CSH

Supportive Housing Impact Analysis of H.R.1, 119th Congress

As of July 30, 2025

H.R.1, as signed into law on July 4, 2025, contains more than three hundred provisions that change tax policies and entitlement programs, including many that impact the supportive housing industry and the people we serve. CSH's initial impact analysis is focused on three sections of the law that will require state-level decisions in the short term.

These policy areas are:

1) State housing finance provisions;
2) State Medicaid changes; and
3) State food assistance programs.

We are also tracking provisions that impact households living in poverty, individual asset-building, and non-profits and charitable giving.

We summarize below, various provisions impacting supportive housing. Please take special note of the sections headed by "What supportive housing allies should consider." These sections highlight the provisions that require state action and present time-limited opportunities for CSH and our partners to make a difference.

Housing Finance Provisions:

The new law provides the largest increase in affordable housing production funding in 25 years. The combined impact of Low-Income Housing Tax Credits (LIHTC) and related provisions is expected to produce 1.22 million new affordable housing units. Most of the increases will result from the changes to the Private Activity Bonds and 4% Program (1.14 million), with 80,000 additional units projected to be created through increased allocations of credits in the 9% Program. (Source: Novogradac Permanent LIHTC Expansions in the New Tax Bill Webinar, July 2025). The exact number of new units, and the income targeting of these units will be impacted by various factors including credit pricing, decisions made by the LIHTC-allocating agencies and bond issuers, and the availability of gap financing.[1]

[1] For the names and websites of each LIHTC allocating agency, see LIHTC Database: List of LIHTC-Allocating Agencies and Web Addresses

There are many differences between the 9% and 4% LIHTC programs, including the amount of equity generated from the credits awarded to the project (covering 50%-70% of project costs under the 9% program and 30% under the 4% program) and the fact that the 9% projects are competitively awarded, while 4% credits can be awarded non-competitively. For an explanation of the LIHTC program, see [How the 9 Percent Tax Credit Program Works | National Housing Conference] and [About the LIHTC | Novogradac].

LIHTC 9% Provisions:

States will receive a permanent 12% increase in allowable 9% LIHTC credits, which is the primary funding source of affordable housing production in the United States. Additional credits will be available starting January 1, 2026, although states could forward fund credits, making them available earlier. There is also an increase in the small state minimum. Small states are those with a population of fewer than 1.14 million (These U.S. states are: Alaska, Delaware, Montana, North Dakota, South Dakota, Vermont, and Wyoming).

In general, supportive housing developments of 40 or more units rely on the 9% credits to fund at least half of the development's capital costs. Additional gap financing sources are necessary to avoid or minimize debt payments, which are too expensive to be covered by the low rents tenants and vouchers pay.

As H.R.1 addresses only some of the capital sources, supportive housing developers will still need to secure other capital sources, a rental assistance source, and supportive services funding to create new units.

What supportive housing allies should consider:

- CSH expects many states will make changes to their Qualified Allocation Plans (QAPs) to guide allocation of these additional credits. With flat or shrinking rental assistance available to match with LIHTC developments, now is a great time to address the backlog of capital preservation needs in aging supportive housing properties.
- States could elect to:
    - Incentivize preservation activities through points or set-asides of credits to improve financial performance of older supportive housing units.
    - Consider higher per-unit credit limits for supportive housing development and preservation, given the complexity and additional costs associated with securing multiple capital sources to avoid debt.

- Prioritize the use of additional 9% credits for deeper affordability and income targeting, while focusing the 4% resources on more traditional affordable and mixed income housing production.
- Align gap financing tools and rental subsidies to pair with the 9% program, including State Housing Tax Credits and HOME/CDBG and state-administered rental assistance programs to ensure the additional resources can achieve deeper (i.e. extremely low) income targeting by minimizing or eliminating debt.

LIHTC 4% Credits and Private Activity Bond Cap:

Under the 4% LIHTC program, current law requires that at least 50% of land and eligible basis (= aggregate basis) in a proposed development are financed with state-issued Private Activity Bonds, to access credits. The new law, effective for all transactions closing January 1, 2026. and after, reduces that minimum to 25%. LIHTC experts expect this could double the use of the 4% program to create affordable housing.

