



U.S. Department of Housing
and Urban Development

FY 2026 Continuum of Care Competition and Youth Homelessness Demonstration Program Grants NOFO

CPD-2600-DC-0025

Applications are due by 8:00 PM Eastern Time on 08/26/2026.

Community Planning and Development

TABLE OF CONTENTS

I. BASIC INFORMATION.....	5	VI. SUBMISSION REQUIREMENTS AND	
A. Summary.....	5	DEADLINES.....	96
B. Agency Contact(s)	7	A. Deadlines	96
II. ELIGIBILITY.....	9	B. Submission Methods.....	97
A. Eligible Applicants.....	9	C. Other Submission Information	102
B. Eligible Applications	11	D. False Statements.....	102
C. Cost Sharing or Matching	26	VII. POST-AWARD REQUIREMENTS AND	
III. PROGRAM DESCRIPTION	28	ADMINISTRATION	106
A. Purpose.....	28	A. Administrative, National and Departmental Policy	
B. Goals and Objectives.....	28	Requirements, and General Terms and Conditions	
C. Authority.....	34	106
D. Unallowable Costs	35	B. Environmental Requirements	108
E. Indirect Costs	35	C. Remedies for Noncompliance	110
F. Program History	35	D. Reporting	110
G. Other Information.....	38	VIII. CONTACT AND SUPPORT	115
IV. APPLICATION CONTENTS AND FORMAT....	44	A. Agency Contact	115
A. Standard Forms, Assurances, and Certifications	44	B. esnaps.hud.gov	116
B. Budget.....	46	C. SAM.gov	116
C. Narratives and Other Attachments	54	D. Debriefing and Appeals	116
D. Other Application Content	54	E. Applicant Experience Survey	121
V. APPLICATION REVIEW INFORMATION	58	F. Other Online Resources.....	121
A. Threshold Review	58	APPENDIX.....	123
B. Merit Review	69	Appendix I. Definitions	123
C. Risk Review	86		
D. Selection Process.....	87		
E. Award Notices.....	94		

BEFORE YOU BEGIN

If you are a good candidate for this funding opportunity, register in the required systems and review the application materials. If you are already registered, confirm that your information is current and active.

SAM.gov Registration

You must have an active and up-to-date account with [SAM.gov](https://sam.gov), at the time of application and throughout the life of any award.

To register, go to [SAM.gov Entity Registration](https://sam.gov) and click Get Started. From the same page, you can also click the Entity Registration Checklist for the information you will need to register.

It can take several weeks to register in [SAM.gov](https://sam.gov), so get started now if you are planning to apply. [SAM.gov](https://sam.gov) also provides each organization with a unique entity identifier (UEI). A valid UEI is required to apply for funding.

esnaps.hud.gov Registration

You must have an active esnaps.hud.gov account to submit your application. See step-by-step instructions at the [CoC Registration and Competition home page](#).

See [Section VI.B. Submission Methods](#).

Find the Application Package

Use the Grants Search at [Grants.gov](https://grants.gov) and search for opportunity number CPD-2600-DC-0025 . The application package has all the online forms you need to apply. You also need to access the Download Instructions link and review the content before you apply.

If you have other technical difficulties using Grants.gov, contact the Support Center on [Grants.gov](https://grants.gov).

To get updates on changes to this notice of funding opportunity (NOFO), click Subscribe from the View Grant Opportunity page on [Grants.gov](https://grants.gov).

Application Deadline

Applications are due by 8:00 PM Eastern Time on 08/26/2026.

See [Section VI.A.](#) of this NOFO.

HUD Listserv

To get **email alerts** about current and future funding opportunities, **subscribe** to [HUD's Funding Opportunities listserv](#).

I. BASIC INFORMATION

I. Basic Information

A. Summary

B. Agency Contact(s)

I. BASIC INFORMATION

See [Contact and Support](#) section of this NOFO.

A. Summary

Federal Agency Name:

United States Department of Housing and Urban Development (HUD)

HUD Program Office:

Community Planning and Development

Announcement Type:

Initial

Program Type:

Discretionary

Paperwork Reduction Act Information:

2506-0044

Due Date for Intergovernmental Review:

See [Section VI.C.1.](#)

Key Facts

Opportunity Name:

FY 2026 Continuum of Care Competition and Youth Homelessness Demonstration Program Grants NOFO

Opportunity Number:

CPD-2600-DC-0025

Federal Assistance Listing(s):

14.267

Key Dates

Application Due Date:

8:00:00 PM Eastern Time on:

08/26/2026

Anticipated Award Date:

12/01/2026

Estimated Performance Period Start Date:

01/01/2027

01/01/2027

Estimated Performance Period End Date:

12/31/2027

12/31/2027

1. NOFO Summary

The Continuum of Care (CoC) Program is a national competition between geographic areas designed to:

- promote a community-wide commitment to the goal of ending homelessness;

- provide funding for efforts by nonprofit providers, States, Indian Tribes or Tribally Designated Housing Entities [as defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103) (TDHEs)], and local governments to quickly rehouse homeless individuals and families, persons experiencing trauma or a lack of safety related to, or fleeing or attempting to flee domestic violence, dating violence, sexual assault, and stalking, and homeless youth while minimizing the trauma and dislocation caused by homelessness;
- promote access to, and effective utilization of, mainstream programs and programs funded with State or local resources; and
- optimize self-sufficiency among homeless individuals and families.

Self-sufficiency, consistent with the purposes of the McKinney-Vento Act, 42 U.S.C. § 11381(4), means the ability to meet basic needs, including a place to live, without public or private assistance. This is consistent with dictionary definitions of the term. The Oxford English Dictionary defines *self-sufficiency* as the "state or condition of not needing or relying on external assistance, support, or aid." Similarly, Merriam-Webster defines *self-sufficient* as "able to maintain oneself or itself without outside aid: capable of providing for one's own needs."

The goal of the Youth Homelessness Demonstration Program (YHDP) is to support the development and implementation of a coordinated community approach to preventing and ending youth homelessness and sharing that experience with and mobilizing communities around the country toward the same end. The population to be served by the demonstration program is homeless youth ages 24 and younger, including unaccompanied and pregnant or parenting youth.

2. Funding Details

Type of Funding Instrument

G (Grant)

Available Funds

Funding of approximately **\$4,040,000,000** is available through this NOFO.

Additional funds may become available for award. Use of these funds is subject to statutory constraints. All awards are subject to the selection process contained in this NOFO.

On February 3, 2026, the President signed H.R. 7148 authorizing the Consolidated Appropriations Act, 2026 (Public Law 119-75) which makes approximately \$4,010,000,000 in CoC Program funding available.

Of the \$4,010,000,000, HUD is making available at least \$52,000,000 for Domestic Violence, Dating Violence, Sexual Assault, and Stalking Bonus (DV Bonus) projects.

Additionally, HUD is making available approximately \$52,000,000 in funding from the Full-Year Continuing Appropriations and Extensions Act, 2025 (Public Law 119-4) for Domestic Violence, Dating Violence, Sexual Assault, and Stalking Bonus (DV Bonus) projects, described in section II.B.3.eof this NOFO. HUD reserves the right to use the earliest available

fiscal year funds for projects that are able to meet the FY 2025 CoC DV Bonus obligation deadline (September 30, 2027), so long as the total amount awarded for each DV Bonus project is consistent with the funding process outlined in V.D3.d.

HUD may add to the total amount with available funds that have been carried over or recaptured from previous fiscal years. All requirements in the FY 2026 application process, including requirements for the entire CoC Consolidated Application and the total amount of funds available, are included in this NOFO.

Estimated Number of Awards

7000 awards from [available funding](#)

Length of Performance Period:

12-month project period and budget period

18-month project period and budget period

24-month project period and budget period

36-month project period and budget period

42-month project period and budget period

48-month project period and budget period

60-month project period and budget period

Length of Periods Explanation:

B. Agency Contact(s)

See [Contact and Support](#) section of this NOFO.

II. ELIGIBILITY

II. Eligibility

A. Eligible Applicants

B. Eligible Applications

C. Cost Sharing or Matching

II. ELIGIBILITY

A. Eligible Applicants

If your organization is not an eligible applicant, your application won't be reviewed or scored, and you won't receive funding from HUD.

