

# How Much Would It Cost to Provide Housing First to All Households Staying in Homeless Shelters?

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## Summary

Housing First is a proven evidence-based approach to addressing homelessness. However, programs operating under the Housing First model do not receive the necessary funding to meet the needs of all people experiencing homelessness.

In 2022, homeless response systems only had the capacity to place 16.0% of households who were served in the nation's shelters into permanent housing. Housing everyone who experiences sheltered homelessness during a given year would be a substantial step forward in ending homelessness.

In this study, we ask: What would it cost to provide a Housing First placement to every household staying in a homeless shelter throughout the United States?

We conservatively estimate that an additional \$9.6 billion would be needed to achieve this goal: providing Rapid Re-Housing or Permanent Supportive Housing to everyone in a homeless shelter unable to access housing in a single year.

Our analysis uses the most recently available Annual Homelessness Assessment Report (AHAR) Part 2, Supportive Services for Veteran Families (SSVF) Annual Report, and U.S. Department of Veterans Affairs Homeless Programs Office data to estimate program placement rates, unmet need, and funding required to house every adult, family, and veteran household that stayed in a shelter in 2022.<sup>1</sup>

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<sup>1</sup> The AHAR Part 2 dataset is constructed by aggregating Homeless Management Information System (HMIS) enrollment data for the 2022 federal fiscal year (October 1, 2021–September 30, 2022). It contains unduplicated annual counts of adult, family, and veteran households who used either emergency shelter, safe haven, or transitional housing and who enrolled in Rapid Re-Housing or supportive housing in 2022. The SSVF FY 2022 Annual Report contains unduplicated annual counts of veteran households enrolled in SSVF in 2022. The Department of Veterans Affairs Homeless Programs Office provided data on HUD-VASH vouchers used by veterans with an active lease in 2022.

The estimated gaps and costs are hypothetical for a few important reasons: they do not include the needs of exclusively unsheltered households in 2022; the estimates are for a single year, so they do not consider multi-year costs; and the estimates do not account for varying assumptions regarding self-resolution or other potential program exits and geographic differences in program costs and affordable housing supply. Concerns about program quality improvements and consistent fidelity to the Housing First approach should also be a focus of future research and analysis.

## Recent Growth in the Use of Housing First Approaches

In 2009, the federal government acted on overwhelming evidence of efficacy by endorsing a Housing First policy to address homelessness.<sup>2</sup> The Housing First approach prioritizes eliminating preconditions and barriers to housing, quickly moving people experiencing homelessness into housing through a combination of rental assistance and supportive services (which help them stay in their housing and address longer-term social and health needs). By providing a safe, stable, and secure place to live, housing becomes the platform from which individuals can engage with services, find employment, and improve their well-being.

Despite research supporting the effectiveness of Housing First, the approach has been criticized for failing to reduce homelessness.<sup>3</sup> Detractors point to widespread, persistent homelessness in the U.S. over the last couple decades.

Nationwide, more than 771,480 people experienced homelessness on a single night in 2024. However, the reality is homeless response systems lack the resources to extend, and fully implement, Housing First to the vast majority of people experiencing homelessness. As a result, homeless response systems cannot reach as many people as needed, and lack the resources needed to fully implement the Housing First model. **Housing First isn't failing; the nation is failing to provide Housing First.**

For homeless response systems, the primary avenues for implementing Housing First are the Rapid Re-Housing (RRH) and Permanent Supportive Housing (PSH) programs (hereafter collectively referred to as “programs operating in

