



State of California

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

Gavin Newsom, Governor
Tomiquia Moss, Secretary

Secretaries Moss and Johnson speak out against Trump administration's cruel funding cuts to critical homelessness services programs nationwide

New requirements could result in the loss of more than \$250 to \$300 million annually for permanent supportive housing and rapid rehousing in California

SACRAMENTO – In response to [cruel federal changes to funding requirements](#) to cut funding for nonprofits and community organizations that provide housing and services aimed at addressing homelessness, California Business, Consumer Services and Housing (BCSH) Secretary Tomiquia Moss and California Health and Human Services (HHS) Secretary Kim Johnson — co-chairs of the California Interagency Council on Homelessness (Cal ICH) — today issued the below statements:

“We are sounding the alarm,” **said Cal ICH Co-Chair and BCSH Secretary Tomiquia Moss.** “The federal government's new cap on permanent housing would strip away the core of California's homelessness response and jeopardize the stability of more than 170,000 people nationwide. These changes will force communities into impossible tradeoffs that push people out of permanent housing and undo years of progress.”

“The introduction of mandatory treatment or service participation requirements — whether tied to work, sobriety, or program compliance — stands in stark conflict with California's housing first law and with decades of research,” **said Cal ICH Co-Chair and HHS Secretary Kim Johnson.** “People stabilize when they have access to integrated housing, health, and human services. These federal changes would force programs to move away from voluntary, person-centered care and into approaches that are both ineffective and misaligned with California housing first policy.”

“As continuums of care across the state engage in their own reviews, the council stands with them,” **said Cal ICH Executive Officer Meghan Marshall.** “We will continue to analyze the new funding requirements, coordinate with our partners across every level of government, and elevate the real-world consequences that these changes will have on stability, safety, and housing access for tens of thousands of Californians. To our partners who provide these critical services: You are not alone in this fight.”



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Background on new funding requirements

Late yesterday evening, the federal Department of Housing and Urban Development (HUD) released new cruel funding provisions in its 2025 Continuum of Care (CoC) notice of funding opportunity. These changes attack permanent housing strategies and will have devastating and immediate consequences for communities in California and across the country.

Specifically, the federal government's newly required cap on permanent housing — restricting CoCs to using only 30% of funds for permanent supportive housing and rapid rehousing — stands in sharp contrast to California's strategy, where 87% of CoC funds support permanent housing interventions — which has been proven to work and is [creating positive impacts in communities throughout the state](#). This change could result in the loss of more than \$250 to \$300 million annually for permanent supportive housing and rapid rehousing in California and would destabilize projects that currently keep tens of thousands of people housed.

These cuts would not only remove housing from older adults, families with children, veterans, people with disabilities, transition-aged youth, and people served by Medi-Cal, CalFresh, CalWORKs, and foster care systems — they would also undermine the goals of the [California Statewide Action Plan](#) across unsheltered reduction, housing placements, housing retention, prevention, and production.

HUD's actions are at odds with California's housing first mandate. These shifts not only threaten existing programs — they jeopardize the braided system of federal, state, and local investments that keep California's homelessness response viable.

An approach that works

President's Trump's cruel policies fly in the face of strategies that are proven to work. From the very first moments of the Newsom administration, the national crisis of housing and homelessness — which were decades in the making — has been addressed with ingenuity, seriousness, and expertise. No other state has devoted as much time and attention to these twin problems — and California is



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a leader in producing positive results. Governor Newsom is creating a structural and foundational model for America:

✓ **Addressing mental health and its impact on homelessness** — Ending a long-standing 7,000 behavioral health bed shortfall in California by rapidly **expanding community treatment centers and permanent supportive housing** units. In 2024, voters approved [Governor Newsom's Proposition 1](#), which is transforming California's mental health systems with a \$6.4 billion Behavioral Health Bond for treatment settings and housing with services for veterans and people experiencing homelessness, and reforming the Behavioral Health Services Act to focus on people with the most serious illnesses, provide care to people with substance disorders, and support their housing needs.

✓ **Creating new pathways for those who need the most help** — **Updating conservatorship laws for the first time in 50 years** to include people who are unable to provide for their personal safety or necessary medical care, in addition to food, clothing, or shelter, due to either severe substance use disorder or serious mental health illness. **Creating a new CARE court system** that creates court-ordered plans for up to 24 months for people struggling with untreated mental illness, and often substance use challenges.

✓ **Streamlining and prioritizing building of new housing** — Governor Newsom made creating more housing a state priority for the first time in history. He has signed into law [groundbreaking reforms to break down systemic barriers that have stood in the way of building the housing](#) Californians need, including broad CEQA reforms.

✓ **Creating shelter and support** — Providing [funding and programs for local governments](#), coupled with strong accountability measures to ensure that each [local government](#) is doing its share to build housing, and create shelter and support, so that people living in [encampments](#) have a safe place to go.

✓ **Removing dangerous encampments** — Governor Newsom has set a strong expectation for all local governments to [address encampments in their communities and help connect people with support](#). In 2024, Governor Newsom filed an amicus brief with the Supreme Court [defending communities' authority to clear encampments](#). After the Supreme Court affirmed local authority,



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Governor Newsom issued an [executive order](#) directing state entities and urging local governments to clear encampments and connect people with support, using a state-tested model that helps ensure encampments are addressed humanely and people are given adequate notice and support.

Reversing a decades-in-the-making crisis

The Newsom administration is making significant progress in [reversing decades of inaction on homelessness](#). Between 2014 and 2019 — before Governor Newsom took office — unsheltered homelessness in California rose by approximately 37,000 people. Since then, under this Administration, California has significantly slowed that growth, even as many other states have seen worsening trends.

In 2024, while homelessness increased nationally by over 18%, California limited its overall increase to just 3% — a lower rate than in 40 other states. The state also held the growth of unsheltered homelessness to just 0.45%, compared to a national increase of nearly 7%. States like Florida, Texas, New York, and Illinois saw larger increases both in percentage and absolute numbers. California also achieved the nation's largest reduction in veteran homelessness and made meaningful progress in reducing youth homelessness.

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