NATIONAL ALLIANCE TO END HOMELESSNESS

Understanding HUD's FY2026 Continuum of Care (CoC) Program NOFO

National Alliance to
END HOMELESSNESS

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WHAT WE DO

Policy and Programs

- Educating the field about key strategies for ending and preventing homelessness.
- Keeps federal policymakers informed of the needs of people experiencing homelessness and the programs serving them.
- Leads advocacy efforts on a grassroots level.

Capacity Building

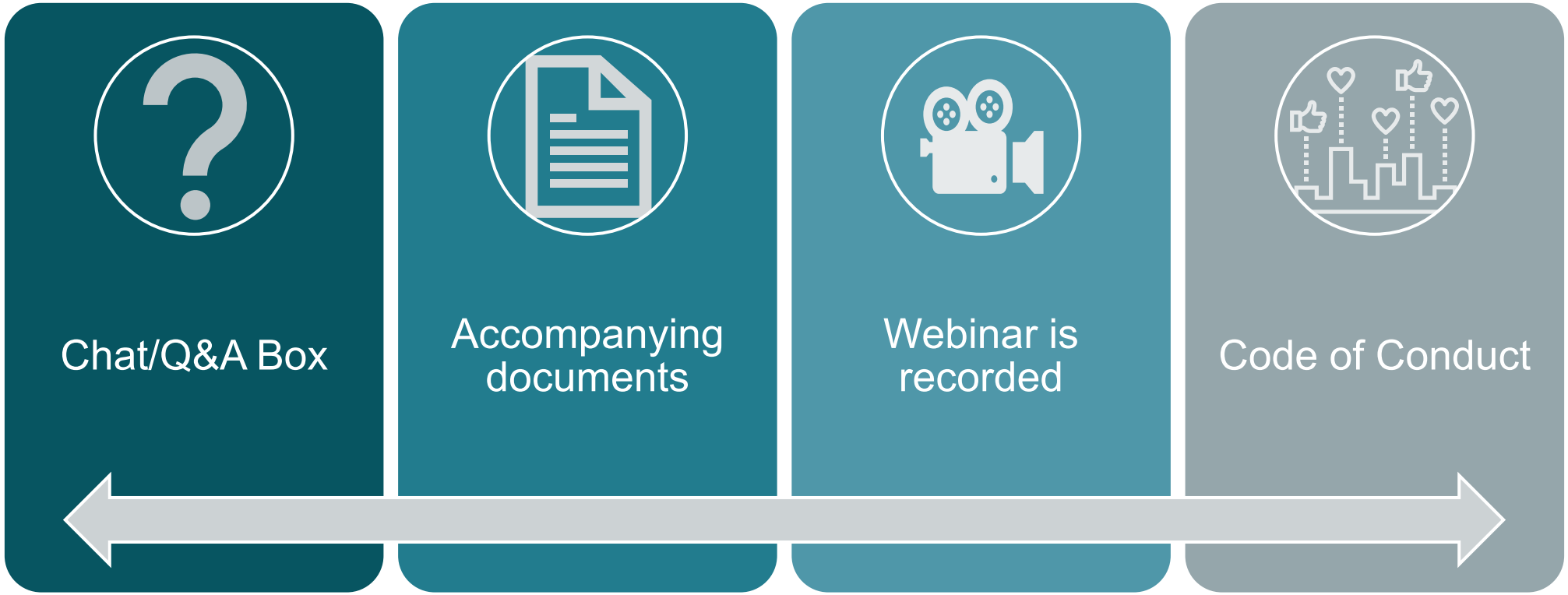
- Offering training and technical assistance tailored to communities' unique needs.
- Prioritizes equitable practices to improve systems
- Provides online courses, trainings, and webinars to inform the field of best practices to end homelessness.

Homelessness Research Institute

- Analyzes data to identify homelessness trends on national, local, and Continuum of Care levels.
- Publishes research that ensures leaders and stakeholders have the best information about trends and emerging solutions to the problem.
- Uses an equity lens to identify disparities in homelessness data.

Lived Experience Innovation + Strategic Communications

Housekeeping



NATIONAL ALLIANCE TO END HOMELESSNESS STATEMENTS FOR PARTICIPATION

The Alliance works to ensure that diverse voices are welcomed and included as facilitators, attendees, and guests in all forums.

