THREADS 2026

From THREADS to Fabric: Moving Systems from Concept to Practice



Federal Housing Policy, Homelessness, and Affordability:

What's Happening in Washington and What It Means for California

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Meet the Presenter

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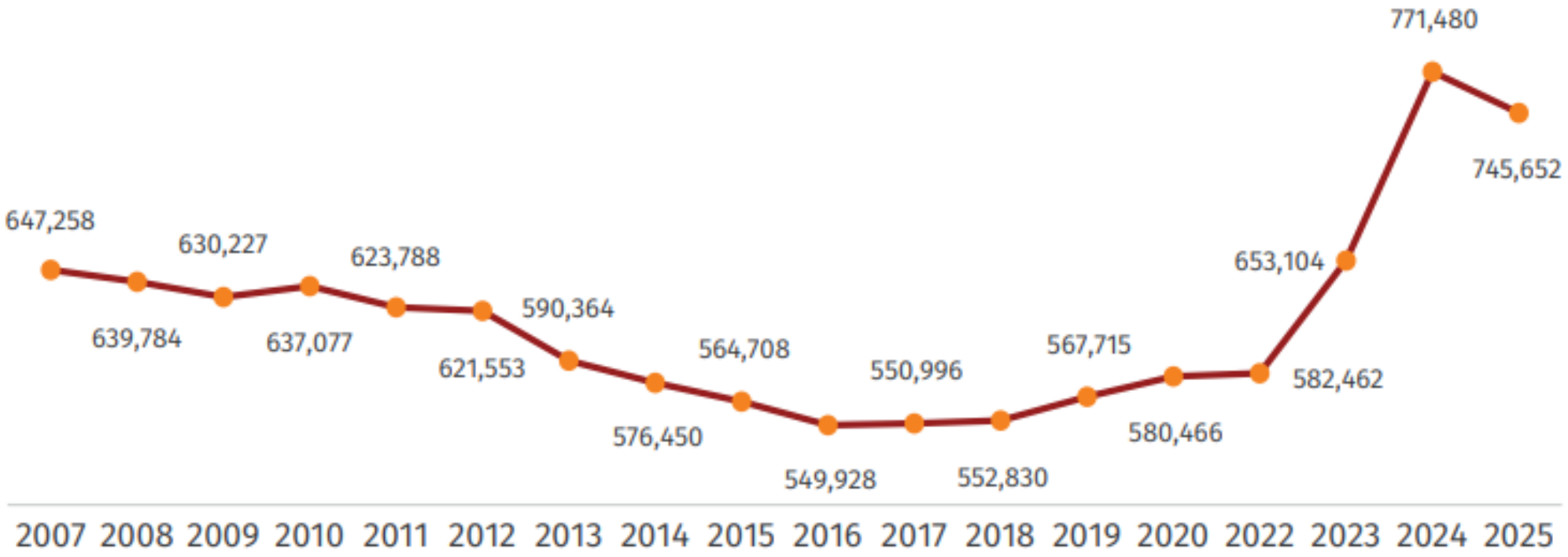
NAHRO is the…



Agenda

- Overview
- Federal Programs and Funding
- Administration Priorities
- Continuum of Care Updates and Impacts
- Looking Ahead and Advocacy

Total Estimated Homelessness in the United States



The data for 2021 is not displayed due to pandemic-related disruptions to counts.

