



F2026 Continuum of Care (CoC) Notice of Funding Opportunity (NOFO) FAQ

WHY IS HUD MAKING CHANGES TO THE CoC PROGRAM THROUGH THIS NOFO?

The status quo of HUD homelessness policy has failed Americans. Since mandating Housing First in 2013, homelessness has increased 27%, unsheltered homelessness has increased 36%, and chronic homelessness has increased 81%. This is despite the fact that Permanent Housing beds have increased 151% and CoC funding has increased 111%.

Under previous NOFOs, the vast majority of CoC funding was not tied to competition and merit and went towards a single approach—Permanent Housing. The failure to allow healthy competition and balance have prevented excellent providers from having an opportunity to compete.

HUD is restoring the CoC program to its original intent of healthy competition, a balanced continuum of assistance, and a focus on optimizing self-sufficiency.

WHAT GOALS DOES HUD HAVE FOR THE CoC PROGRAM?

HUD's Housing First mandate, made in 2013, has failed to live up to its promise to end homelessness. Now, HUD intends to restore the Continuum of Care (CoC) program to a healthy national competition and balanced approach with a focus on self-sufficiency and recovery.

Where Housing First forced indefinite subsidies and prohibited any form of participation requirements in supportive services, HUD is now investing in a wide array of services and approaches to address the many and diverse root causes of homelessness for Americans. This NOFO makes funding available to help communities do just that.

This approach also includes acknowledging the real public safety impacts of homelessness on a community. First responders, law enforcement, and court systems are not instruments of coercion or criminalization but rather critical entry points for engagement into treatment.

IS HOUSING FIRST EVIDENCE-BASED?

Housing First advocates often refer to the approach as "evidence-based," but most of the studies they rely on use small samples without randomized controls, follow up times of less



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than two years, and project designs that have high levels of behavioral healthcare and supportive services that this NOFO incentivizes. Many fail to give adequate attention to negative outcomes, such as high mortality rates inside of Permanent Supportive Housing. All of these studies focus on individual “retention” of subsidized housing. This is not an indicator of success. None of the studies examine the impact on the total homelessness population in a community over time.

The purpose of the CoC program is to reduce homelessness for an entire community, not just at the individual level. The CoC program focused so narrowly on Housing First that it has become “housing only.” The Housing First mandate pushed a one-size-fits-all approach that relied on indefinite housing assistance without any rules or expectations for program participants. And yet, homelessness remains at record high levels.

WHAT CHANGES ARE IN THE 2026 CoC NOFO?

The 2026 CoC NOFO:

- Is competitive – Tier 1 funding is set at 60% of CoCs’ Annual Renewal Demand (ARD). Competition increases accountability, improves transparency, promotes innovation and leads to better outcomes.
- Invests in Transitional Housing and Supportive Services Only (SSO) projects – \$1.3 billion set-aside for new projects.
- Welcomes new applicants including faith-based organizations.
- Doubles DV funding – \$104 million is available for DV Bonus projects.
- Includes a generous Bonus – CoCs can apply for an additional 15% of their Final Pro Rata Need (FPRN) (see NOFO for additional details).
- Creates an even playing field with a CoC bonus floor for small CoCs and protections for faith-based organizations.
- Protects the elderly and disabled by allowing projects to prioritize these subpopulations for assistance.
- Promotes treatment and recovery by investing in treatment and recovery housing.
- Prohibits the use and distribution of illicit drugs and distribution of drug paraphernalia in violation of the law.
- Restores accountability and roots out waste, fraud, and abuse to ensure that taxpayer dollars serve homeless Americans.

The 2026 CoC NOFO **does not**:

- Cut funding.



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- Criminalize the homeless.
- Eliminate the balanced role of Permanent Supportive Housing.
- Force Permanent Supportive Housing providers to shut their doors.
- Force people out of their homes onto the streets.
- Require people to sleep on the street to become eligible for Transitional Housing.
- Drive individuals out of their housing into the shelter system.
- Mandate sobriety.
- Evict people for relapse.

