A public park in Portland, Oregon.

Discovery Institute

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HOW LOCAL JURISDICTIONS CAN LEVERAGE FEDERAL HOMELESSNESS REFORMS

DEFINING SUCCESS AS HELPING PEOPLE ATTAIN SELF-SUFFICIENCY THROUGH TREATMENT AND RECOVERY

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A homeless man living in a car under a bridge in Portland, Oregon.

INTRODUCTION

The real work of reducing homelessness and restoring lives does not happen in conference rooms or legislative assemblies. It is not achieved by protests, slogans, or lawsuits. The real work happens face-to-face — in treatment centers and recovery programs.

Individual restoration and self-sufficiency must be the aim of all our efforts.

On a single night in January 2025, Point-in-Time Counts identified 680,867 people experiencing street-level homelessness — 266,320 unsheltered and 414,547 staying in emergency shelters. The actual number is likely far higher. An additional 797,196 federally subsidized permanent and transitional housing beds were counted.

Beyond these counts of mostly adults, the U.S. Department of Education estimates more than 1 million children (with their familes or unaccompanied) are living in cars, sleeping on couches, in shelters, or in short-term hotel stays.

To call this a crisis is a severe understatement. It represents nearly **2.5 million personal crises**, each experienced by a human being with distinct needs that can only be met through direct, compassionate, and accountable care.

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THE RISE AND FAILURE OF HOUSING FIRST

Housing First — the policy of providing subsidized permanent housing without requiring participation in treatment, recovery, or employment programs — inspired hundreds of "Ten-Year Plans to End Homelessness."

In 2010, President Obama pledged to end veteran and chronic homelessness by 2015 and family homelessness by 2020, and all homelessness by 2023.

By 2013, Housing First became official federal policy. Simultaneously, "Harm Reduction" approaches normalized de facto decriminilized drug use and removed incentives for recovery.

The results are unmistakable. Since 2013, homelessness has increased dramatically nationwide. Beyond the data, the evidence is visible in the streets, alleys, and parks of every major city. Housing First was a well-intended but ill-conceived experiment that has deepened the crisis it sought to solve.

FEDERAL REFORMS AND NEW OPPORTUNITIES

In response, the Trump administration has issued a series of executive orders and implemented reforms to federal homelessness policy. These reforms centered on four key shifts:

1. Ending failed *Housing First* and *Harm Reduction* mandates.
2. Increasing funding for treatment and recovery programs while demanding accountability and measurable progress toward self-sufficiency.
3. Restoring the use of civil commitment laws for individuals who pose a danger to themselves or others.
4. Reinforcing essential public health and safety enforcement.

This report provides guidance for Continuums of Care (CoCs)[1], local governmental jurisdictions and service agencies to take advantage of these reforms to promote more effective, compassionate, and lasting change in their communities.

[1] *A Continuum of Care is a regional or local planning body that coordinates housing and services for families and individuals experiencing homelessness. CoCs generally receive federal funds and determine local funding allocations.*

RECOMMENDATIONS AT-A-GLANCE

Continuums of Care (CoCs)[2] & Local Governments

1. Move from *Housing First* and *Harm Reduction* approaches toward treatment-based recovery models.
2. Repurpose funding from permanent supportive housing to transitional recovery housing.
3. Partner with established high performing agencies to expand emergency and wrap-around services.
4. Create multidisciplinary Outreach Teams that include law enforcement, emergency medical responders, and licensed mental health professionals.
5. Enforce essential public health and safety laws, as allowed for in the *City of Grants Pass v. Johnson* Supreme Court decision.
6. Foster competition in grant applications to improve outcomes, accountability, and innovation.
7. Redefine success: measure self-sufficiency and recovery and not how many people receive taxpayer subsidies.
8. Ensure strict transparency and accountability for all public expenditures.
9. Actively include faith-based and law enforcement partners in local homelessness strategies.

Service Agencies

1. Define success by the number of individuals who achieve recovery and self-sufficiency.
2. Coordinate closely with CoCs to design integrated and innovative care systems.
3. When collaboration is obstructed by a CoC, apply for HUD grants as a "sole applicant."
4. Maintain full transparency in spending, operations, and outcomes.

[2] *See definition of CoC on page 2.*

A PERFECT STORM

FAILED POLICY MEETS A DRUG EPIDEMIC

We were promised that adopting Housing First would end homelessness within ten years. However, fifteen years of national data prove otherwise. The policy's failure stems from a fundamental misdiagnosis — treating homelessness as primarily a housing shortage rather than a human crisis driven by untreated mental illness and addiction.