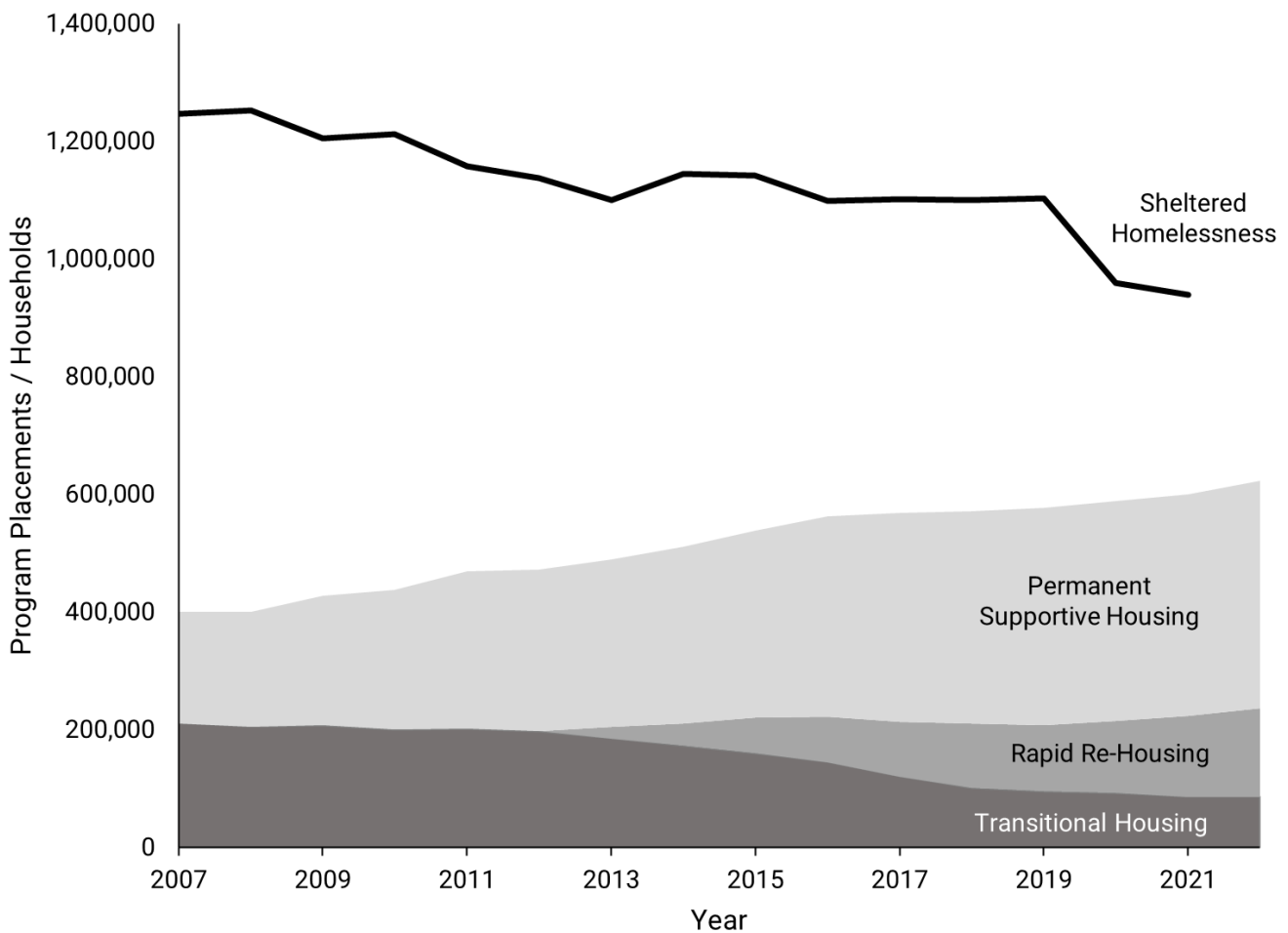
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2 HUD's Office of Policy Development and Research review of research on Housing First: <https://www.huduser.gov/portal/periodicals/em/spring-summer-23/highlight2.html>

3 Woodhall-Melnik, J. R., & Dunn, J. R. (2016). A systematic review of outcomes associated with participation in Housing First programs. *Housing Studies*, 31(3), 287-304: <https://www.tandfonline.com/doi/full/10.1080/02673037.2015.1080816>

the Housing First model<sup>4</sup>). Current federal funding for these options (comprising both U.S. Department of Housing and Urban Development and U.S. Department of Veteran Affairs funds) is approximately \$5.4 billion annually.<sup>5</sup> Figure 1 shows the considerable increase in year-round Housing First placements over the last 15 years. In contrast, funding for transitional housing — which is not a Housing First intervention — as a standalone program has steadily eroded since 2009. The figure indicates that this shift in funding priorities correlates with a gradual decrease in sheltered homelessness annually over this period. In that regard, the federal transition to Housing First is showing some progress. **With available resources, systems are housing an increasing number of people while fewer people are staying in temporary shelters.**

*Figure 1. Placements by program type and households experiencing sheltered homelessness, 2007–2022*



4 Notably, other types of housing could be classified as “Housing First”. However, the current paper focuses on RRH and PSH beds incorporated in homeless services systems because these options represent the largest share of permanent housing beds within those systems.

5 HUD’s FY2024 enacted budget was \$4.05 billion for Homeless Assistance Grants, which includes the Continuum of Care program, Emergency Solutions Grants, Youth Demonstration Projects, and Technical Assistance: [https://www.hud.gov/program\\_offices/comm\\_planning/budget](https://www.hud.gov/program_offices/comm_planning/budget). The Veteran’s Affairs FY2024 enacted budget was \$775 million for Supportive Services for Veteran Families and \$650 million for HUD-VASH: <https://endhomelessness.org/legislation/fy24-funding-in-millions-for-selected-homelessness-and-housing-programs/>

## Despite the upward trend in people accessing Housing First programs, supply is critically low.

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In 2022, 517,000 households participated in a Housing First program for at least one day. Approximately one-third (201,000) of these households received Rapid Re-Housing and the remaining two-thirds (315,000) received Permanent Supportive Housing. In aggregate, these households represent the current occupants of Housing First units counted as a part of homeless response systems throughout the country and are comprised mostly of households who were placed in a program in prior years.

