ANALYSIS · UNITED STATES

Strings *Attached*

For more than a decade the federal deal was a home first, with no demand for sobriety or treatment. In July 2025 Washington moved to attach conditions. It is responding to a real problem, but its answer carries a real risk. About $1.4 million of Asheville's housing money is caught in the change.

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Starting under George W. Bush, federal homelessness money mostly followed a simple rule. You give a person a stable home first, with no demand that they be sober or in treatment, and then you offer the other help they need. The approach is called **Housing First**, and it has decades of research behind it.

In July 2025, by executive order, the federal government told its housing and health agencies to end support for Housing First, to the extent the law allows. In Asheville and everywhere else, the largest federal grant for local homelessness programs is now being steered toward a model that is less tested than Housing First. The change is still being fought in court.

THE TURN

The federal government *changed its mind*

Executive Order 14321, "Ending Crime and Disorder on America's Streets," was signed on July 24, 2025. Among its targets are Housing First policies that, in the order's words, "deprioritize accountability and fail to promote treatment, recovery, and self-sufficiency." It directs the Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS) to end support for those policies in their homelessness programs, to the extent the law allows. It also tells HUD to take steps, as appropriate, so that the groups it funds tighten their rules requiring people with a serious mental illness or addiction to get treatment as a condition of being in their programs.

The order is not just language. HUD rewrote the rules of its **Continuum of Care** competition to steer it away from permanent housing. The competition awards roughly $4 billion a year and is the single largest federal source of money for local homelessness programs. The first version of the new rules would have capped permanent housing at 30 percent of that spending, down from about 87 percent in 2025.

On the health side, the federal mental health and addiction agency, SAMHSA, has a new program called STREETS that pays for street outreach, treatment, and recovery support. The program explicitly bars Housing First. It connects people to housing only if they take part in treatment. Only local governments, tribes, and tribal organizations were eligible to apply for it. The nonprofits that actually house people could not apply on their own. They could join an applicant's project instead, either by getting part of its grant or by signing on as a partner. HHS named the eight winners in October 2026. It says each will get $3 million a year for four years.

The order reaches past housing money, too. It directs the Justice Department to help state and local governments expand involuntary commitment, the legal power to hold and treat a person against their will. It also directs the department to seek, in appropriate cases, to overturn court rulings and end consent decrees that have limited that power. The order aims at people with mental illness who are a danger to themselves or others, or who live on the street and cannot care for themselves. It says long-term institutional care will restore public order. Court-ordered outpatient treatment, delivered while a person stays in the community, is part of the same push. The order also tells four departments to see whether, as far as the law allows, their discretionary grants can favor grantees in states and cities that meet any of five tests. The departments are Justice, Health and Human Services, Housing and Urban Development, and Transportation. The tests include using commitment or court-ordered treatment and enforcing bans on public camping and open drug use.

For a place like Buncombe County, that push runs into a hard limit. Court-ordered treatment needs beds and programs to send people to. Western North Carolina is short on beds. Its state psychiatric hospital sits an hour east, in Morganton. A Buncombe jail official told county commissioners that the wait for a bed there was six to 18 months.

The legal groundwork followed. In June 2026 the Justice Department's Office of Legal Counsel issued an opinion holding that federal disability law carries no integration mandate: neither the Americans with Disabilities Act nor Section 504 requires a state to serve people in the most integrated setting. It also holds that neither law lets HHS or the Justice Department impose that requirement through federal rules. The opinion says it covers only patients with mental disabilities, including severe mental illness. The office concedes that its reading is out of step with how the federal courts have read the Supreme Court's 1999 Olmstead decision. The opinion does not overturn Olmstead. Legal experts expect the Justice Department to pull back from enforcing it. Disability advocates warn the opinion gives states a reason to institutionalize people rather than fund the community care that keeps them housed.

Even while the government rewrote its largest homelessness grant, it kept funding Housing First where the approach has worked for years. In June 2026 HUD and the VA put $33 million into 2,532 new HUD-VASH vouchers for homeless veterans, a program the VA itself has moved to a Housing First approach.

The same government that houses veterans through HUD-VASH has also weighed folding them into its push for involuntary treatment. NPR reported in June 2026 on leaked slides for a VA plan called Safe Harbor that would do that, and on a VA agreement with the Justice Department on court-appointed guardians. The VA says the plan was only a proposal and the agreement is unrelated. Outreach workers told NPR that forcing veterans into treatment could help or could be traumatic, and that their work runs on building relationships.

