



National Association of Housing and Redevelopment Officials

630 I Street NW, Washington DC 20001-3736
Phone: (202) 289-3500 Toll Free: (877) 866-2476 Fax: (202) 289-4961

October 13, 2026

U.S. Department of Housing and Urban Development
Office of General Counsel
Regulations Division
451 7th Street SW
Washington, DC 20410-0500

Re: Notice of Research Justifying Additional Incentives for Certain Activities to Reduce Homelessness [FR-6628-N-01]

To Whom It May Concern:

On behalf of the National Association of Housing and Redevelopment Officials (NAHRO), I am pleased to offer the following comments in response to HUD's proposed rule, "Notice of Research Justifying Additional Incentives for Certain Activities to Reduce Homelessness."

Established in 1933, NAHRO is a membership organization of more than 26,000 housing and community development providers and professionals throughout the United States. Our members create and manage affordable housing for low- and middle-income families and support vibrant communities that enhance the quality of life for all. NAHRO members administer more than 3 million homes for more than 8 million people.

Background

The history of the Continuum of Care (CoC) program first dates to 1994 when its process was developed by HUD to coordinate the distribution of several competitive homeless assistance programs to promote coordination within communities and between programs. In 1995, HUD initiated requirements for communities to submit a single application for McKinney-Vento Homeless Assistance Grants. Before the CoC process was developed, coordination between organizations receiving funding in the same community for one or

Sean Gilbert, PHM, SPHM, NCC, NAHRO Fellow, President; **Ivory Mathews**, Senior Vice President; **Marsha Parham-Green, CME, CPHM, CSI-HQS**, Vice President - Budget & Administration; **Joe Grisson, NCC**, Vice President - Commissioners; **Taryl Bonds**, Vice President - Community Revitalization & Development; **Angie Garcia-Nguyen**, Vice President - Housing; **Lisa Baker**, Vice President - International Research and Global Exchange; **Beverly Banks**, Vice President - Member Services; **Diane Cohen, CME, NCC**, Vice President - Professional Development; **Mark Thiele, C-PHM, CME, CMVO, NCC**, Chief Executive Officer

e-mail: nahro@nahro.org website: www.nahro.org

more homeless related programs were almost nonexistent.¹ The McKinney-Vento Homeless Assistance Act of 1987 (McKinney-Vento), which was the first major piece of federal legislation in the U.S. focused on addressing homelessness, initially focused on funding individual agencies through separate programs. From 1992 through 2012 there were four programs authorized and funded by Congress that were established through McKinney-Vento: Emergency Shelter Grants, the Supportive Housing Program (SHP), the Shelter Plus Care (S+C) program, and the Section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings (SRO) program.

By design, the CoC process brought together a multitude of stakeholders to the table to coordinate homeless assistance. This included local government, public housing authorities, faith-based organizations, first-responders, local businesses, health facilities, nonprofits, and other routine service providers. While guidelines for this process were included in annual Notice of Funding Opportunities (NOFOs) designed for each program, the process wasn't authorized by Congress until passage of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act by President Barack Obama in 2009. These rules were later incorporated into the CoC award competition starting in FY12—the first CoC competition under HUD's new interim rule.² Regulations governing the CoC program were also published in the summer of 2012. Since then, the CoC program has provided funding for various project types, which include permanent supportive housing (PSH), rapid rehousing (RRH), transitional housing (TH), supportive services only (SSO), homeless management information system (HMIS), CoC Planning costs, safe havens, and Unified Funding Agency (UFA) costs.

In 2013, HUD made significant changes to the FY13 and FY14 NOFO. One of the key changes included the Tier 1 and Tier 2 ranking order that determined how funds would be distributed. The changes prioritized the renewal and development of new PSH and RRH projects over other types of projects and deemphasized new TH projects.³ This prioritization emphasized the Housing First model, which HUD defined in its FY13-FY14 CoC NOFO as "...a model of housing assistance that is offered without preconditions (such as sobriety or a minimum income threshold) or service participation requirements, and rapid placement and stabilization in permanent housing are primary goals." Although the new ranking system for Tier 1 projects in the FY13-FY14 NOFO ranked SSO projects slightly lower, HUD has recently

¹ Homeless Assistance: Continuum of Care Planning, National Alliance to End Homelessness, <https://nlihc.org/sites/default/files/2014AG-101.pdf>

² Notice of Funding Availability (NOFA) for the FY12 Continuum of Care Program Competition, HUD, <https://archives.hud.gov/funding/2012/cocnofa.pdf>

³ Notice of Funding Availability (NOFA) for the FY13-FY14 Continuum of Care Program Competition, HUD, <https://www.nahro.org/wp-content/uploads/2026/10/FY13-FY14-CoC-NOFO.pdf>

stated that SSO projects were dramatically deprioritized in the FY13-FY14 NOFO. In actuality, the shift resulted in a slight difference in the ranking order for SSO projects. It also provided more flexibility in that it allowed grantees to rank new or renewal SSO projects in the new ranking order compared to FY12 when it was only for new SSO projects.

