

Local governments, non-profits sue Trump administration over cuts to homeless permanent housing program

By Katherine Hapgood

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A coalition of four non-profit organizations and seven local governments on Monday [sued the Department of Housing and Urban Development and HUD Secretary Scott Turner](#) over policy changes that would significantly cut funding for and place new conditions on permanent housing for people experiencing homelessness.

The plaintiffs requested that the court declare the policy changes unlawful and that HUD expeditiously renew existing permanent housing grants for 2026, among other asks.

More than half of the 2026 funding for HUD's Continuum of Care program, which partners with local organizations to connect people experiencing homelessness to housing and resources, will be cut for permanent housing assistance and moved to temporary transitional housing assistance with some work or service requirements. The policy change was [first reported by POLITICO](#).

The new conditions placed on the program would also give HUD the ability to deny funding for organizations that acknowledge the existence of transgender or nonbinary individuals.

The suit, which was filed in the U.S. District Court for the District of Rhode Island, called the "late-stage decision" to replace the original two-year notice of [funding opportunity and its new terms for the program](#) "unlawful," arguing that HUD had a June deadline to make the changes.

"There is no doubt that it will cause homelessness to rise across this nation," said Ann Oliva, CEO of the National Alliance to End Homelessness, one of the plaintiffs, in a press release. "At a time when we should all be focused on scaling up and improving our most effective programs, this administration is instead focused on tearing them down. These sudden decisions will cause programs to be totally defunded or go without federal funds for at least five months, and likely longer. It is stunningly unaccountable administration of this critical grant program."

[21 attorneys general and governors sued the Trump administration](#) over the same issue at the end of November. That lawsuit was also filed in the Rhode Island district court.

HUD did not immediately respond to request for comment regarding this suit, but in response to the prior lawsuit, an agency spokesperson said "HUD stands by its FY2025 Continuum of Care reforms" and that the agency would mount "a vigorous defense to this meritless legal action."

Earlier this month, HUD imposed a cap on the amount of program funds that can support permanent housing. Previously, there was not a specific limit and around 90 percent of funds supported permanent housing. Under the new cap, no more than 30 percent of these funds can support permanent housing.

"HUD's Continuum of Care program provides tens of millions in funding to house thousands of our most vulnerable," said San Francisco City Attorney David Chiu, one of the plaintiffs, in a press release. "HUD's decision to defund permanent homeless housing, which San Francisco has relied on for decades, will push our most vulnerable citizens out of their homes without a place to go."

Turner has argued that the policy change is a necessary shift from what the Trump administration considers to be a failed "housing first" model that prioritizes permanent housing without preconditions, such as getting a job or seeking treatment. The agency has said the current policy has fueled a "homeless industrial complex" and does not address the root causes of homelessness.

The funding cuts could put 170,000 people at risk of experiencing homelessness, according to internal HUD documentation previously obtained by POLITICO. HUD has maintained that the changes will include specific protections for children, veterans and seniors.

Different factions of lawmakers and various organizations have sent letters to the agency with multiple requests, including extending funding for CoC projects expiring in 2026, reversing the policy changes or answering various questions about implementation.

The plaintiffs in the lawsuit include: the National Alliance to End Homelessness, the National Low Income Housing Coalition, Crossroads Rhode Island, Youth Pride, Inc., the city of Boston, the city of Cambridge, Massachusetts, King County, Washington, Nashville and Davidson County, the city of Tennessee, Santa Clara County, California, the city and county of San Francisco, California, and the city of Tucson, Arizona.