1. Eligible Entity Types:

00 (State governments)

01 (County governments)

02 (City or township governments)

04 (Special district governments)

06 (Public and State controlled institutions of higher education)

07 (Native American tribal governments (Federally recognized))

08 (Public housing authorities/Indian housing authorities)

11 (Native American tribal organizations (other than Federally recognized tribal governments))

12 (Nonprofits having a 501(c)(3) status with the IRS, other than institutions of higher education)

Additional Information on Eligibility

You cannot apply as an individual.

For-profit entities are not eligible to apply for grants or to be subrecipients of grant funds.

To be eligible for funding under the FY 2026 Continuum of Care and Youth Homelessness Demonstration Program Grants NOFO, project applicants must meet all statutory and regulatory requirements in the McKinney-Vento Homeless Assistance Act, (42 U.S.C. 11381–11389) (the Act) and the CoC Program Rule found in 24 CFR part 578 (the Rule).

Project applicants can obtain a copy of the Act and the Rule on HUD's website or by contacting the NOFO Information Center at 1-800-483-8929. Individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities may visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs> for more information on how to make an accessible telephone call to HUD.

A faith-based organization may apply on the same basis as any other organization, subject to the requirements in 24 CFR 5.109, and receive the full protections for religion in Federal law, including the Free Speech and Free Exercise Clauses of the Constitution, the Religious Freedom Restoration Act (42 U.S.C. § 2000bb-1), Title VII of the Civil Rights Act (42 U.S.C. §§ 2000e-1(a), 2000e-2(e)), and the Americans with Disabilities Act (42 U.S.C. § 12113(d)). HUD does not engage in any unlawful and improper conduct, policies, or practices that target faith-based organizations.

An organization may seek a religious accommodation from any requirements of this program or other HUD requirement that substantially burden its religious exercise under the Religious

Freedom Restoration Act or other applicable law, consistent with 24 CFR 5.109(c). If such an accommodation is requested, HUD will not deny the organization unless it determines that doing so is necessary to further a compelling governmental interest and is the least restrictive means of achieving that interest, consistent with applicable law.

Faith-based organizations may also hire, fire, and make other employment decisions on the basis of their sincerely held religious beliefs, including requiring employees to adhere to religious tenets, practices, and standards of conduct, without jeopardizing their eligibility to receive HUD funds, consistent with applicable law.

A faith-based organization may not use direct financial assistance from HUD to support or engage in any explicitly religious activities except where consistent with the Free Exercise Clause and Establishment Clause of the First Amendment, the Religious Freedom Restoration Act, and any other legal protections for religious exercise. Such an organization also may not, in providing services funded by HUD, or in their outreach activities related to such services, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.

2. Restrictions

a. Statutory and Regulatory Requirements

You must meet the current General Statutory and Regulatory Eligibility Requirements. If you do not meet these requirements, your application won't be scored, and you won't receive funding from HUD. This is a threshold requirement for all HUD funding.

b. Resolution of Civil Rights Matters

If you have any outstanding or unresolved judgments for violating civil rights laws, you must settle them before you apply. If you don't, settle the civil rights law violations before you apply, your application won't be scored, and you won't receive funding from HUD. This is a threshold requirement for all HUD funding.

Applicants with outstanding, unresolved judgments against them for violations of civil rights laws must resolve those judgments before the application submission deadline or the applicant will be deemed ineligible.

(1) An applicant is ineligible for funding if the applicant has received notice of a judgment imposed against them for violations of:

(a) the Fair Housing Act or a substantially equivalent state or local fair housing law for discrimination because of race, color, religion, sex, national origin, disability or familial status; or

(b) Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Americans with Disabilities Act, or the Violence Against Women Act or substantially equivalent state or local laws.

(2) HUD will determine if actions to resolve the judgment taken before the application deadline date will resolve the matter. Examples of actions that may be sufficient to

resolve the matter include, but are not limited to:

- (a) Current compliance with a voluntary compliance agreement signed by all the parties;
- (b) Current compliance with a HUD-approved conciliation agreement signed by all the parties;
- (c) Current compliance with a conciliation agreement signed by all the parties and approved by the state governmental or local administrative agency with jurisdiction over the matter;
- (d) Current compliance with a consent order or consent decree; or
- (e) Current compliance with a final judicial ruling or administrative ruling or decision.

B. Eligible Applications

1. An application from an eligible entity is considered for funding if it meets basic threshold requirements and passes merit review.
2. Your application must support the goals of this NOFO.
3. The following types of project applications will be eligible for completion and submission under this NOFO.

a. CoC Planning projects. All Collaborative Applicants are eligible and encouraged to apply for CoC Planning funds which they may use according to 24 CFR 578.39. CoC Planning project applications must be submitted by the CoC-designated Collaborative Applicant and the Collaborative Applicant organization must match the organization listed as the Collaborative Applicant in the CoC Applicant Profile in e-snaps. Planning projects will not affect a CoC's available amount for new and renewal project applications because it is not included in the CoC's ARD calculation.

b. UFA Costs projects. Only those CoC-designated Collaborative Applicants approved for UFA designation by HUD are eligible to apply for UFA Costs project funds as described in 24 CFR 578.41. UFA Costs project applications must be submitted by the CoC-designated Collaborative Applicant and the Collaborative Applicant organization must match the organization listed as the Collaborative Applicant in the CoC Applicant Profile in e-snaps. UFA Costs projects will not affect a CoC's available amount for new and renewal project applications as it is not included in the CoC's ARD calculation.

c. CoC Bonus Project. The CoC Bonus allows CoCs to use up to 15 percent of their Final Pro Rata Need (FPRN) to create one or more new project applications with the following limitations:

- (1) The CoC Bonus amount for a Split CoC that is not a New Tribal CoC will be no less than \$250,000 and no more than \$3,000,000;
- (2) The CoC Bonus for a Merged CoC will be no less than \$750,000 and no more than \$10,000,000;
- (3) The CoC Bonus for a CoC that is neither a Split CoC nor a Merged CoC will be no

less than \$500,000 and no more than \$5,000,000.

(4) The CoC Bonus for a New Tribal CoC will be no less than \$500,000 and no more than \$5,000,000.

Definitions:

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.

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.

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 [see section 2.b.(3) of Appendix I].

d. Domestic Violence, Dating Violence, Sexual Assault, and Stalking Renewal Projects (DV Renewal Projects). Are eligible renewal projects that were previously funded, in whole or in part, with DV Bonus funding or were at some point expanded using DV Bonus funding and serve the population described in **III.G.11.c**.

e. Domestic Violence, Dating Violence, Sexual Assault, and Stalking New Projects (DV Bonus and DV Reallocation Projects). A new DV project created through (1) the DV Bonus or (2) through reallocation of renewal DV projects.

(1) CoCs may apply for DV Bonus projects where the total amount for one year of funding for all DV Bonus applications is up to 20 percent of its Preliminary Pro Rata Need (PPRN); however, this amount is limited to:

- A minimum of \$50,000 if 20 percent of the CoC's PPRN is less than \$50,000; or
- A maximum of \$5 million if 20 percent of the CoC's PPRN is more than \$5 million.

(2) CoCs may reallocate eligible DV Renewal projects to create new DV Reallocation projects.

(3) New projects or expansion projects created with DV Bonus or DV Reallocation funding must meet DV Bonus and DV Reallocation project requirements. Additionally, the sum of all DV Reallocation applications must be for the same amount of funding made available from the DV Renewal funding being reallocated.

(4) DV Bonus and DV Reallocation may only be used to create new SSO-Coordinated Entry, Rapid Re-housing (PH-RRH), and Transitional Housing (TH) projects.

(a) For PH-RRH and TH projects, the application must demonstrate:

The project applicant's experience serving individuals and families of persons experiencing trauma or a lack of safety related to, or fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking, and their ability to house survivors and meet safety outcomes.

(b) For Supportive Services Only Coordinated Entry (SSO-CE) projects, the

application must demonstrate:

The project is designed to implement policies, procedures, and practices that equip the CoC's coordinated entry to better meet the needs of homeless individuals who are experiencing trauma or a lack of safety related to, or fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking.

