

# SPECIAL HUD INITIATIVE SHOWS HOW CONGRESS CAN ACT TO REDUCE UNSHELTERED HOMELESSNESS



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Continuing a decade-long increase, unsheltered homelessness reached a new peak in the most recent estimate. On a single night in January 2024, [an estimated 274,224 people nationwide](#) slept outside or in inadequate shelter (like their car, tent, or other location not meant for sleeping). This crisis impacts places across the country. 63 percent of communities reported an increase between 2023 and 2024, and while unsheltered homelessness held steady or decreased slightly in major cities, it rose by nearly 20 percent in suburban and rural areas.

Localities rely on the U.S. Department of Housing and Urban Development (HUD)'s Homeless Assistance Grants (HAG) funding, appropriated annually by Congress, to provide the backbone of their homelessness response system. In FY2024, Congress appropriated \$4.05 billion to HUD for HAG programs, a \$418 million increase from the year prior. While this funding is substantive, the vast majority is used to maintain existing programs and to keep up with the rising rental costs, so increased capacity is incremental at best year-over-year. Communities creatively cobble together public and private dollars to provide housing assistance and supportive services to people experiencing homelessness.

Current funding is not nearly sufficient to keep pace with new inflows into homelessness due to rising housing costs and an increasingly insufficient supply of affordable units. After the Supreme Court's *City of Grants Pass, OR v. Johnson* ruling in the summer of 2024—which sanctioned laws that punish people for living outside—[more jurisdictions](#) have turned to criminalization tactics in response. But significant evidence demonstrates that criminalization is counterproductive to efforts to reduce unsheltered homelessness, and harms people in the process. [Better approaches are possible.](#)

## LEARNING HOW COMMUNITIES USE RESOURCES TO ADDRESS UNSHELTERED HOMELESSNESS

HUD [awarded \\$486 million](#) to 62 Continuums of Care (CoCs, or local homelessness response planning bodies) to address rural and unsheltered homelessness in 2023 through a special competitive process outside of its annual CoC Program competition. Competition for this special funding was strong. Successful CoCs undertook rigorous processes to apply for this new funding, combining community engagement with data analysis to determine their greatest needs. Most awarded CoCs will receive between 8 and 26 percent more in federal funds every year over three years, compared to their FY2022 CoC Program allocation—a significant increase in federal funding.

Over the three-year grant terms, communities will endeavor to reduce unsheltered homelessness through these investments. [Alliance research](#) on early implementation found grantees are using the funding to provide outreach, housing assistance, wraparound services, and connections with healthcare.

**House People Who Are Without Housing.** Across all grantees, the vast majority (70 percent) of the funding will be spent on permanent housing programs, including long-term rental assistance with supportive services (Permanent Supportive Housing) and shorter-term rental assistance with supportive services (Rapid Re-Housing). Supportive services help promote housing stability for people struggling with one or more conditions (like a physical ailment, mental illness, or substance use).

**Serve People While Unsheltered.** The size of these awards gave communities the ability to fund key services, like street outreach for hard-to-find people or those with multiple and complex needs. Such work is all but impossible with the limited funding currently available for this project type. In total, 28 percent will be spent on “supportive services only” projects for people currently experiencing homelessness.

### KEY TAKEAWAY

Until 2023, the federal government had never funded interventions to specifically respond to unsheltered homelessness. A new HUD initiative (the Special Notice of Funding Opportunity to Address Rural and Unsheltered Homelessness) directed nearly half a billion dollars towards this cause. Evidence from this initiative can inform future appropriations and federal programs.

## Some emerging examples include:

The **Miami-Dade County CoC** is focusing on increasing bridge housing and permanent housing opportunities through this funding, expected to serve 200 households. This builds on recent work to leverage federal and other government funding sources to maximize development opportunities—which will add more than 800 new affordable units by 2025.

In the **Louisville CoC**, this funding will support a new 80-unit, site-based Permanent Supportive Housing (PSH) building in Louisville to house people who could benefit from a higher level of care. It features structural elements designed for people with higher service needs (like stoves that turn off automatically) and will be accompanied by robust services.

Facilitating quick transitions to housing is a priority for the **Jackson-West Tennessee CoC**, which is challenged by insufficient shelter and affordable housing. A Rapid Re-Housing (RRH) provider funded through the grant made it possible to close an encampment within five weeks and place people directly into housing.

The **San Antonio/Bexar County CoC** wanted to expand street outreach capacity to tackle barriers unsheltered people often face when navigating the housing process. All three funded street outreach teams will employ a housing navigator and a SOAR specialist (to help people access benefits like Social Security Disability Insurance) to facilitate faster housing move-ins.

The **Las Vegas/Clark County CoC** sought to increase street outreach capacity in specific ways: to encampments, particularly in tunnels and washes; to people living in vehicles; to people in rural areas; and to places with active nightlife, like Downtown. This funding brings in eight new supportive services projects, including three that bring medical expertise to people who are unsheltered.

The infusion of new resources through HUD's special funding opportunity—made available with one-time recaptured funding—will allow communities to house thousands of new people. This funding has the potential to be transformative in many ways, but it is not sufficient to end unsheltered homelessness in these jurisdictions, nor is sustained progress guaranteed. Further, over half of unsheltered people lived in jurisdictions that were not awarded funding in 2023, including 10 of the CoCs with the highest unsheltered numbers.

## RECOMMENDATION

Making a real impact on the number of people experiencing unsheltered homelessness in the United States requires significant investment above current funding levels and sustained over time, combined with smart policy choices that promote evidence-based approaches.

The Alliance estimates that it would cost at least \$2.75 billion<sup>1</sup> to house the 274,224 people identified as unsheltered during the last Point in Time Count. This one-year estimate includes the costs associated with rental subsidies and supportive services through a combination of permanent supportive housing for those identified as chronically homeless and Rapid Re-Housing for all others.

Congress could create this additional capacity to house as many as 275,000 unsheltered people through a combination of increasing HAG appropriations, an expansion of Housing Choice Vouchers, and improved Medicaid coverage of housing and related services. While this would be a significant step towards ensuring no one in this country is forced to sleep outside, this one-year cost estimate would need to be sustained annually to yield year-over-year reductions in homelessness in order to keep up with the nearly 19,000 people becoming homeless for the first time each week in the United States.

- 1 \$2.75 billion is a conservative estimate to the real need. Thousands more people spend time unsheltered than those identified during the annual count. Cost calculations pull from existing research but there are reasons to believe they underestimate the true expenditures.

PSH costs drawn from: Gillespie et al. (2021). "Analyzing the Costs and Offsets of Denver's Supportive Housing Program." Urban Institute.

RRH costs drawn from: U.S. Department of Veteran Affairs. (2023). "FY 2022 Annual Report: Supportive Services for Veteran Families."