The organization has a zero-tolerance policy for any form of discrimination or abusive behavior. The Alliance is committed to ensuring that all its events are safe and respectful for all participants.

Participants acknowledge that any form of discrimination, violence, or abusive behavior may result in removal from all forums depending on the situation.

If any discrimination is witnessed or experienced during the webinar, or if you feel unsafe, please notify any member of the Alliance staff.

The National Alliance to End Homelessness strives to create a diverse, inclusive, accepting, and safe space for everyone.

How We Got Here

A LOOK BACK

1990s/Early 2000s

Pre-HEARTH Act

Project level outcomes resulted in the most vulnerable not receiving assistance; chronic homelessness began being recognized

2009

HEARTH Act

Codified the CoC Program and moved from project level outcomes to system-level performance

2010

Opening Doors

Roadmap for federal efforts to prevent and homelessness, particularly for HUD, HHS, VA

2010-2017

Targeted Investments Reduce Homelessness

Year over year reductions across all subpopulations, especially Veteran homelessness

2018-Present

Policy Shifts, A Housing Crisis, and an Epidemic

As housing became more unaffordable, number of people becoming homeless each year began to outpace number able to exit

FY2026 CoC Program NOFO

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TOP 3 CONCERNS

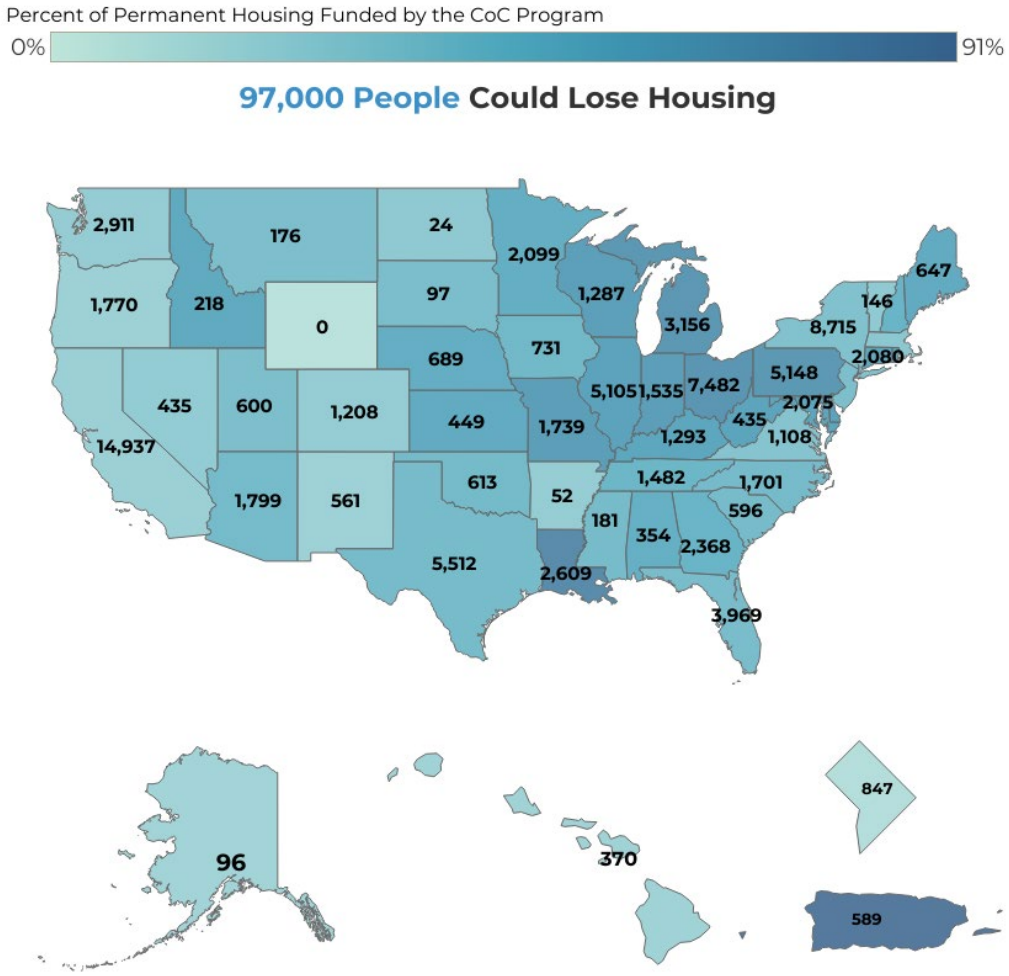
Funding Processes: 60% tier 1, bonus structure, $1.3 Billion set aside for new projects with a priority for TH/SSO