(5) The following restrictions apply to the DV Reallocation process:

(a) DV Renewal projects that have a SSO-CE component cannot be reallocated.

(b) Reallocated DV Renewal funding cannot be used to expand a CoC or YHDP Renewal grant.

(c) DV Renewal projects cannot be reallocated to create new non-DV CoC projects. If HUD determines that a project applicant incorrectly classified one or more new projects as a DV Reallocation, HUD may reclassify the project(s). For example, if the proposed project is not dedicated to serving individuals and families fleeing or attempting to flee domestic violence, dating violence, sexual assault, and stalking, HUD may condition the project to ensure the required population is served.

To avoid any potential delays in funding or a loss in ARD, CoCs should review the FY 2026 GIW provided by HUD to determine which renewal projects were originally awarded DV Bonus or DV Reallocation funds, including CoC projects that were expanded with DV Bonus or DV Reallocation funding in a prior year competition.

(d) If a project does not have enough funding available from reallocation sources, HUD will reduce the project to the amount available, if any, and determine if the project is feasible at the reduced rate.

f. New Projects Created with CoC Bonus or Through the CoC Reallocation process.

CoCs may apply for the following types of new CoC projects through the CoC Bonus or CoC Reallocation processes:

(1) SSO projects.

(2) TH projects.

(3) PH-PSH projects.

(4) PH-RRH projects.

(5) Dedicated HMIS projects for the costs at 24 CFR 578.37(a)(4) that may only be carried out by the HMIS Lead, which is the recipient or subrecipient of an HMIS grant and is listed on the HMIS Lead form in the CoC Applicant Profile in e-snaps.

Additionally, if the CoC has organizations within its geographic area that are victim service providers, the HMIS Lead, or subrecipient, may request HMIS funds for a comparable database. Victim service providers may also request HMIS funds in their project application budgets to enter data into a comparable database.

(6) SSO-CE projects to develop or operate a Coordinated Entry system.

In addition to the fact that HUD may reject a CoC Bonus or CoC Reallocation project as described elsewhere in this NOFO, HUD may reclassify, reduce, or reject a CoC Bonus or

CoC Reallocation project as described below.

If HUD determines that a CoC Bonus or CoC Reallocation project applicant or a Collaborative Applicant incorrectly classified one or more new projects as reallocation or CoC Bonus, HUD may reclassify the project(s) as either reallocation or CoC Bonus if the CoC exceeded either its reallocation or CoC Bonus amounts. For example, if a project applicant or the Collaborative Applicant classified a new project application as reallocation but did not reallocate funds in whole or part from an eligible renewal project, and there are CoC Bonus funds available, HUD may reclassify the new project application as CoC Bonus during its review. If a project applicant uses both reallocation and CoC Bonus amounts to create a single new project but did not have enough available from either source, HUD will reduce the project to the amount available, if any.

If a project applicant or the Collaborative Applicant classified a new project application as reallocation but did not reallocate funds in whole or part from an eligible renewal project, HUD may reduce the funding amount or reject the new project application during its review.

For new projects created through the CoC Bonus process, HUD must determine whether the CoC has demonstrated that the projects are evaluated and ranked based on the degree to which they improve the CoC's system performance.

g. Youth Homeless Demonstration Program (YHDP). Consistent with the requirements of the Consolidated Appropriations Act, 2026, funding for the CoC Program may be used to competitively or non-competitively renew or replace grants for YHDP projects.

In order to ensure the best use of federal dollars, HUD will competitively award all YHDP projects, including renewal and replacement YHDP projects. CoCs seeking to reallocate YHDP projects may only reallocate to other youth projects. See section II.B.3.h. of this NOFO for additional information.

While YHDP projects can use the replacement process to consolidate projects as outlined in section II.B.3.h these projects cannot consolidate with non-YHDP projects. YHDP Renewal projects may apply to expand its current project through the YHDP Replacement process. Unified Funding Agencies (UFAs) are prohibited from moving funds out of or into YHDP-funded projects and mixing funding from any other non-YHDP funded project. UFAs may replace eligible YHDP renewal projects through the YHDP Replacement process.

To ensure YHDP activities are implemented in an effective, consistent, and proven way, all YHDP projects funded under this NOFO may only be used to serve homeless youth, age 24 and younger and all YHDP Renewal and YHDP Replacement projects, including YHDP reallocation, are subject to the following provisions of the Rule, as may be amended from time to time, except where they conflict with NOFO requirements, or with the Special YHDP Activities identified in section IV.B.2 of this NOFO: 24 CFR 578.3, 578.15, 578.23, 578.25, 578.29, 578.31, 578.37, 578.43, 578.45, 578.47, 578.49, 578.51, 578.53, 578.55, 578.57, 578.59, 578.61, 578.63, 578.73, 578.75, 578.77, 578.79, 578.81, 578.83, 578.85, 578.87, 578.89, 578.91, 578.93(a)-(b), 578.93(d)-(e), 578.95, 578.97, 578.99, 578.103(a)(3)-(14), 578.103(a)(16)-(18), 578.103 (b), -578.103 (e), 578.105, 578.107 and 578.109. The requirements of 2 CFR 200.306, as may be amended from

time to time, with the exception of 200.306(b)(5) apply. Federal fair housing and nondiscrimination requirements cannot be waived.

h. New YHDP Projects Created through YHDP Replacement processes. CoCs may replace renewing YHDP project(s) to create one or more new YHDP Replacement projects, including YHDP Reallocation.

(1) YHDP Renewal project applicants may submit renewal applications for minor changes to a project, including adding or modifying select Special YHDP Activities listed in section IV.B.2 of this NOFO; however, if a renewing YHDP project applicant chooses to modify the current project in a way that does not meet the definition of renewal project found at Appendix I of this NOFO, it must submit a YHDP Replacement project application.

(2) A YHDP Renewal project applicant may apply to expand its current project through the YHDP Replacement process. See section II.B.3.i for more information.

(3) A YHDP Replacement project application must include the grant number from the YHDP Renewal project(s) being replaced with the YHDP Replacement project application. The CoC's Collaborative Applicant is responsible for ensuring that only a renewal YHDP or replacement YHDP project application is submitted through the CoC Project Priority Listing for each eligible YHDP project. If the Collaborative Applicant submits both a renewal project application and YHDP replacement project application for the same project, HUD will only select the renewal YHDP project application;

(4) HUD will only fund new YHDP Reallocation projects through the YHDP Replacement process as described below and in section IV.B.2 of this NOFO:

(a) TH or Crisis Residential Transitional Housing, which is a form of transitional housing that is short-term, low-barrier, using a congregate living setting, and provides access to the following supportive services in particular: family engagement and unification, case management, emergency triage services, and other supportive services whose purpose is to move youth rapidly into stable housing.

(b) SSO, including, but not limited to, housing search and placement services, case management, or street outreach.

(c) SSO-CE.

(d) SSO - Host Home and Kinship Care. A model in which a family agrees to permit a youth to reside with them. Recognizing that the addition of another person in the home may increase costs to the family, HUD will entertain applications that propose to house youth with families and to subsidize the additional costs attributable to housing the youth. The residence is in a community-based setting. The family could be related to the youth and the length of stay may be time-limited or without time limits. YHDP funds may be used to subsidize the increased costs to the family that are attributable to housing the youth. An example of eligible costs would be additional food or transportation costs, which are eligible supportive services under 24 CFR 578.53(e)(7) or 24 CFR 578.53(e)(15). Recipients must keep records related to this determination by the recipient for HUD review upon request.

(e) HMIS.

(f) Permanent Housing, including PH-PSH and PH-RRH projects. Current YHDP recipients may apply for Permanent Housing projects through the YHDP Replacement process only when the recipient is consolidating multiple (up to 10) existing YHDP Permanent Housing renewal grants. In these instances, the YHDP Replacement project must have the same recipient as the existing renewal grants being consolidated and the BLIs for the YHDP Replacement project application must match the sum of the BLIs for each of the individual projects as they appear on the grant agreement, or the grant agreement as amended.

