

Statement from Illinois Advocates and Service Providers Opposing HUD's Renewed Effort to Reject Housing First Policies

On June 1, the U.S. Department of Housing and Urban Development (HUD) released the Fiscal Year 2026 Notice of Funding Opportunity (NOFO) for the Continuum of Care (CoC) program. The CoC is our nation's largest investment in ending homelessness.

Like with the FY 2025 NOFO, HUD is proposing to radically restructure the program in harmful ways, including significantly lowering the percentage of funds that each CoC is able to prioritize to renew currently funded projects to 60%. In recent years, HUD has generally prioritized more than 90% of CoC funding awards for renewals—ensuring housing stability for thousands of Illinoisans.

This means that 40% of funds currently received by each of Illinois' [19 CoC networks](#) are subject to a national competitive application process based on HUD's current priorities, which reject evidence-based Housing First policies and practices in favor of short-term assistance, transitional housing and mandatory treatment. Of this 40%, more than three quarters, is set aside to fund new projects based on HUD's current priorities.

This puts CoCs in Illinois at significant risk of losing CoC funding overall, especially for permanent supportive housing (PSH) and permanent housing. The worst case scenario is that many currently housed people will be pushed back into homelessness—in shelters, on the streets, in encampments, doubled up with others and/or elsewhere.

Impact on Illinois CoCs and the People They Serve

In Illinois, more than 80% of CoC funding is spent on permanent housing, primarily PSH, which is housing combined with voluntary services for people with disabilities (such as severe mental illness). PSH helps people succeed in ending their homelessness, and currently serves approximately 8,500 people in Illinois at any one time.

Other than PSH, other housing considered permanent by HUD is Rapid Rehousing, which provides up to 24 months of rent assistance combined with services. In Illinois, CoC-funded Rapid Rehousing currently serves more than 2,800 people in Illinois at any one time.

Through a combination of advocacy with Congress, court litigation, and other actions, HUD only very recently completed renewals of FY 2025 CoC contracts around the country. Illinois' 19 CoC networks, which together cover the entire state, received more than \$190 million in renewals. However, to date, only a small number of grant agreements have actually been finalized.

HUD's actions since the release of the FY25 NOFO have resulted in chaos, confusion, and uncertainty—as well as major cash flow challenges—for agencies that serve people experiencing homelessness.

Since 40% of current CoC funding that comes to Illinois is subject to evaluation based on HUD's new priorities, we estimate that more than \$76 million of funding currently being received by Illinois CoCs is at risk of loss, including approximately \$40 million currently funding PSH and other permanent housing programs across the state.

Attacks on Housing First are Misguided

HUD Secretary Scott Turner, and others allege that their proposed policy changes are needed because Housing First policies—which prioritize providing permanent housing to people experiencing homelessness—have failed. However, [research](#) supports an opposite conclusion—Housing First policies actually work to keep people housed and prevent homelessness.

Families and individuals become homeless for many different reasons. The only clear factor that everyone who is homeless has in common—whether they are doubled up with another household or unsheltered and living in an encampment—is that they do not have a stable, affordable place to live.

The shortage and high costs of housing in Illinois is well documented. For example, in Illinois there are [only 34 affordable and available rental homes for every 100 extremely low-income renter households](#).

The [State of Illinois' HOME Illinois plan](#) reflects what Illinois' 19 CoC networks and their members have been successfully doing for years: preventing evictions, doing outreach to people experiencing unsheltered homelessness, providing access to shelter and assisting people to access permanent housing as quickly as possible.

Unfortunately, in Illinois and around the country, there has never been sufficient investment in affordable housing, particularly PSH, for people with the lowest incomes. The shortage of affordable housing drives rents up, keeps shelters and transitional housing programs full, and prolongs the amount of time people experience homelessness.

Creating more PSH is especially important because it helps people succeed in staying housed in cases where their homelessness is not just the result of economic conditions, but also compounded by issues such as mental illness, substance use disorder, history of incarceration, long-term homelessness, and other needs.

Our Request for HUD and Our Commitment

We urge HUD to stop trying to return to the failed policies and practices of the past—such as providing short-term shelter, social services and treatment for some and long-term institutionalization for others—that tried to explain away homelessness in our society as solely the result of people's own personal decisions and failures. Instead, we must focus on the systemic shortcomings in our society that have resulted in homelessness.

These systemic inequities have resulted in Black Illinoisans being [nearly eight times more likely](#) to experience homelessness than white residents. In addition, people experiencing homelessness in Illinois have a [much higher rate of hospitalizations and premature death](#).

The undersigned organizations will continue to work with others around the country and locally to educate and advocate with our elected officials and others to ensure that HUD continues to provide funding focused on PSH and other permanent housing, because the lack of affordable housing is the root cause of homelessness.

Signed by:

Alliance to End Homelessness in Suburban Cook County, AIDS Foundation of Chicago, Center for Housing and Health, Chicago Coalition to End Homelessness, Chicago Homelessness and Health Response Group for Equity (CHHRGE), Chicago Funders Together to End Homelessness, Chicago House, Deborah's Place, Housing Action Illinois, Illinois Shelter Alliance, NAMI Chicago, South Suburban PADS, Christian Community Health Center, Supportive Housing Providers Association and Threshold