As part of the Trump Administration's policy priorities, HUD has shifted away from the Housing First approach in its CoC NOFO. NAHRO disagrees with this shift. We believe Housing First should remain a central component of federal homelessness policy. Numerous national and international studies show positive outcomes related to the Housing First model. Research shows that PSH programs combined with other supportive services improve housing stability and reduce homelessness more effectively than programs that require treatment first. According to 26 studies conducted in the U.S. and Canada, programs that provide PSH decreased homelessness by 88% and improved housing stability by 41%.⁴ This research also concluded that Housing First programs showed health benefits and reduced the use of health services among unhoused populations.

A study published in the National Library of Medicine found that "clients with severe psychiatric disabilities and addictions are capable of obtaining and maintaining independent housing when provided with the opportunity and necessary supports."⁵ After five years of examining the effectiveness of a permanent supportive housing program for unhoused individuals with psychiatric disabilities in New York City, 88% of the program's tenants remained housed, whereas only 47% of the residents in the city's residential treatment system remained housed.

Additionally, an article from 2024 in "Housing Matters," compiled several studies that show Housing First as the best approach to ending homelessness.⁶ The article found that Housing First helped people get housed and remain housed, improved people's quality of life and facilitated use of health care services, and provide cost savings. According to their analysis of the Denver Supportive Housing Social Impact Bond Initiative conducted between 2016 through 2020, they found that supportive housing helped increase participants' housing stability and use of needed health care services, while decreasing their use of expensive emergency services such as jail stays, emergency room visits, and ambulance use. This offset about half the program's total per person annual cost, which on average was \$6,876

⁴ Permanent Supportive Housing with Housing First to Reduce Homelessness and Promote Health among Homeless Populations with Disability: A Community Guide Systematic Review. National Library of Medicine. October 2021. <https://pmc.ncbi.nlm.nih.gov/articles/PMC8513528/>

⁵ Pathways to housing: supported housing for street-dwelling homeless individuals with psychiatric disabilities. S Tsemberis. R F Eisenberg. <https://pubmed.ncbi.nlm.nih.gov/10737824/>

⁶ Housing First Is Still the Best Approach to Ending Homelessness, <https://housingmatters.urban.org/articles-features/housing-first-still-best-approach-ending-homelessness>

less than the control group they evaluated not receiving PSH. Additionally, their findings also evaluated a PSH program in New York City from 2013 and found that participants in the PSH program versus those who were not spent 40% less time in jail.⁷ The analysis showed that the annual crisis health care, jail, and shelter costs per person were more than \$15,000 higher for the control group not receiving PSH than those that were.

The Annual Homeless Assessment Report (AHAR), first published by HUD in 2007, is intended for policymakers, planners, and service providers who seek current homelessness data to help them respond to the needs of the nation's homeless population. It is made possible through the annual Point in-Time (PIT) Count, which is usually a one-night count of sheltered and unsheltered individuals experiencing homelessness. The PIT count is typically conducted nationwide by localities during the coldest time of the year — late January — so that the data can capture homeless shelters when they are at their maximum capacity to provide a more accurate representation of homeless populations.

In the 2024 AHAR to Congress, HUD highlighted several factors that contributed to the significant rise in homelessness that occurred nationwide since the COVID-19 pandemic. These factors included natural disasters, the affordable housing crisis, rising inflation, stagnating wages among middle- and lower-income households, persistent disparities in access to affordable housing and economic opportunity, and the public health crisis itself. However, HUD's 2025 AHAR downplayed these factors and instead attributed increases in homelessness to changes in the FY 2013–FY 2014 CoC NOFO, when HUD first prioritized PSH and Housing First models. While this explanation aligns with the Administration's policy priorities, attributing rising homelessness to these funding changes is inconsistent with concerns raised in the 2024 report and historical data.

According to HUD's own data from annual Point in Time counts, homelessness declined in 2013 through 2016 with slight increases in 2017 and 2018. Additionally, from 2013 through 2022, each individual year's estimation was lower than any year prior to the FY13-FY14 NOFO.⁸ While the U.S. has experienced increases in homelessness in recent years, the data does not show those increases happening in the years immediately following the FY13-FY14 NOFO was released. NAHRO believes the factors identified in the 2024 AHAR, such as natural disasters, the affordable housing crisis, rising inflation, stagnating wages among middle- and lower-income households, persistent disparities in access to affordable housing and economic opportunity, and public health crises, are more likely the factors that have led to increased homelessness. Population increases may also be a factor, with the

⁷ The Frequent User Service Enhancement Initiative: New York City FUSE II, Columbia University, 2013. <https://shnny.org/research/the-frequent-user-service-enhancement-initiative-new-york-city-fuse-ii/>

⁸ The 2025 Annual Homelessness Assessment Report (AHAR) to Congress, HUD, <https://www.huduser.gov/portal/sites/default/files/pdf/2025-AHAR-Part-1.pdf>

U.S. population having increased by an estimated 25.9 million people since 2013.⁹ HUD reports conclude various reasons for rises in homelessness, none of which strongly point towards major shifts in the CoC NOFO from 2013.