(5) HUD will review new YHDP Reallocation and YHDP Replacement project applications to ensure the activities requested are eligible and the amounts requested do not exceed the amounts available for YHDP reallocation or, in the case of YHDP Replacements, the ARA of the renewal project(s) being replaced. HUD will not reject YHDP project applications for not meeting threshold requirements; however, HUD may require YHDP grant recipients to correct or revise information submitted after the final award announcement, prior to executing the grant agreement. HUD will not select YHDP project applications that fail to score high enough according to the Tier 2 scoring process described in V.D.

(6) YHDP Replacement projects may establish an operating start date that will be the day after the end of the previous grant term for the expiring YHDP renewal.

(7) A YHDP renewal project applicant may submit a YHDP Replacement application to change from one program component to another eligible component. Replacement grant applications to change program components must fully transition to the new component by the end of the 1-year YHDP Replacement grant term and may only apply for renewal in the next CoC Program Competition under new the component.

YHDP grants changing component types that include housing costs (e.g. PHH, PH-RRH, or TH) to an SSO grant may not pay for rental assistance or leasing costs with SSO grant funding during the transition period. While the project is transitioning to SSO during the 1-year period after award, the project must use other funding to cover housing costs while it transitions to the new component.

(8) YHDP Replacement projects cannot request capital costs (i.e., new construction, acquisition, or rehabilitation).

i. **Expansion Project.** The process used by eligible renewal project applicants to add funds to an existing CoC Renewal, DV Renewal or YHDP Renewal project to expand its current operations either through reallocation, DV Bonus or a CoC Bonus project application. The new funding being added to the existing renewal must be submitted as a new project in e-snaps. This portion of the project is known as new expansion project.

HUD will allow project applicants to apply for new expansion projects to expand existing projects to increase the number of units, persons served, services provided to existing program participants, or to add additional activities to HMIS and SSO-CE projects.

The new expansion project applications must meet the project eligibility and project quality thresholds in V.A.4.a and V.A.4.c of this NOFO and must be for the same component as the project being expanded. Additionally, the renewal project being expanded must have

an expiration date in CY 2027.

In the case of YHDP Replacement applications to expand existing YHDP Renewal projects, applicants must submit a YHDP Replacement and a YHDP Reallocation application separately and each project must be included in the CoC's Priority Listing.

If a project application does not meet the following requirements, or if the renewal project the new project application is proposing to expand is not selected for award, HUD will review the new expansion project and will consider it as a standalone project during the selection process provided that the project is feasible on its own with its requested funding and provided it passes project eligibility and project quality threshold requirements.

If both the new expansion project and the renewal project it expands are conditionally selected for funding, one grant agreement incorporating both approved project applications will be executed.

(1) The following limitations apply to expansion grant applications:

(a) If the new expansion project exceeds the amount of funding available to the CoC under the reallocation or Bonus processes, HUD will reduce the funding request for the new expansion project to the available amount, which could affect the activities of the new expansion project.

(b) HUD will not fund expansion applications that include requests for capital costs (i.e., new constructions, rehabilitation, or acquisition) and will only allow 1-year funding requests.

(c) Recipients cannot apply to expand a project included in a grant consolidation during the same funding year. If an applicant applies to expand a project included in a grant consolidation, HUD may consider the expansion project for funding if it meets all the requirements of a new standalone project.

(d) CoC Bonus, CoC Reallocation, DV Bonus, or DV Reallocation funding cannot be used to expand a YHDP renewal project.

(e) If CoC Bonus, CoC Reallocation, DV Bonus, or DV Reallocation funding is used to expand a DV Renewal project, the entire expanded project must be 100 percent dedicated to serving individuals and families who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking and who qualify under paragraph (1) or (4) of the definition of homeless at 24 CFR 578.3 or section 103(b) of the McKinney-Vento Homeless Assistance Act and the project must meet all the DV project requirements in sections II.B.3.d and II.B.3.e of this NOFO.

(f) New YHDP projects created with reallocated YHDP funding may be used to expand an existing YHDP renewal project through the YHDP Replacement process. The expansion YHDP project must meet the requirements of a new YHDP Replacement application.

(2) Project applicants expanding an eligible CoC Renewal or DV Renewal project must:

(a) submit a separate renewal project application and the new project application with expansion information (both projects must be ranked by the CoC with unique rank numbers);

(b) in the new project application, enter the grant number of the eligible renewal project proposed for expansion;

(c) indicate how the new project application will expand units, beds, services, persons served, or services provided to existing program participants, or in the case of HMIS or SSO-CE project applications, how the current activities will be expanded for the CoC's geographic area; and

(d) ensure the funding request for the expansion grant is within the funding parameters allowed under CoC Bonus, CoC Reallocation, DV Bonus, or DV Reallocation amounts available.

(3) Project applicants expanding an eligible YHDP Renewal project through the YHDP Replacement process must:

(a) submit a new YHDP Reallocation project application with the expansion information through the YHDP Replacement process, including the grant number of the YHDP Renewal project being expanded.

(b) indicate how the expansion project application will expand units, beds, services, persons served, or services provided to existing program participants.

(c) ensure the funding request for the YHDP Reallocation application to expand the YHDP Renewal project is within the funding parameters allowed under the YHDP Reallocation amount available.

(d) ensure the YHDP Renewal and YHDP Reallocation project applications meet the requirements in sections II.B.3.h and II.B.4 of this NOFO.

(4) DV Bonus and DV Reallocation Expansion Applications.

(a) DV Bonus and DV Reallocation funds can only be used for an application to expand an existing renewal project if the new expansion project is dedicated to individuals and families who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, and stalking and who qualify as homeless under paragraphs (1) or (4) of the definition of homeless at 24 CFR 578.3 or section 103(b) of the McKinney-Vento Homeless Assistance Act.

(b) Project applicants may use DV Bonus funds to expand an existing renewal project that is not currently dedicated to serving individuals and families of persons experiencing trauma or a lack of safety related to, or fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking to dedicate additional beds, units, persons served, or services provided to existing program participants of this population; however, only the new project application for the expansion will be considered for DV Bonus funds.

(c) If an applicant proposes to use DV Reallocation funds to expand an existing renewal project that is not currently dedicated to serving individuals and families of persons experiencing trauma or a lack of safety related to, or fleeing or attempting to flee domestic violence, dating violence, sexual assault, or stalking to dedicate additional beds, units, persons served, or services provided to existing program participants of this population, the entire project, including the renewal project being

expanded, must serve 100 percent individuals and families who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, and stalking and who qualify as homeless under paragraphs (1) or (4) of the definition of homeless at 24 CFR 578.3 or section 103(b) of the McKinney-Vento Homeless Assistance Act. In the case of DV Reallocation Projects, HUD will use the Tier 1 and Tier 2 selection process described in sections V.D.3.a and V.D.3.b of this NOFO.

j. Consolidation Project. HUD encourages the consolidation of eligible renewal grants. Applicants intending to use the consolidation process to combine two or more, but no more than 10, eligible renewal projects (including renewing YHDP projects and renewal Special NOFO Competition projects), may do so through the renewal project application. The projects being combined during a grant consolidation will continue uninterrupted.

To be eligible for consolidation, the projects must have the same recipient and be for the same component. This does not apply to CoCs that HUD designates as UFAs, because UFAs enter into a single renewal grant agreement with HUD for the CoC's entire geographic area. If applicable, HUD issues a separate UFA grant agreement that only includes YHDP grants.

(1) The period of performance and budget period of the expiring grants must have end dates in CY 2027. Applicants intending to use the consolidation process must ensure:

(a) Budget Line Items (BLIs) for the consolidated project application submitted exactly match the sum of the BLIs for each of the individual projects as they appear on the grant agreement, or the grant agreement as amended;

(b) inclusion of the expiring grant numbers with period of performance and budget period start and end dates for the projects that are consolidating;

(c) are in good standing with HUD, meaning none of the projects have:

i. outstanding audit or monitoring findings,

ii. outstanding obligation to HUD that is in arrears,

iii. unresolved construction delays,

iv. a history of poor financial management/drawdown issues,

v. history of low occupancy levels, or lack experience in administering the project type, or

vi. other capacity issues.

(d) the projects have the same recipient and are for the same component.