Causes of Homelessness



HOUSING AFFORDABILITY



SUPPLY CHALLENGES

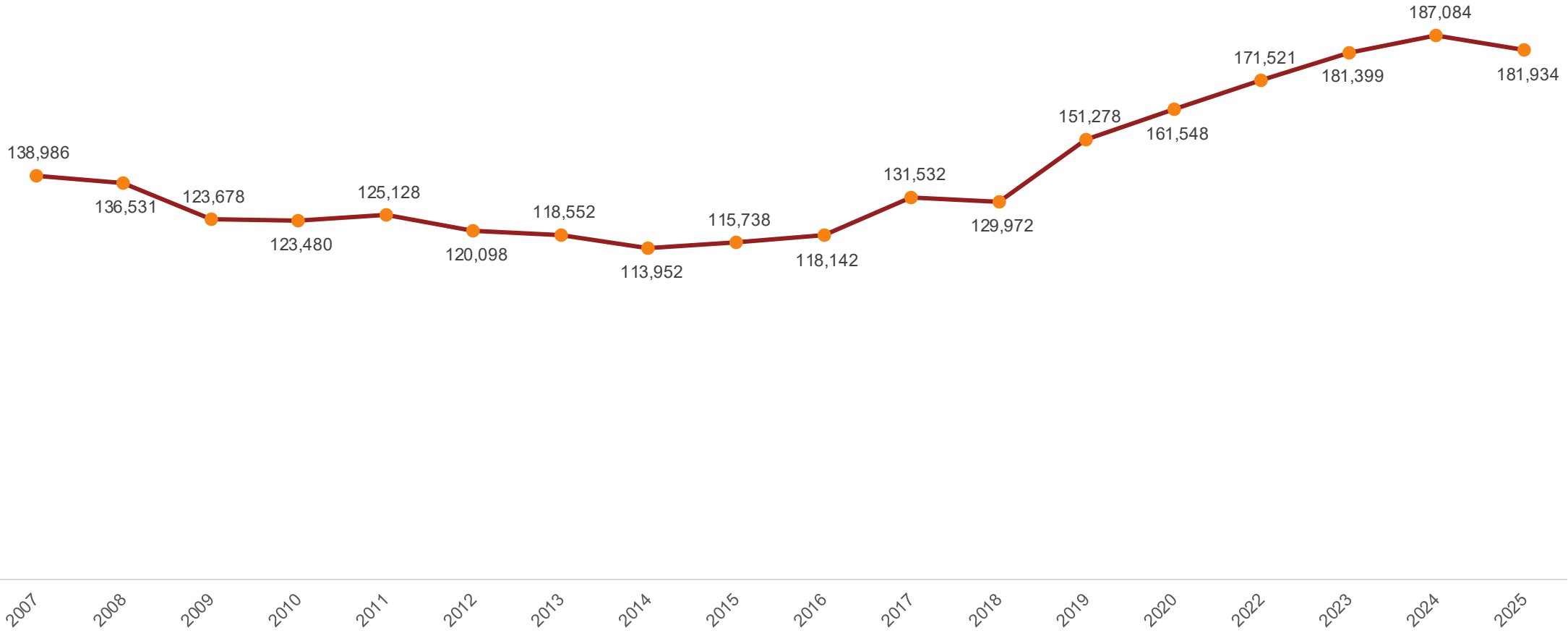


INCREASING FINANCIAL CONSTRAINTS



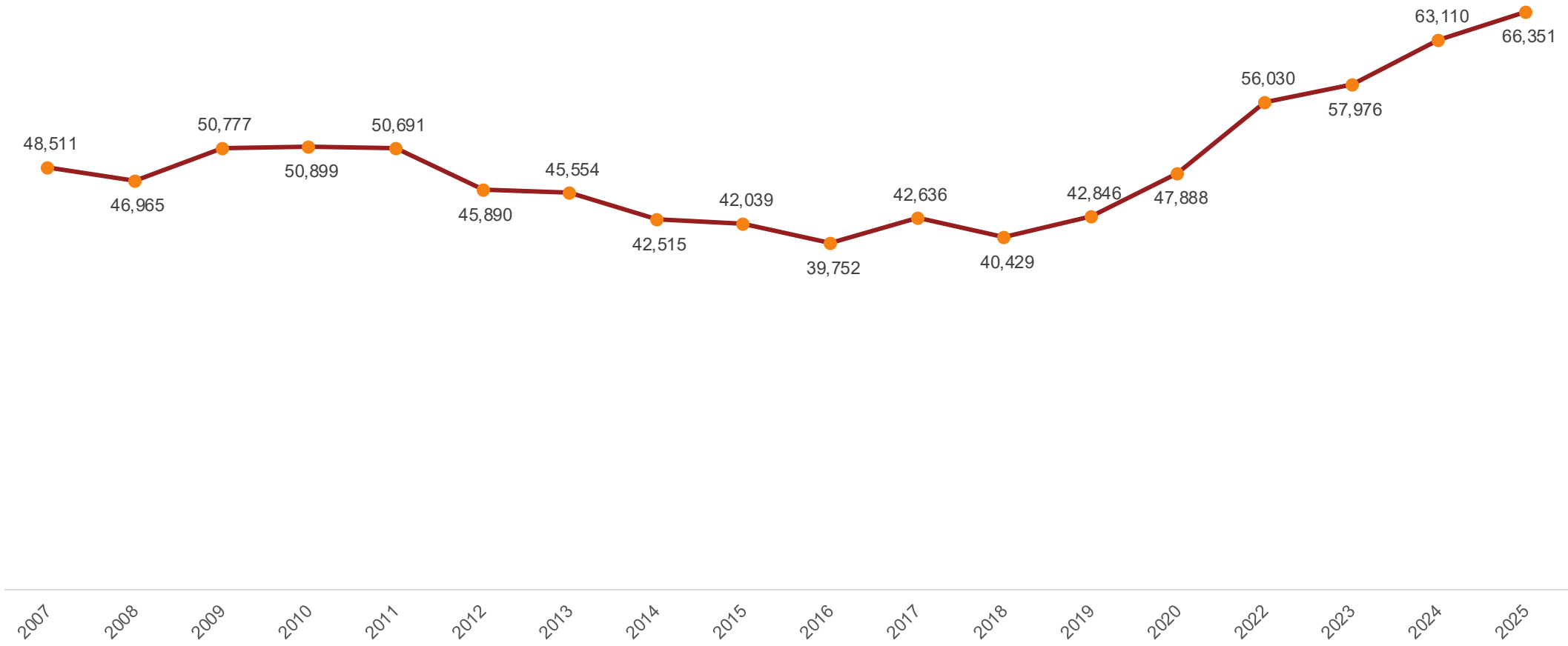
NATURAL DISASTERS

