

## FY2026 Continuum of Care Competition NOFO Information

**Opportunity Name:** FY 2026 Continuum of Care (CoC) Competition and Youth Homeless Demonstration Program Grants Notice of Funding Opportunity (NOFO)

**Application Deadline:** August 26, 2026 (see footnote below)<sup>1</sup>

*These insights are strictly those of the National Alliance to End Homelessness (the Alliance) based on its knowledge and expertise. This is not official U.S. Department of Housing and Urban Development (HUD) guidance on the FY2026 CoC Program NOFO and competition. The Alliance is providing this detailed analysis of the FY2026 CoC Program NOFO to ensure all CoCs and project applicants have the information needed to determine a strategy and make decisions locally.*

*Additional analysis, including an impact analysis, will follow.*

### PROLOGUE: The Alliance's Perspective

On June 1, 2026, the US Department of Housing and Urban Development (HUD) published its Notice of Funding Opportunity (NOFO) for FY2026 Continuum of Care (CoC) Program funds. While different from the two FY2025 NOFOS that did not go into effect, there continue to be deeply **harmful components that will impact every CoC** across the country and the people they serve.

Most importantly, the Alliance estimates that **at least 87,000 residents** in CoC-funded permanent housing will likely lose their housing because of HUD's approach in this NOFO.

Important context to consider:

- This NOFO willfully ignores (and, in some cases, punishes those who do not) persistent disparities in homelessness. People are unequally impacted by homelessness based on their race/ethnicity, age, geography, disability, and identification as a gender expansive person. Without acknowledging these disparities, they cannot be addressed.
- There are several internal inconsistencies within the NOFO. For example, different times are provided within the NOFO for when applications are due. In those cases, the Alliance is not speculating on what is accurate; instead, a footnote had been added where applicable to denote inconsistencies.
- Throughout the NOFO, HUD relies on ideological commentary, misrepresentation of facts and information, and unsubstantiated sources to justify changes, particularly in the section on Goals and Objectives. For example:
  - HUD claims that historically, Tier 1 projects were awarded without competition or merit. Not only does this commentary disregard the robust local competitive process that takes place annually, but it also ignores the statutory and Congressional priority for renewal projects.

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<sup>1</sup> On page 96, the NOFO states that the application deadline is at 11:59pm EST on August 26, 2026. However, all other references in the NOFO regarding the application deadline use 8:00pm EST as the time of submission on that date.

- o HUD misuses data from a California Policy Lab study from 2019. The authors of this study have since [added a disclaimer](#) to make clear that the study is not representative of all people experiencing homelessness.
- o HUD falsely claims that faith-based partners have previously been excluded by HUD and communities to participate in the CoC and CoC Program funding. Faith-based partners have always been a [crucial partner](#) in the work to end homelessness and, in fact, many are direct recipients of funding in communities across the country.
- Changes to the bonus structure will likely result in geographic shifts in CoC funding.
- HUD provides themselves in this NOFO with broad authority to reject applications based on unclear or undefined criteria, which may have adverse implications for both Tier 1 and Tier 2 projects.
- There are many instances in the NOFO where HUD expects CoCs or project applicants to report on data for which there is no standardized mechanism for data collection or reporting, nor do they provide guidance. They also will be assessing organizations and project applicants on subjective criteria that could disqualify a project from being awarded.
- There are also instances in the NOFO where long-held or statutory definitions of key concepts are changed without explanation, which could have major implications for CoCs and funding recipients. This guidance attempts to point out those instances to raise awareness.

## FUNDING OVERVIEW

**\$4,040,000,000 billion<sup>2</sup>** is available through this NOFO through the FY2026 Consolidated Appropriations Act.