Renewals and Geography: De-prioritization of renewals and geographic redistribution.

Authorities: Broad authority to reject projects on subjective and unclear criteria.

HUD'S NEW FUNDING PRIORITIES PUT MANY PEOPLE AT-RISK OF RE-ENTERING HOMELESSNESS

- The Alliance conservatively estimates that 97,000 people will lose their permanent housing as a result of this NOFO.
- The number could be much higher, depending on various factors including community decisions.



OVERVIEW

The Fundamentals

Deadline: August 26, 2026

Anticipated Award Date: December 1, 2026

THE RUNDOWN ON FUNDING

- **$4.040 billion** is available for FY2026
  - No Section 231 funding made available
  - At least $104 million for DV Bonus (FY25 and FY26 allocation)
  - At least $430 million for permanent housing for families with children
  - Up to $1.3 billion set-aside for new projects ranked in Tier 2 with a priority for transitional housing and supportive services only projects
  - Renewal projects of any component type ranked in Tier 2 at high risk
  - Awards eligible for renewal with FY 2026 CoC Program funds if they are currently operating and have an expiration date in CY 2027 (the period from January 1, 2027, through December 31, 2027

CHANGES TO FUNDING TIERS

Tier 1	Tier 2
60% of Annual Renewal Demand	The difference between Tier 1 and the sum of the CoC's ARD, CoC Bonus, and DV Bonus Amount
HUD selects all projects ranked in Tier 1 that pass project quality, project threshold, and risk review	After selecting all approved Tier 1 projects, HUD will select projects ranked in Tier 2 following the selection criteria and using an assigned point value for each project based on (1) CoC Merit Score, (2) CoC Project Ranking, and (3) Supportive Service Participation Requirement

- Everything except CoC Planning (or UFA costs) is competitive and must be ranked in Tier 1 or Tier 2, including YHDP and DV Bonus
- Projects awarded under the SNOFO that expire in 2027 are eligible to apply for renewal
- Any eligible project types can be included in Tier 1 or 2: Transitional Housing, Rapid Rehousing, Permanent Supportive Housing, HMIS, SSO-CE, SSO-SO, and other SSO
- New minimum and maximum amounts to CoC Bonus
- Significant changes to Selection Criteria

COC BONUS AMOUNTS

- The CoC Bonus allows for CoCs to use up to 15% of Final Pro Rata Need (FPRN) to create new project(s)

FY2026 Minimum and Maximum CoC Bonus Amounts		
CoC Type	**Minimum Amount**	**Maximum Amount**
Split CoC is a CoC that has newly registered during the prior three registration periods (FY 2023 CoC Registration period or later) and includes geographic area that was previously associated with another CoC that continues to operate	$250,000	$3,000,000
Merged CoC is a CoC that includes geographic area that was associated with one or more other CoCs in any of the prior three registration periods (the FY 2023 CoC Registration period or later) and that CoC no longer operates	$750,000	$10,000,000
A CoC that is **neither a Split CoC or Merged CoC**	$500,000	$5,000,000
New Tribal CoC is a CoC that has newly registered in one of the prior three registration periods (FY 2023 CoC Registration period or later) that includes a Formula Area	$500,000	$5,000,000

COC BONUS AMOUNT EXAMPLES

Split CoC: The Fruit Salad CoC was made up of multiple counties. In FY2025, HUD approved two counties to split into two separate CoCs. Those two new CoCs, Banana County CoC and Coconut County CoC are Split CoCs.