Estimated Homeless Population in California



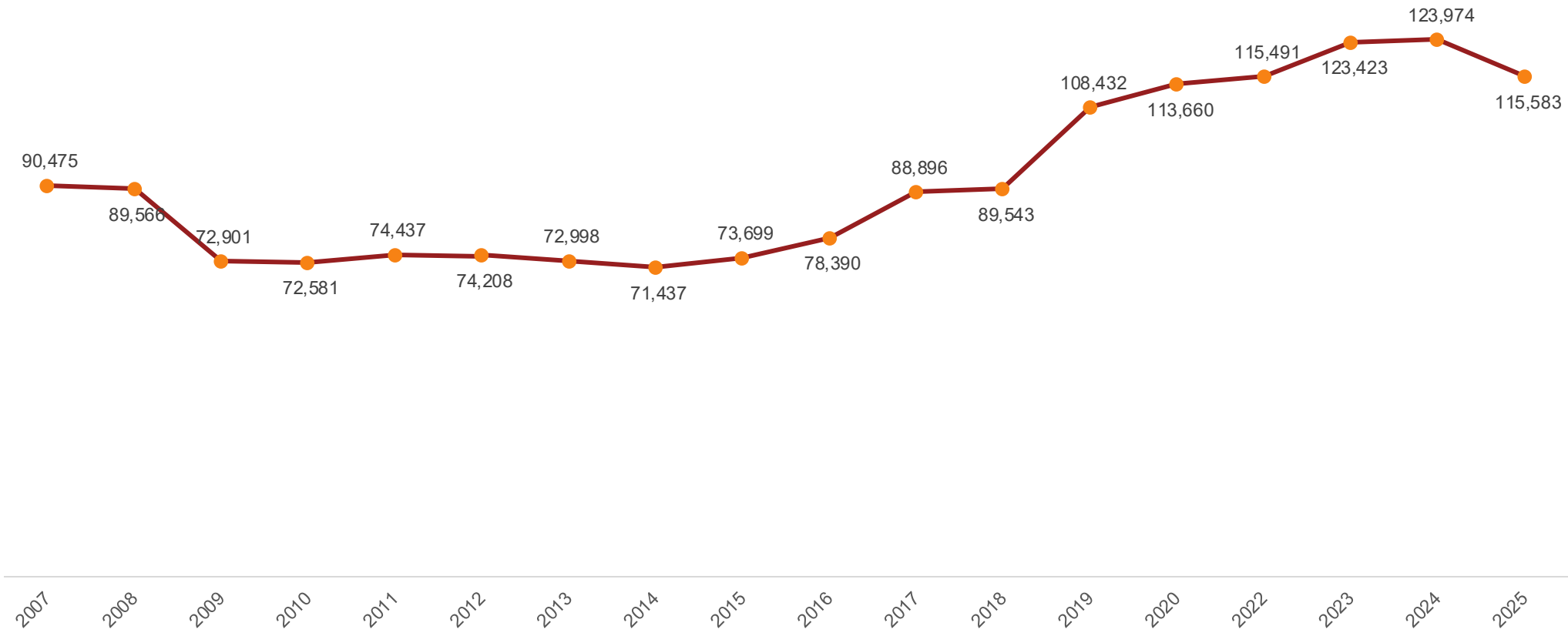
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Estimated Sheltered Homeless Population in California



