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Submitted via Regulations.gov

Regulations Division, Office of General Counsel
Department of Housing and Urban Development
451 7th St. SW, Washington, DC 20410

RE: Docket No. FR-6628-N-01, Notice of Research Justifying Additional Incentives for Certain Activities to Reduce Homelessness

The Council of State Community Development Agencies (COSCDA) appreciates the opportunity to comment on HUD's plans to incentivize certain homeless assistance activities. COSCDA is a national association for state agencies that administer HUD's grant programs. Many of our members administer Emergency Solutions Grant (ESG) and Continuum of Care (CoC)[1] funding for their states. We do not have extensive in-house research expertise; instead, our comments rely on an analysis of HUD data and our members' grant management experience. Based on these sources, COSCDA does not support HUD's plan to incentivize transitional housing and supportive services over other CoC activities. We urge HUD to commit to responsible management of the CoC program.

Disagreement with HUD's Proposed CoC Activity Incentives

HUD's notice identifies five activity types that "constitute proven effective activities" for the purposes of the CoC program. HUD plans to incentivize CoC grantees to focus their funding on these eligible activities.

1. Transitional housing with supportive services concentrating on improving employment income and meeting behavioral healthcare needs for homeless individuals and families;
2. Supportive services for homeless individuals and families (i.e., healthcare, substance use treatment, employment services, etc.);
3. Supportive service participation agreements to engage program participants in unique, individualized services tailored to their needs and goals;
4. Housing that supports treatment and recovery for homeless individuals with a substance use disorder or in recovery from a substance use disorder; and
5. Coordination with law enforcement and first responders as crucial partners in addressing homelessness.

If the goal of homeless assistance programs is to prevent homelessness and help at-risk families and individuals find permanent housing, then it is worthwhile to consider existing data on how well different activity types achieve that goal. According to HUD's 2024 CoC program performance data (see below), permanent housing models are more successful at either keeping people housed or helping them move to other forms of permanent housing. People living in CoC-funded emergency shelters (ES), safe havens (SH), transitional housing (TH), and rapid re-housing (RRH) models exited to permanent housing at a combined rate

[1] State agencies often manage Balance of State (BoS) Continuum of Care (CoC) programs.

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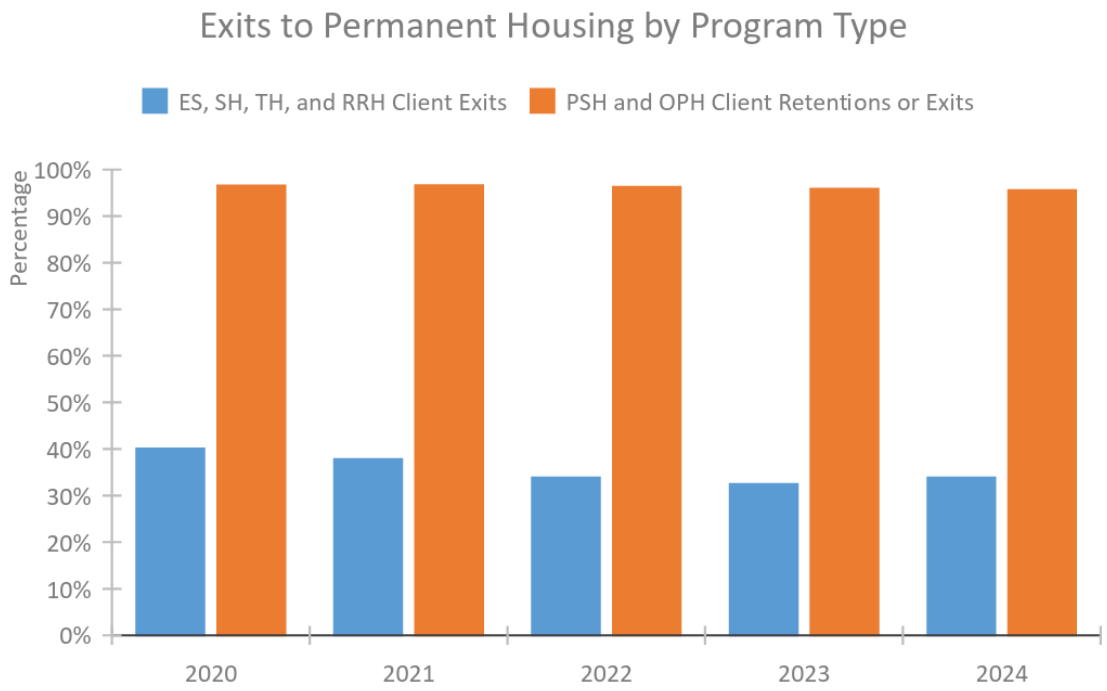
of only 33.8% in 2024 compared to 95.5% of permanent supportive housing (PSH) and other permanent housing (OPH) models. These results are consistent from 2020 – 2024.



