

HUD's Policy Shift

Impact on Alabama's Efforts to End Homelessness

Who will be affected by HUD's funding shifts?

Thousands of Alabama families and individuals who experienced homelessness rely on CoC-funded housing:

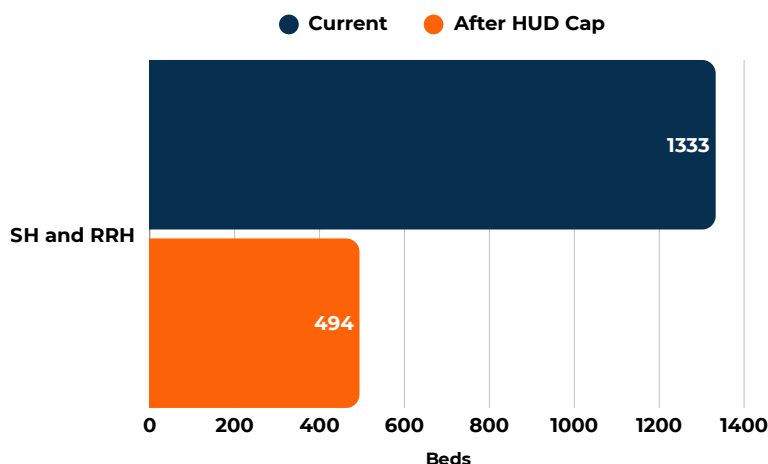
- **Nearly 2,218 people** with disabling conditions currently live in supportive housing across the state.
- Many are:
 - Adults over 55 (18.4%)
 - Children (20%)
 - Veterans (20%)
 - Youth (10%)¹

The policy shift takes away the primary resources that help Alabamans exit homelessness.

How many housing units will be lost in Alabama?

Alabama non-profits have spent decades building a safety net of housing and services. HUD's policy will take away more than half of these supports in less than a year and leaves **839 households in jeopardy** of becoming homeless again.

Alabama CoC Funded Housing Inventory Before and After HUD Cap



HUD's Proposal

HUD is proposing a drastic and immediate change to the Continuum of Care (CoC) program, the main source of federal funding to help end homelessness in Alabama.

HUD is proposing to take away local decision-making and impose a 30% cap (from the current level of 81%) on proven and effective permanent housing programs.

This shift would begin in January 2026 and would slash support for:

- Supportive Housing (SH): affordable housing with intensive services for people with disabilities
- Rapid Rehousing (RRH): rental assistance and case management to help families and individuals quickly exit or avoid homelessness.

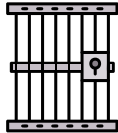
The HUD proposal reduces funding by 63% for the programs that help Alabamans exit homelessness and stay housed.

Communities Have a Choice: Daily Cost Comparison in Alabama

Supportive housing makes “cents.” No matter the community, supportive housing is a more cost-effective approach.



OR



OR



STATE HOSPITAL

\$750-\$3000

PER PERSON

JAIL

\$115

PER PERSON

SUPPORTIVE HOUSING

\$72

PER PERSON

What will happen to the people who are currently housed?

Shelters are at capacity across the state. The HUD policy shift would take place immediately, before new programs can be developed.

People who lose their housing will likely become unsheltered, which will happen quickly and add to visible homelessness across the state.

On a single day in 2024, there were:

- 2,698 unsheltered individuals
- 4,601 total experiencing homelessness²

What will it cost Alabama?

HUD's proposed approach is not new. Decades of research tells us that people who are unhoused and experiencing disabling conditions will exit short-term programs back into homelessness. Without housing and supports, people will cycle between the streets, hospitals, and jails.

The expected cost impact of the HUD policy shift to Alabama would be:

- A loss of \$14.6 million/year in CoC funding
- Additional spending of \$100.4 million/year in emergency services, including: ER visits, hospitalization, incarceration



With the loss of permanent housing, unsheltered homelessness is projected to rise by 839 people in Alabama: a 31% increase.

The total cost shift to Alabama would be \$85.7 million per year.

¹ 2022 AHAR, Part 2

² 2024 PIT Count, HUD

Data provided is based on information available as of November 14, 2025 using national estimates, and is subject to change.