

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Homeless Assistance – Emergency Solutions Grants

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Transfers	Total Resources	Obligations	Net Outlays
2025 Appropriation	4,051,000	4,796,697	-	-	8,847,697	4,062,272	3,397,432
2026 Appropriation	4,417,000	4,897,851	-	-	9,314,851	4,661,251	4,046,538
2027 President's Budget	4,024,000	4,698,831	-	-	8,722,831	7,233,180	4,649,627
Change from 2026	(393,000)	(199,020)	-	-	(592,020)	2,571,929	603,089

a/ 2025 Carryover includes \$453 million of homeless assistance recaptures (including \$46 million for CoCs in rural areas and \$46 million for ESG disaster areas) authorized by Sec. 231 of P.L. 116-94.

b/ 2026 Carryover includes an estimated \$190 million of homeless assistance recaptures authorized by Sec. 231 of P.L. 116-94.

PROGRAM PURPOSE

The Homeless Assistance Grants program addresses homelessness nationwide through a variety of services and housing interventions serving vulnerable individuals and families who are homeless or at-risk of homelessness.

BUDGET OVERVIEW

The 2027 President's Budget requests \$4.024 billion, which is \$393 million less than the 2026 Enacted level. The request consolidates HUD's homeless assistance within an updated Emergency Solution Grants block grant program. The Budget does not request funding for the Continuum of Care, construction of new Permanent Supportive Housing, or Youth Homelessness Demonstration programs, nor the National Homeless Data Analysis Project.

JUSTIFICATION

Over 770,000 adults and children are experiencing homelessness, as communities nationwide grapple with the deeply intertwined crises of homelessness, addiction, and untreated severe mental illness.^{1,2,3} Despite substantial increases in taxpayer spending through the Continuum of Care (CoC) Program over the last fifteen years, more Americans are living and dying on our streets than ever before. Although the supply of Permanent Supportive Housing increased by 39.7 percent between 2013 and 2024, chronic homelessness increased by 76.8 percent during the same period.³ Furthermore, between 2013 and 2024, the total number of homeless people increased by nearly 31 percent, marking the highest levels of homelessness recorded since HUD started tracking these figures.³ The failure to address homelessness follows an approximate 130 percent increase in Continuum of Care funding since 2013.⁴ Maintaining the status quo is unacceptable.

¹ Booth, R., Shariff, S. (2023). Opioid-related overdose deaths among people experiencing homelessness, 2017 to 2021: A population-based analysis using coroner and health administrative data from Ontario, Canada

² Roundtree, J., Hess, N., & Lyke, A. (2019). Health conditions among unsheltered adults in the U.S. California Policy Lab. [Health-Conditions-Among-Unsheltered-Adults-in-the-U.S.pdf](#)

³ 2024 AHAR: Part 1 – PIT Estimates of Homelessness in the U.S. [PIT Estimates of Homelessness in the U.S.](#)

⁴ HUD's 2013 Continuum of Care Funding Awards. [CoC AwardComp NatlTerrDC 2013.pdf](#)

The 2027 President's Budget proposes a strategic fundamental realignment of its homelessness response by consolidating homeless assistance into an expanded Emergency Solutions Grants (ESG) program that provides funding for street outreach and crisis intervention, emergency shelter, short- to medium-term housing assistance and substance use disorder and mental health treatment. The President's Budget proposal also includes making Transitional Housing an eligible use of funding. This policy shift is grounded in the need to expand the short- and medium-term interventions available to communities to address homelessness, with the goal of increasing self-sufficiency and reducing unsheltered homelessness. It reflects a move toward increased local government responsibility, control, and flexibility in addressing homelessness, while ensuring taxpayer dollars are used effectively.

As part of this consolidation effort, HUD proposes to update the ESG formula. The formula may include performance indicators such as reductions in unsheltered homelessness, reduced returns to homelessness, increases in employment income, and increases in placements into unsubsidized housing.

Key Advantages of ESG Expansion

Promotes Recovery and Self-Sufficiency

ESG's focus on emergency shelter, short- and medium-term housing assistance and supportive services directly advances the goal of empowering individuals and families to gain economic independence and long-term housing stability. The ESG program provides funding for supportive services, including crisis intervention, mental health treatment, substance use disorder treatment, intensive case management, and life skills and employment training.