The federal government's Housing First rules directly prohibited programs from requiring service and treatment participation, believing instead that the best answer to homelessness was taxpayer-subsidized permanent supportive housing without conditions. The result was a massive shift in funding away from wraparound services, emergency shelters, transitional housing, and treatment for addiction and mental illness. Most other government assistance programs in America include time limits and accountability (for example, college Pell Grants require class attendance and maintaining a 2.0 GPA). Housing First has neither.

Before 2013, homelessness had stabilized and was declining modestly across most of the USA. Unfortunately, since the federal adoption of Housing First, street-level unsheltered homelessness has risen by 36%, and total homelessness by 27%.

Meanwhile, Harm Reduction undermined accountability and enabled drug abuse at the worst possible time — just as fentanyl and methamphetamine flooded the nation. The combination produced a devastating "perfect storm."

A woman in San Francisco, California, smoking meth.

The results have been devastating. Common sense should have told us that compassion detached from accountability becomes enablement. But the permissive "low-barrier" philosophy underlying Housing First, combined with open illicit drug use, became a tragic mixture. These policies, in turn, led to sharp increases in burglaries and robberies used to finance addiction. Many jurisdictions became de facto magnets for people experiencing homelessness, drawn by enabling subsidies and lax law enforcement.

In practice, Housing First puts people second behind political ideologies that are not grounded in successful recovery.

Percentage of unsheltered homeless people who report:

Physical health condition

84%

Mental health condition

78%

Substance abuse condition

75%

Trimorbitidy (all three at once)

50%

Source: California Policy Lab

Homelessness By the Numbers

How many people are homeless?

All Categories:

>2,456,923

On the Street:

266,320

Emergency Shelter:

414,547

Transitional Housing:

62,817

Long-Term Subsidized Housing:

713,239

408,167 Permanent Supportive Housing (PSH)

160,505 Rapid Rehousing (RH/RRH)

144,567 Other Permanent Housing (OPH)

Children:

>1 MILLION*

Source: 2025 Point-In-Time Count, HUD

* U.S. Department of Education estimates

ACTION STEPS

FOR LOCAL JURISDICTIONS

County and city governments, together with Continuums of Care, can take concrete steps to leverage federal reforms, restore public order, and help individuals experiencing homelessness achieve healing and self-sufficiency.

1. Move from Housing First and Harm Reduction to Treatment-Based Recovery

This transition can start immediately. Embrace new federal grant criteria. Stop equating progress with the number of housing vouchers provided — a statistic that measures spending, not transformation. True success is the restoration of individuals to the dignity of healthy, self-sufficient life.

Lives are at stake, so avoid lawsuits that delay critical funding. Reorient local plans toward a *continuum of care* focused on treatment and recovery. Replace the vague goal of "ending homelessness" with increased levels of self-sufficiency.

2. Repurpose Funds to Transitional Recovery Housing

Most individuals in crisis need **structured transitional environments**, not permanent subsidies and isolated living environments. Recovery takes time — there are no shortcuts. Transitional housing offers the stability, accountability, and support necessary for genuine healing.

3. Restore Emergency and Wraparound Services

Rebuild partnerships with high-performing service providers. Identify and launch wraparound programs that support treatment, recovery, job readiness, and long-term stability. Share data, streamline referrals, and coordinate outreach.

A man passed out in Skid Row, Los Angeles, California.

4. Build Multidisciplinary Outreach Teams

Establish outreach teams that include skilled law enforcement, emergency medical responders, and mental health professionals. The *City of Grants* Pass ruling provides local flexibility to meet individual needs while maintaining public safety and order.

Read the Grants Pass v. Johnson Decision:

5. Enforce Public Health and Safety Laws

Compassion requires accountability. No individual can recover in chaos, nor can a community thrive in disorder. Enforce health and safety laws consistently and humanely to protect both the public and those experiencing homelessness.

6. Foster Accountability and Innovation

Accountability is not cruelty — it is compassion with structure. Replace automatic renewals of grants with **performance-based reviews**. Encourage competition that rewards results, innovation, and the efficient use of public resources.