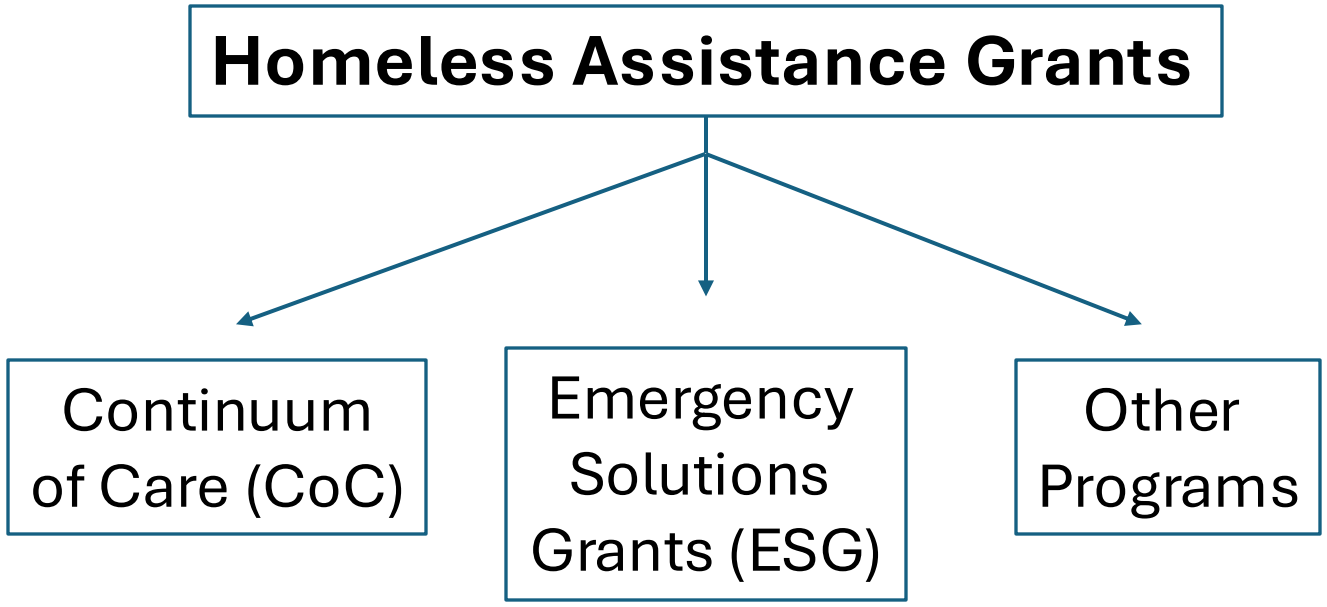
The data for 2021 is not displayed due to pandemic-related disruptions to counts

Estimated Unsheltered Homeless Population in California



The data for 2021 is not displayed due to pandemic-related disruptions to counts

Federal Homeless Assistance Programs



Emergency Housing Vouchers

HUD-VASH

Typical Appropriations Timeline

- Winter/Spring – President releases budget for upcoming fiscal year
- Summer – House and Senate release their versions
- September 30 – Federal fiscal year ends
  - Continuing resolution (CR) typically passed to keep government open
  - Keeps funding at prior year levels
- Post September 30 – Final appropriations bill signed in law

Housing and homeless programs are in the Transportation-Housing and Urban Development (THUD) Appropriations bill

Fiscal Year 2027 Funding

- Continuing Resolution signed into law on **September 2**
- Continues funding through **December 11**
- Includes important provisions on:
  - Tenant-Protection Vouchers (TPVs) for Emergency Housing Vouchers (EHVs)
  - Restrictions on implementing Office of Management and Budget (OMB) Proposed Rule