(2) YHDP Renewal projects that wish to consolidate may establish a single YHDP Replacement grant to replace multiple YHDP Renewal grants.

(3) The following projects cannot be consolidated and if a project application meeting these characteristics attempts to consolidate, HUD will not consider the consolidation, but rather select the projects individually provided they pass project eligibility and project quality threshold requirements:

(a) a DV Renewal project cannot consolidate with a CoC Renewal project (a project not dedicated to serving individuals and families who meet the eligibility criteria in Section III.G.11 of this NOFO, including a project originally funded under the Special

NOFO Competition, and a YHDP Renewal project), or a project originally funded under the Special CoC NOFO Competition;

(b) a YHDP Renewal project cannot consolidate with a CoC Renewal project (including those projects originally funded under the Special CoC NOFO Competition) or a DV Renewal project;

(c) a project originally funded under the Special CoC NOFO Competition through the Rural Set Aside cannot consolidate with any other type of project (e.g., a project originally funded with DV Bonus or a project originally funded through the Unsheltered Set Aside in the Special NOFO Competition) except another project originally funded through the Rural Set Aside. This means, a project originally funded under the Special NOFO through the Rural Set Aside can only consolidate with another Special CoC NOFO Competition project originally funded through the Rural Set Aside;

(d) a TH and a PH project cannot consolidate to form a Joint TH/PH-RRH component project;

(e) transition grants cannot consolidate with any other project; and

(f) recipients cannot apply to consolidate projects and apply to expand the consolidated project during the same funding year. If an applicant applies to expand projects that are involved in a consolidation of grants, HUD may consider the expansion project for funding if it meets all the requirements of a new standalone project.

(4) To request the consolidation of eligible renewal projects, project applicants must submit renewal projects for the individual projects to be included in the consolidation and each project application must identify the grant number that will survive which must be the grant number with the earliest start date CY 2027. Project applications for the grants that are proposed to be part of the consolidation must be ranked with a unique rank number for each project, and if all those grants are selected, HUD will conditionally award the single surviving grant based on its ranked position to include the amount of funding of all grants included in the consolidation. All other project applications included in the surviving grant will be removed from the CoC's ranking resulting in project applications below to slide up one ranked position. Project applicants must not submit a consolidated project application that contains two different components (e.g., PH and TH).

(5) The start date for the consolidated grant, if conditionally awarded, will be the day after the expiration date of the eligible renewal project with the earliest expiration date. HUD will calculate the expiration date for the consolidated grant by averaging the expiration dates for all expiring grants included in the consolidated grant weighted by the size of each expiring grant. If that date falls on the first through the fifteenth of a month, then the expiration date will be the last day of the previous month. If the date falls on the sixteenth through the end of the month, then the expiration date will be the last day of the month.

(6) HUD will calculate the expiration date for the consolidated grant as follows: It will be 'X' months after the end of the 12th month after the start date for the consolidated grant

with 'X' determined by calculating the sum for all grants of the total award times the number of months after the expiration of the first expiring grant that the grant expires and dividing that sum by the total award for the consolidated grant. If the calculation of 'X' results in a partial month, if it is less than 0.5, then the consolidated grant will expire on the last day of the previous month, and if it is 0.5 or more, then the consolidated grant will expire on the last day of the calculated month.

(7) Collaborative Applicants designated by HUD as UFAs have more flexibility in how they manage their CoC Program-funded projects, making the consolidation of projects during the CoC Program competition unnecessary. A Collaborative Applicant with UFA designation can consolidate projects during the grant term, so long as the consolidations are not combining different component types and the projects are funded under the same grant (e.g., projects are currently funded under the same renewal grant). If a UFA-designated Collaborative Applicant consolidates projects during the grant term, it can apply to renew them during the CoC Program Competition as consolidated projects.

k. Transition Grant. A Transition grant is an application to fund a new CoC project through the reallocation process to transition eligible CoC renewal project(s) (including a Special NOFO project or DV Renewal project) from one program component to another eligible component over a 1-year period. Transition grant applications awarded FY 2026 funds must fully transition to the new component by the end of the 1-year grant term and may only apply for renewal in the next CoC Program Competition under the component to which it transitioned.

(1) Renewal Grants expiring in CY 2027 may submit a FY 2026 transition grant application to request a component type change. The transition grant's operating start date will be the day after the end of the previous grant term for the expiring component. For transition grants reallocated from more than one project, the operating start date of the transition grant will be the day after the end of the earliest expiring grant term. The grant term may be extended consistent with 2 CFR 200.308 and 2 CFR 200.309.

(2) Applicants wishing to apply for a transition grant must have the consent of its Continuum of Care; and the new project application must meet project eligibility and project quality thresholds established by HUD in sections V.A.4.a and V.A.4.c of this NOFO. If the project application identifies the project as a transition grant and the CoC accepts the new transition grant project on the New Project Application Project Listing in the CoC Priority Listing, HUD will consider this as CoC consent.

(3) For a new project to be considered a transition grant, the new project applicant must be the recipient listed on the current grant agreement for the eligible renewal grant(s) being eliminated and must include the grant number(s) of the project(s) being eliminated to create the new project and attach a copy of the most recently awarded project application. FY 2025 grants expiring in CY 2027 that were not required to submit a FY 2025 renewal application for the FY 2025 funding opportunity, the applicant will attach a copy of the FY 2024 CoC Program Competition project application.

(4) Transition Grant Restrictions:

YHDP Renewal grants are not eligible to use the transition grant process. YHDP Renewal grants must submit a YHDP Replacement application to change component

types. If HUD determines a new project submitted as a transition grant does not qualify, but meets all other new project requirements, HUD may award the project as a new non-transition grant project. If this occurs, the new project operating start date will be reflected in the grant agreement.

4. Renewal Project Requirements.

As set forth in 24 CFR 578.33, projects may renew under the CoC Program NOFO to continue ongoing leasing, operating, supportive services, rental assistance, HMIS, and project administrative costs.

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).

- a. Compliance and re-evaluation. To maintain the competitive and objective nature of the CoC Program under the McKinney Vento Act and comply with 2 CFR 200.309 and 200.205, which together require renewals for federal grants to be issued based on objective and merit-based criteria, all renewals will be re-evaluated each year. Further, HUD may condition renewal on compliance with audits for large grant recipients (over \$1,000,000) as required by 2 CFR 200.501 and other post-award requirements from prior years, as required by 2 CFR Part 200, 24 CFR Part 91, 24 CFR Part 578, and other applicable law.
- b. Renewal project applications must be submitted by the same recipient that signed the executed grant agreement for the grant being renewed, or entity that became the recipient through a grant agreement transfer amendment. To be eligible as a renewal project, the application must (1) be for the same amount of funding before any adjustments described in this NOFO (e.g. FMR adjustments), or the amount reduced due to reallocation; (2) be for the same program component; and (3) in the case of DV Renewal projects and YHDP Renewal projects, must continue to serve the same subpopulation.
- c. If HUD conditionally selects a renewal grant for funding that does not have an expiration date that meets the renewal eligibility requirements prescribed by this NOFO, HUD will withdraw any funds conditionally selected for award.
- d. Projects that were eligible under predecessor programs, specifically Safe Haven projects, will continue to be eligible under the CoC Program and will continue to be eligible for renewal of leasing, operating, supportive services, rental assistance, HMIS, and project administrative costs under 24 CFR 578.33(d)(1) so long as the project continues to serve the same population and the same number of program participants or units in the same type of housing as identified in their most recent grant agreement, or amended grant agreement, signed before August 31, 2012. No new Safe Haven projects will be funded; however, existing Safe Haven projects may be renewed to continue to carry out activities that are eligible costs under Subpart D of the Rule.
- e. The total request for each renewing project, including YHDP Renewal and YHDP Replacement projects, is limited to a project's ARA. In cases where two or more eligible

projects are being consolidated through the project application, the total ARA of the consolidation project must be equal to the sum of the original ARA of the renewal projects before consolidation.

f. Because funds for acquisition, new construction, and rehabilitation are not renewable, grants being renewed whose original expiring award included acquisition, new construction, and rehabilitation funds may only renew leasing, supportive services, rental assistance, operating, and HMIS costs and must not exceed 10 percent in administrative costs.

g. HUD will recapture grant funds remaining unspent at the end of the previous grant period when it renews a grant.

h. Subject to HUD approval and the terms of the NOFO, the following requests may be included in a renewal application:

(1) CoC renewal project applications (including DV Renewal projects and projects originally funded under the Special NOFO) may include non-significant changes including shifting up to 10 percent of funds from one approved eligible activity to another.

