

# Protecting Homeless Assistance Funding in FY27

## Overview

A [dire affordable housing crisis](#) and an insufficient social safety net continue to drive roughly [17,500](#) people into homelessness for the first time each week in the United States. Homelessness response systems across the country do not have the resources needed to keep up with this demand. Recent estimates indicate that over the course of 2024, [homelessness response systems only had enough housing for 16 percent of households](#) in shelter, which does not even account for those currently residing outside.

To ensure that life-saving programs can simply continue to operate, an overall appropriation of \$5.1 billion—an **\$800 million increase** from FY2026—is required for the U.S. Department of Housing and Urban Development’s (HUD’s) **Homeless Assistance Grants (HAG)**. Further, Congressional direction is needed to ensure that these programs can continue to operate and that policy changes made by the administration do not destabilize efforts.

## Federal Funding: The Backbone of Homelessness Response Nationwide

HUD’s [HAG account](#) funds the primary federal programs to address homelessness: the Continuum of Care (CoC) program and the Emergency Solutions Grants (ESG) program.

- The CoC Program provides funding for more than 7,000 grants that offer permanent housing, supportive services, data collection, and overall community-wide planning and coordination.
- The ESG program provides funding to states and localities for emergency shelters, provision of essential services, re-housing of homeless individuals and families, and homelessness prevention.

**The HAG account supports a nationwide network of government, charitable, and faith-based providers working in collaboration to prevent and end homelessness for all Americans.** This includes unaccompanied youth, older adults, families, veterans, and domestic violence survivors.

## How Funding Uncertainty and Delays Inhibit Effective Response

Data from a large sample of communities suggests that homelessness decreased slightly between early 2024 and 2025, reversing the trend seen in recent years. For example:

- Maine [reported](#) a 10 percent reduction overall—the third consecutive year with a decrease—including a 25 percent decrease in child homelessness.
- Birmingham, Alabama [reported](#) an 11 percent reduction overall, including a 55 percent reduction in chronic homelessness.
- Lawrence, Kansas [reported](#) an 18 percent reduction overall, including a 70 percent reduction in unsheltered homelessness.

This progress is at risk of being upended due to sudden changes to the CoC Program competition and funding. HUD’s attempt to defund effective practices with FY2025 CoC Program funding has already had [severe impacts](#) on program operations in communities across the country, including referrals to programs being slowed down or stopped altogether and landlords and other partners deciding to no longer participate.

To prevent further destabilization of the nation’s homelessness response system, Congress needs to provide guardrails. Programs that serve people with disabilities, older adults, veterans, and families with children must be able to continue operating as communities make shifts that may be required by policy changes implemented by the Administration.

## Alliance Recommendations

Congress can support communities in FY27 with a total appropriation of **\$5.1 billion** (total increase of \$800 million) for the Homeless Assistance Grants account, including provisions to ensure greater stability for communities and transparency from HUD.

### **Continuum of Care (CoC) Program (\$4.6 billion): requesting \$600 million increase**

An increase of nearly \$600 million will allow communities to:

- **Account for increased renewal demand and rising costs:** A \$390 million increase is needed to cover the annual renewal demand for the program, accounting for Fair Market Rent (FMR) increases and cost-of-living adjustments for frontline staff.
- **Allocate new funding to create projects to meet local needs:** Up to \$200 million is necessary for new projects to meet community-specific needs. While the use of these funds should be locally determined, Congress should prioritize youth, survivors of domestic violence, older adults, and people with complex behavioral health needs.
- **The Alliance also encourages Congress to include language** in the appropriations bill that will protect Continuum of Care funding and ensure stability for communities:
  - Set Tier 1 for a CoC to no less than 85 percent of a CoCs Annual Renewal Demand (ARD) while also limiting the loss of overall funding for a state in any year to no more than 5 percent.
  - Equally permit the renewal of all program component types (i.e., Permanent Supportive Housing, Transitional Housing) and ensure that any bonus funding, if available, is limited to activities found in 42 U.S.C. 1138(a).
  - Noncompetitively renew all projects expiring in Calendar Year 2028 if all awards are not awarded and obligated before March 1, 2028.

### **Emergency Solutions Grants (ESG) Program (\$500 million): requesting \$210 million increase**

An increase of \$210 million will allow communities to:

- **Respond to the nationwide rise in unsheltered homelessness:** In 2024, unsheltered homelessness rose by 6.9% overall, but 19.1% in largely suburban communities and 17.8% in largely rural areas. Additional ESG investments will help communities move more people from the streets into emergency accommodations and directly into housing, reducing visible homelessness.
- **Ensure that emergency accommodations meet evolving needs:** The ESG program uniquely focuses on unsheltered homelessness. Communities need more funds to modernize emergency shelters so they can move more people off the streets and better serve older adults and people with disabilities.

### **General Provisions**

Since HUD first began reporting on the extent and nature of homelessness in the United States to Congress in 2007, the AHAR has consistently kept core methodological elements in place so that Congress is able to track trends over time. To preserve the integrity of this data, Congress should limit HUD's ability to make changes to standard definitions and reporting requirements.