Each year, states are in various positions with respect to their Private Activity Bond volume cap, which can limit the availability of the 4% LIHTC credits. As of April 2025, there were 23 states oversubscribed, 12 states at parity (bumping up to their cap), and 15 states undersubscribed (Source: Novagradac)[2]. The changes to the aggregate basis requirements will impact states differently, given their volume cap positions prior to the law's enactment, but all states will have the ability to fund significantly more projects with 4% credits.

What supportive housing allies should consider:

- As additional affordable rental housing will help people exit or avoid homelessness, CSH encourages supportive housing allies to advocate for all states to take advantage of these changes, fully utilize 4% tax-exempt bond programs, and target new resources for multi-family housing.
- Translating 4% credit and Private Activity Bond changes into new or preserved supportive housing projects can be challenging. Additional gap sources need to be secured, as the 4% program only covers 30% of the total development cost of a project. The timing and competition for other capital and operating sources typically required before closing financing can be challenging for supportive housing developers and owners.

[2] LIHTC, PAB Multipliers Applied to IRS Population Figures Mean Record PAB Cap for 2025 | Novogradac

- CSH recommends advocacy with state housing finance agencies, rental assistance funders, and recipients of HOME and CDBG to consolidate funding applications or otherwise align the timing of these sources to minimize the complexity and resulting increased costs required in layering various capital sources.

New Markets Tax Credits:

The New Markets Tax Credit (NMTC) is now a permanent program, authorized at $5 billion per year. This program allocates tax credits to Community Development Entities (CDEs), including CSH, that help offset the cost of constructing facilities or businesses like emergency shelters and community health centers located in distressed communities. While NMTC was not indexed for inflation, predictable availability of the credits is an important and welcome change.

Medicaid Provisions:

H.R.1 is estimated to reduce federal spending on Medicaid by more than $1 trillion over ten years, and cause as many as twelve million people to lose their health insurance. Another five million people are expected to lose coverage through regulatory changes made this year to the Affordable Care Act.[3] Medicaid is often the single largest federal line item in state budgets and with significant cuts, states must find ways to balance their budgets.[4] Common state strategies include covering fewer people, cutting back on services offered and reducing reimbursements to providers. State decisions are expected to lead to the disenrollment of people with disabilities, especially those who are seriously ill and/or homeless. For a state-by-state breakdown of the anticipated effects, see Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Senate Reconciliation Bill | KFF or Medicaid Cuts and the States: Tracking State-Specific Estimates of the Impacts of Proposed Changes.

Exceptions from work requirements

H.R.1's exemptions include the following: an individual "(V) **who is medically frail or otherwise has special medical needs (as defined by the Secretary**), including an individual—
(aa) who is blind or disabled (as defined in section 1614);
(bb) with a substance use disorder;
(cc) with a disabling mental disorder;
(dd) with a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living; or (ee) with a serious or complex medical condition."

[3] About 17 Million More People Could be Uninsured due to the Big Beautiful Bill and other Policy Changes | KFF
[4] Top Five Medicaid Budget Pressures - National Association of Medicaid Directors

To understand what and who Medicaid currently pays for in your state, see Medicaid State Fact Sheets | KFF.

What supportive housing allies should consider:

- CSH encourages the supportive housing field to quickly reach out to state health and budget leaders to minimize the negative impacts of the bill.
- Existing state health advocacy coalitions are ideal partners for this effort as the homeless and housing sectors may have limited state contacts in the health sector. State housing officials are also critical strategic partners, as conversations among state officials can yield valuable insights. If you are unaware of health advocacy coalitions in your state or would like to connect with state housing officials but do not know how, please reach out to your regional CSH staff.
- Supportive housing partners and allies should focus on upcoming state-level decisions/impacts as follows:

  Understand how benefits/services cuts could impact people experiencing homelessness and protect or seek to add Housing Related and Home/Community Services: Housing related services (HRS) have been recently added in many states and are optional Home and Community Based Services (HCBS) under Medicaid. As of July 2025, 31 states and D.C. have approved Medicaid Authorities to cover these services, but only 24 states have started offering services, with the other seven states in various planning stages. These, and other community-based supports are frequently targets of budget cutters during leaner times and we would expect them to be at risk during this transition period. However, HRS can ensure continued Medicaid eligibility of people with complex needs, improve housing stability and health, and save money. See if your state has housing related services here and read the discussion of "New Home and Community Based Services" below.