(2) YHDP Renewal project applications from any round may include non-significant changes including adding select Special YHDP Activities in section IV.B.2 and shifting up to 10 percent of funds from one approved eligible activity to another.

(3) Renewal applications that include requests to shift more than 10 percent of funds from one approved eligible activity to another and other significant changes as defined at 24 CFR 578.105 will not be considered during the CoC Program Competition by HUD, except as provided in Section IV.B.3 of this NOFO. If an application includes a budget shift that exceeds 10 percent, HUD will correct the project budget to reflect the previously awarded budget amounts. Applicants seeking to make significant changes to their grant, such as shifting more than 10 percent of funds from an approved eligible activity, should contact their Field Office and request a grant agreement amendment.

i. *Actual Per Unit Cost – Renewal Grants.* Applicants requesting renewal of grants for rental assistance may request a per-unit amount less than the Fair Market Rent (FMR) if the actual rent per unit under lease is less than the FMR. This will help reduce the number of projects receiving rental assistance that have large balances of unspent funds remaining at the end of the operating year. Renewal project applicants must ensure the amount requested will be sufficient to cover all eligible costs as HUD cannot provide funds beyond the amount awarded through the FY 2026 CoC Program funding process. Project applications for rental assistance cannot request more than 100 percent of the published FMR. New project applications must adhere to 24 CFR 578.51(f) and must request the full FMR amount per unit. See section V.D.5.a of this NOFO for additional information regarding FMR adjustments for projects receiving funds for rental assistance.

j. *Renewal Project Grant Terms.* Renewal project applications are limited to a 1-year grant term with 1 year of funding. Any renewal PH project that receives project-based rental assistance or operating costs may request up to a 15-year grant term; however, project applicants may only request 1 year of funding. HUD may extend the grant term consistent with 2 CFR 200.308 and 2 CFR 200.309.

Project applicants must apply for the additional funds as a renewal project application prior to the anniversary of the first expenditure of grant funds by which date grant funds should have been expended; or, if HUD extends the date that funds must be expended, the date the extension expires. HUD does not guarantee CoC Program funds past the 1 year of renewal funding.

5. New Project Requirements.

CoCs are encouraged to submit new projects created through CoC Bonus, DV Bonus, CoC Reallocation, DV Reallocation, or YHDP Replacement including YHDP Reallocation. A CoC designated Collaborative Applicant may submit a new CoC Planning project application, and if applicable, a UFA Costs project application in FY 2026.

To expend funds within statutorily required deadlines, applicants funded for sponsor-based and project-based rental assistance must execute the grant agreement and begin providing rental assistance within 2 years. However, HUD strongly encourages all rental assistance to begin within 12 months of award. Applicants that are unable to begin rental assistance within the 12-month period should consult with the local HUD CPD field office.

a. HUD will review project subrecipient eligibility as part of the project quality threshold review process. Project applicants must submit documentation of the subrecipient's eligibility with the project application.

b. Per the Consolidated Appropriations Act, 2026, to receive funding for a new CoC project, except those created through reallocation, HUD must determine the CoC has demonstrated that projects are evaluated and ranked based on the degree to which they improve the CoC's system performance (See more information on the System Performance rating factor in section V.B.1.b of this NOFO).

c. ***New Project Grant Terms.*** The initial grant term for new project applications may be 1-year, 2-years, 3-years, 4-years, 5-years, or 15-years. HUD may extend the grant consistent with 2 CFR 200.308 and 2 CFR 200.309. The following exceptions apply:

(1) HUD will allow new projects to request 1 year of funding with a longer initial grant term not to exceed 18 months. HUD has determined that most new projects requesting 1 year of funding normally take approximately 3 to 6 months to begin fully operating the new project (e.g., hiring staff, developing partnerships with landowners if leasing or renting). Therefore, a new project requesting 1 year of funding may request a grant term of 12 months to 18 months that will allow for the additional start-up process. Any new projects requesting capital costs (i.e., new construction, acquisition, or rehabilitation) are not eligible for 1-year funding requests. See (8) below for more information on new projects requesting capital costs. Transition grant applications cannot request 18-month grant terms.

(2) Any new expansion project submitted to expand an eligible renewal CoC Program-funded project may only request a 1-year grant term, regardless of the project type.

(3) Any new project that requests tenant-based rental assistance may request a 1-year, 2-year, 3-year, 4-year, or 5-year grant term.

(4) Any new project that requests leasing costs - either leasing costs only or leasing costs plus other costs (e.g., supportive services, HMIS) - may request up to a 3-year

grant term.

(5) The first year of funding for YHDP Replacement projects will be based on the 1-year renewal amount of the current YHDP project being replaced. The YHDP Replacement project's operating start date will be the day after the end of the previous grant term for the project being replaced.

(6) Any new project that requests project-based rental assistance or sponsor-based rental assistance, or operating costs may request up to a 15-year grant term; however, the project applicant may only request up to 5 years of funds. Funding for the remainder of the term is subject to availability. Applicants must apply for additional funds through a renewal project application in the competition held in the calendar year prior to the anniversary of the first expenditure of grant funds, or if HUD has extended the grant term, the date the extension expires. HUD does not guarantee CoC Program funds past the initial 5-year grant term, if conditionally awarded.

(7) Any new project that requests operating costs, supportive services only, HMIS, and project administrative costs may request 1-year, 2-year, 3-year, 4-year, or 5-year grant terms with funding for the same number of years.

(8) Any new project conditionally selected by HUD that requests new construction, acquisition, or rehabilitation costs (capital costs) must request a minimum of a 3-year grant term and may request up to a 5-year grant term. Any new projects requesting capital costs are not eligible for 1-year funding requests. If a new project requests 1 year of funding with capital costs, HUD will increase the grant term to 3-years and the new project must spend the funds requested over a 3-year period.

If an applicant requests funds for new construction, acquisition, or rehabilitation in addition to requesting funds for operating, supportive services, or HMIS, the funding will be for the 3-years to 5-years requested, and the grant term will be 3-years to 5-years plus the time necessary to acquire the property, complete construction, and begin operating the project. HUD will require recordation of a HUD-approved use and repayment covenant before funds can be drawn down (the form can be obtained from the local HUD CPD field office) for all grants of funds for new construction, acquisition, and rehabilitation. (24 CFR 578.81) HUD Field Office Counsel must approve the use and repayment covenants in advance of their being recorded, and proof of recording must be submitted to HUD Field Office Counsel before HUD will release grant funds, other than acquisition funds.

(9) All new CoC Planning or UFA Costs project applications are limited to 1-year grant terms and 1 year of funding.

(a) The maximum amount for one year of funding to spend on administrative costs associated with the CoC planning activities listed at 24 CFR 578.39 is 5 percent of FPRN, up to a maximum of \$1,500,000, or \$50,000 whichever is greater.

(b) The maximum amount for one year of funding to spend on administrative costs associated with the UFA costs described at 42 USC 11383(a)(11) is up to 3 percent of FPRN or \$1,250,000 per fiscal year; whichever is less.

(c) CoC Planning and UFA Costs grants are not renewable.

(10) Any new project that is requesting consideration under the DV Bonus or DV Reallocation process may only request 1 year of funding, but may request a longer initial grant term not to exceed 18 months regardless of project application component type.

C. Cost Sharing or Matching

This Program requires cost sharing or matching, as described below.

24 CFR 578.73 of the Rule requires that recipients must match all grant funds, except for leasing funds, with no less than 25 percent of funds or in-kind contributions from other sources.

Project applicants that intend to use program income as a match must provide an estimate of how much program income will be used for the match. HUD will not require YHDP Renewal or replacement projects to meet the 25 percent match requirement if the applicant is able to demonstrate it has taken reasonable steps to maximize resources available for homeless youth or if the recipient has already had a match exemption approved for this renewal as provided in Section I.C.1.b.4 of Appendix A of the FY 2022 Youth Homelessness Demonstration Program NOFO (FR-6700-N-35).