Each year, a proportion of households exit their Housing First program, which allows their program placement or slot to be reopened for another household.<sup>6</sup> Across all programs operating in the Housing First model the annual exit rate was 32.4%, meaning almost 1 in 3 households leave these programs each year. However, annual exit rates differ substantially across program types. For longer-term interventions that serve chronically homeless households, such as Permanent Supportive Housing, a smaller proportion of placements are reopened each year. Designed as permanent and long-term assistance, Permanent Supportive Housing's annual exit rate is 12.8% for adult and veteran households and 13.2% for family households. In contrast, Rapid Re-Housing provides temporary assistance, with an annual exit rate of 64.9% and 64.1% for adult and veteran households, respectively, and 57.6% for family households.<sup>7</sup>

The time taken for all placements to be reopened can be calculated based on the number of annual placements in use and the annual exit rate for a program. Table 1 shows the number of years needed for all placements to be reopened by household type and program. The programs with the shortest time to reopen all placements are Rapid Re-Housing for adults, which takes only 1.5 years. In contrast, it would take almost eight years at current funding levels to replenish all Permanent Supportive Housing placements used by adults and veterans. Programs with relatively low turnover rates require larger inventories to ensure adequate supply for all households experiencing homelessness.

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6 Households may exit a program for different reasons. For example, among family households who exited Rapid Re-Housing in 2022, 88.0% exited to permanent housing, 3.5% to temporary housing, 1.8% to homelessness, 0.5% to an institutional setting, 1.7% to supportive housing, 4.1% to an unknown destination, and 0.6% deceased.

7 By design, Rapid Re-Housing subsidies are time-limited whereas Permanent Supportive Housing is supposed to continue until the household no longer needs assistance.

**Table 1. Household placements in use, annual exit rate, annual placements reopened, and time until all placements reopened in 2022 by household type and program**

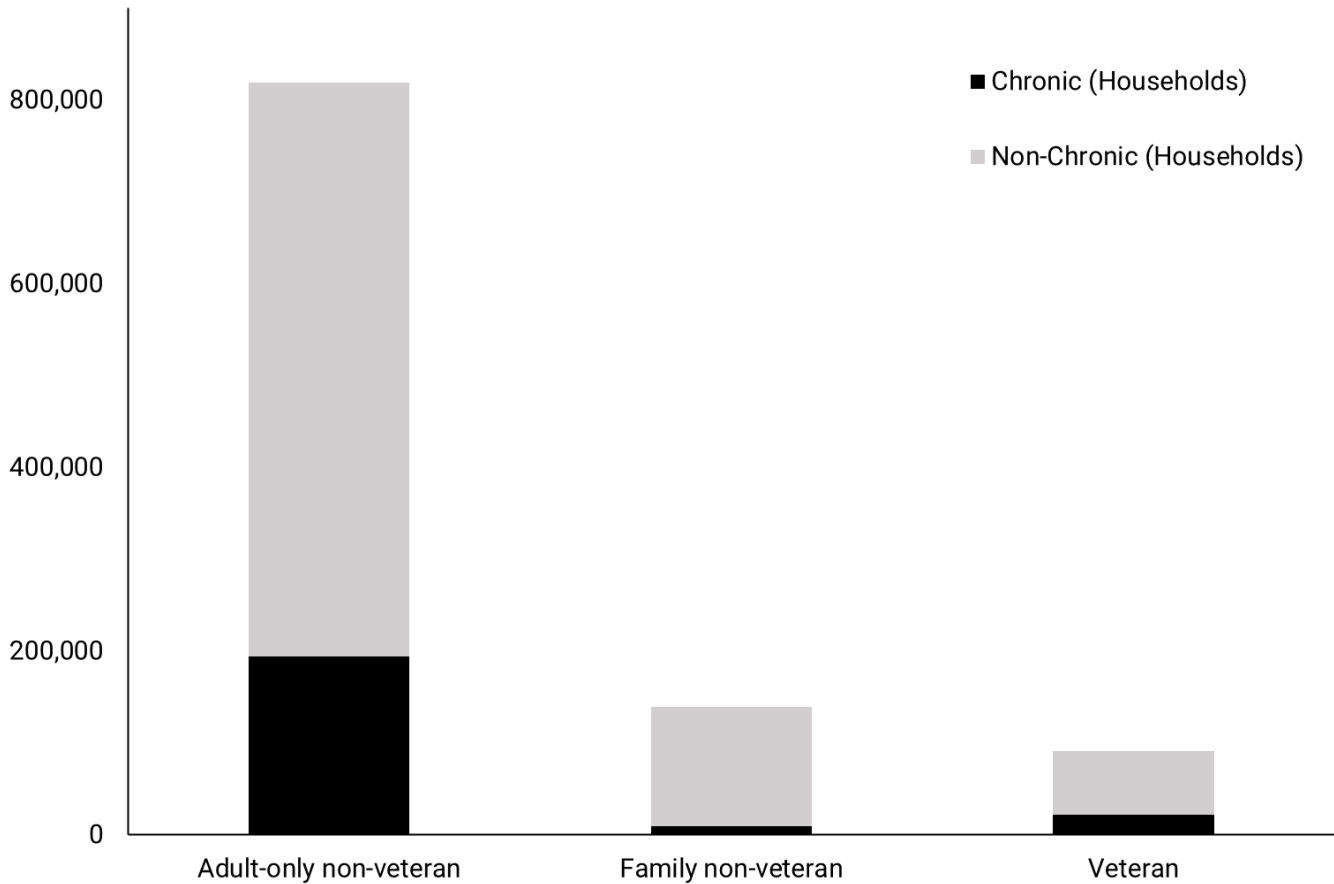
|                                      |  | Annual place-<br>ments in use<br>(households) | Annual exit<br>rate (% of<br>placements<br>reopened) <sup>8</sup> | Annual<br>placements<br>reopened<br>(households) <sup>9</sup> | Time until all<br>placements<br>reopened<br>(years) <sup>10</sup> |
|--------------------------------------|--|---|---|---|---|
| Adults<br>(non-<br>veterans)         | Rapid Re-Housing                               | 90,741  | 64.9%   | 69,679  | 1.5   |
|                                      | Supportive Housing                             | 204,077                                       | 12.8%   | 21,524  | 7.8   |
| Families<br>(non-<br>veterans)       | Rapid Re-Housing                               | 41,663  | 57.6%   | 23,981  | 1.7   |
|                                      | Supportive Housing                             | 30,803  | 13.2%   | 4,070   | 7.6   |
| Veterans<br>(adults and<br>families) | Rapid Re-Housing<br>(SSVF-RRH) <sup>11</sup>   | 68,834  | 64.1%   | 9,566   | 1.6   |
|                                      | Supportive Housing<br>(HUD-VASH) <sup>12</sup> | 80,501  | 12.8%   | 7,382   | 7.8   |
| Total or Average                     |  | 516,620                                       | 32.4%   | 167,472   | 3.1   |