- This amount may be enough to cover national annual renewal demand (ARD). However, both set-asides and priorities in the NOFO will likely mean that not every CoC will be awarded its annual renewal demand amount. Unlike past years, HUD has not added recaptured funds (Section 231 funding) to the total amount available.
- In FY2026, CoC Planning Costs are set at 5 percent of ARD and Unified Funding Agency (UFA) costs are set at 3 percent of ARD.
- *At least* \$104 million<sup>3</sup> must be used for new DV Bonus projects, which now can include transitional housing as an eligible project type.
- *At least* \$430 million must be used for Permanent Housing projects including Permanent Supportive Housing (PSH) or Rapid Re-Housing (RRH) for families with children.
- *Up to* \$1.3 billion is set aside for new projects *ranked in Tier 2*, with selection priority for new Transitional Housing (TH) and Supportive Services Only (SSO) projects.

CoCs will continue to rank projects into two tiers. Projects ranked in Tier 1 are only required to meet the project quality and project threshold requirements and they are not subject to the CoC score. Projects ranked in Tier 2 are competitively awarded based on project threshold requirements and its Tier 2 project score, as described in section V.D.3.b.

- Tier 1: 60% of a CoCs Annual Renewal Demand (ARD) <sup>4</sup> (compared to 90% in 2024)
- Tier 2: Difference between Tier 1 and the sum of the CoC's ARD, CoC Bonus, and DV Bonus

*Eligible Renewals.* Awards HUD made under the CoC Program (including projects awarded 1-year of funding under the FY 2025 CoC Program funding opportunity), projects originally awarded under the Special NOFO, and YHDP projects are 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).”

## WHAT YOU NEED TO KNOW

The FY2026 CoC Program NOFO includes many key policy and programmatic changes from the [FY 2024/2025 NOFO](#). Here are the items that will have the most significant impact.

- **Changes to CoC Bonus Amounts.** There are significant changes to CoC Bonus amounts for which CoCs are eligible to apply. The NOFO states that CoCs may use up to 15 percent of their Final Pro Rata Need (FPRN) to create one or more new projects. However, HUD is creating a new minimum and maximum CoC Bonus amount based on CoC type (Split CoC, Merged CoC,

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<sup>2</sup> On page 6, the NOFO indicates that \$4.040 billion is available for FY2026 funding. Later in that paragraph, it indicates the amount is \$4.010 billion. The press release from HUD on this funding opportunity uses \$4.040 billion so the Alliance is considering that the correct amount.

<sup>3</sup> This amount includes the \$52 million that Congress made available in the FY2026 Consolidated Appropriations Act and the \$52 million that Congress made available Full- Year Continuing Appropriations and Extensions Act, 2025.

<sup>4</sup> The FY2026 Consolidated Appropriations Act prohibited HUD from setting Tier 1 at an amount less than 60 percent.

Unchanged CoC, and New Tribal CoC) that will have significant impacts at the CoC level and nationally. See page 3 for more information.

- **No Special Protections.** All projects except for CoC Planning/UFA must compete, including YHDP renewals and DV Bonus. These projects must be ranked and scored with no special protections.
- **Priority for New TH and SSO Projects.** This NOFO provides a set-aside of \$1.3 billion for new projects in Tier 2. There are no limits or caps on any eligible project component types (new or renewal). However, HUD will prioritize applications for new TH and SSO projects.
- **Renewals are Deprioritized.** HUD has established a \$1.3 billion set-aside for *new* projects in Tier 2. As a result, *renewal* projects in Tier 2, regardless of rank, are unlikely to be awarded.
- **Set-Aside for Families with Children.** HUD will award at least \$430 million in permanent housing for families with children starting with projects ranked in Tier 1.
- **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 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.
- **Reinterpretation of “self-sufficiency”.** Optimizing self-sufficiency among homeless individuals and families is one of the stated purposes of the CoC Program. This has long been understood and operationalized as the ability to live independently and maintain housing with or without assistance. HUD is now interpreting this to mean “the ability to meet basic needs, including a place to live, without public or private assistance.” This is likely to create unreasonable expectations for programs and their participants.
- **Factors Impacting the Likelihood of Project Rejection.**
  - HUD has expanded what can be considered in its risk review of applicants to include information from public sources like news reports and new subjective criteria such as the ability to promote self-sufficiency. It has also, for the first time, made the results of the risk review alone a valid reason for adverse funding decisions.
  - In addition to the results of the threshold criteria, merit review, and the risk review, HUD may also consider additional factors that provide HUD broad authority to reject otherwise qualified projects for subjective reasons such as the “likelihood that the proposed project will result in the benefits expected.”
- **New National Priorities for HUD.** HUD’s new national priorities center on treatment, service participation requirements, civil commitment, and public safety. Merit criteria provide significant points for CoCs that prioritize both voluntary and involuntary treatment and what HUD deems as “promoting public safety.” Service requirements feature prominently in the merit criteria and selection criteria.
- **Solo Applicants.** There has always been a process for eligible project applicants that attempted to participate in their CoC planning process and believe they were denied the right to participate in a reasonable manner (Solo Applicant Appeal). However, this year, HUD has been

