



Supportive Housing and Federal Policy Shifts: Planning for State Leaders

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What I'll cover today

- Supportive housing – its role in communities
- Current intersection of CoCs and supportive housing
- Other mechanisms to fund supportive housing
- Ways state leaders can make an impact



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Background

- Homelessness has grown to record levels and unsheltered/visible homeless is growing in most cities. (HUD AHAR and PIT counts 2017-2024)
- Research over decades is clear:
 - Supportive housing ends chronic and veteran homelessness (at lowest level on record) (See CSH.org for references)
 - Vouchers provide biggest benefit to family households (Family Options study)
 - Mental illness and addiction are chronic diseases, recovery is not linear.
 - Rental costs are driving up homelessness (for every \$100 rent increase, homelessness rises 9% (GAO); rents are up an average of \$400/month since 2020 (Harvard Joint Center), wages are stagnant (Census))



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The role supportive housing plays

Targets high need individuals with disabilities who would be homeless without the subsidy and would not be able to maintain housing without the intensive supports.

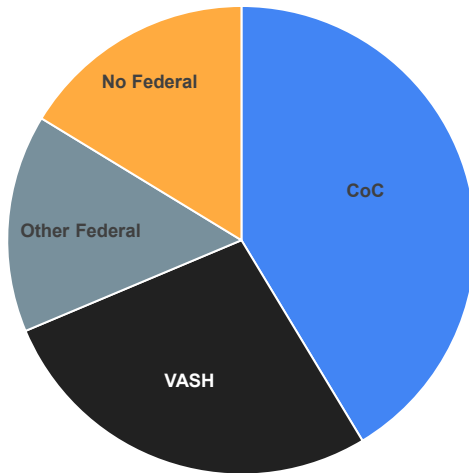
Is a much more cost-effective intervention than jails, prisons, and long-term hospitalization (which is where tenants would be otherwise).

Serves a variety of systems –behavioral health, veterans, child welfare, justice, aging, disabilities

Never intended to be the primary response to homelessness.

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CoCs and supportive housing



- 400,000 units of supportive housing
- 160,000-170,000 are funded by CoCs (60% are tenant-based)
- 109,000 VASH units
- States (esp Medicaid) and PHAs play important role.

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Supportive Housing and the 3-legged stool



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Ways Supportive Housing is Financed

- Capital: LIHTC (mostly 9%), state tax credits, NHTF, State housing trust funds, local housing trust funds, HOME, CDBG, private philanthropy (very little CoC funding goes into construction), (CA's HomeKey)
- Operating:
 - Most common source is PBV and HCV
 - Almost a third are VASH vouchers
 - Next is CoC operating (about 1/3rd)
 - State rental assistance or county rental assistance
- Services funding:
 - Medicaid in most states pays for case management and clinical services.
 - State and local behavioral health funding
 - CoC pays \$200M of the roughly \$3B



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Straining an already complex financing system

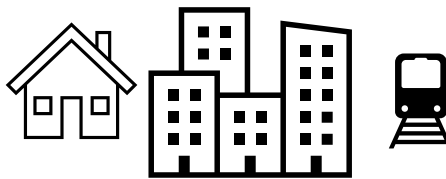
“This funding complexity—specifically, the time it takes to apply for and secure enough public funding from both local and state sources—is associated with higher development costs. **Each additional public funding source is associated with \$20,460 higher per-unit total development costs, on average.**” – Carolina Reid, **Terner Center Report, April 2025** [Reducing the Complexity in California's Affordable Housing Finance System - Terner Center](#)



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Can you envision a future where...

- Supportive housing isn't a homeless crisis response but is an integrated part of a city's housing plan.
- Homeless systems can focus on addressing housing crises and preventing homelessness.
- Supportive housing buildings and tenants no longer rely on annual, fluctuating grantmaking.
- Financing new or renovated supportive housing is through a single NOFO administered by the state with streamlined reporting and regulatory requirements.



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Ways States Can Have an Impact



Use your convening and influence skills



Promote transparency and outcomes of programs



Offer bridge funding; streamline state financing tools; Medicaid at the table



Help educate federal officials

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Questions?



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Thank you!

Learn more at www.csh.org



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Stay in Touch!



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