

Two Roads, One Crisis:

Comparing Treatment-Driven and Housing-Led Homelessness Solutions



Overview

Homelessness continues to rise across the United States, prompting renewed attention to its causes and potential solutions. An Executive Order issued in July 2025 seeks to address this issue through an enforcement approach but presents a concerning narrative—one that risks mischaracterizing individuals experiencing homelessness and overlooks the proven effectiveness of community-based, voluntary support systems.

Though the Order seeks to address homelessness through increased enforcement in institutional settings such as involuntary psychiatric commitment, mandated substance use treatment, and expanded law enforcement involvement, these approaches have historically proven to be both costly and ineffective.

This set of talking points is designed to offer a constructive, evidence-based perspective. It aims to clarify misconceptions, highlight what works, and promote policies that uphold personal autonomy, fiscal responsibility, and long-term impact.



Homelessness is rising rapidly due to high housing costs.

- [GAO](#) found for every \$100 rent increase, there is a 9% increase in homelessness. US Census data shows a \$400 average national monthly rent increase from 2020–2024.
- A record 8.4 million people are living in “worst case” housing situations, paying more than 50% of their income on rent and/or living in severely inadequate housing conditions, placing them at high risk of homelessness.¹
- Homelessness is highest in states with the most severely cost-burdened renters.²



Cities are ending unsheltered homelessness through housing-focused interventions.

- Dallas recently arrived at an effective end to unsheltered homelessness by implementing a [Direct to Housing](#) approach.³
- Chicago has reduced unsheltered homelessness by 50%, after receiving a grant from HUD’s Unsheltered funding opportunity and targeted capacity building.⁴



Local ordinances aimed at arresting and fining people who are unsheltered have been increasing for many years and have not reduced unsheltered homelessness.

- More than 150 local ordinances have been adopted, with a significant number occurring more than 10 years ago.
- A recent study shows that on average homelessness increases after camping ban ordinances are adopted.⁵
- After the state of Kentucky adopted a statewide camping ban, unsheltered homelessness increased, and hundreds of people received citations and fines, making it harder for them to exit homelessness.⁶
- Fining people for crimes related to homelessness, such as sleeping outside, makes homelessness worse. An analysis focusing on 101 adults experiencing homelessness in Seattle, Washington, found that 25% of participants who reported owing current legal fines experienced 22.9 months of additional homelessness after controlling for race, age, and gender.⁷

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Incarceration and hospitalization are far more expensive than housing, and people leaving institutional settings are likely to exit right back to homelessness.

- Daily rates for incarceration (\$131⁸) and hospitalization (\$1,200⁹) are far more expensive than the daily cost of housing with services (\$72).¹⁰
- 69% of those homeless at entry to treatment programs also exit to homelessness.¹¹
- It costs \$58,000/year⁸ to incarcerate someone in the Palm Beach County, Florida, jail AND more than half re-enter the jail within three years.⁹
- Not only does supportive housing reduce jail bookings by more than 90%, it does so for a third of the costs of incarceration.¹⁰



Participation in services like substance use disorder (SUD) and mental health treatment improves through housing, but access issues are a big barrier.

- Among participants in a California supportive housing initiative, the mean annual number of mental health outpatient visits **increased by 55.5**.¹²
- Even when programs require abstinence, the rate of substance abuse is roughly equivalent to those in supportive housing programs that do not require sobriety.¹³
- **The vast majority of people experiencing homelessness are extremely low-income and rely on Medicaid to access treatment services.** Waiting times for non-emergency psychiatry and inpatient treatment among Medicaid providers is typically many months and likely to increase after enactment of HR1, which adds barriers to continuous eligibility.
- Due to funding constraints, most people who are homeless do not receive the recommended level of care. In CSH's annual survey of the supportive housing industry, three out of four respondents rated funding for tenancy support services and meeting the increasingly acute service needs of supportive housing tenants as significant challenges.¹⁴

DAILY COST TO OUR COMMUNITIES



HOSPITALIZATION
\$1,200
PER PERSON



INCARCERATION
\$131
PER PERSON



SUPPORTIVE HOUSING
\$72
PER HOUSEHOLD



High-barrier shelters and recovery-focused transitional housing programs were the dominant model in the homeless system for 30 years and resulted in high exits/returns to homelessness.

- Rule-based shelter and treatment-oriented homeless programs were the primary approach from 1990–2007, a time when homelessness grew significantly.¹⁵
- Treatment-oriented programs have high barriers to entry, including requiring that people are taking psychiatric medication, are sober, and have no recent criminal history. This leaves out many people who are unsheltered.
- Despite these high barriers to access (e.g., “creaming”), **only 33% of all people who entered treatment-focused shelter models with sobriety requirements exit successfully.**¹⁶
- The rigorous Family Options Study found place-based transitional housing programs had the least positive impact among all the interventions studied.¹⁷



Homelessness response providers are held accountable, and outcomes are published by HUD every year and available to the public.

- HUD requires every program to report on how many people it serves, how many people exit to permanent housing, how many people return to homelessness within 24 months, and how the program helps participants increase income.
- These datasets are available to the general public on HUD’s website: [System Performance Dashboard | Tableau Public](#)
- Community-level reporting is also available for every CoC and published on HUD’s website.

Mandating treatment without housing fails to address the root causes of homelessness, ignores the overwhelming data on our housing shortage, and will once again prove to be a financial burden for states and localities.

– Deborah De Santis

President and CEO, Corporation for Supportive Housing



Investing in what works

Continue to focus on housing people living outdoors with urgency and attention.

1 Recent federal increases in affordable housing financing should be used to help produce more rental housing for extremely low-income people.

States should also take steps to reduce barriers to developing supportive housing, which is frequently the target of NIMBYism and litigation, which cause delays and increase production costs.

2 No state or community should accept unsheltered homelessness as part of the permanent landscape. It is simply unsafe for people to live outside. State and local leaders must respond with urgency to this challenge.

3 Not all communities have street outreach. Federal outreach models are facing federal funding cuts. States should at minimum ensure that street outreach covers the whole state and helps people exit homelessness.

4 Policymakers looking for ways to respond to encampments can look to examples from cities like Denver, Boston, and Dallas, among several others, that have all successfully reduced unsheltered homelessness by using a housing-focused approach that brings together coordinated outreach, health systems, and housing partners.



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