OMB Proposed Rule

- Rule impacts all Federal Financial Assistance
- Administration prohibited from implementing until **December 11**
- Working to include language in next funding bill
- Concerns about funding instability
  - Changing grant terms and conditions during term of grant
- Vague requirements to:
  - Act in “national interest”
  - Advance the “President’s policy priorities”

Fiscal Year 2027 Funding

- Impacts of midterm elections
- Additional Continuing Resolution after December 11?
- **Implications of new Congress**
- Senate has yet to release funding proposal



Homeless Assistance Grants Funding

FY 24 Enacted	FY 25 Enacted	FY 26 Enacted	FY 27 President	FY 27 House
$4.051b	$4.051b	$4.417b	$4.024b*	$4.160b

The Continuum of Care (CoC) Program

- HUD's primary competitive grant program for addressing homelessness
- Funds housing and services
  - Permanent Supportive Housing
  - Transitional Housing
  - Rapid Rehousing
  - Supportive services and coordinated entry
- CoCs coordinate homeless response systems
- Supports nonprofits, states, local governments, public housing agencies and Tribes/Tribally Designated Housing Entities (TDHEs)

CoC Funding

FY 24 Enacted	FY 25 Enacted	FY 26 Enacted	FY 27 President	FY 27 House
$3.544b	$3.544b	$4.010b	$0	$3.778b

CoC Funding - Tiers

- Two Tiers – Tier 1 and Tier 2
  - HUD selects projects in Tier 1 based on the CoC's ranking
  - Tier 2 projects face a more competitive national selection process
- Prior to FY 26 funding, **90%** of a Annual Renewal Demand went to Tier 1 projects
- For FY 26, HUD has lowered the threshold for Tier 1 to **60%**
- This will increase the share of projects subject to competitive review
- Pending litigation on issue

Emergency Solutions Grants (ESG)

- HUD formula grants that help prevent and address homelessness
- Funds range of activities:
  - Emergency shelters
  - Street outreach
  - Rapid Rehousing
  - Homelessness prevention
- Provides immediate housing assistance
- Works alongside CoC program

ESG Funding

FY 24 Enacted	FY 25 Enacted	FY 26 Enacted	FY 27 President	FY 27 House
$290m	$290m	$290m	$4.024b	$290m

HUD Unified Grant System (HUGS)

- HUGS will consolidate HUD's grants management systems into a single, unified system
- Concerns with HUD implementation
  - Duplicative reporting
  - Rushed timeline
- Administrative burden
  - Grantees
  - HUD
- Confidentiality and data-security concerns

Emergency Housing Vouchers

- Created by the American Rescue Plan in 2021
- Provided **70,000 vouchers** to Public Housing Agencies nationwide
- EHVs targeted for people:
  - Experiencing homelessness
  - At risk of homelessness
  - Fleeing or attempting to flee domestic violence, sexual assault, stalking, or human trafficking

Emergency Housing Vouchers

- HUD stopped issuing new EHVs after September 30, 2026
- Any household still on the EHV program on or before September 30 will be provided a Tenant-Protection Voucher (TPV)
  - TPVs help families at risk of losing their voucher
  - PHAs cannot re-issue these vouchers once a family exits the program

Administration Priorities

- Shift away from “Housing First”
- Increase emphasis on transitional and emergency housing
- Prioritize substance use, mental health, and public safety
- Increase competition for homelessness funding
- Reduce unsheltered homelessness and encampments
- Treatment First vs. Housing First

Housing First

- Housing is initial intervention
- Services are offered alongside housing and voluntary
- Emphasizes reducing barriers to housing
- Permanent Supportive Housing (PSH) is central intervention

Treatment First

- Treatment and recovery emphasized first
- Housing is paired with supportive services and accountability
- Emphasizes addressing substance use and serious mental illness
- Greater emphasis on transitional housing and supportive-service projects

Evidence for Housing First

- Improves housing stability
- Reduces homelessness
- Can reduce emergency-system use
- Cost-effective: economic benefits can exceed costs
- Impacts strongest for housing outcomes
  - Effects on substance use, mental health, and employment are more mixed

