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NEWS FOR IMMEDIATE RELEASE

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AG Kaul and Coalition Sue Over HUD Policy That Would Put More People Into Homelessness

HUD's Policy Shift Risks Forcing Hundreds of Wisconsin Households Into Homelessness

MADISON, Wis. – The U.S. Department of Housing and Urban Development (HUD) is illegally upending supports for tens of thousands of Americans experiencing homelessness or housing insecurity with abrupt changes that will limit access to long-term housing and other services, according to a [lawsuit](#) filed today by Attorney General Josh Kaul and a coalition of 20 other plaintiffs.

HUD is changing its Continuum of Care grant program – the federal government’s premier program for housing and other services to reduce homelessness. The changes violate congressional intent by capping the amount of grant funds that can be spent on permanent housing and putting new unlawful conditions on access to the funding. These wholesale changes will likely result in thousands losing housing.

“These changes would leave more people without a stable place to live and exacerbate the challenges that communities face in addressing homelessness,” said AG Kaul. “These harmful and unlawful changes should be invalidated.”

For decades, HUD has helped local and regional coalitions plan and coordinate housing and services for people experiencing homelessness through congressionally-created Continuum of Care grants. Providers pair these grants with other funding sources and rely on the predictability and continuity of the grants to support the unhoused.

HUD has a longstanding policy of encouraging what is known as a “Housing First” model that provides stable housing to individuals without preconditions like sobriety or a minimum personal income. These policies are proven to improve housing stability and public health while reducing the costs of homelessness to individuals and their communities.

HUD’s policy shift would cause serious harm in Wisconsin, likely returning many Wisconsinites to homelessness.

Four Continuum of Care agencies – regional or local planning bodies that coordinate housing and services funding for families and individuals experiencing homelessness – serve Wisconsin: the Dane Continuum of Care region; the Racine Continuum of Care region, the Milwaukee Continuum of Care region, and the Balance of the State Continuum of Care region, which serves other areas.

HUD’s policy shift could put more than 1,600 individuals or households out of their current housing programs, now or in the coming years. Further, more than 350 individuals or households statewide receiving housing support due to domestic violence could be immediately at risk of homelessness as a result of the policy shift.

These are households that were chronically homeless, living in places not intended for human habitation, such as cars, storage units, emergency shelters, or fleeing domestic violence before beginning the programs. The majority of households impacted are households with children.

Previously, HUD has directed approximately 90% of Continuum of Care funding to support permanent housing. But the agency’s new rule – which Congress did not authorize – would cut that by two-thirds for grants starting in 2026. Similarly, HUD has long allowed grantees to protect around 90% of funding year to year – essentially guaranteeing renewal of projects to ensure that individuals and families living in those projects maintain stable housing. But HUD has slashed this figure, too, to only 30%. These new policies virtually guarantee that tens of thousands of formerly homeless people in permanent housing nationwide will eventually be evicted through no fault of their own when the funds aren’t renewed.

Additionally, HUD is planning to withhold funds to applicants that view gender identity to include transgender and gender diversity. It will also de-prioritize services to people with mental health issues or substance-use disorders, and disfavor funding to localities whose approach to homelessness differs from the administration’s.

The complaint alleges that HUD violated its own regulations by not engaging in rulemaking before issuing the changes and violated the law by not receiving congressional authorization for these new conditions, many of which are directly contrary to statute and HUD's own regulations. The plaintiffs also allege that HUD's actions are arbitrary and capricious, as HUD has made no effort to explain its shift in longstanding policies or consider the consequences of large-scale evictions.

Joining AG Kaul in filing the complaint in the federal District of Rhode Island are the attorneys general of Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Illinois, Massachusetts, Maryland, Maine, Michigan, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, Washington, and the governors of Kentucky and Pennsylvania.