HAS FUNDING BEEN CUT? WILL PROVIDERS HAVE TO SHUT DOWN?

No funding has been cut. The NOFO makes more funding available than ever before.

FY26 funding - \$4.04 billion

FY25 funding – \$3.98 billion

FY24 funding - \$3.67 billion

HUD is investing in new projects and approaches, not cutting funding. Projects that deliver meaningful outcomes for homeless individuals and families merit funding. Projects that are ineffective and fail to perform do not.

WILL PEOPLE BECOME HOMELESS AS A RESULT OF HUD'S CHANGES?

HUD is not cutting funding, not eliminating Permanent Supportive Housing, and is not forcing individuals out of their housing. Claims to the contrary are baseless. HUD is moving to rebalance CoC funding in order to address the real root causes of homelessness and ensure that projects are funded based on their ability to help homeless individuals and families.

HOW IS HUD HELPING CoCs MAKE THESE CHANGES?

HUD is committed to providing hands-on assistance during the competition through webinars, office hours, FAQs, and other guidance. HUD has held 40 community homelessness forums across the country prior to the competition listening to stakeholders, extensively answering questions, and discussing the state of homelessness policy in America.

Outside of the competitive process, HUD is providing Technical Assistance geared towards helping communities operate recovery housing, partner with behavioral health providers, create transitional housing, etc.



HOW DOES HUD EXPECT CoCs TO MAKE THESE CHANGES?

Since the beginning of 2025, HUD has made clear to the public its intent to make a “paradigm shift” in its homelessness programs and to invest in Transitional Housing and SSO projects. A year ago, the President signed the Executive Order *Ending Crime and Disorder on America’s Streets* with a clear vision for homelessness reform.

The NOFO provides ample time for CoCs to run local competitions and submit strong applications. HUD is committed to providing webinars, office hours, and FAQs during the competition.

HUD encourages CoCs and existing projects to utilize the Transition Grant process described in section II.B.3.k of the NOFO to transition a project from one component to another over the course of a year. The Transition Grant process can be used to wholly or partially transition a project, providing additional flexibility to CoCs and existing recipients.

WHAT WILL HAPPEN TO HIGH PERFORMING PROVIDERS; WILL THEY LOSE FUNDING?

HUD is investing in new projects and approaches, **not cutting funding**. More funding is available than ever before. Projects that deliver meaningful outcomes for homeless individuals and families merit funding. Projects that are ineffective and fail to perform do not.

High performing service providers that have never previously received CoC funding are encouraged to apply through their local CoC. HUD reminds applicants and CoCs of the Solo Applicant appeal process described in section VIII.D.4 of the NOFO for applicants who attempted to participate in the Continuum of Care planning process in the geographic area in which they operate, that believe they were denied the right to participate in a reasonable manner.

WHAT WILL HAPPEN TO PEOPLE LIVING IN CURRENT PERMANENT SUPPORTIVE HOUSING?

HUD is not cutting funding, eliminating the role of Permanent Supportive Housing, or forcing people out of their housing. By making a significant investment in Transitional Housing, HUD expects that some Permanent Housing providers will transition their projects to Transitional Housing.



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HUD also expects, and encourages, new recipients to apply for CoC funding. Whether for new or existing providers, the level of funding available through this NOFO has increased. The number of individuals served should as well.

HUD published recent guidance on eligibility for program participants to move from Permanent Housing to Transitional Housing.

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WILL THERE BE A GAP IN SERVICES?

No. In fact, HUD will announce awards on December 1, earlier than any CoC award announcement during the Biden Administration and before previous year grants expire.

WHAT HAPPENED TO THE FY25 CoC FUNDING?

At the direction of Congress, HUD renewed expiring CoC projects. FY25 CoC awards have been made in accordance with Congress's directive.

CAN APPLICANTS CREATE PROJECTS THAT SERVE SPECIFIC SUBPOPULATIONS LIKE FAMILIES OR THE ELDERLY?

