitation, water, and police services away from residential and business areas, rather than unmanaged encampments. Further, voters were in favor of stricter drug enforcement near service providers, with 63 percent supporting increased criminal penalties for drug trafficking around homelessness facilities."[113] Together, these findings suggest that public safety-oriented approaches can help communities address homelessness in ways that align with both public safety concerns and public expectations.

C. Results of Public Safety-Oriented Approaches

Advancing public safety policies that identify people with behavioral health needs and connect them to services has been shown to decrease homelessness. Two years after the City of Austin reinstated a ban on public camping, unsheltered homelessness decreased by one-third.[114] Several years after Colorado Springs restricted public camping near creeks and waterways, unsheltered homelessness decreased by 19 percent.[115] In March 2026, Anchorage leaders announced that the city had no major homeless encampments for the first time in over a decade, attributing the milestone to deliberate "a

[113] Cicero Inst., *National Crime Poll* (Oct. 2025), https://ciceroinstitute.org/research/national-crime-poll/.
[114] Katy McAfee, Ben Thompson, *Austin's Homeless Population Dispersing After 2 Years of Camping Ban Enforcement*, Community Impact (May 25, 2023), https://communityimpact.com/austin/central-austin/city-county/2023/05/25/austins-homeless-population-dispersing-after-2-years-of-camping-ban-enforcement/.
[115] Brief of Amicus Curiae Cicero Institute in Support of Petitioner at 14, City of Grants Pass v. Johnson, 603 U.S. 643 (2024) (No. 23-175).

policy choice" to "pair public safety, outreach, shelter access, housing placement, and behavioral health investment."[116]

Taken together, the evidence demonstrates that law enforcement, firefighters, emergency medical personnel, crisis response teams, and other first responders are indispensable partners in addressing unsheltered homelessness, behavioral health crises, and the public safety challenges associated with homelessness. These professionals are often the first to encounter homeless individuals experiencing crisis, addiction, mental illness, victimization, or medical emergencies and are uniquely positioned to connect individuals with appropriate services and levels of care. HUD therefore finds that partnerships between CoCs, first responders, law enforcement agencies, and state and local governments are a proven and effective strategy for reducing homelessness, minimizing trauma, improving public safety, and advancing community-wide commitments to recovery, stability, and self-sufficiency.

Ronald J. Kurtz,
Assistant Secretary for Community Planning and Development.
[FR Doc. 2026-18555 Filed: 9/10/2026 8:45 am; Publication Date: 9/11/2026]

[116] Anchorage Assembly, *Chair Constant Statement on Homelessness Milestone* (Mar. 3, 2026), https://www.muni.org/Departments/Assembly/PressReleases/Pages/Chair-Constant-Statement-on-Homelessness-Milestone.aspx.