Split CoCs	FY2026 15% FPRN	FY2026 Bonus Amount
Banana County CoC	$75,000	$250,000 (+ $175,000)
Coconut County CoC	$300,000	$300,000 (No change)

Fruit Salad CoC would be considered neither split or merged

Merged CoC: Dyson County CoC, Shark County CoC, and Black & Decker CoC were once 3 separate CoCs. In FY2024, HUD approved a CoC merger and the 3 CoCs became one CoC, Appliance County CoC.

Merged CoC	FY2026 15% FPRN	FY2026 Bonus Amount
Appliance County CoC	$14,375,000	$10,000,000 (-$4,375,000)

COC BONUS AMOUNT EXAMPLES: CONTINUED

Regular CoC: Will apply to most CoCs in the country. This is defined as any CoC that is not a Split CoC or Merged CoC.

Regular CoCs	FY2026 15% FPRN	FY2026 Bonus Amount
Stranger Things CoC	$50,000	$500,000 (+ $450,000)
Fruit Salad CoC	$2,000,000	$2,000,000 (No change)
Game of Thrones CoC	$10,000,000	$5,000,000 (-$5,000,000)

New Tribal CoC: Joyous Tribal CoC registered for the FY2026 CoC competition that includes a formula area.

New Tribal CoC	FY2026 15% FPRN	FY2026 Bonus Amount
Joyous Tribal CoC	$100,000	$500,000 (+$400,000)

KEY CHANGES FROM PRIOR YEARS

- **Expanded Eligibility for PSH.** PSH projects that are not dedicated to chronically homeless households or designated as DedicatedPLUS may serve people with disabilities who meet Category 2 of the homeless definition in addition to Categories 1 and 4.

- **Eligible Replacement Projects.** There are limitations to what is allowable as a YHDP replacement project this year. Unlike prior years, the only opportunity to apply for permanent housing as a replacement project is for a current Youth Homelessness Demonstration Project (YHDP) recipient to consolidate up to 10 existing permanent housing projects into one replacement project.

- **Reallocation for First Time Renewals.** CoCs can reallocate funding from any eligible renewal, including those that are renewing for the first time.

- **Rural Set Aside.** Grants awarded under SNOFO may now only request costs eligible under CoC Program.

ADDITIONAL KEY CHANGES FROM PRIOR YEARS

- **Preferences for Older Adults.** Recipients may establish preferences for elderly individuals and families.
- **Must Meet NSPIRE.** Effective October 1, 2026, all housing with leasing or rental assistance line items must meet the National Standards for the Physical Inspection of Real Estate (NSPIRE).
- **Expanded Eligible Projects for DV Bonus.** Transitional Housing is an eligible project type for the DV Bonus.
- **Joint TH-RRH:** HUD will allow for the renewal of Joint TH/RRH component projects but will not accept new applications for this component type.
- **Reinterpretation of "self-sufficiency".** HUD is now interpreting this to mean "the ability to meet basic needs, including a place to live, without public or private assistance."

Project-Level Review

PROJECT ELIGIBILITY & PROJECT QUALITY THRESHOLD

- Each year, all projects (new and renewal) must meet threshold eligibility criteria to receive funding.
  - Pass/fail standard—project applications rejected if they do not meet
  - Renewal projects are considered to have *mostly* met these requirements previously
- Assesses extent project applicants are eligible, have financial and management capacity to carry out the project, have submitted required certifications, will serve eligible program participants, and will agree to participate in HMIS.
- **NEW IN FY2026.**
  - Project applicants must certify that <u>the organization</u>:
    - Will not engage in racial preferences or other forms of illegal discrimination
    - Will not operate drug injection sites or “safe consumption sites,” knowingly distribute drug paraphernalia, permit the use or distribution of illicit drugs, or conduct any of these activities under the pretext of “harm reduction”
  - HUD reserves the right to verify past performance and evaluate the eligibility of a project application to ensure that it can adequately manage federal awards and comply with federal laws.

RENEWAL PROJECT THRESHOLD

- Standard review of renewal projects to assess that they meet the minimum eligibility, capacity, timeliness, and performance standards identified in the NOFO
  - **Pass/fail** standard—project applications rejected if they do not meet
- **NEW IN FY2026.** HUD will also be looking at renewal project applicants for "Compliance with audits for large grant recipients (over $1,000,000 or more) as required by 2 CFR 200.501"

NEW PROJECT QUALITY THRESHOLD CRITERIA

Minimum score to be awarded. If awarded, must meet all of the criteria listed.