## Demand for Housing First: How many people experience sheltered homelessness each year in the United States?

In 2022, 1.05 million households accessed an emergency shelter, safe haven, or transitional housing program.<sup>13</sup> Of these households, 825,000 (78.6%) accessed shelter temporarily. The remaining 225,000 (21.4%) households experienced chronic homelessness. Figure 2 shows that almost all households who were chronically homeless were comprised of adult-only, non-veteran households. Only a very small proportion of family and veteran households in shelter experienced chronic homelessness.

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- 8 Exit rates are rounded to one decimal place and household placements are rounded to the nearest whole number for ease of interpretation. Exact numbers are used for calculations.
- 9 Annual placements reopened is calculated by multiplying the number of annual placements in use by the annual exit rate for each program-population.
- 10 Time until all placements reopened is calculated by dividing the number of annual placements reopened by the number of annual placements in use for each program-population.
- 11 Supportive Services for Veteran Families (SSVF) provides Rapid Re-Housing to veterans. SSVF data are obtained from the SSVF FY 2022 Annual Report rather than the AHAR Part 2 as we believe the former to be more accurate.
- 12 The Housing and Urban Development-Veterans Affairs Supportive Housing Program (HUD-VASH) provides rental assistance to veterans via the Housing Choice Voucher program paired with case management and health services. HUD-VASH data are provided by the U.S. Department of Veterans Affairs Homeless Programs Office rather than the AHAR Part 2 as we believe the former to be more accurate.
- 13 This number excludes 17,918 unaccompanied youth households (under age 18 without a parent or guardian). We do not include these households in our analyses as AHAR Part 2 data on unaccompanied youth participation in programs operating under the Housing First model is limited.

**Figure 2.**  
**Households who experienced homelessness at any time in 2022 by household type<sup>14</sup> and chronicity<sup>15</sup>**



The total number of households accessing shelter each year provides a conservative approximation of the need for programs operating in the Housing First model. These figures do not include households who exclusively experience unsheltered homelessness (with no shelter stays during the year) because such data are unavailable in the AHAR, Part 2 (or any other data source). While unsheltered people are included in the annual Point-in-Time Count, it is unknown how many people experience unsheltered homelessness at other times of the year.

14 Adult households comprise one or more people aged 18 or older. The typical adult household has only a single adult. Family households comprise one or more people aged 18 or older and at least one child under age 18. The typical family household is comprised of one adult and two children. Veteran households comprise one or more people who served on active duty in the US armed forces. The typical veteran household has only a single adult.

