



To: North Carolina Coalition to End Homelessness and North Carolina Housing Coalition

From: Eric Tars, Senior Policy Director, National Homelessness Law Center

Date: July 28, 2026

Re: NC HB 437 and federal funding eligibility

Question Presented:

Would overturning Governor Stein's veto of NC HB 437 impact North Carolina's standing for federal homelessness funding?

Brief Answer:

No. The [Cranston-Gonzales Act](#), specifically states the Department of Housing and Urban Development (HUD) "shall not establish any criteria for allocating or denying funds based on the adoption, continuation, or discontinuation by a jurisdiction of any public policy, regulation, or law." Moreover, where HUD has recently attempted to establish such criteria, they have been [struck down](#) by federal courts.

Discussion:

The proposed NC HB 437, among other things, would implement a statewide camping ban and require municipalities to enforce it against people experiencing homelessness under threat of lawsuit from their residents or the Attorney General.¹ Recent statements, both by elected officials on the Senate floor and by a lobbyist in an OpEd claim that, without overriding Governor Stein's veto of NC HB 437, North Carolina will be ineligible for HUD funding.²

These statements are categorically false.

Under existing federal law, HUD is prohibited from requiring or even incentivizing any state or municipal jurisdiction to pass any specific policy, regulation, or law in order to be eligible for funding. Federal law states that HUD "shall not establish any criteria for allocating or denying funds based on the adoption, continuation, or discontinuation by a jurisdiction of

¹ H.B. 437, 2025 Sess. (N.C. 2026), <https://www.ncleg.gov/Sessions/2025/Bills/House/PDF/H437v6.pdf>.

² See Kelly Kenoyer, *North Carolina Senate Judiciary Committee approves statewide homeless camping ban*, WUNC News (Jun. 10, 2026), <https://www.wunc.org/2026-06-10/north-carolina-senate-judiciary-committee-approves-statewide-homeless-camping-ban>; Chris Sharp, *One veto override could preserve millions in homelessness funding*, Carolina Journal, (July 27, 2026), <https://www.carolinajournal.com/opinion/one-veto-override-could-preserve-millions-in-homelessness-funding/>.

any public policy, regulation, or law.”³ Thus, neither the legislature’s passage nor Governor Stein’s veto of NC HB 437 can be used as a criteria by HUD to approve or deny any homelessness funding to North Carolina.

The application of the Craston-Gonzales prohibition to exactly this sort of policy is not speculation. Just earlier this year, a federal court enjoined HUD’s recent funding application, which attempted to impose requirements on state and local jurisdictions, including the passage and enforcement of camping bans like NC HB 437.⁴ In a case striking down another HUD funding application with similar conditions, the court wrote “The Jurisdiction-Based Criteria obviously fall within the plain meaning of 42 U.S.C. § 12711 terms because they determine eligibility for CoC funds based on whether an applicant is located in a jurisdiction that maintains certain public policies or laws. The Jurisdiction-Based Criteria therefore clearly violate that statute.”⁵

Conclusion:

North Carolina does not risk any of its federal homelessness funds, regardless of whether it sustains or overrides Governor Stein’s veto of NC HB 437, and any statements to similar effect are attempting to mislead the North Carolina legislators into acting under false premises.

Questions can be directed to Eric Tars, Senior Policy Director, National Homelessness Law Center, etars@homelesslaw.org.

³ 42 U.S.C. § 12711.

⁴ See *National Alliance to End Homelessness et al. v. HUD*, Case 1:25-00636-MSM-AEM (Dec. 23, 2025), <https://www.publicrightsproject.org/wp-content/uploads/NAEH-v-HUD-PI-ruling.pdf>.

⁵ *National Alliance to End Homelessness et. al. v. HUD*, Case 1:25-cv-00447-MSM-AEM (Mar. 31, 2026), <https://democracyforward.org/wp-content/uploads/2026/03/31-SJ-Decision.pdf>, at 12.