



## **Navigating Complex Times in Homelessness Services**

*Carol Roberts, Ph.D.*

As we close the first quarter of our fiscal year 2026, major changes in federal homelessness funding are creating uncertainty for organizations throughout our sector. These changes are affecting our planning for next year and beyond, requiring us to adapt our strategy to ensure we can continue serving our neighbors who need us most.

The scale of need continues to grow. More than 771,000 people experienced homelessness in January 2024, the largest one-year jump in recorded history. Yet even as need increases, the environment for service providers has become more complex.

Last week's announcement that Downtown Streets—a 20-year-old nonprofit serving the San Francisco Bay Area and Sacramento—will close due to funding challenges illustrates the human cost of these pressures. When nonprofits with two decades of experience serving their communities cannot sustain operations, it signals the depth of the challenges confronting our sector and the neighbors who depend on these services.

A significant operational change will be the announced return to annual grant application cycles after HUD had moved toward two-year funding periods. This shift will increase administrative requirements, requiring organizations to allocate more staff time to application processes during a period of high service demand. The additional paperwork burden will affect our ability to focus resources on direct service delivery when community need is at historic levels.

Additionally, recent changes to certain grant programs, such as the BUILDs funding opportunity, have introduced new eligibility criteria that affect organizations operating in jurisdictions with certain local policies, including those related to immigration, civil rights protections, and health services. While these changes haven't yet been applied to other major funding streams, they signal potential future directions that could affect organizations like LSS operating in California, creating operational challenges as we work to balance federal requirements with state and local mandates while maintaining our mission focus.

As the federal funding landscape evolves, organizations like LSS are carefully evaluating how to align our established program models with changing requirements while maintaining compliance with state and local mandates. We're monitoring developments in federal guidance regarding service delivery approaches and assessing how any changes may affect our operations, staffing, and service delivery methods. Our focus remains on serving our neighbors effectively while navigating this evolving policy environment.

Despite these challenges, we continue to see that proven approaches work when consistently implemented in communities across the country.

Lutheran Social Services has operated programs for 57 years, guided by the belief that every person deserves dignity, care, and the opportunity to thrive. We've implemented housing-first approaches for nearly 30 years because this experience has taught us that policy environments change, but the fundamental needs of our neighbors experiencing homelessness remain constant: safe housing, respect for their inherent worth, and supportive relationships that help them rebuild their lives.

Our response to current uncertainties includes strengthening partnerships with state and local funding sources, community organizations, and private donors who share our commitment to caring for our most vulnerable neighbors. We are also documenting how administrative changes affect our ability to serve people, as this information will be crucial for future advocacy and program planning. Additionally, we're staying vigilant about upcoming changes to see how they may affect our eligibility and operations.

We continue demonstrating that approaches rooted in human dignity work through our outcomes with nearly 6,500 neighbors served annually across 10 counties. Our college housing initiatives and care coordination programs show that when we address root causes of housing instability with compassion and proven methods, people succeed.

The hundreds of thousands of Americans experiencing homelessness tonight deserve services based on what works, not what's politically popular. As we plan for next year and beyond, LSS remains committed to proven practices that honor human dignity while delivering real results.

The challenges are real, but so is our resolve to stand with our neighbors when they need us most. With the support of our community, we will continue this essential work regardless of the policy environment. The people we serve are counting on it, and they deserve nothing less.