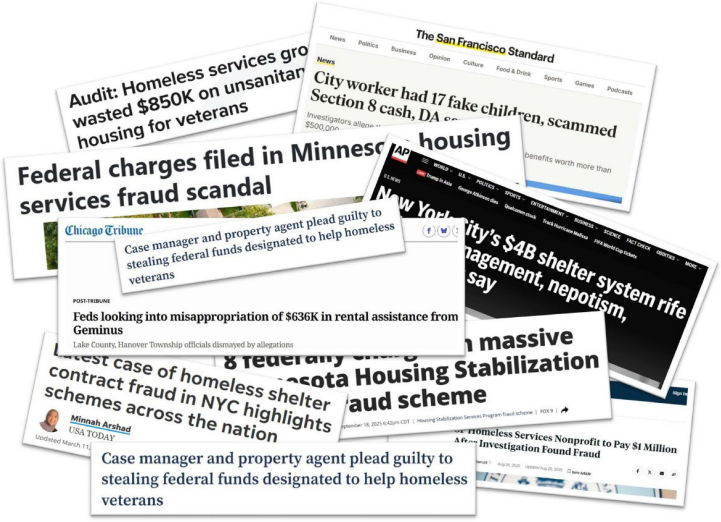
7. Redefine Success — Measure Self-Sufficiency

End the obsession with "vouchers provided." Measure success by the number of people who move out of homelessness and into self-sufficient living. Avoid systems that reward failure or perpetuate dependency.

8. Promote Transparency and Accountability

Too often, weak or non-existent oversight of federal homelessness spending has opened the door to waste, fraud, and abuse — and many bad actors have taken advantage.

Establish rigorous accountability of every public dollar. Funding should be transparent and traceable to measurable outcomes in treatment, recovery, and employment. Require independent audits to promote integrity and prevent misuse of taxpayer resources.



ACTION STEPS

FOR SERVICE AGENCIES

Service agencies perform the most vital, direct hands-on work with vulnerable individuals and families. By embracing new federal policies, they can help transform homelessness response systems from ineffective efforts to genuine human restoration.

1. Measure success by restored lives, not program outputs.

Define success by the number of people who achieve self-sufficiency and no longer rely on government support. Establish goals that are **meaningful and measurable** — demonstrating documented improvement in health, stability, and long-term independence for each person served.

2. Strengthen coordination with local Continuums of Care (CoCs).

Effective collaboration produces better outcomes. No single program can meet every need, but working together, agencies can form a complete system of care. Avoid defensive practices such as siloed data systems, limited transparency, or territorial competition, which weaken impact and ultimately harm those in need.

Whenever possible, work closely with CoC leadership to design **innovative, integrated, and outcome-driven solutions** to individual homelessness.

3. Apply for HUD grants as a sole applicant when necessary.

If a CoC refuses to collaborate or erects unnecessary barriers, agencies are not without options. Federal law allows qualified organizations to apply **directly** for HUD funding as "sole applicants." Refer to the *2026 Continuum of Care Competition* materials for guidance on submitting independent proposals directly to HUD when collaboration breaks down.

4. Practice full transparency in spending and operations.

Public trust is built on honesty and accountability. Agencies should be confident enough to share their financial records, methods, and results openly. Embrace innovation and rigorous evaluation to advance effectiveness and integrity.

REJECT THE FAILED STATUS QUO

AND PURSUE WHAT WORKS

"As we undertake this effort, investing in the status quo is no longer acceptable," wrote President Barack Obama in 2010, promising that Housing First would end homelessness within a decade. Fifteen years later, that promise remains hollow and unfulfilled.

The lesson is clear: policy must align with pragmatic reality. When a program's success depends on the belief that unconditional subsidies will produce determined work, it is destined to fail. When billions of public dollars are left vulnerable to waste and abuse, they will be squandered — and people will suffer as a result.

It is not unkind to acknowledge failure; it is unkind to ignore it. The truly compassionate path is to replace broken systems with those that work — to reject abstract promises of "ending homelessness" and instead commit to increasing self-sufficiency.

Note: The Department of Housing and Urban Development hosts various webinars and Q&As to help local CoCs and Service Agencies understand and navigate grants and rules. To find out more, visit the HUD Exchange at hudexchange.info.

SCAN THE QR

TO LEARN MORE

A homeless woman in Aberdeen, Washington.

A homeless woman in Portland, Oregon, who shared that her husband was murdered by two other homeless men and now she's all alone in the world.

A homeless man in San Francisco, California.

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