Project Type	Key Criteria
Transitional Housing (TH) Min: 6/8	• Will partner with other organizations to provide supportive services, supplement with resources from public/private resources, and demonstrate costs are reasonable • Experience operating a TH in which households exited hmlss within 24 months and at least 50% with employment income • Participants will engage in at least 20 hours/week of services, activities, or employment (except ppl > 62 or who are "handicap" (24 CFR 8.3) or have a developmental disability
Supportive Services Only (SSO)- Standalone Min: 4/5	• Project will assist sheltered and unsheltered persons exit homelessness by increasing self-sufficiency • Will supplement with resources from public/private resources and demonstrate costs are reasonable
SSO- Street Outreach Min: 5/6	• In addition to criteria for standalone SSO, applicant must have experience providing outreach services and demonstrate a history of partnering with first responders and law enforcement and will not interfere with enforcement of public camping and drug use laws
SSO-Coordinated Entry (SSO-CE) Min. 3/4	• Available and reachable for all in geographic area and a strategy for reaching households with highest needs • Standardized assessment used to ensure participants directed to housing and services that meet their needs
Permanent Supportive Housing (PSH) Min: 3/5	• Project will leverage other public/private sources to provide supportive services and demonstrate costs are reasonable • Housing will fit needs of program participants and services will ensure that participants can obtain and remain in permanent housing • Must serve households with a disability
Rapid Rehousing (RRH) Min: 4/6	• Project will leverage other public/private sources to provide supportive services and demonstrate costs are reasonable • Will require participation in services • Applicant has previously operated a project where employment incomes were improved
Homeless Management Information System (HMIS) Min: 3/4	• Used as a proactive case management tool to promote treatment and recovery • Collects all UDE and has the ability to unduplicate client records • Produces all HUD reports
CoC Planning Min. 3/5	• CoC membership is open and inclusive and there is a written governance charter in place • CoC-wide planning committees • Funds will be compliant with 24 CFR 578.7 and will improve CoCs ability to evaluate CoC and ESG projects

REALLOCATION AND TRANSITION GRANTS

- Reallocation is a process to shift funds in whole or in part from eligible renewal to one or more new project
- Transition grants are a type of reallocation to change from one program component to another eligible component over a 1-year period.
  - Operating start date of new grant day after the end of the expiring grant term
  - Applicant must be same as the recipient of current grant
  - Must have consent of CoC
- Things to Consider:
  - **Eligibility of participants from PH to TH.** People in PH are housed and are not homeless, a requirement for TH. Limited circumstances in which someone exiting PH can be eligible at intake for TH.
  - **Administration of rental assistance in TH.** Nonprofit organizations are <u>not</u> authorized to administer rental assistance in CoC-funded transitional housing

Merit Review

OVERVIEW OF MERIT REVIEW

- Merit Review (previously CoC Scoring Criteria) removes or significantly adjusts previous criteria and adds new criteria
- Total of 200 points available across 3 rating areas:
  - Project Capacity, Review, and Ranking (14 points)
  - System Performance (64 points)
  - CoC Coordination and Engagement (122 points)
- There are 20 bonus points available
  - CoC Merger *or UFA*
  - Policy Initiative Preferences

PROJECT CAPACITY, REVIEW, AND RANKING (14 POINTS)

- For this section, HUD will award points to CoCs for the existence of a coordinated, inclusive, and outcome-oriented community process for the solicitation, objective review, ranking, and selection of project applications using criteria that includes the following:
  - The extent to which the local ranking and review process considers returns to homelessness, increased employment income (not income from benefits), and supportive service participation requirements for proposed projects
  - Amount of funding that has been reallocated cumulatively between FY2021 and FY2026. It is unclear if or how HUD will factor in the projects that were proposed for reallocation in FY2025, but which were not approved due to HUD's awarding funds noncompetitively in accordance with Congressional direction.
- The CoC Consolidated Application requires that CoCs include all documentation related to the CoCs review, score, ranking, selection, and notification process.