Increases Local Responsiveness and Encourages Local Responsibility for Homelessness

The ESG program provides greater local discretion in targeting resources where they are most needed. While the CoC program operated without direct accountability to taxpayers and their elected officials, the ESG program delivers funds directly to State and local governments.

Reduced Bureaucracy and Enhances Administrative Efficiency

Funding homeless services through ESG reduces the administrative complexity and staff burden associated with administering CoC program funds. HUD estimates that the CoC program and project application process takes recipients nearly 115,000 total hours to complete and costs over \$5 million per year. This has stifled participation and slowed the delivery of resources. Compared to CoC's extensive application and compliance requirements, ESG's simplified grant structure will reduce barriers to entry for local providers, especially smaller or rural organizations. This will broaden participation and drive more innovative and cost-effective approaches.

Addressing Mental Health and Substance Use

In the 2024 Point in Time Count (the coordinated annual count of people experiencing homelessness on a single night in the United States), 274,224 people were found to be living on the streets; the highest ever recorded.⁵ According to a sample of 64,000 people experiencing unsheltered homelessness, 75 percent and 78 percent reported substance use disorder and mental health

⁵ 2024 AHAR: Part 1 – PIT Estimates of Homelessness in the U.S. [PIT Estimates of Homelessness in the U.S.](#)

conditions, respectively, with half citing these issues as key contributors to their loss of housing.⁶ Another study found that two-thirds of people experiencing homelessness self-reported regular use of hard drugs like methamphetamine, cocaine, and opiates. Of those, 29 percent reported wanting treatment and being unable to receive it.⁷

Given that substance use disorders and mental health conditions are among the leading causes of homelessness, dramatic expansion of the ESG program offers vital behavioral health resources to support the critical recovery needed for individuals to achieve lasting self-sufficiency and housing stability. HUD proposes incorporating Transitional Housing programs into the ESG expansion as an eligible use of funds. Transitional Housing, rather than rental assistance alone, puts recovery and self-sufficiency at the forefront. The ESG program, alongside Transitional Housing, offers a streamlined pathway of robust wraparound assistance to address homelessness at its core, not just its symptoms.

HUD will work closely with the Department of Health and Human Services and other Federal Agencies to ensure that behavioral health services from all sources are available to people experiencing homelessness. HUD will also provide technical assistance to communities to help them better develop and access behavioral health services.

Additionally, to maximize vital behavioral health resources, the Budget proposes modifying the statutory requirements that limit the use of funds for substance use disorder treatment and mental health treatment to the extent that other services are unavailable in the community. The Budget also proposes providing communities and organizations with the ability to require participation in services, including substance use disorder treatment and mental health treatment, as a condition of assistance.

Funding Impact and Outcomes

Emergency Solutions Grants Program (\$4.024 billion)

The ESG program delivers critical support to people at-risk of or experiencing homelessness. ESG supports a variety of life-saving activities, including:

- Emergency shelter for people in crisis, including treatment for mental health and substance use disorder, job training and employment assistance, and other supportive care;
- Street outreach and other essential services such as mental health and substance use disorder services and crisis intervention to engage people experiencing unsheltered homelessness;
- Time-limited housing assistance and stabilization services paired with case management; and
- Homelessness prevention for individuals and families.

By incorporating Transitional Housing programs and the associated wraparound supportive services, the ESG expansion offers a full continuum of assistance from crisis intervention to housing for the purpose of helping individuals and families regain independence.