III. PROGRAM DESCRIPTION

III. Program Description

A. Purpose

B. Goals and Objectives

C. Authority

D. Unallowable Costs

E. Indirect Costs

III. PROGRAM DESCRIPTION

A. Purpose

The Continuum of Care (CoC) Program (24 CFR part 578) is a national competition between geographic areas designed to promote a community-wide commitment to the goal of ending homelessness; to provide funding for efforts by nonprofit providers, states, local governments and Indian Tribes or tribally designated housing entities (as defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103) (TDHEs)) to quickly rehouse homeless individuals, families, persons fleeing domestic violence, dating violence, sexual assault, and stalking, and youth while minimizing the trauma and dislocation caused by homelessness; to promote access to and effective utilization of mainstream programs and programs funded with State or local resources; and to optimize self-sufficiency among homeless individuals and families.

As described in detail below, a "Housing First" approach to homelessness has failed to deliver on the CoC Program's primary goal: to end homelessness.

The FY 2026 CoC Program NOFO funds the renewal of existing CoC grants, including DV Renewal projects and projects originally funded under the Special NOFO to Address Unsheltered and Rural Homelessness, and the competitive renewal or replacement of existing YHDP grants that are expiring in Calendar Year 2027. This NOFO also provides funding for new projects, including those created with DV Bonus, CoC Bonus, and the reallocation of existing renewal projects.

For FY 2026, HUD requires Collaborative Applicants to rank all project applications, except for CoC Planning, and if applicable, UFA Costs project applications.

B. Goals and Objectives

"Housing First" has been a profound failure by any measure. Far from ending homelessness as promised, since the policy was first mandated by HUD in 2013:

- Literal homelessness (on the street, in emergency shelters, or in transitional housing) has increased 27%,
- Chronic homelessness has increased 80.5%, and
- Unsheltered homelessness has increased 36.1%.¹

This is despite the fact that, since 2013:

- Taxpayer funded "permanent housing" beds have increased 150.9%²,
- "Rapid rehousing" was created, artificially lowering numbers by recategorizing people in short-term assistance as "permanently housed," and
- CoC spending has increased 111%.³

HUD is restoring the CoC program to its original goals of reducing homelessness and optimizing self-sufficiency by focusing on meaningful outcomes, expanding competition, prioritizing treatment, economic independence, and emphasizing law and order.

More than a decade ago, advocates of "Housing First" argued that the approach would end

all types of homelessness in 10 years.⁴ By focusing on permanently subsidized housing with no conditions, the Obama Administration said it would end veteran homelessness by 2015, chronic homelessness by 2016 and family homelessness by 2020.⁵

In 2026, it is evident that those promises have profoundly failed. After focusing on permanently subsidized housing with no conditions for more than a decade, homelessness reached the highest population ever recorded at the highest rate of increase ever recorded last year.⁶ There are more people today than ever before who are dependent on indefinitely subsidized housing for homelessness – Permanent Housing. The nation's supply of Permanent Supportive Housing has increased by 111% (more than double) since 2007. When Rapid Rehousing is included, the supply of Permanent Housing (Permanent Supportive Housing and Rapid Rehousing) has increased by 188%. During the same time period, the nation's supply of Transitional Housing has decreased by 59.5%.

The present-day homelessness assistance framework has incentivized the speed at which individuals receive subsidized housing rather than the quality of services individuals receive in order to reach self-sufficiency and independent living.⁷ This NOFO takes steps to restore competition, balance, and true outcomes to the CoC program.

1. Improving Outcomes.

This NOFO incentivizes outcomes consistent with the purposes of the CoC program including optimizing self-sufficiency, reducing homelessness, and minimizing the trauma caused to communities as a whole by homelessness. HUD is committed to supporting meaningful, sustained reductions in homelessness and increases in self-sufficiency rather than measuring outputs such as the number of beds created or filled.

Because unsheltered homelessness causes unique trauma to individuals, families, and communities, this NOFO focuses on reductions in unsheltered homelessness and encampments.

One of the main objectives for the CoC program, as set out in the McKinney-Vento Act, 42 U.S.C. § 11381, is to optimize self-sufficiency among homeless individuals and families. CoCs should review all projects eligible for renewal under this NOFO to determine their effectiveness in reducing homelessness and increasing self-sufficiency. CoCs should prioritize projects that promote self-sufficiency, increase employment income over government assistance, and promote treatment and recovery.

This NOFO includes several options to help CoCs improve their effectiveness, including reallocation, expansion, and transition grants, and CoC's should take advantage of these options to expand the pool of successful providers, including faith-based providers, and improve the overall performance of the CoC. This NOFO also makes a significant investment in Transitional Housing and Supportive Service Only projects to ensure that those who can recover and achieve self-sufficiency have the support to do so.

2. Creating Competition to Improve Innovation and Accountability.

The Continuum of Care Program was intended to be a "national competition between geographic areas" (42 U.S.C § 11386a), which is also consistent with Office of Management and Budget requirements that federal grants be awarded on a competitive, objective basis, even for renewals. 2 CFR 200.204 and 200.205. In 2024, 90% of every CoC's Annual

Renewal Demand was conditionally awarded without any connection to CoC score or project merit.⁸ This means that only about 10% of FY24 CoC awards were competed on the basis of merit between geographic areas. In fact, since 2013, the most competitive CoC competition required only 15% competition on the basis of merit, and the least competitive required merely 5% competition.

Competition drives outcomes, effectiveness, innovation, and accountability. Consistent with the FY26 appropriation bill, HUD is setting Tier 1 at 60% and competing 40% of CoC ARD on the basis of merit between geographic areas. Increased competition brings the CoC Program back to its original intent as a competitive program, not an entitlement program or block grant. Competition ensures that CoCs consistently evaluate the effectiveness of their projects and invest in new projects that deliver the best results at reducing homelessness and optimizing self-sufficiency.

3. Restoring Balance to the Continuum of Care.

The CoC program has four project components for all CoCs: Permanent Housing, Transitional Housing, Supportive Service Only, and HMIS. This NOFO provides opportunities to restore a healthy balance of CoC-funded projects to further community-wide efforts to reduce homelessness.

From 2007 to 2009 there was a nearly equal distribution of Emergency Shelter beds, Transitional Housing beds, and Permanent Supportive Housing beds.⁹ During this time, the number of homeless individuals was decreasing consistently. Beginning in 2010, and reinforced by HUD's 2013 policy changes, Permanent Supportive Housing beds increased dramatically as Transitional Housing beds decreased dramatically. The distribution of types of assistance is far from the balance seen in 2007.

The numbers cited above reference nationwide bed counts. The trend and disparities between Permanent Housing and Transitional Housing is even more apparent when narrowed to CoC-funded housing in particular. In 2024, 88% of the CoC national award went to Permanent Housing, and only 1% supported transitional housing projects.¹⁰

Instead of a balanced continuum of assistance, the CoC Program has become a "one size fits all" response to homelessness that restricted the spectrum of eligible program components, excluding a wide array of community providers in the process. By investing in Transitional Housing and Supportive Service Only projects, HUD intends to restore the "continuum" to the Continuum of Care Program to help able-bodied people move to self-sufficiency. Individuals who are likely to never be able to return to the workforce—over 62 years old, physically disabled, developmentally disabled—should be prioritized for Permanent Supportive Housing. Instead, many Permanent Supportive Housing units prioritize certain disabilities thereby failing to serve the most vulnerable. Many individuals with disabilities, including impairment due to substance abuse, are able to recover and regain self-sufficiency and deserve every opportunity to receive treatment and services to help them do so.

To the extent permitted by law, HUD is shifting its focus from awarding nearly 90% of CoC funding to Permanent Housing to expand opportunities for other components of the CoC Program.