Source: HUD's 2024 Continuum of Care National Performance Profile[2]

There are other documented challenges with transitional housing models, including:

- Transitional housing occupancy is often significantly lower than shelter, rapid re-housing, and supportive housing programs. There is more demand for other program types.
- Transitional housing programs tend to exclude people still battling addiction and those with serious mental illnesses[3].
    - Transitional housing programs for families typically exclude half of all families seeking entry.
    - Active substance abuse is the most common criteria for exclusion.

Transitional housing and supportive services may be an appropriate intervention for some homeless individuals, but these activities are not a one-size-fits-all solution to the nation's homelessness crisis. Increases in homelessness are more likely due to the increasing costs of rent and lack of affordable housing options than to substance abuse, individual failures, or HUD policy changes. In a 2020 report, the Government Accountability Office (GAO) found that for every $100 rent increase, there is a 9% increase in homelessness.[4] Gregg Colburn's well-researched book, *Homelessness is a Housing Problem,* further explores this connection.[5] Colburn's book also finds that states with the highest overdose death rates (West Virginia and Alaska) have relatively low per capita homelessness rates. COSCDA does not agree with HUD that there is enough evidence to incentivize transitional housing and supportive services above other models of homelessness assistance, such as permanent supportive housing.

[2] https://files.hudexchange.info/reports/published/CoC_Perf_NatlTerrDC_2024.pdf
[3] https://www.urban.org/sites/default/files/publication/50931/411369-Characteristics-of-Transitional-Housing-for-Homeless-Families.PDF
[4] https://www.gao.gov/products/gao-20-433
[5] https://homelessnesshousingproblem.com/

HUD should consider whether CoC competition incentives for transitional housing, supportive services, and cooperation with law enforcement would distort investments in permanent housing models in communities where such models have been successful. Homelessness is a complicated challenge—both at the individual and societal level—that demands a multi-faceted response.

Responsible Management of the CoC Program

HUD's decision to change the incentive structure of CoC activities has disrupted the program's FY25 and FY26 funding award process. COSCDA urges HUD to work with CoCs and other homelessness stakeholders to identify an appropriate path forward. Program disruption is not in the best interest of state CoC programs or the populations they serve.

If HUD decides to use CoC funding to support more transitional housing units than permanent supportive housing units, then they should slowly implement such a change and study its results. In 2025, there were 713,239 total year-round beds available through CoC-funded permanent supportive housing, rapid re-housing, and other permanent housing models[6]. There were only 488,985 beds available in emergency shelter, safe haven, and transitional housing placements. These shorter-term placements represented about 41% of CoC-funded beds while longer-term permanent placements represented 59%.