  Weigh in on establishing policies and systems that operationalize work requirements to minimize their impact on people experiencing homelessness: There are numerous, specific statutory provisions aimed at imposing work requirements on adults receiving healthcare through the Medicaid program. Key questions states should address include:

  - How will people experiencing homelessness without addresses, transportation, and cell phones/sufficient data plans navigate the enrollment and recertification process?

- What proof of disability will be required and from what sources? (e.g. some states may link only to SSI or SSDI enrollment, leaving out a large population of people with disabling conditions Other states may accept self-attestation, or initial diagnosis from certified professionals.)
- What proof will be required to document that one is considered “medically frail” and therefore exempt?
- How much time will individuals have to produce the documentation justifying an exception?

Weigh in on developing work experience programs and countable activities: If states have discretion to design these programs, what will count as work experience (e.g. could addressing healthcare challenges, securing housing, complying with court-ordered services, participation in case management and other supportive services, and/or seeking employment be counted?)

Understand the implications of shorter recertification periods and other red tape: How easy (or difficult) will states make the recertification process? Do individuals have to present in person? What supports are offered to assist in complying with requirements. What documents are required and what technology and technological literacy will be required to comply? What role do supportive housing case managers have in assisting in this process. How will supportive housing staff be notified of requirements for maintaining enrollment for those with the most severe disabilities?

Weigh in on how cost sharing will impact people experiencing homelessness: The law requires states to implement cost sharing for those enrolled as part of Medicaid expansion. Cost sharing required in the law is the imposition of co-pays and premiums for services for people with incomes above 100% of the Federal Poverty Level. Data has shown that even co-pays as low as $1-2 per service decreases the number of people accessing care. [5] States will have significant flexibility in how they operationalize these requirements.

New Home and Community Based Services (HCBS) 1915(c) process: Starting in July 2028, states can seek a stand-alone three-year waiver for HCBS as an alternative to institutional placements, as long as the average per capita cost for this population does not increase and it does not extend wait times for HCBS. Both new and ongoing HCBS will no longer have to prove the covered person meets the

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[5] [The Effects of Premiums and Cost Sharing on Low-Income Populations: Updated Review of Research Findings | KFF]

Nursing Home Level of Care test under the new law. Supportive housing developers could pair this new service funding opportunity with the LIHTC expansion resources and any subsidies (e.g. HUD 811) in the community to expand community-based alternatives to institutional settings.

Advocate to shore up confidence in Medicaid as a key supportive housing financing tool: Decades of research continue to point to the critical importance of Medicaid funded services to stabilize people with health and behavioral health needs in housing. It is important for states to consider streamlining enrollment and enhancing benefits/services for residents of supportive housing to ensure this vital community resource continues to grow and meet the needs of individuals who would not remain housed without the affordability of supportive housing and the supportive services. Research has long proven that disrupting these services would ***drive up*** costs in the Medicaid program.[6]

Ensure people understand the impact of people losing their health care coverage. People fall into homelessness due to health concerns: Untreated health conditions among the uninsured along with unpaid medical bills will drive more people into homelessness. The homeless crisis response system will need to work with state leaders to increase awareness of and access to programs designed to cover uncompensated care as part of a community's eviction prevention practices, and to quickly enroll people in Medicaid as soon as possible to avoid ongoing accumulation of debt and deteriorating health.