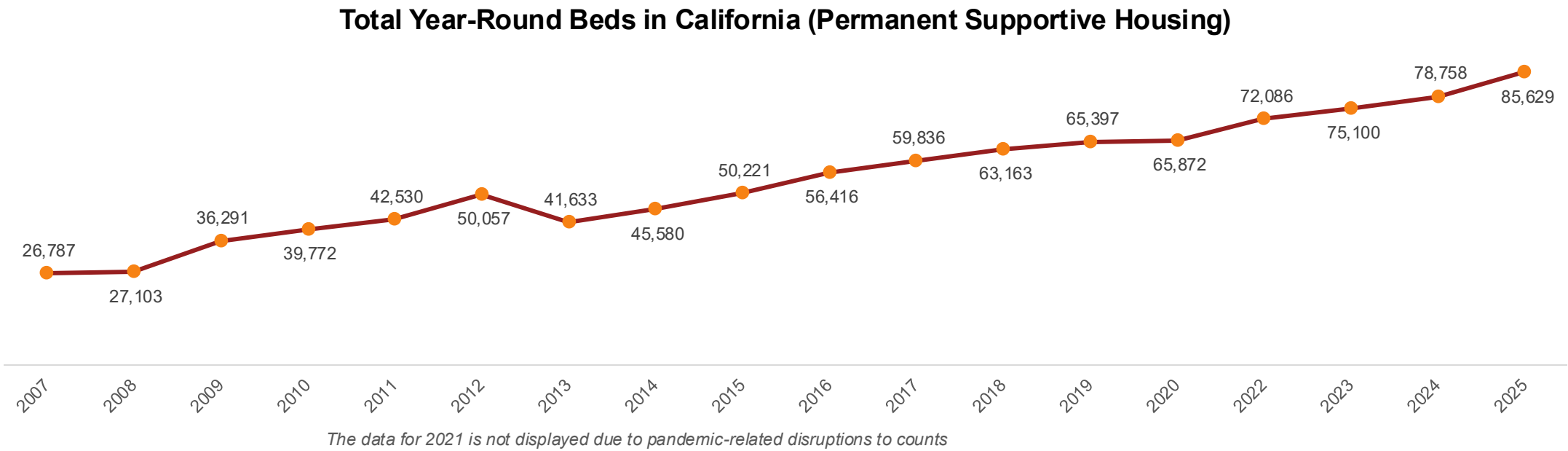
Continuum of Care Notice of Funding Opportunity

- Funds released on June 1
- **$4.04 billion** available for FY 2026
- Notice of Funding Opportunity (NOFO) contained a number of changes:
  - **$1.3 billion set-aside** for new transitional housing and supportive service only projects
  - Lowers Annual Renewal Demand (ARD) threshold for Tier 1 Projects from **90% to 60%**
  - HUD revised scoring criteria to include measures related to mental health and substance use disorder

Impacts of Changes to CoC NOFO

- National Alliance to End Homeless estimates **97,000 residents** of CoC-funded permanent supportive housing could lose their homes
- Nationwide, **60% of the 400,000** permanent supportive housing beds rely on CoC funding

What Is the Impact in California?