15 HUD defines chronic homelessness as at least one year of homelessness, either continuously or episodically over a three-year period comprised of at least four instances.

# Estimating the Gap in the Provision of Housing First: What progress has been made toward a national Housing First approach?

Figure 3 shows the proportion of people experiencing sheltered homelessness who received a Housing First placement in 2022. The analysis assumes that Rapid Re-Housing is allocated to households experiencing temporary homelessness and Permanent Supportive Housing is allocated to households experiencing chronic homelessness. Based on these calculations, the supply of Housing First placements for adult households is grossly insufficient to meet current demand.

**Figure 3. Households experiencing sheltered homelessness (demand) and reopened Housing First program placements (supply) in 2022**

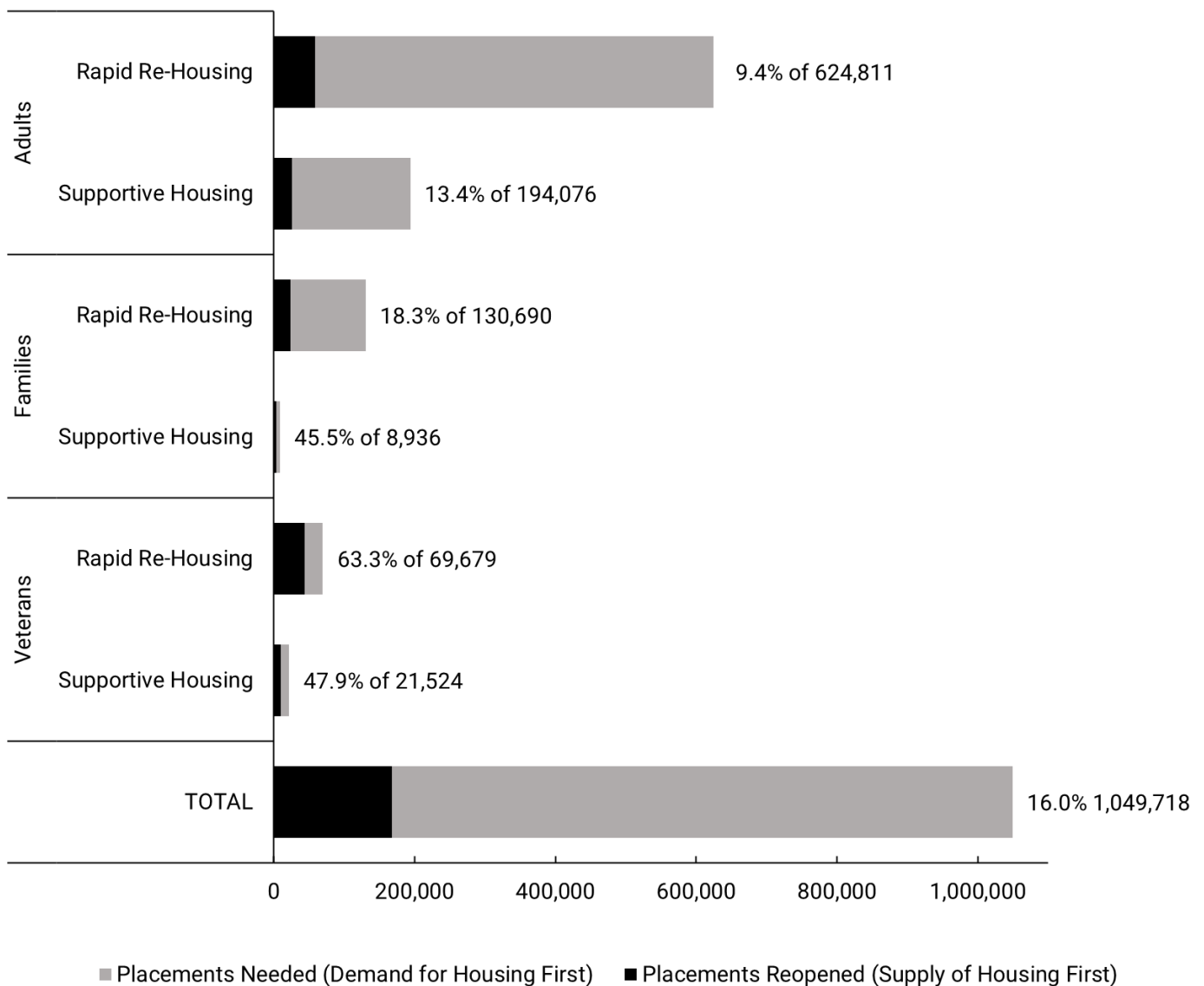




Figure 3 highlights that the 58,881 reopened Rapid Re-Housing placements among adult households met only 9.4% of the program demand (624,811 adult households experiencing temporary homelessness) in 2022. In contrast, the 44,106 reopened placements for veterans met a striking 63.3% of program demand.