Yes. HUD encourages CoCs and projects to target assistance to specific subpopulations in order to meet their unique needs and address the diverse causes of homelessness. Projects may prioritize subpopulations in accordance with 24 CFR 578.93(b). As authorized by the FY26 Appropriations Act, projects may preference the elderly and disabled for assistance. Pub. L. No. 119-75, div. D, tit. II, 140 Stat. 173, H.R. 7148.

WHAT IS A SUPPORTIVE SERVICE ONLY (SSO) PROJECT?

SSO projects provide supportive services such as street outreach, treatment, healthcare, job training, or childcare to sheltered and unsheltered homeless individuals and families. SSO projects only provide supportive services, and do not provide housing or housing assistance, such as rental assistance. SSO projects can serve individuals residing in shelter, including shelters operated by the SSO recipient.



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Examples of SSO projects might include mobile street outreach or co-response outreach teams, a navigation center, a behavioral healthcare clinic, a dental clinic, a job training program inside of a shelter, or childcare on-site at a shelter.

A full list of the wide array of supportive services that are eligible for funding in an SSO project can be found at [24 CFR 578.53](#).

HOW SHOULD HOUSING PROVIDERS PREPARE TO CERTIFY TO THE ILLICIT DRUG CERTIFICATION? DO PARTICIPANTS HAVE TO BE SOBER? DO PROVIDERS HAVE TO EVICT FOR RELAPSE?

It is a violation of federal law for projects to operate illegal drug injection sites or "safe consumption sites," knowingly permit the use or distribution of illicit drugs on property under their control, or knowingly distribute drug paraphernalia under the Federal law requirements set forth under the Controlled Substances Act, 21 U.S.C. 856, 863. This NOFO requires projects to certify compliance with these statutes because of rampant drug use by and distribution of drug paraphernalia to homeless persons within taxpayer funded housing.

While the NOFO incentivizes treatment and recovery housing, this certification is not a requirement that program participants must be sober in order to receive assistance, participate in treatment in order to receive assistance, or be evicted or exited from assistance for a first-time violation of a drug-related program policy or lease requirement. These requirements remain optional under 24 CFR 578.93(b)(5), 24 CFR 578.75(h).

HUD's intent is to ensure that recipients of federal funding adhere to federal law. Further, HUD is encouraging environments that foster recovery instead of threatening it, and where it is easy to access treatment, not illicit substances and drug paraphernalia.

HOW SHOULD APPLICANTS THINK ABOUT THE 20 HOUR PER WEEK ENGAGEMENT CRITERIA?

The NOFO provides significant flexibility to Transitional Housing project applicants to describe how the project will provide services for program participants that will result in at least 20 hours per week of engagement in services, activities **or** employment. Services and activities may vary widely. Examples of services or activities include case management, counseling, treatment, volunteering, work therapy, education, job training, community-building activities, etc.

HUD is not requiring new reporting or documentation related to this rating factor.



WHAT CONSTITUTES A SUPPORTIVE SERVICE PARTICIPATION AGREEMENT?

Supportive Service participation agreements require program participants to take part in supportive services (e.g. case management, employment training, substance use disorder treatment) in line with 24 CFR 578.75(h). The agreement may be in a contract, occupancy agreement, lease, or equivalent.

An example of a supportive service participation requirement is a requirement that participants meet with a case manager at least once a month. This is an existing requirement of Rapid Rehousing projects. 24 CFR 578.37(a)(1)(ii)(F).

WHERE SHOULD I REPORT WASTE, FRAUD, OR ABUSE WITHIN CoC FUNDED PROJECTS?

HUD is committed to rooting out waste, fraud, and abuse. Allegations of fraud, waste, abuse, mismanagement or Whistleblower related matters should be reported to the HUD Office of Inspector General. HUD OIG focuses on reports of fraud or mismanagement with high dollar losses or significant community impact. HUD OIG does not investigate routine or administrative complaints. Access the hotline here: [Hotline | Office of Inspector General, Department of Housing and Urban Development.](#)