[placing greater emphasis](#) on this as [a viable route for certain types of organizations to use in order for HUD to override local CoC decision-making](#).

- **Changes to Rural<sup>5</sup>Set Aside Projects.** Projects originally awarded under the Rural Set Aside through the Special CoC NOFO should carefully review Section IV.B of the NOFO to understand key changes to what costs are allowable and how they should be reflected on the budget in the project application.

## CHANGES TO COC BONUS IN FY2026

FY2026 Minimum and Maximum CoC Bonus Amounts		
CoC Type	Minimum Amount	Maximum Amount
<b>Split CoC</b> 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
<b>Merged CoC</b> 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
<b>Unchanged CoC</b> is a CoC that has included the same geographic areas since at least FY2023	\$500,000	\$5,000,000
<b>New Tribal CoC</b> 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 [see section 2.b.(3) of Appendix I].	\$500,000	\$5,000,000

### Split CoC Example:

	FY2026 15% FPRN	FY 2026 Bonus Amounts
<b>CoC A</b>	\$75,000	\$250,000 (+ \$175,000)
<b>CoC B</b>	\$300,000	\$300,000 (No change)
<b>CoC C</b>	\$4,000,000	\$3,000,000 (- \$1,000,000)

<sup>5</sup> For the purposes of this NOFO, HUD defines rural area as an area outside of a metropolitan statistical area, is within a metropolitan statistical area with at least 75 percent of its population residing in blocks classified as non-urban, or is located in a state that has a population density of less than 30 persons per square and of which at least 1.25 percent of the total acreage of such State is under Federal jurisdiction, provided that no metropolitan city in such State is the sole beneficiary of the grant amounts awarded. For more detail, see Appendix I.

*Merged CoC Example:*

<b>FY2024</b>	<b>FY2025</b>	<b>FY2026 15% FPRN</b>	<b>FY2026 Bonus Amount</b>
CoCs A, B, and C are Separate	CoCs A, B, and C are Merged into CoC ABC	\$4,375,000	• \$10,000,000 (+ \$5,625,000)

*Unchanged CoC Examples:*

	<b>FY2026 15% FPRN</b>	<b>FY 2026 Bonus Amounts</b>
<b>CoC D</b>	\$50,000	\$500,000 (+\$450,000)
<b>CoC E</b>	\$750,000	\$750,000 (No change)
<b>CoC F</b>	\$10,000,000	\$5,000,000 (- \$10,000,000)

*New Tribal CoC Example:*

	<b>FY2026 15% FPRN</b>	<b>FY 2026 Bonus Amounts</b>
<b>New Tribal CoC</b>	\$100,000	\$500,000 (+\$400,000)

## OTHER NEW OR UPDATED REQUIREMENTS

- In addition to providing for the total appropriation for FY2026 CoC Program funds, the FY2026 Consolidated Appropriations Act established the following:
  - i. Tier 1 must be no less than 60 percent
  - ii. YHDP funds no longer needed in a CoC can be recaptured and made competitively available for a future YHDP competition
  - iii. CoCs may establish preferences for elderly individuals and families.<sup>6</sup>
  - iv. Awards must be awarded by December 1, 2026
- Effective October 1, 2026, all housing for which CoC Program funding is used for leasing or rental assistance payments must meet both Housing Quality Standards (HQS) and NSPIRE, which require a bathroom and kitchen in a unit. HUD will consider waiving this requirement for housing that does not allow for this, such as Single Room Occupancy (SRO) units.
- Transitional Housing is an eligible project type for the DV Bonus

<sup>6</sup> While HUD states that it is defining elderly for the purposes of this NOFO on page 37 as “55 and over”, all other references to older adults uses 62 and older. It is therefore unclear which definition HUD intends to use.