Similarly, low levels of reopened placements compared to program demand are observed for adults experiencing chronic homelessness in need of Permanent Supportive Housing (13.4%). The supply of Permanent Supportive Housing for families experiencing chronic homelessness met nearly half of the demand (45.5%) due to the relatively small number of chronically homeless families (8,936) across the country in 2022. The relatively higher provision rate of Permanent Supportive Housing for veterans experiencing chronic homelessness (47.9%) compared to non-veteran, adult-only households reflects much greater federal investment in programs that operate in the Housing First model to reduce veteran homelessness. Still, only half of chronically homeless veterans in 2022 received Permanent Supportive Housing.

## **Meeting the Demand: What would it cost to provide the Housing First model to all households who stayed in a homeless shelter?**

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We calculated the additional Housing First placements needed to provide assistance for every household who experienced sheltered homelessness in 2022. Table 2 applies financial cost estimates (in 2022 dollars) to this expansion in placements. At an annual cost of \$8,486 and \$20,115 per adult household for each placement in Rapid Re-Housing and supportive housing, respectively, it would cost an additional \$8.2 billion to rehouse all adult households who stayed in shelter in 2022.

The comparatively smaller number of families experiencing homelessness, almost all of whom are temporarily homeless, would mean that all sheltered homeless families could be rehoused using Rapid Re-Housing at an additional annual cost of \$1 billion. The highly successful veterans Housing First placements can be expanded to cover all sheltered homeless veterans at an additional annual cost of \$442 million. At an estimated total additional cost of \$9.6 billion, all households that used shelter in 2022 could have been provided with a Housing First program.

Because they are not included in these estimates, it is important to note that larger investments would be required to supply Housing First placements to all people who exclusively experience unsheltered homelessness.



**Table 2. Projected annual costs of additional Housing First program placements needed to end sheltered homelessness in 2022.**

|              |                               | <b>New Placements Needed</b> | <b>Household Cost per Year<sup>16,17</sup></b> | <b>Total Cost</b>      |
|--------------|-------------------------------|------------------------------|--|------------------------|
| Adults       | Rapid Re-Housing              | 565,931                      | \$8,486  | \$4,802,487,385        |
|              | Supportive Housing            | 167,975                      | \$20,115                                       | \$3,378,818,012        |
| Families     | Rapid Re-Housing              | 106,710                      | \$8,486  | \$905,538,689          |
|              | Supportive Housing            | 4,866                        | \$20,115                                       | \$97,875,952           |
| Veterans     | Rapid Re-Housing (SSVF-RRH)   | 25,555                       | \$8,486  | \$216,856,375          |
|              | Supportive Housing (HUD-VASH) | 11,210                       | \$20,115                                       | \$225,495,362          |
| <b>Total</b> |                               | <b>882,246</b>               |  | <b>\$9,627,071,776</b> |

## Policy Considerations: What would it take to fully fund Housing First program placements for every household experiencing sheltered homelessness?

This analysis underscores the massive shortfall in Housing First program capacity to serve the 1.05 million households who experienced sheltered homelessness in 2022. Overall, only 16.0% of sheltered homeless households received any formal housing assistance to exit homelessness that year.

To address this shortfall would require a near tripling of the annual funding for the existing primary homeless assistance programs administered by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA). The estimated one-year cost of \$9.6 billion to provide a housing placement to all sheltered households in 2022 alone is almost double the estimated cost of closing the gap in emergency shelter provision, estimated to be about \$5.4 billion annually.<sup>18</sup> However, fully funding programs that operate in the Housing First model would dramatically lower the need for new emergency shelters, because by increasing housing placement

16 Rapid Re-Housing cost estimate based on SSVF program expenditures per household served for FY2022: [https://www.va.gov/HOMELESS/ssvf/docs/SSVF\\_FY\\_2022\\_Annual\\_Report.pdf](https://www.va.gov/HOMELESS/ssvf/docs/SSVF_FY_2022_Annual_Report.pdf).

17 Supportive housing cost estimate based on non-Medicaid costs from Cunningham, M., Hanson, D., Gillespie, S., Pergamit, M., Oneto, A., Spauster, P., O'Brien, T., Sweitzer, L., & Velez, C. (2021). Breaking the Homelessness-Jail Cycle with Housing First. The Urban Institute: [https://www.urban.org/sites/default/files/publication/104501/breaking-the-homelessness-jail-cycle-with-housing-first\\_1.pdf](https://www.urban.org/sites/default/files/publication/104501/breaking-the-homelessness-jail-cycle-with-housing-first_1.pdf)

18 Calculated in 2022 dollars using USA Facts inflation calculator. Full methods underlying shelter cost estimate detailed in Culhane and An (2022): <https://www.tandfonline.com/doi/abs/10.1080/10511482.2021.1905024>

rates, people would have shorter stays in shelter, and more people would be able to access existing shelter beds. A foundational principle of programs that operate under the Housing First model is that they directly address the housing and service needs of homeless households, rather than forestalling that necessity with long shelter stays and the associated costs.