Other provisions for the supportive housing field to be aware of:

- **Address verification:** The law requires that states have a process to verify addresses by January 1, 2027. The federal Center for Medicare and Medicaid Services (CMS) must have a process to receive this information. By October 1, 2029, CMS must be ready to perform monthly checks to ensure that someone is not enrolled in multiple states. This can cause inadvertent disenrollment of eligible people, as we have seen when thousands of people listed a homeless shelter as an address and a state deemed them fraudulent claims. *This will be important information to share with state Medicaid officials and contractors who will set up these systems.*
- **Retroactive coverage limited to 30 days from 90 days**: Currently, Medicaid can reimburse providers for up to 90 days of services provided prior to a person enrolling in Medicaid coverage. The new law limits this retroactive eligibility for payment to 30

[6] CSH-Lit-Review-All-Papers.pdf

days. Supportive housing providers who often assist eligible people with Medicaid enrollment will experience a reduction in reimbursement as a result of this provision.

- **Understand the impact of noncitizen eligibility:** The new law eliminates Medicaid eligibility for noncitizens except three specific groups:
    - Certain lawful permanent residents, but excluding, among others, alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country;
    - Cuban and Haitian entrants covered by legislation enacted in 1980, and;
    - Those admitted from Micronesia, the Marshall Islands and Palau under the Compacts of Free Association.
- The law also limits the federal matching rate for emergency Medicaid provided to noncitizens to the state's regular matching rate. This means that if a noncitizen presents for emergency medical care, the state can still be reimbursed, but at their regular federal matching rate. (Find what your states regular matching rate here: Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier | KFF
- These provisions are expected to result in states dropping coverage of non-citizens, raising provider expenses for individuals in supportive housing who no longer have health coverage.
- **Requiring budget neutrality of 1115 waivers**: Some states have used the flexibility of the 1115 waiver to expand and streamline supportive housing services. While these waivers have always been expected to demonstrate cost neutrality, the bill may add penalties for demonstrations that do not meet expected targets, which would reduce the appetite for experimentation and innovation. Previously, states were able to use 1115 waiver funds to support capacity building efforts and to offer training and technical assistance to agencies new to Medicaid billing. Those capacity building activities may be harder to access.

In summary, state legislators, state leadership, and governors will be faced with difficult choices on whether to raise revenues to cover the loss of federal healthcare funding or cut benefits and services to the residents of their states, especially optional or newly enacted services such as housing-related and home and community-based services. CSH will work in every state we can to minimize harm and maximize enrollment among those served by supportive housing whose services are at risk.

SNAP Provisions:

The Congressional Budget Office estimates the law's changes will reduce federal spending on the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) by $186 billion over ten years. See who uses food stamps in your state here and, how these cuts will impact your state here.

Work Requirements and Time Limits: The law imposes new work requirements (20 hours/week) and 3-month time limits for:

- People experiencing homelessness, veterans, youth aging out of foster care, and all other non-disabled adults age 55-64.
- Caretakers of disabled family members over age 15 (but parents of children under age 14 are exempt.)

A one-time waiver of the provisions is available for Alaska and Hawaii, based on higher unemployment rates, through 12/31/28.

Cost shifts to states and counties: For the first time since the program was created, states are now required to pay up to 15% of the cost of SNAP benefits, (28 states are expected to contribute the 15%) depending on their error rate. States will be required to pay 75% (up from 50%) of the administrative costs of the SNAP program by FY27. These two changes will reduce federal spending on SNAP by shifting $155B in program costs to states and counties.

Restrictions on Noncitizens: Persons granted asylum, refugees, and those noncitizens granted protections under the Violence Against Women are no longer eligible for SNAP. Certain Cuban and Haitian refugees are exempted from the restrictions.

What supportive housing allies should consider:

- As states respond to significant cost shifts, they may consider further reductions in eligibility and/or make access to the program more difficult. There are numerous waiver and state policy options that govern the program that can be adjusted to result in either more or less harm to the people we serve. (See: State Options Report | Food and Nutrition Service)
- Supportive housing tenants and people experiencing homelessness who do not receive SSI or SSDI will need advocacy and support to remain eligible. Work and work activities will be subject to state and local discretion, and advocates are encouraged to be in communication with their local leaders designing these programs to consider the unique challenges of people experiencing or at risk of homelessness.

- Many of the same considerations raised in the work requirements and recertification provisions in the previous section would be relevant here too – how will individuals without fixed addresses and transportation be able to navigate continued enrollment, can case managers receive notification of recertification requirements, etc.