- HUD will allow for the renewal of Joint TH/RRH component projects but will not accept new applications for this component type.

## NEW PROJECTS CREATED WITH COC BONUS OR THROUGH COC REALLOCATION

CoCs may apply for any of the following project types through the CoC Bonus or CoC Reallocation Process:

- Supportive Services Only (SSO)
- Transitional Housing (TH)
- Permanent Supportive Housing (PSH)
- Rapid Rehousing (RRH)
- Dedicated HMIS
- SSO-Coordinated Entry

In FY2026, there is a set-aside for new projects ranked in Tier 2 of \$1,300,000,000, with a priority for Transitional Housing and Supportive Services Only grants. New projects can also be ranked in Tier 1 but will not be included in the set-aside amount.

### *Transition Grants*

Transition grants are a type of reallocation which allows an eligible CoC renewal project to transition from one program component to another eligible component over a 1-year period.

- If awarded a transition grant, the operating start date of the new grant would be the day after the end of the expiring grant term, like a renewal grant.
- The applicant for the transition grant must be the same as the recipient on the current grant agreement for the project being eliminated. If a new applicant were needed for the project, it would simply be a new project and would not qualify as a transition grant.
- The applicant must have the consent of the CoC which HUD considers approved if included on the CoCs priority listing.

When considering reallocation from permanent housing to transitional housing please note the following:

- **Eligibility of current PH residents for new TH.** Program participants residing in CoC-funded RRH and PSH are housed and are not homeless. Program participants in these project types maintain eligibility for the purposes of a transfer into **PSH** only (42 USC 11383(f)). As HUD noted in its [recent guidance](#), current program participants in RRH or PSH *could* be eligible for TH **if** the program participant has been referred by the CoC's coordinated entry **and** one of the following is true:
  - the program participant is fleeing or attempting to flee domestic violence, does not have another residence, and does not have the resources or support networks needed to obtain other permanent housing;
  - the program participant's lease expires within 14 days, does not have another residence, and does not have the resources or support networks needed to obtain other permanent housing; or,
  - an eviction process has been initiated for the program participant in their current housing, and they must vacate the unit within 14 days.

- **Administration of rental assistance in TH.** Nonprofit organizations are not authorized to administer rental assistance in CoC-funded transitional housing. The recipient of a TH project that uses rental assistance to pay for rental costs must be a unit of state or local government or a Public Housing Authority. Nonprofit organizations may either use leasing dollars in a TH project or enter into a contract or subrecipient agreement with an eligible entity that can administer the rental assistance.

## PROJECT REVIEW

Standard project quality and project threshold criteria apply for new and renewal projects with some key additions.

### *Project Eligibility Threshold*

- In addition to the standard eligibility threshold requirements for all project applications (new and renewal) and **considered on a pass/fail basis**, project applicants will also be required to affirm that they will (1) not engage in illegal racial discrimination and (2) operate drug injection or safe consumption sites.
- As written, these restrictions are not limited to the use of CoC funds in the proposed project but would also restrict an organization’s ability to engage in harm reduction efforts with non-federal sources.
- HUD has also added language that it 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.
- HUD states that it will not penalize applicants for complying with the terms and conditions of prior HUD awards.