While our focus here on meeting demand for Housing First in a single year is hypothetical and real multi-year estimates would require finer-tuned modeling of stock and flow through shelter and housing placements, the size of the gaps identified here does raise the critically important question: How might one close these gaps given existing federal funding mechanisms? The answer lies in a combination of multiple options.

## **Strategy 1: Increase Discretionary HUD and VA Housing First Program Appropriations**

Homelessness assistance is currently funded through annual discretionary appropriations, primarily to HUD and VA. In 2022, HUD's Homeless Assistance Grants program received approximately \$3.0 billion and the VA's SSVF and HUD-VASH programs received \$929 million. Table 3 shows estimated funding gaps of \$1.0 billion for families and \$442 million for veterans, which represent 33.4% and 47.6% increases in annual federal appropriations for HUD and VA programs operating under the Housing First model, respectively.

For families, this level of funding can be achieved in five years with 5.9% annual incremental increases in the HUD Homeless Assistance Grants program. For veterans, this level of funding can also be achieved within five years with 8.1% annual incremental increases in SSVF and HUD-VASH funding. Recent funding expansions for HUD and VA homelessness programs of 35.0%<sup>19</sup> and 53.4%, respectively, between 2022-2024 indicate that full investment in the Housing First approach is achievable for families and veterans through the federal appropriations process.

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<sup>19</sup> However, recent increases in HUD funding have not been exclusively for Housing First programs for families. Projected costs are based on dedicated funding for Housing First programs for specific populations.

**Table 3. Projected total and annual increases in appropriations required to provide Housing First to all sheltered households in 2022.<sup>20</sup>**

|          | <b>Current Annual Spending on Housing First Programs</b> | <b>Projected Additional Annual Cost</b> | <b>Projected Total Increase in Current Annual Spending</b> | <b>Annual Increase Required to Meet Projected Costs in 5 years</b> |
|----------|--|---|--|--|
| Adults   | \$3,000,000,000  | \$8,181,305,397                         | 272.7%   | 30.1%  |
| Families | \$3,000,000,000  | \$1,003,414,641                         | 33.4%  | 5.9%   |
| Veterans | \$929,000,000  | \$442,351,737                           | 47.6%  | 8.1%   |

For non-veteran single adults, who represent the largest subpopulation at 78.0% of households staying in shelter in 2022, the \$8.2 billion projected additional annual cost would necessitate an almost tripling in HUD spending on current Housing First placements (an estimated \$3.0 billion in 2022, inclusive of programs for families). To achieve this spending level within five years would require annual incremental increases of 30.1% in discretionary spending, which does not seem feasible.

Indeed, even at 9.2% annual growth in funding for programs operating under the Housing First model, which would be almost double the typical annual increase in McKinney-Vento grant appropriations, it would take 15 years to reach the \$8.2 billion increase to provide a housing placement to all non-veteran adults (\$11.2 billion total annually, based on 2022 demand, and not adjusting for inflation). Thus, more aggressive discretionary appropriations would be required to resolve the emergency circumstances of homelessness for adults within a reasonable time period.

## **Strategy 2: Utilize Medicaid**

Some states have recently succeeded in using Medicaid to address homelessness by paying for housing navigation case management, move-in assistance (e.g., deposits and first/last month’s rent), and time-limited rental assistance (up to six months).<sup>21</sup> Such a package of benefits could pay both for Rapid Re-Housing (although the permissible rental assistance is quite short term) and for the first installment of Permanent Supportive Housing placements.

<sup>20</sup> Cost calculations do not account for inflation. Percentages represent real increases in funding.

<sup>21</sup> KFF provides an overview on approved and pending Medicaid waivers for housing-related expenses: <https://www.kff.org/medicaid/issue-brief/section-1115-medicaid-waiver-watch-a-closer-look-at-recent-approvals-to-address-health-related-social-needs-hrsn/>

A federal entitlement program such as Medicaid may present a much more robust and scalable source of federal funding for these purposes. This would be an appropriate use of Medicaid, given that homelessness is widely recognized to constitute a health emergency and to be a primary social determinant of health. Implementation of such an approach would face challenges, given the increased cost, the anticipated reluctance of managed care organizations that administer Medicaid to expand services, and the limited capacity of existing provider networks to serve this population. States would have to provide incentives and a regulatory framework that would support the scaling of this intervention.

Using Medicaid to pay for ongoing case management and supportive services in Permanent Supportive Housing is already done in many states and could be done in many more to fulfill the goals of the program, thereby reducing further reliance on discretionary spending.