Additional Provisions CSH is Tracking

Filing Taxes for Self-Employed, Including Supportive Housing Advocates and Lived Experts: For organizations that contract with non-employees for personal services, including lived experts and advocates, the law increases the reporting threshold from $600 to $2,000 beginning in 2026, with inflation adjustments in 2027 and beyond. Individuals may still have to pay taxes, depending on their total annual income, but businesses do not have to issue 1099s for payments up to $2,000.

Child Tax Credit Provisions:

A refundable child tax credit is increased to $2,200 per child (from current $2,000,) but the minimum income per household required to receive the full refundable credit was increased from $36,000/year to $48,000/year. This may impact families in shelters who are working, but do not earn enough to receive the payments.

Trump Saving Accounts:

Certain tax benefits are offered for employers, family members, or others contributing up to $5,000 per year, adjusted by inflation, to investment accounts established for citizen children under age 18. A $1,000 federal payment to a Trump account can be claimed for children born between 2025-2029. There are no restrictions on how the funds can be used after the child turns 18.

Non-profit and Foundation-related Provisions:

A floor of 1% and ceiling of 10% on charitable contributions from corporations is expected to reduce annual corporate charitable giving by 4.5B[7] The law imposed new limits on charitable deductions for itemizers and offers higher deductions for non-itemizers. Some of the more controversial provisions targeting non-profits and charitable foundations that had been considered, (including allowing the IRS to designate certain nonprofits as terrorist-supporting organizations and revoking their non-profit status, and increasing

[7] One, Big, Beautiful Bill: Impact on Philanthropy | Council on Foundations

excise taxes on private foundations and education endowments) were **not** included in the final bill.

Thousands of CSH allies reached out to members of Congress during the reconciliation process, and this level of engagement will be necessary as the law's framework is further refined.

Contact Us

CSH welcomes additional analysis and input on key provisions of the law, as well as ideas and effective practices engaging state leaders in implementation that minimizes harm to people who have experienced homelessness and the programs and people who house and care for them. Please reach out to katie.kitchin@csh.org if you have ideas and input.

QUICK REFERENCE GUIDE AND KEY IMPLEMENTATION DATES

Policy Provision	Action Needed	Implementation Date
LIHTC 9% and 4%	1) Advocate for new 9% LIHTC resources to be targeted to extremely low income and supportive housing populations for both preservation and new development. Allow higher credit requests to avoid unnecessary time delays and costs to supportive housing projects. 2) Advocate for alignment of capital sources and operating sources (deadlines and consolidated applications) 3) Support full utilization of 4% tax exempt bond programs, emphasize multi-family housing production as primary funding approach for traditional affordable housing projects that do not need multiple sources for capital and operating.	January 1, 2026
Medicaid State Plan Changes (work requirements, recertification, address verification, and HCBS waivers)	1) Weigh in with your state Medicaid leaders, Governor's office and legislators to contribute design and implementation input that will minimize harm to individuals with complex needs, especially those experiencing homelessness and those with disabilities. 2) Participate in statewide health coalitions who may have stronger partnerships and allies. 3) Advocate for Housing Related Services and Home and Community Based Services authorities to keep vulnerable people housed and avoid high uncompensated care costs. (States will need to submit waiver requests by 2028) 4) Connect people facing homelessness with local resources to cover unpaid medical bills and address health issues through free clinics as part of shelter diversion and housing supports.	For most policies, actions will need to be taken by December 31, 2026
Medicaid Noncitizen Exclusions	1) Work with providers to assess impact and identify alternate non-federal sources to protect the life and health of tenants and people experiencing homelessness.	October 1, 2026
Medicaid State Funding	1) Protect newly added Housing Related Services; weigh in on potential funding cuts, provider payment cuts, and eligibility restrictions	State budget cycles starting in FY26
SNAP	1) As states prepare to adjust to reduced federal funding, advocate for program design and implementation decisions that minimize harm to individuals who are not automatically exempted (SSI and SSDI recipients)	October 1, 2027