SYSTEM PERFORMANCE (64 POINTS)

- For this section, HUD will award points to CoCs that demonstrate a system-wide performance measurement process related to reducing homelessness using criteria that includes the following:
  - Review of all statutorily required system performance measures as well as the extent in which CoCs have reduced the number of encampments *or* the number of people residing in encampments
  - Significant and consistent reductions in homelessness reported in the point-in-time count since 2024
  - Percentage of program participants that exit CoC-funded housing to unsubsidized housing with a goal of at least 20%
  - Income growth from employment **only**. HUD is not considering income growth for program participants from non-employment sources like Social Security Income

COC COORDINATION AND ENGAGEMENT (122 POINTS)

- For this section, HUD will award points to CoCs that demonstrate coordination with other systems of care using criteria that includes the following:
  - Expanded governance board that includes elected public officials and representatives from the business community, law enforcement, recovery housing, healthcare or behavioral health, and/or a court system that manages civil commitment processes
  - Availability of treatment and recovery services:
    - Onsite SUD treatment available for at least 30% of housing projects (rural exception)
    - Partnerships with entities that focus on inpatient civil commitment
    - 24/7 access to detox or inpatient beds
    - At least 1 unit per 2 ppl reported as having chronic substance use in most recent PIT count
  - Adequate investment in services (demonstrated by 50% match costs or 30% of award)
  - Percentage of projects with service participation requirements (100% for full points)

COC COORDINATION AND ENGAGEMENT CONTINUED (122 POINTS)

- HUD will also award points to CoCs that demonstrate coordination with other systems of care using criteria that includes the following:
  - CoCs will be evaluated on extent to which the CoC or recipients assist with family or support-network reunification efforts
  - CoCs will be evaluated on the following to demonstrate they are protecting public safety by providing evidence of cooperation with first responders each of the objectives in this section.
    - Specifically, CoCs must identify laws/policies/practices:
      - Quickly clear encampments
      - Decrease the public use of illicit drugs
      - Utilize options like involuntary commitment to address homeless individuals who are a danger to themselves or others
      - Share information with the SORNA
    - CoC must describe how they will leverage these “beneficial” laws/policies while overcoming those that are restrictive.
  - CoCs will be evaluated on how they are responding specifically to certain subpopulations including children and youth, families with children, Veterans, survivors of domestic violence, justice involved individuals, high utilizers of healthcare systems, aging and elderly individuals and families, and chronically homeless households.

BONUS POINTS

CoC Merger or Unified Funding Agency	Policy Initiative Preference Points

Up to 6 points for either:
• CoCs that merged after the FY2024 CoC Program Registration Deadline
• CoCs designated as a Unified Funding Agency (all)
	• Up to 4 points if proposed activities are within an opportunity zone **OR**
	• Up to 10 points for CoC policy or statement that ensures no projects will operate drug injection site or “safe consumptions” sites or any related activities under pretext of “harm reduction”. For max. points, policy must:
	  • Prohibit safe consumption sites
	  • Describe remedies for violations
	  • Encourage the provision of SUD treatment and recovery housing
	  • Not restrict or prohibit projects to have sobriety mandates as condition

Selection Process

UPDATED RISK REVIEW

- HUD's review of applications has always included an assessment of risk and past performance
- In FY2026, this "Risk Review" incorporates the same criteria as in years past (i.e., financial controls, effective management systems, results of audits) but adds new unclear and subjective criteria including:
    - Other public sources such as newspapers, Inspector General or Government Accountability Office reports or findings, or other complaints that have been proven to have merit
    - Ability to follow all required laws and rules
    - Number of people served or targeted for assistance
    - History of illegal discrimination, including illegal racial discrimination
    - History of subsidizing or facilitating illicit drug use or other illicit activities that conflict with the purposes of this NOFO
- HUD explicitly states that it may use the results as a "sufficient and independent basis to make adverse funding decisions"

MAKING FUNDING DECISIONS

- When making funding decisions, HUD will consider:
  - Eligibility requirements and threshold review
  - Merit review results
  - Risk review results
- For the first time, HUD has also added other considerations without clear criteria for how they will be measured:
  - *Projected* impact on program and administrative goals and priorities
  - *Likelihood* that project will result in the benefits expected
  - *Broad* range of recipients beyond those who currently receive awards

TIER 1 AND TIER 2 CONSIDERATIONS

- HUD establishes the manner and in what order projects will be selected.