### **Strategy 3: Dramatically Expand the Availability of Targeted Housing Vouchers**

As for scaling up supportive housing for chronically homeless, non-veteran single adults beyond this initial relocation benefit, a substantial increase in housing vouchers targeted to this specific subpopulation (nearly 194,000 for 2022) would be required. Such an expansion would have closed the gap for chronically homeless single adults in 2022 for approximately \$2 billion.<sup>22</sup>

### **Strategy 4: Create a New Way to Deliver Rental Assistance**

In addition to an increase in vouchers, another possibility would be to bundle cash-based rental assistance with Supplemental Security Income (SSI) payments for elderly or disabled people who experience homelessness or are at high risk of homelessness. States and the federal government could collaboratively fund such rental assistance as part of their administration of the SSI program, although the mechanisms for this may require additional legislative authority or a large research demonstration.

## **Limitations**

This study is associated with certain limitations that point to the need for further research and analysis:

**Limited Data on Unsheltered Homelessness.** This study is limited in that it only estimates unmet need based on households who used shelter in a

<sup>22</sup> Based on an estimated \$10,000 per year.

single year, which excludes anyone whose homelessness was spent exclusively in unsheltered locations. The size of that group on an annual basis is unclear and requires further investigation.

The only national estimate of unsheltered homelessness is available through annual Point-In-Time (PIT) Counts, which found 274,224 people living unsheltered on a single night in 2022. While some portion of those households stayed in a shelter at some point in the year (and therefore many are captured in the annual count of shelter users), this count underestimates the duration (chronicity) of their homelessness. It is likely that people in locations with more available shelter beds will connect with a shelter at least once during their experience of homelessness in a given year, but in many communities, shelter supply is far below demand among the unsheltered.

Significantly, PIT Counts, which are often allotted limited resources and frequently rely on volunteer canvassers, also undercount the unsheltered population, and so likely understate unmet need among the unsheltered.<sup>23</sup> Consequently, the gap and cost estimates for 2022 provided in this report should be considered conservative.

**Stock and Flow.** This report estimates the costs of housing people served in the nation's homeless shelters over the course of a given year. This represents a hypothetical cost of providing Housing First to all households staying in homeless shelters in just 2022. More refined multi-year estimates would be needed for budget planning and would have to model varying assumptions regarding self-resolution and other program exits, as well as the impact of increased exits on shelter demand. Program exit rates may slightly overstate the number of reopened placements as units may require maintenance between tenants or households may not immediately find housing using a subsidy, for example. Further research is needed to model program flows on a multi-year basis to improve these estimates.

**Program Implementation and Quality.** The estimated costs of upscaling Housing First do not address implementation barriers, such as staffing and organizational capacity, which are essential to program fidelity. As this report proves, efforts to end homelessness are deeply underfunded. Underfunding impacts many aspects of the work, including program quality and staffing. In their efforts to stretch limited resources, many providers

<sup>23</sup> For a review of federal data sources for counting people experiencing homelessness, see Mosites et al. (2021): <https://pubmed.ncbi.nlm.nih.gov/33751025/>

cannot provide each person with the supportive services they need. Limited budgets for salaries also coincide with understaffing and high turnover, impacting providers' ability to provide quality services. Any efforts to expand programs that operate under the Housing First model will have to include the costs associated with upscaling existing programs and improving program fidelity, which require addressing considerable challenges in program capacity and staffing.

**Fixing the Affordable Housing Crisis.** According to the National Low Income Housing Coalition, there is a nationwide shortage of 7.3 million rental homes that are affordable and available to extremely low-income households. This highlights another significant challenge to effective implementation of Housing First: limited affordable housing supply. As a result, there are limited places to locate Permanent Supportive Housing or for Rapid Re-Housing participants to use their subsidies. This report does not account for the significant costs associated with expanding the availability of affordable housing or the unintended consequences that might result from rapidly expanding access to housing subsidies in localities with limited affordable housing stock.

## Conclusion

As a federal policy, full implementation of Housing First remains aspirational due to limited funding and resources. Most people (84.0%) who enter the homelessness response system will stay in a shelter but are unable to access a Housing First program in their first year of entry. In short, the Housing First policy is undermined by the dearth of program placements. An adequate supply of Rapid Re-Housing and Permanent Supportive Housing placements is necessary for effective implementation of a true Housing First policy.

Current annual funding for these programs is an estimated \$5.45 billion, but our conservative estimate is that it would cost at least \$9.6 billion more to house all people who experienced sheltered homelessness in 2022 alone. Congress can and should do much more to ensure that more households have an opportunity to participate in programs operated under the Housing First model, if indeed it is the nation's goal to end homelessness. However, ensuring more placements in existing Housing First programs would not be enough to prevent homelessness in the future. Long-term efforts to increase the supply of affordable housing are essential to rehousing those who are currently homeless, reducing the risk of future homelessness for those currently housed, and ensuring permanent housing stability.