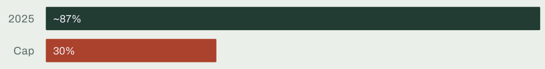
~$4B
Yearly federal Continuum of Care grants, the program being rewritten (national)

30%
Cap on permanent housing in the withdrawn first version of the rules, down from ~87% in 2025 (national)

$96M
New SAMHSA STREETS program over four years, which bars Housing First (national)

PERMANENT HOUSING'S SHARE OF THE GRANT

What the first version of the rules would have cut



Share of Continuum of Care dollars going to permanent housing: in 2025 versus the withdrawn first version of the rules. National figures; bars drawn to scale.

THE ORIGIN

It did *not start* in the White House

The claim that Housing First failed was built over years by a small set of think tanks before it reached the executive order.

The **Cicero Institute**, founded by the tech investor Joe Lonsdale, wrote much of the model legislation and argued in print that Housing First should be rejected outright. The **Manhattan Institute** argued at length in a 2020 report that Housing First's supporters overstate what it can do. In early 2025 the institute also offered a specific plan to convert the federal homelessness grant into a state block grant that drops the Housing First requirement.

A court removed one legal obstacle to part of that agenda. In June 2024, in *Grants Pass v. Johnson*, the Supreme Court ruled six to three that enforcing general laws against camping on public property is not the cruel and unusual punishment the Constitution forbids. That holds even when the laws are enforced against people who have no shelter bed to use. The ruling took away an Eighth Amendment objection to the camping bans named in the order. It said nothing about involuntary commitment. Across the country, more than 320 bills to criminalize homelessness were introduced in the year after the ruling, and 230 of them passed.

Whether an idea is right is a separate question from where it came from.

01

The think tanks

Cicero (Lonsdale) and the Manhattan Institute wrote the case that Housing First failed and drafted the model bills.

02

The court

In 2024, Grants Pass v. Johnson held that enforcing camping bans where no shelter is available is not cruel and unusual punishment.

03

The order

In July 2025, Executive Order 14321 told HUD and HHS to end support for Housing First, to the extent the law allows, and told HUD to take steps, as appropriate, so that the groups it funds raise their treatment requirements.

04

The money

HUD's grant rewrite and SAMHSA's STREETS program move the dollars to match the order.

THE EVIDENCE

Strong evidence on housing, *thin on the rest*

Study after study has found that Housing First keeps people housed. The Canadian At Home / Chez Soi trial followed more than 2,000 people across five cities. Of the people it assigned to Housing First, 62 percent were stably housed every night of the trial's last six months, against 31 percent in usual care. In the founding New York trial, about four in five of the people in the Housing First program stayed housed. That part of the record is not seriously in dispute. We weigh the full evidence, cost and failure modes included, in **What Housing First Can and Cannot Do**.

Housing First does not cure addiction or mental illness. When the National Academies reviewed the research in 2018, they found that **permanent supportive housing** keeps most of its tenants in stable homes. But they found little evidence yet that it improves health or cuts health care costs. It is the floor that treatment is built on, not a treatment by itself.

Housing First helps people get out of homelessness, but it does little about who keeps falling in. When rents outrun incomes, people fall into homelessness faster than communities can house them. The national count climbed for years to record highs. A single-night count in January 2024 found 771,480 people, up 18 percent in a year. The January 2025 count finally dipped, to 745,652, the first national decline since 2016. The drop came from families.

The numbers this fight is about changed little from 2024 to 2025. **Unsheltered** homelessness fell 3 percent but is still up 36 percent since 2013. **Chronic homeless**ness among individuals rose 2 percent to a new record, up 81 percent since 2013. Washington now sets those numbers beside its own growth figures since 2013: taxpayer-funded assistance beds up 151 percent, grant spending up 111 percent. Side by side, the two sets of numbers are the critics' strongest argument.

So the record supports something narrower than either side's slogan. Housing First is a proven way to keep a high-need person housed. It has not been shown to treat them. A national study found that adding permanent supportive housing lowered a community's count only a little.