- Projects ranked in Tier 1 (60% of a CoCs ARD) will be awarded if they pass project threshold requirements and are not rejected for other reasons (i.e., Risk Review).

- All projects ranked in Tier 2 are assigned a project score based on the following:
    - CoC Score- up to 50 points
    - CoC Project Ranking- up to 40 points
    - Service participation requirements- up to 10 points

CONDITIONAL SELECTION PROJECT

1. All CoC Planning and UFA Costs applications that meet project threshold requirements.

2. All projects ranked in Tier 1 that meet project threshold requirements. Can include any type of project, new or renewal, including DV Bonus.

3. If DV Bonus ranked in Tier 1= $104 million, no further action needed; If total does not = $104 million, select DV bonus by project score in Tier 2 up to $104 million
   DV Bonus ranked in Tier 2 > $104 million *may* still be selected based on project score using steps below

4. If PH projects for families with children ranked in Tier 1= $430 million, no further action needed; if total does not = $430 million, select PH projects for families with children by project score in Tier 2 up to $430 million
   PH projects for families with children ranked in Tier 2 > $430 million *may* still be selected based on project score using steps below

5. **New** TH and SSO projects ***ranked in Tier 2*** by project score (could include DV Bonus for TH and SSO not already selected) until $1.3 billion of new projects selected

6. (If funds available) Other types of **new** projects ***ranked in Tier 2*** by project score until the $1.3 billion amount has been reached. Once $1.3 billion in new projects has been reached, HUD will remove any remaining unselected new projects

7. (If funds available) HUD will select renewal projects ranked in Tier 2 that meet project threshold requirements by Tier 2 score until all remaining available funds have been expended.

SOLO APPLICANTS

- Statute allows for a solo applicant to submit an application to HUD in a CoC competition that could be awarded if it is determined that the solo applicant has attempted to participate in the CoC's process **but was not permitted to participate in a reasonable manner**.
    - Solo appeal process is **not** for appeal of local decisions of which projects to submit for funding or rank of projects on priority listing.
- If HUD rules in favor of the solo applicant, an award will be made directly to that entity. If this occurs, HUD may reduce the overall award to the CoC and order remedial steps to ensure the solo applicant can reasonably participate in the future.

- Ensure all CoC processes for review, ranking, selection, and notification are clearly documented and publicly available.

Assessing the Risk and Potential Impact

Many moving parts. High stakes. No simple path forward.

Post Award Information

POST AWARD: COMPLIANCE WITH EXECUTIVE ORDERS

- There are new provisions that awarded projects will be required to comply with related to Executive Orders including:
  - “Eradicating Anti-Christian Bias”
  - “Ending Illegal Discrimination and Restoring Merit-Based Opportunity”
  - “Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government”
  - “Ending Radical and Wasteful Government DEI Programs and Preferencing”

POST AWARD: OTHER COMPLIANCE PROVISIONS

- In addition, awards made under this NOFO:
  - Will not be used to engage in illegal racial discrimination including racial preferences
  - Will not be distributed in a way that violates or otherwise interferes with religious beliefs and the free exercise of religion
  - Will not be used to fund any project, service provider, or organization that operates drug injection sites or “safe consumption sites,”

REMEDIES FOR NONCOMPLIANCE

- HUD has clarified in prior NOFOs that it may apply the remedies at 2 CFR 200.339 or impose additional conditions to remedy noncompliance with any Federal, State, or local statutes, regulations, or terms and conditions of the financial assistance award and may terminate if noncompliance cannot be remedied.
- In FY2026, **HUD modified this language to state that HUD may terminate all or part of an award if it no longer effectuates the program goals or agency priorities.**

What’s Coming?

THINGS WE'RE WORKING ON

- **Advocacy**: Must continue to educate and advocate to Congressional lawmakers
- **Resources for Planning and Strategy**: Toolkits, webinars, and other guidance

THANK YOU!

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