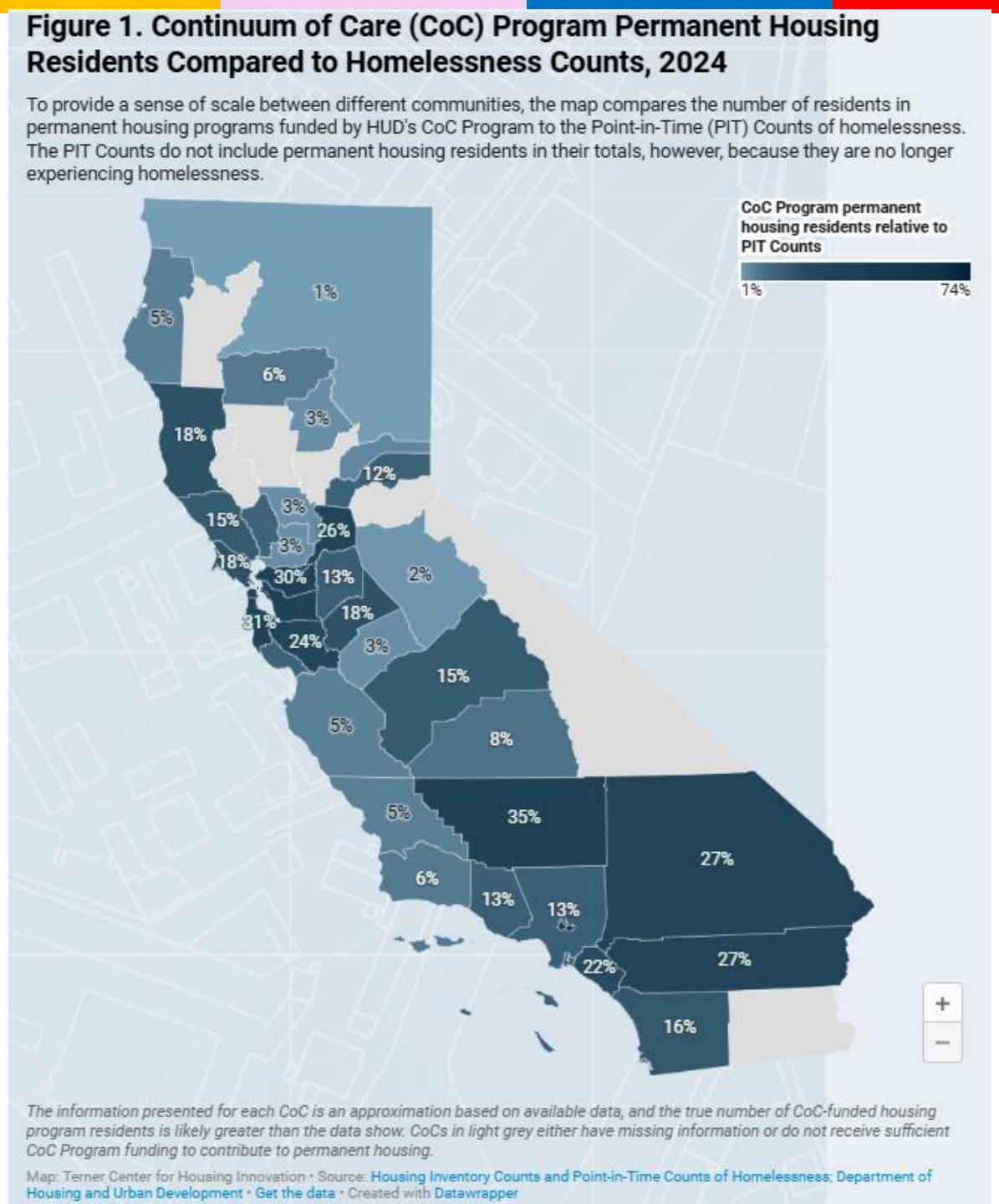
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- Supply of Permanent Supportive Housing in California **increased by 73%** from 2014-2022

What Is the Impact in California?

- **87% of CoC funds** in California used for PSH
- More than **32,000 people** could be at risk of losing their homes
- Changes to the CoC NOFO could result in the **loss of more than $250 to $300 million** for PSH and Rapid Rehousing in California

Percent of Residents in Permanent Supportive Housing in Counties Across California



THREADS 2026

Continuum of Care NOFO Litigation

- A federal court ruled that **HUD violated the law in the FY 25** NOFO
- In early August, the District Court in Rhode Island **ruled in favor to vacate the 2026 CoC NOFO**
- **HUD appealed decision**
- U.S. Court of Appeals for the **First Circuit allowed HUD to move forward** with FY 2026 CoC NOFO while pending litigation is ongoing
- HUD has to announce awards by **December 1**
  - Litigation may still be pending

Looking Forward

- What do the **Senate numbers** look like?
- How will the **midterm election** impact FY 2027 funding?
- What happens with the **CoC litigation**?
- How will a **new Congress** think about federal funding for FY 2028?
- How will the **President** react to new Congress?