THE COUNTER-CASE

Housing First's critics have *a point*

Unsheltered homelessness is near its record high. You don't have to be on the fringe to be frustrated with a system that houses people one at a time and leaves others on the street, sick or using drugs. The executive order says as much, and so do the institutes behind it.

Part of that critique is simply right. A home with no care attached is not the goal. Housing First goes wrong when the services meant to come with the home are stripped away. On that point the critics and the model's own researchers agree.

But the real answer to housing without treatment is to fund the treatment next to the housing, which Housing First was built to allow. It is not to make the housing conditional on the treatment. Those are different policies, and the difference is the whole argument.

The rising count does not show that the model failed. Cutting the permanent housing that keeps people housed does nothing about how many fall in. Help for people about to lose their homes does.

And the replacement is not the safer bet it is sold as. No trial shows that conditioning housing on treatment keeps more people in stable homes than Housing First does. There is also little evidence that forced treatment for substance abuse is effective. A Swedish national study found that among people under 36, deaths from external causes spiked in the first two weeks after they left compulsory care for substance abuse. The new programs are not all alike. Some are real attempts to combine housing and treatment; others, like the federal STREETS grant, bar Housing First outright. The strongest of them end up doing most of what Housing First already asked for: house the person and fund the care. The weakest hold the housing back until the person earns it.

The fair criticism of Housing First is real. ***The better answer to it is to add the treatment, not to subtract the housing.***

ASHEVILLE

About *$1.4 million* at stake locally

In Buncombe County, the program most exposed to the change is Homeward Bound's permanent supportive housing, which draws the largest single share of local Continuum of Care money, about $1.4 million. Asheville Watchdog reported in November 2025 that the first version of the changes could move more than $1 million locally away from Housing First toward shorter-term, treatment-conditioned housing. HUD later withdrew that version.

That money does not buy the stripped-down housing that critics have in mind. Homeward Bound's model is permanent supportive housing, an apartment paired with the case management and recovery support meant to keep a person stable. The federal money housed 102 households in November 2025, at the group's 11-unit Key Commons building and in private rentals across the county. In 2025, 92 percent of Homeward Bound's supportive-housing residents stayed housed. That is what the evidence backs: the apartment and the support together. It is also the kind of program the federal redirect puts most at risk. The 92 percent measures the program, not the county. In the same window, Buncombe's homeless count kept climbing, from 755 in January 2025 to 824 in February 2026. The floor held while the count rose.

The state is leaning the same way. North Carolina's camping ban, which began as House Bill 781 and was moved into House Bill 437, would bar cities and counties from letting people regularly camp or sleep on public property. It makes an exception for land a local government owns and designates for up to a year, if the state certifies it. For such a site, the local government must set standards that cover safety and security, access to restrooms and running water, access to behavioral health care, and an enforced prohibition on alcohol use and illegal drug use. Local governments on the Local Government Commission's Unit Assistance List are exempt from those requirements. The bill passed both chambers, but Governor Stein vetoed it on July 8, 2026. Whether the ban becomes law turns on an override vote, which Republican leaders have promised to attempt. Even with an override, the ban would not take effect until June 30, 2027. **A Ban Is Not a Bed** covers the camping ban.

A second state move shows the distance between ordering treatment and paying for it. North Carolina signed House Bill 1104 into law on July 6, 2026. It reworks involuntary commitment. Starting December 1, 2026, an outpatient commitment order can run up to 180 days instead of 90 when it is entered at the first hearing, entered on transfer out of a hospital, or reissued after a compliance hearing. Orders renewed at a rehearing could already run that long. At a compliance hearing, a court that finds a person has not followed an outpatient order will have to presume the person is dangerous. The person can try to show otherwise. The court can then order inpatient commitment if clear and convincing evidence shows the person is mentally ill and dangerous. From the same date, when a court finds a defendant unable to stand trial but reasonably likely to become able in the foreseeable future, it must order the defendant into a program to restore that ability. The court may waive that if no program is reasonably available, if it expects the defendant to become able without one, or for other good cause.

Most of the rest is planning: 11 sections order studies, plans, proposals or a working group. Among them are a proposal for a jail telehealth pilot and a study of how practical it would be to give law enforcement access to the state's behavioral-health bed-availability system. Both are due by March 1, 2027. The state budget, signed on July 7, 2026, orders that law enforcement get access to that system. House Bill 1104 itself changes how courts order treatment. It adds no new money, in a state that put more than $800 million into mental health in its 2023 budget.