⁶ Roundtree, J., Hess, N., & Lyke, A. (2019). Health conditions among unsheltered adults in the U.S. California Policy Lab. [Health-Conditions-Among-Unsheltered-Adults-in-the-U.S.pdf](#)

⁷ Kushel, M., Moore, T., et al. (2023). Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness. UCSF Benioff Homelessness and Housing Initiative.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2025 Budget Authority	2024 Carryover Into 2025	2025 Total Resources	2025 Obligations	2026 Appropriation	2025 Carryover Into 2026	2026 Adjustments	2026 Total Resources	2027 President's Budget
Continuum of Care	3,492,000	4,311,213	7,803,213	3,651,370	3,958,000	4,404,116	-	8,362,116	-
New Permanent Supportive Housing	100,000	175,000	275,000	-	-	100,000	-	100,000	-
Set aside- Construction awards for populations of less than 2,500,000 [Non-Add]	35,000	65,000	100,000	-	-	35,000	-	35,000	-
Victims of Domestic Violence	52,000	82,104	134,104	55,734	52,000	78,370	-	130,370	-
Emergency Solutions Grants	290,000	51,237	341,237	276,076	290,000	102,314	-	392,314	4,024,000
National Homeless Data Analysis Project	10,000	-	10,000	-	10,000	10,000	-	20,000	-
Youth Homelessness Demo	107,000	177,143	284,143	79,092	107,000	203,051	-	310,051	-
Youth Homelessness System Improvement Grant [Non-Add]	25,000	30,143	55,143	4,092	25,000	49,051	-	74,051	-
Youth Homelessness Technical Assistance [Non-Add]	10,000	3,000	13,000	-	10,000	10,000	-	20,000	-
Total	4,051,000	4,796,697	8,847,697	4,062,272	4,417,000	4,897,851	-	9,314,851	4,024,000

a/ 2025 CoC carryover includes \$453 million of homeless assistance recaptures (including \$46 million for CoCs in rural areas and \$46 million for ESG disaster areas) authorized by Sec. 231 of P.L. 116-94.

b/ 2025 CoC obligations include \$37 million for ESG funding in disaster areas, as well as \$4 million in obligations for CoCs in rural areas awarded under a Special NOFO, as well as \$86 million for CoCs awarded under the same Special NOFO.

c/ 2026 CoC carryover includes \$520 million of prior year rental assistance recaptures (including \$67 million for CoCs in rural areas and \$69 million for ESG disaster areas) an estimated \$190 million in anticipated homeless assistance recaptures authorized by Sec. 231 of P.L. 116-94, as well as \$27 million in other recaptures.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2027 President’s Budget includes the following general provision:

- **Eliminating Recapture Authorities:** This proposal eliminates the authorities that make Homeless Assistance Grants recaptures available until expended. Beginning on October 1, 2027, remaining balances would be used for the purposes of the expanded Emergency Solutions Grants program; subsequent recaptures would retain their original period of availability. (Sec. 230)

APPROPRIATIONS LANGUAGE

The 2027 President’s Budget includes the appropriations language listed below.

For emergency solutions grant assistance under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371 et seq.), \$4,024,000,000, to remain available until September 30, 2029: Provided, That, notwithstanding any provision of the McKinney-Vento Homeless Assistance Act for such grant assistance, the Secretary shall allocate amounts directly to States and local governments based on a formula to be developed by the Secretary: Provided further, That such formula shall prioritize geographic areas based on factors to be determined by the Secretary and shall appropriately consider capacity or performance indicators: Provided further, That such grants may be used to undertake activities or otherwise provide assistance that will, as determined by the Secretary, assist homeless individuals or those at-risk of homelessness on an emergency, short-term, or medium-term basis: Provided further, That such grants may be used for the provision of transitional housing (as defined and determined by the Secretary) and recipients shall prioritize such use: Provided further, That recipients of such grants may establish preferences for elderly individuals experiencing homelessness or at risk of homelessness, or for disabled individuals or families experiencing

homelessness or at risk of homelessness, when implementing the recipients' programs: Provided further, That the Secretary may permit recipients of such grants to condition such assistance on participation in supportive services, including substance use disorder treatment and mental health treatment: Provided further, That the limitations in sections 415(a)(2)(A) and (B) of such title IV (42 U.S.C. 11374(a)(2)(A-B)) shall not apply to such grants: Provided further, That the Secretary may waive or specify alternative requirements for any provision of any statute or regulation administered by the Secretary in connection with such grant assistance, upon a finding by the Secretary that any such waivers or alternative requirements are necessary to facilitate the effective implementation of such grant assistance.