4. Prioritizing Treatment and Recovery as a Means to Self-Sufficiency.

According to a nationwide study, 75% of a survey sample of 64,000 unsheltered homeless individuals reported a substance use disorder and 78% reported a mental health condition. The study found that substance use disorder contributed to the loss of housing for 50% of the unsheltered population, and mental health conditions contributed to loss of housing for 51% of the population.¹¹ Another study found that two-thirds of homeless individuals self-reported regular use of hard drugs like methamphetamine, cocaine, and opiates. Of those, 29% reported wanting treatment and being unable to receive it.¹² Based on HUD's 2024 Point-In-Time Count data, which asks individuals if they wish to self-report substance abuse, 24.7% of unsheltered homeless individuals select to self-report substance abuse. The results of ignoring the prevalence of substance use disorder among homeless people is deadly.

According to a 2022 study from JAMA, "deaths among people experiencing homelessness in San Francisco more than doubled to 331 deaths during the first year of the COVID-19 pandemic, driven by a large increase in overdose deaths."¹³ The risk of fatal overdose inside Permanent Supportive Housing is noteworthy, and tragic. The City of Seattle reported a 282% increase in overdose deaths in King County's Permanent Supportive Housing (and other subsidized housing) between 2020 and 2023.¹⁴ According to HUD's own data, 19.5% of exits from Permanent Supportive Housing among adults living alone are due to death. Between 2019 and 2022, the share of adults living alone who died in Permanent Supportive Housing increased from 13% of exits to 20%, and the *number* of adults who died increased by 31%.¹⁵

Despite the tragic realities of substance abuse and fatal overdose among those who are homeless or living in Permanent Supportive Housing, there are recipients of CoC funding who reportedly, under the misnomer of "harm reduction," permit, and even encourage, the use and distribution of illicit drugs on their property including by distributing drug paraphernalia like needles, pipes, and foil. This NOFO provides communities opportunities to invest in treatment services and recovery housing, and ensures that recipients do not distribute drug paraphernalia or knowingly permit the use and distribution of fatal, illicit drugs on their properties. This is not a requirement that projects condition assistance on sobriety or treatment, although both are allowable under 24 CFR 578. CoCs should prioritize projects that provide the treatment and services people need to recover and regain self-sufficiency including on-site behavioral health treatment, robust wraparound supportive services, and participation requirements. This NOFO devotes resources to Transitional Housing programs and Supportive Service Only projects with the goal of improving health and long-term economic independence for homeless individuals and families. The NOFO encourages investment in treatment-focused beds, recovery housing, and partnership with community behavioral healthcare providers, drug courts, and other addiction and severe mental illness treatment providers. HUD encourages CoCs to utilize the full array of mainstream programs and local and private resources to provide housing and healthcare needed to maintain safe and stable housing.

5. Promoting Economic Self-Sufficiency.

One of the primary purposes of the CoC Program, as outlined in 42 U.S.C. § 11381, is to optimize self-sufficiency. In fact, self-sufficiency is one of only four purposes Congress provided for the CoC Program. CoCs should partner with workforce development centers,

employers, childcare, and other supportive service providers to increase employment and employment income for program participants. CoCs should prioritize projects that help lead to long-term economic independence for individuals and families to exit homelessness to unsubsidized housing and prevent future returns to homelessness.

Although a chief goal of the program is self-sufficiency, HUD's data reveals low rates of increased employment income and exits to unsubsidized housing. As of 2023, a median of only 6% of individuals in CoC-funded housing across the nation increased their earned employment income during that reporting period. In comparison, 33% of individuals in CoC-funded housing increased their benefits and welfare income.¹⁶ Nationwide, 76.1% of Permanent Supportive Housing residents are under age 65.¹⁷ Yet in Permanent Supportive Housing, only 13.2% of all households exited their housing. Of that percentage, only 12.9%, or 1.7% of the total participating households, exited to unsubsidized housing. Nearly twice as many exits were due to death.¹⁸

One way to advance both recovery and self-sufficiency is through supportive service participation requirements. Service participation requirements have been successfully employed in most federal social service programs and were integral to the welfare policy reforms enacted under President Clinton in 1996. For example, Pell Grants require recipients to make satisfactory academic progress, attend classes, and maintain a passing grade point average. Unemployment insurance benefits require program participation, including demonstrated participation in prescriptive job searches. Temporary Assistance for Needy Families (TANF) requires beneficiaries to work or advance their education.

According to a national poll in 2025, there is strong bipartisan support for supportive service participation requirements, with 64% of respondents in favor of "requiring participation in addiction and mental health treatment and job training programs as a condition of receiving taxpayer-funded housing."¹⁹ Well-designed supportive service participation requirements provide structure and accountability for program participants to meet their unique goals and needs. Rather than hinder participant choice, participation requirements empower goals and participant progress.

In accordance with 24 CFR 578.75(h), HUD encourages supportive service agreements that meet individual needs and advance individual progress towards self-sufficiency and independent living goals set forth in 42 U.S.C. 11386a(b)(1)(F).

6. Advancing Public Safety for All.

Safety and security for all members of the public, especially those living on the streets and in encampments, is essential to promoting a community-wide commitment to the goal of ending homelessness and minimizing trauma to individuals, families, and communities. CoCs should cooperate with law enforcement to advance public safety for the entire community impacted by homelessness. No one should sleep outside on the street or in dangerous encampments, and everyone should be able to enjoy public spaces safely. HUD encourages CoCs to assist in preventing and minimizing the trauma associated with living on the streets or in encampments, especially for women and youth that are the victims of sexual assault and trafficking. Unchecked public camping and public illicit drug use inhibit nonprofit providers and local government from effectively addressing homelessness.

Respecting the rule of law is critical to community-wide efforts to address homelessness and protect all residents. According to one report, as unsheltered homelessness increased in King County, gun crimes tied to homeless encampments increased by 122% in just the first six months of 2022. Between 2017 and 2020, 50% of all arrests in Portland, Oregon were of homeless individuals despite the homelessness population comprising only 2% of the total population. According to the same report, drug overdoses were the most common cause of death among homeless individuals in New York City between 2018 and 2021. The number of deaths doubled during that short time period.²⁰ One recent study indicates that in some states, as many as half of unsheltered homeless individuals are registered sex offenders, in violation of requirements that they have a registered address.²¹

None of the realities above suggest that the entire homeless population is engaged in criminal or illicit activity despite significant disproportionality. Data also indicates that homeless individuals are the victims of crime at higher rates than the general public.²² Gun violence in encampments, fatal drug overdoses on the streets, and sexual assault in encampments all perpetuate harm and trauma to homeless individuals and to the community. It is common sense to acknowledge the close relationship between unchecked homelessness and illicit activity with its many victims. Enforcing the rule of law is critical to protecting the safety of everyone regardless of their housing status, which in turn promotes one of the core purposes of McKinney-Vento, "community-wide commitment to the goal of ending homelessness." 42 U.S.C. § 11381(1).

In 2024, The City of Seattle reported that 76% of residents surveyed in a downtown neighborhood disagreed or strongly disagreed with the statement "I feel safe in my neighborhood."²³ The respondents included residents of three Permanent Supportive Housing buildings in the neighborhood. The city described a downtown environment that creates "opportunities for illegal street markets, drug markets, and unsanctioned tent encampments to form."²⁴

The public supports policies that advance public safety related to homelessness. According to national polling in 2024, there is strong bipartisan support for public camping bans and stricter enforcement of drug laws, with 72% of voters in favor of "moving individuals into shelters over allowing camping" and 60% of voters in favor of "stricter drug enforcement near service providers, including penalties for facilities permitting drug activity."²⁵

Advancing public safety policies has been shown to decrease homelessness. Two years after the City of Austin reinstated a ban on public camping, unsheltered homelessness decreased by one-third.²⁶ Several years after Colorado Springs restricted public camping near creeks and waterways, unsheltered homelessness decreased by 14%.²⁷

First responders are critical partners in engaging people into treatment and services and protecting public order and vulnerable homeless individuals. In *City of Grants Pass v. Johnson*, 603 U.S. 520 (2024), the Supreme Court of the United States upheld the authority of local governments to prohibit public camping.

First responders and law enforcement are often the first to encounter our most vulnerable members of society and should be aware of the available services to triage individuals into safe and appropriate services, ideally alongside non-law enforcement service providers in the Continuum of Care. CoCs should work with law enforcement, first responders, and their state