The federal picture is not settled. After lawsuits, HUD withdrew the first and harshest version of its rules in December 2025. In March 2026 a court ruled against HUD. In June 2026 the same court set aside both 2025 versions of the rules as unlawful under the federal law that governs how agencies act, though it declined to issue a permanent injunction. But a softer replacement, HUD's 2026 notice, still redirects money toward **transitional housing**. The National Alliance to End Homelessness, the field's main research and advocacy group, estimates the replacement could put at least 97,000 people across the country at risk of losing their housing.

The softer replacement has been challenged in court too. In June 2026 a coalition of providers, advocates and local governments asked to add the new grant competition to its case. The judge said no but wrote that the plaintiffs were free to file a new case. On July 2, 2026 the coalition sued, arguing the 2026 notice bears many similarities to the two versions the court had already struck down as unlawful. The notice sets aside $1.3 billion for new projects, with priority for transitional housing and service-only projects. On July 7, 2026 state attorneys general, joined by the governors of Kentucky and Pennsylvania, sued to block the 2026 notice too. They argue the set-aside is an unlawful cap, one that would starve permanent supportive housing. On August 7, 2026 both suits succeeded. The court struck down the 2026 notice in its entirety, holding that HUD could not create the set-aside without first taking public comment. That stopped the competition.

HUD appealed and asked the trial court to pause its own ruling in the meantime. That court said no. On September 16, 2026 the appeals court, the First Circuit, paused the ruling while it heard the appeal. It said HUD was likely to win on the point the trial judge's ruling rested on: whether the set-aside is the kind of incentive the law makes HUD put out for public comment first. HUD reopened the competition on September 18, 2026. Separately, on September 11, HUD had asked for public comment on its finding that transitional housing and service-only projects are proven effective. In light of that request for comment, the challengers said on September 21 that they were willing to give up their public-comment claim. They asked the appeals court to throw out the August ruling and send the cases back to the trial court, so it could rule on their other claims before HUD makes awards around December 1. On September 24 the appeals court did so. That left HUD's 2026 notice standing, and its application window closed on September 30, 2026. The two cases are back before the trial judge. Both sides have asked the judge to **rule in their favor without a trial**. In August 2026 the court did not rule on the challengers' other claims, including whether HUD had the authority to set the money aside at all. Those questions are still open.

The federal direction has not changed. HUD's September 11 notice names three more activities as proven effective: agreements for people to take part in services, sober housing, and working with law enforcement and first responders. It cites, among its evidence, a "Treatment First" best-practices toolkit that HUD, HHS, and the White House drug policy office released in August 2026.

The Asheville-Buncombe Continuum of Care's application went in by the September 30 deadline. It would move about $445,000 a year out of Homeward Bound's supportive housing, most of it into new transitional housing. It would end two of the program's four grants and trim the other two. The Continuum gave three reasons: project scores, its board's priorities and HUD's priorities in its 2026 notice. One of the board's stated priorities was to preserve existing supportive housing. HUD must make its awards by December 1. The lawsuits are still open. The fuller figures are in **The 92 Percent**

Who Stayed.

$1.4M

Homeward Bound permanent housing exposed locally (Buncombe)

92%

Of Homeward Bound supportive-housing residents stayed housed, 2025 (local)

97,000+

People at risk of losing housing under the redirect (advocacy est., national)

THE TAKEAWAY

Keep the floor that works. Fund the part it was always *meant to have*.

The people moving against Housing First are not all acting in bad faith. Housing First keeps most of the people it enrolls housed, and it has not been shown to treat what made them sick. Both are true, and a serious policy has to deal with both. The evidence points to an answer that fits neither side's slogan: keep the housing that works, fund the treatment it was always meant to have, and build enough housing that people stop falling into homelessness faster than communities can house them. The federal turn does something narrower and riskier. It moves to condition the housing on the treatment and to defund the part that works. It bets a proven way to keep people housed on an unproven one. Asheville did not write the federal rules, but about $1.4 million of its housing money depends on them. Its own application would already shift about $445,000 of that, most of it toward transitional housing.

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Sources & notes, and any corrections, are with the piece online: www.stepupavl.org/files/the-turn-against-housing-first