General Comments

Post the COVID-19 pandemic, homelessness has reached unprecedented levels. The National Association of Housing and Redevelopment Officials is committed to finding solutions to reducing homelessness and supporting communities nationwide. As highlighted in the notice for comment, 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](#)). More plainly, the notice provides data specifically focused on showing why HUD decided to establish a \$1.3 billion set-aside for new TH and SSO projects, as well as create bonuses for TH projects.

In reviewing the research and reasoning provided by HUD in this notice, it is evident that HUD is transitioning away from the Housing First model and prioritizing other methods. The recent toolkit titled “Best Practices Toolkit: Addressing Homelessness and Addiction Through Treatment First,” launched by HUD and other federal agencies, further emphasizes the administration’s move away from the Housing First model, noting arguments which state that the model fails to prevent overdoses, increase access to addiction treatment, or help people establish and sustain self-sufficiency.¹⁰ The Department has also emphasized that the changes made in its recent FY26 CoC NOFO are meant to increase competition by decreasing the Annual Renewal Demand (ARD), allowing 40% of all projects to compete based on new criteria set out by HUD. Unfortunately, there is no evidence showing that this increase in competition will decrease homelessness. In fact, The National Alliance to End Homelessness estimates that the changes made in the NOFO will put at least 97,000 residents of CoC-funded permanent housing at risk of losing their homes and cause a subset of communities with higher rates of homelessness to lose access to approximately \$92.8 million in funds.¹¹

The National Association of Housing and Redevelopment Officials strongly disagrees with the changes made by HUD in its recent FY26 CoC NOFO. While it is within HUD’s authority to make changes to the CoC competition, there should be more caution given in how these changes may impact individuals and families currently being served by the CoC program. Further, these changes should not have been implemented without an appropriate notice-and-comment period, which would have allowed the Department to carefully evaluate how to shift funding priorities away from PSH toward other homelessness

⁹ U.S. Population (1950-2026). <https://www.macrotrends.net/global-metrics/countries/usa/united-states/population>

¹⁰ Best Practices Toolkit: Addressing Homelessness and Addiction Through Treatment First. <https://www.hud.gov/sites/default/files/Main/documents/Best-Practices-Toolkit.pdf>

¹¹ Changes to HUD Policy Threaten Efforts to End Homelessness: At Least 97,000 People Could Lose Housing, NAEH Homelessness Research Institute. <https://endhomelessness.org/resources/hud-policy-changes-threaten-efforts-to-end-homelessness/>

interventions while minimizing disruptions for residents and individuals currently served by these programs.

Defunding Existing Projects is Not the Solution to Reducing Homelessness

The Department has emphasized its goal of distributing funding more evenly across project types and creating greater opportunities for new projects, particularly TH and SSO projects, to receive funding. However, this shift in funding priorities could result in significant funding losses for grantees that are unable to transition their existing projects to TH or SSO models. Across all states, territories, and Washington D.C., more than \$2.9 billion in funding was used for PSH and RRH projects combined in fiscal year 2024. This represents 82% of all CoC funding, according to HUD.¹² Reductions in funding would lead to states like Louisiana, Maine, Michigan, Missouri, and Delaware losing between 68% and 75% of their PSH resources.¹³ Other states like New Hampshire, South Dakota, and Oklahoma would see the largest proportional cuts to federal funding for PSH, which serve those facing chronic homelessness. In these three states, all PSH dedicated to chronic homelessness relies on this funding. Nationwide, 60% of the more than 400,000 permanent supportive housing beds that exist rely on this funding.

While FY26 appropriations language allows HUD to select projects totaling not less than 60% of Annual Renewal Demand (ARD) for the FY26 CoC NOFO, the Department retains discretion over the overall percentage of projects it renews. In making the decision to select the lowest possible percentage for renewals many existing PSH units that support unhoused populations will now compete against new projects. This could jeopardize funding for these units, threatening providers' ability to continue serving residents and helping them remain stably housed. HUD's shift would have significant impact on currently funded units and will result in increased homelessness. If grantees cannot effectively convert their PSH to TH, there may not be enough funding for existing projects already serving unhoused populations. As a result, many individuals currently being housed may once again be back on the streets.

NAHRO recommends that HUD take every possible step to prevent displacement due to changes in the current NOFO.

NAHRO appreciates the opportunity to comment on this topic.

¹² 2024 Continuum of Care Program Funding Awards. HUD. 2024.

<https://www.huduser.gov/portal/sites/default/files/pdf/2024-AHAR-Part-1.pdf>

¹³ Evidence Shows Permanent Supportive Housing Helps People Exit Homelessness. A Proposed Funding Change Would Cut Those Programs. Samantha Batko, Pear Moraras. Urban Institute. November 2025.

<https://www.urban.org/urban-wire/evidence-shows-permanent-supportive-housing-helps-people-exit-homelessness-proposed>

Sincerely,

A handwritten signature in black ink that reads "Steven Molinari". The signature is written in a cursive style with a large, stylized "S" and "M".

Steven Molinari
Policy Analyst