### *New Project Threshold*

- New projects will be rated using project quality criteria, all of which must be met before grant execution, if awarded.
- All new project component types include criteria associated with the reasonableness of costs and the leveraging of mainstream programs like Medicaid and SSI.
- Additional notable criteria by project component type:
  - **New Transitional Housing** projects must provide individualized services that will result in at least **20 hours per week of engagement in services, activities or employment for all program participants**, except those who are over age 62, meet the definition of [handicapped in 24 CFR 8.3](#), and/or have a developmental disability.
    - **Note: this definition of handicap is narrower than what is permissible in the McKinney-Vento Act for “homeless individual with a disability” and would exclude people with HIV/AIDS and many people whose primary diagnosis is a substance use disorder.**

- The FY2026 NOFO includes three types of **Supportive Services Only (SSO)**<sup>7</sup> projects: standalone<sup>8</sup>, street outreach, and coordinated entry. The criteria for new SSO projects are largely standard, however, **new SSO-Street Outreach** projects must demonstrate a history of, or plan for, partnering and cooperating with first responders and law enforcement.
- Notably, **new Permanent Supportive Housing** and **new Rapid Rehousing projects do not** have to include service participation requirements.

## **MERIT REVIEW**

Merit Review (previously CoC Scoring Criteria) removes or significantly adjusts previous criteria and adds new criteria, with a total of 200 points available across 3 rating areas: Project Capacity, Review, and Ranking; System Performance; and CoC Coordination and Engagement. In addition, there are 20 bonus points available (up to 6 for CoC Mergers or UFAs and up to 14 for Policy Initiative Preference Points).

Below is a summary of the most significant and impactful changes to the merit review criteria. A full side-by-side comparison and analysis (to the FY2024/FY2025 CoC Program NOFO) will be available soon.

### ***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 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:

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<sup>7</sup> The CoC Program interim rule defines a SSO as a project which provides supportive services to unsheltered and sheltered homeless persons for whom the recipient or subrecipient is not providing housing or housing assistance. A housing project that only requests CoC funding for supportive services costs is not a SSO.

<sup>8</sup>An example of a possible SSO-standalone project that is not street outreach or coordinated entry could be a drop-in center.

- A 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<sup>9</sup>.
- Significant and consistent reductions in homelessness reported in the point-in-time count since 2024
- The 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:

- Having a governance board that includes representatives who are elected public officials and representatives from the following: the business community, law enforcement, recovery housing or sober living, behavioral or primary healthcare provider, local workforce development, a court system that manages civil commitment processes or specialty courts.
- Providing information on comprehensive strategies for reducing homelessness and addressing gaps in the current homelessness response system.
- The availability of treatment and recovery services. Some of the criteria that will be considered include:
  - on-site<sup>10</sup> substance use treatment is available for at least 30 percent of housing projects (rural CoCs need only to identify that there is access to treatment);
  - partnerships with entities, including those that focus on inpatient civil commitment and how court orders are leveraged to support movement towards housing and independence;
  - a minimum number of CoC-funded beds that have participation requirements for Substance Use Disorder treatment, based on the number of people reporting chronic substance use in the most recent Point-in-Time count; and,
  - 24/7 access to detox or inpatient treatment within the CoC geography.
- The extent to which funding for supportive services is available either through match and leveraging (50%) or as a part of the overall funding request in FY2026 (30%).
- The percentage of housing projects that require participation in supportive services documented by a supportive service agreement or equivalent (for full points, 100% of projects must have service participation requirements).
- The extent to which there is a plan in place for sharing PIT, HIC, HMIS, and SPM data with state and local government as permitted by law.

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<sup>9</sup> HUD did not provide a definition for encampments and there is no standardized way to collect or report on this data.

<sup>10</sup> HUD does not define or provide guidance on what is considered on-site or how this requirement can be met for scattered-site projects.

- The extent to which the CoC has an agreement in place with at least one PHA to enable transition from CoC-funded housing to other HUD assisted housing. HUD does not address how this will or will not other rating factors that consider exits to unsubsidized housing a success.
- CoCs will be evaluated on the extent to which street outreach projects partner with first responders and law enforcement to increase housing and service engagement.
- CoCs will be evaluated on the extent to which the CoC or its recipients assist with family or support-network reunification efforts, an opportunity to highlight housing problem-solving initiatives.
- CoCs will be evaluated on the extent to which CoCs are able to demonstrate cooperation with law enforcement and first responders as well as provide a plan for leveraging or mitigating local or state laws/policies/practices that are in support of or which are not aligned with encampment clearances, decreasing the use of illicit drugs and quickly connecting people with treatment and/or law enforcement, the use of involuntary civil commitment, and comprehensively sharing data with SORNA.
- 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.