The Importance of Advocacy

Advocacy IS…

- Actions taken to promote more informed decision making at the federal, state, and local levels by:
  - ❑ Generating a better understanding of the role of housing and community development programs in peoples' lives.
  - ❑ Working within your established agency policy and legal restrictions. (*Hatch Act*)

Two Types of Advocacy

- Ongoing, year-round, mission-driven
- Issue or event-specific (i.e., COVID-19 housing relief funding)

The Importance of Advocacy

- **Communicating** effectively
- **Timing** communications well
- Raising **awareness**
- Building **relationships**
- Expanding our **network** of HCD contacts and with **non-traditional partners**
- Improving our ability to **tell our story**
- Creating a **positive image** in our communities
- Translating our experience and successes into **responsible public policy**

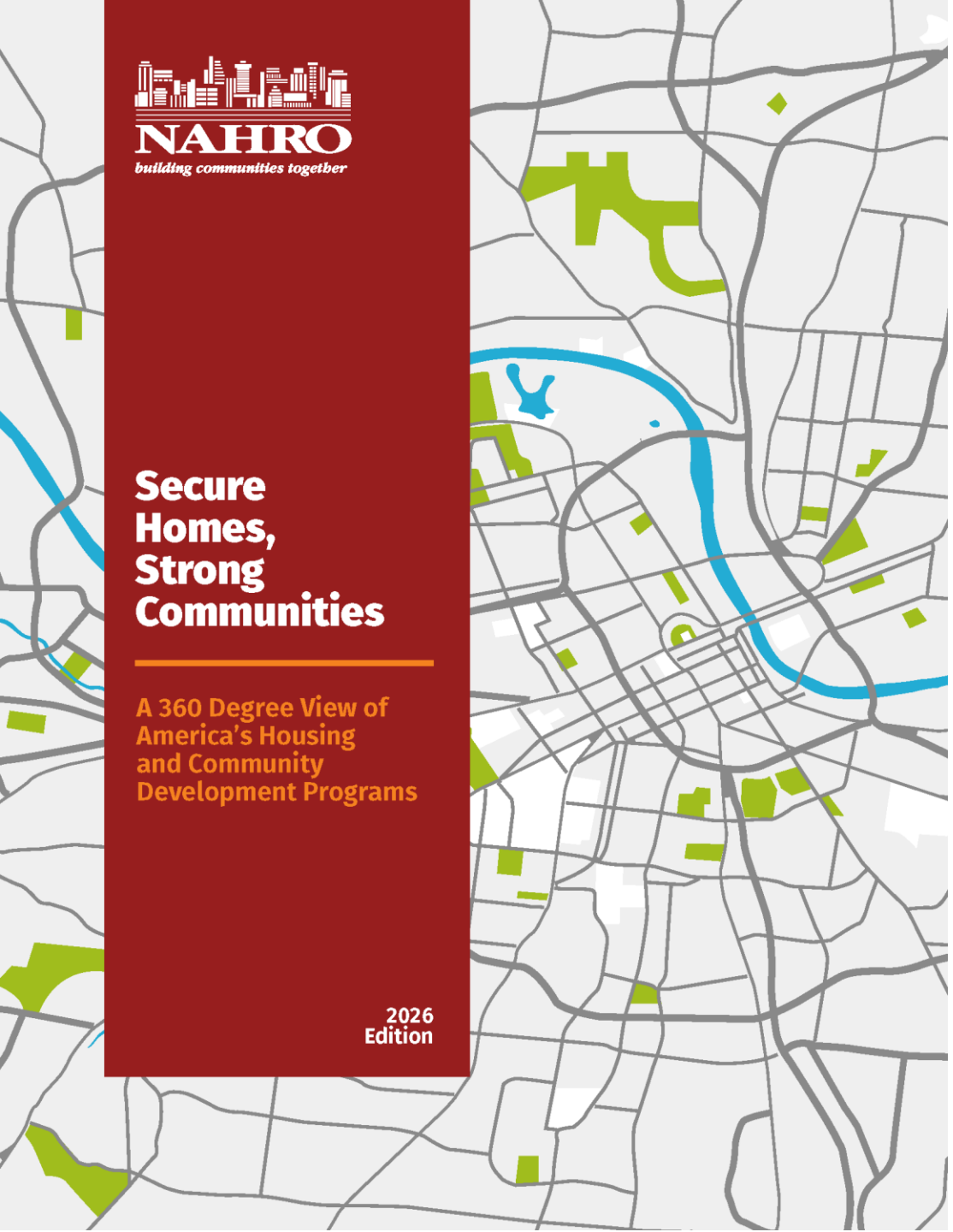




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Closing remarks

Resources

Contact information