It is reasonable to expect that many permanent housing units will lose funding and close their facilities if HUD decides to prioritize transitional housing units. HUD should work to ensure that no individuals in permanent housing units would be at risk of becoming homeless should their CoC-funded housing lose support. Further, HUD should consider how a transition from permanent supportive housing to transitional housing could impact CoC workforce needs, service availability, capital needs, match, and operating costs. CoCs would need time to respond to the administrative impacts of shifting program activities.

One of COSCDA's grant management principles is to "preserve the flexibility that makes Community Planning and Development (CPD) grants uniquely valuable and allows states to respond to local needs and priorities."[7] Within the existing CoC competition structure, the breakdown of transitional housing beds versus permanent housing beds varies widely across states. Wyoming had the lowest percentage of permanent housing in 2025 (31.9%) while Connecticut had the highest percent (80.3%). These two states are different in terms of their population demographics, cost of available housing, local economies, and other statistics relevant to homelessness. Each state's response to homelessness should be informed by research and best practices, but it makes sense that their choice of homeless assistance activities may differ. COSCDA supports flexibility in the CoC program to allow each state and local government to determine how to best respond to their unique homeless populations.

Rather than incentivizing certain CoC program activity types over others, COSCDA asks HUD to rigorously collect data about the types of homeless assistance activities that are currently working and to provide CoCs with all the information they need to create a successful program. COSCDA thanks HUD for the opportunity to comment on CoC program activities. We are available for further discussion regarding the comments presented in this letter.

Sincerely,

[6] https://files.hudexchange.info/reports/published/CoC_HIC_NatlTerrDC_2025.pdf
[7] https://coscda.org/advocacy/advocacy-priorities/

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Appendix: 2025 CoC Housing Activity Types by State

State	Percent PSH*	Percent TH**
Wyoming	31.9%	68.1%
South Dakota	32.8%	67.2%
Montana	35.5%	64.5%
New York	38.8%	61.2%
Arkansas	39.8%	60.2%
Idaho	41.1%	58.6%
New Hampshire	46.4%	53.6%
Alaska	48.4%	51.6%
Nevada	50.2%	49.8%
North Dakota	50.8%	49.2%
Nebraska	51.2%	48.8%
South Carolina	51.3%	48.7%
Oklahoma	51.4%	48.6%
Hawaii	52.2%	47.8%
Delaware	52.9%	47.1%
Maine	53.4%	46.6%
Indiana	54.2%	45.8%
Vermont	54.7%	45.3%
West Virginia	56.4%	43.6%
Massachusetts	57.5%	42.5%
Alabama	58.0%	42.0%
Illinois	58.1%	41.9%
Kansas	58.8%	41.9%
North Carolina	59.5%	40.5%
Iowa	59.7%	40.3%
Pennsylvania	60.3%	39.7%
Colorado	60.4%	39.6%
Arizona	60.7%	39.3%
Missouri	61.5%	38.5%
Rhode Island	61.7%	38.3%
Mississippi	62.1%	37.9%
Georgia	62.3%	37.7%
Washington	62.6%	37.4%
New Jersey	62.6%	37.4%

Wisconsin	62.7%	37.3%
Tennessee	62.9%	37.3%
Florida	63.2%	36.8%
Michigan	63.3%	36.7%
Texas	63.3%	36.7%
New Mexico	63.6%	36.4%
Utah	63.7%	36.3%
California	66.0%	34.0%
Kentucky	66.0%	34.0%
Virginia	67.2%	32.8%
Maryland	67.5%	32.5%
Oregon	67.9%	32.1%
Ohio	70.4%	29.6%
Minnesota	76.2%	23.8%
Louisiana	76.5%	23.5%
Connecticut	80.3%	19.7%

Source: Calculated from data in 2025 Continuum of Care Homeless Assistance Programs: Housing Inventory Count Report[8]
*Includes permanent supportive housing (PSH) and rapid re-housing (RRH)
**Includes emergency shelter (ES) and transitional housing (TH)

[8] https://files.hudexchange.info/reports/published/CoC_HIC_NatlTerrDC_2025.pdf