#### ***CoC Merger or Unified Funding Agency Bonus Points (6 points)***

HUD will award up to a possible 6 bonus points to Unified Funding Agencies or to CoCs that merged after the FY 2024 CoC Program Registration deadline.

#### ***Policy Initiative Preference Points (14 points)***

Preference points are available for CoCs that incorporate an Opportunity Zone (up to 4 points) or that can demonstrate that no projects submitted by the CoC will operate safe consumption sites as documented by an established policy or statement (up to 10 points). The policy or statement must include a clear prohibition on CoC-funded projects operating safe consumption sites, what remedies will be taken if that prohibition is violated, encourage the provision of treatment for substance use disorder and recovery housing, and allow CoC-funded housing projects to require sobriety or participation in treatment as a condition of occupancy.

### **RISK REVIEW**

Like every year, the FY2026 NOFO includes a risk review that looks at criteria associated with things like financial controls, effective management systems, and results of audits. However, the list has now been expanded to include more subjective criteria (without identifying how this will be assessed) such as:

- 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
- Ability to promote self-sufficiency and economic independence

***Further, HUD has also modified how this risk review has historically been utilized by stating that the results of the risk review alone can be considered sufficient to make adverse funding decisions.***

## **SELECTION PROCESS**

HUD will consider the results of the threshold review, merit review, and the risk review to make award funding decisions. In addition, new in FY2026, HUD may also consider myriad subjective factors including:

- The projected impact on the program and administrative goals and priorities of this NOFO
- “Likelihood” that a proposed project will result in the expected benefits
- “Broad range” of recipients beyond recurrent recipients

### *Tier 1 and Tier 2 Explained*

- Projects ranked in Tier 1 will be awarded if they meet project threshold requirements and are not rejected by HUD for other reasons. CoCs should place their highest priority projects in Tier 1 which, in FY2026, is equal to 60% of the CoC’s ARD.
- All remaining projects must be ranked in Tier 2, which is the difference between Tier 1 and the sum of a CoCs ARD, CoC Bonus, and DV Bonus amounts. Awards of Tier 2 projects are dependent upon:
  - Meeting project threshold requirements
  - Passing all other review elements (i.e., risk review)
  - The CoC score based on the Merit Review
  - The Tier 2 project score
  - The availability of funds
  - The selection process outlined below regarding the order in which different project types will be selected
- The Tier 2 project score is based on a 100-point scale:
  - CoC Score- Up to 50 points in direct proportion to how the CoC scored on the merit review
  - CoC Project Ranking- Up to 40 points for the projects ranking position on the CoC priority list
  - Service Participation. Up to 10 points for projects that indicate that they have or will incorporate service participation requirements

### *Conditional Selection and Adjustments to Funding*

Although CoCs review and rank projects locally based on need and priority, HUD establishes a selection process for how projects will be picked for award until all \$4.04 billion in available funds have been expended.

- **First**, HUD will select all CoC Planning and UFA Costs applications that meet project threshold requirements.

- **Second**, HUD will select all projects ranked in Tier 1 that meet project threshold requirements.
- **Third**, HUD will determine how much of the funding awarded in Tier 1 was for DV Bonus projects. If that total does not yet equal \$104,000,000 HUD will select additional DV Bonus projects that meet project threshold requirements ranked in Tier 2 up to set-aside amount. Projects will be selected based on Tier 2 score.
- **Fourth**, HUD will determine how much of the funding awarded in Tier 1 was for permanent housing projects for families with children. If that total does not yet equal \$430,000,000, then HUD will select additional permanent housing projects that meet project threshold requirements targeted to serve families with children. Projects will be selected based on Tier 2 score.
- **Then**, HUD will select **new** TH and SSO projects **ranked in Tier 2** that meet project threshold requirements by Tier 2 score until \$1.3 billion of new projects have been selected. This could include additional TH and SSO projects submitted for the DV Bonus but which were not selected under that set-aside. If the \$1.3 billion set aside is not yet reached...
- **Next**, HUD will select other types of **new** projects **ranked in Tier 2** that meet project threshold requirements by Tier 2 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. **If any funds are remaining in Tier 2...**
- **Finally**, 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. **Renewal projects ranked in Tier 2, regardless of project type or rank on priority list, are at high risk of not being selected for award in FY2026.**

## GRANT AWARD TRANSFERS AND RECIPIENT CHANGES

HUD added a new section in the FY2026 NOFO to provide guidance on grant transfers. In general, the entity that enters into a grant agreement with HUD must be the same as the entity that submitted the FY2026 project application into e-snaps. HUD may allow for an award to proceed where there is a change in project applicant between the point of application submission and grant issuance and execution under the following circumstances:

- HUD approves a grant transfer (a change in recipient) for an expiring grant after application for FY2026 funds has occurred *and* there is an executed grant agreement in place;
- a nonprofit organization merges with another but the grant will be operated substantially by the same entity;
- for HMIS grants, a new HMIS lead is designated by the CoC after application submission; and,
- for CoC planning, a new Collaborative Applicant is designated by the CoC after application submission.

HUD may consider a grant transfer under other circumstances at its sole discretion.

## FALSE STATEMENTS

Every NOFO includes language to ensure that applicants know that knowingly providing false or misleading information to the federal government can result in criminal, civil, or administrative sanctions. In FY2026, HUD expands upon this section. This expanded language includes the following requirements:

- If an applicant becomes aware of any violation of HUD requirements by the applicant, subrecipient, or contractor at any point, they have 15 days to notify HUD.
- The applicant will maintain safeguards to address and prevent any conflicts of interest, and to prohibit employees from using their positions in any manner that poses, or appears to pose, a personal or financial conflict of interest.
- The applicant will give HUD, the Office of Inspector General, and the Comptroller General of the United States, through any authorized representative, access to and opportunity to examine all records, books, papers, documents, or electronic records related to the award, if any, made by HUD.

## POST AWARD INFORMATION

Section VII outlines the applicable provisions that recipients of FY2026 CoC funding will be required to comply with. In addition to the statutory and regulatory requirements listed, HUD also includes Executive Orders (EO) affecting federal financial assistance programs. These include, but are not limited to EO 14332 (*Improving Oversight of Federal Grantmaking*); EO 14219 (*Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative*); EO 14173 (*Ending Illegal Discrimination and Restoring Merit-Based Opportunity*); EO 14168 (*Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government*); EO 14151 (*Ending Radical and Wasteful Government DEI Programs and Preferencing*); and EO 14148 (*Initial Rescissions of Harmful Executive Orders and Actions*) .

**HUD's note on active litigation:** If any part or provision of the grant Agreement or terms of this Notice have been or are enjoined or held to be void or unenforceable by a federal court, they shall be ineffective only to the extent of such court's authority and only as to such prohibition or enjoinder and shall not invalidate or affect the legality or enforceability of the remaining provisions and applications of the Agreement and Notice. In the event the enjoinder of such provisions is stayed, dissolved, or reversed, the full terms of the grant agreement and Notice, including such provisions, will automatically become effective. Per HUD, this clause is self-executing and will become effective, binding, and enforceable automatically upon issuance of this NOFO.

### **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 interferes with constitutional protections for free speech, religious beliefs, and the free exercise of religion.
- Will not be used to fund, promote, encourage, subsidize or facilitate the use of illicit drugs.

- Will not be used to fund any project, service provider, or organization that operates drug injection sites or “safe consumption sites,” knowingly distributes drug paraphernalia on or off of property under their control, permits the use or distribution of illicit drugs on property under their control, or conducts any of these activities under the pretext of “harm reduction.”
- Subrecipients will also be required to comply with the same terms and conditions as those in the grant agreement issued by HUD.

## **REMEDIES FOR NONCOMPLIANCE**

HUD has clarified in the 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.**

## **SOLO APPLICANTS**

The 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. 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.

It is imperative that CoCs ensure that the processes they undertake for solicitation, review, ranking, selection, and notification are clearly documented and publicly available.