

HUD's FY2025 Continuum of Care Program Competition

December 12, 2025

The Continuum of Care (CoC) program, administered by the U.S. Department of Housing and Urban Development (HUD), is the largest federal grant specifically targeted to assist [people experiencing homelessness](#).

CoC funds are awarded through a competitive process announced in annual Notices of Funding Opportunity (NOFOs). The CoC NOFOs set priorities that, in part, determine which grantees receive funding. HUD [announced](#) the release of an [FY2025 CoC NOFO](#) on November 13, 2025, that prioritized funds differently from previous years, [sparking concern](#) by some that existing grantees could fail to qualify for continuing funding to maintain housing and services for their clients.

Lawsuits challenging the FY2025 NOFO were filed on [November 25, 2025](#), and [December 1, 2025](#). On December 8, 2025, prior to a hearing on the lawsuits, HUD withdrew the FY2025 NOFO, [stating](#) that it would “make appropriate revisions” and reissue “a modified NOFO well in advance of the deadline for obligation of available Fiscal Year 2025 funds.” While HUD has until September 30, 2027, to [obligate FY2025 funds](#), [some current grants may end as soon as January 2026](#).

CoC Program Background

CoC grantees—nonprofit organizations, public housing authorities, governmental entities, and tribes—use CoC funding to provide housing and services for people experiencing homelessness. Listed below [are eligible housing and services interventions](#) and the [share of FY2024 funding](#) devoted to each.

- **Permanent Housing:** Includes two categories.
 - *Rapid Rehousing (RR) (20% of FY2024 funding):* Short-term rental assistance (up to 3 months) and medium-term rental assistance (3-24 months) for homeless individuals and families. RR is considered permanent housing because residents may remain in the same unit after rental assistance ends. In most cases, residents are required to meet with a case manager at least once per month.
 - *Permanent Supportive Housing (PSH) (62% of FY2024 funding):* Housing without a designated length of stay for homeless individuals with disabilities or

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IN12626

families with a member who has a disability. Supportive services must be made available to help residents live independently.

- **Transitional Housing (TH) (1% of FY2024 funding):** Housing for individuals and families for up to 24 months. [Supportive services](#) must be made available to residents through the duration of their residence. HUD has not funded new TH projects since the [FY2012 NOFO](#).
- **Joint TH-RR (6% of FY2024 funding)**
- **Supportive Services Only (SSO) (5% of FY2024 funding):** Services that are not provided in conjunction with housing. Starting in [FY2012](#), new SSO projects have only been available for [coordinated entry/assessment](#), a system of intake and referral.

CoC Program Competition

CoC grantees and other stakeholders in a [geographic area](#) establish planning bodies, also called Continuums of Care, to set priorities and strategies to address homelessness in their communities. Together they submit a unified application to HUD for CoC funding through a designated [Collaborative Applicant](#).

The [FY2024 appropriations law](#) gave HUD the authority to issue a two-year NOFO for the CoC program in FY2024 and FY2025. HUD [issued](#) an [FY2024-FY2025 NOFO](#) on July 31, 2024, which provided that “CoCs are only required to submit one CoC application that will be applicable to the FY2024 and FY2025 funds. HUD reserves the right to award available FY2025 funds ... based on this NOFO competition.”

However, FY2025 funds were not released pursuant to the FY2024-FY2025 NOFO, and instead HUD released the FY2025 NOFO on November 13, 2025.

CoC Competition Prior to FY2025

The majority of CoC funds awarded in prior years have been used to renew grants; in [FY2024](#), nearly 88% of funds went to renew existing grants (including Youth Homeless Demonstration Program grants), almost 4% to grants for new projects, and 5% to combined renewal/expansion projects.

Starting with the FY2012 NOFO, through FY2024, HUD divided the CoC competition into two funding tiers in order to prioritize renewal grant funding:

- **Tier 1:** HUD allowed CoCs to request renewal of up to roughly 90% of their Annual Renewal Demand (ARD) outside of the NOFO’s competitive scoring process. [ARD](#) is generally the amount of funding a CoC needs to renew all its grants for one year. CoCs rank projects within Tier 1, and they must meet project eligibility, quality, and renewal threshold criteria, but they do not compete with other grantees for available funds.
- **Tier 2:** CoCs compete for their remaining ARD plus an amount of funding that is potentially available for new projects. Due to limited funds, only the [highest scoring CoCs](#) generally receive funding for new projects.

Withdrawn FY2025 NOFO and Differences from Previous Years

The statute governing the CoC program requires that certain [selection criteria](#) be contained in the NOFO. For example, the statute requires HUD to consider a CoC’s previous performance in reducing homelessness. But HUD also sets priorities that are used to award points in the competition. [FY2024-FY2025 NOFO](#) priorities included using a [housing first](#) approach (offering housing without preconditions

and resident choice of services), emphasizing system and program changes to address racial equity, and improving assistance to LGBTQ+ individuals.

The FY2025 NOFO would have changed the tiered funding percentages, priorities, and scoring compared to the FY2024-FY2025 NOFO. The FY2025 NOFO (withdrawn as of the date of this Insight) would have done the following:

- maintained the tiered system of previous CoC NOFOs but limited an applicant to **30% of ARD in Tier 1** (compared to 90% in FY2024);
- provided that **no more than 30% of ARD** can be used to renew PSH, RR, and Joint TH-RR projects (these projects made up 88% of grants funded in FY2024);
- allowed **new TH and SSO projects** (generally not funded since FY2012);
- set **priorities** that include treatment and recovery, advancing public safety, and promoting self-sufficiency; and
- reserved the right to evaluate the eligibility of a **new project**, or to reduce or reject a **renewal application** that, among other things, “has previously or currently conducts activities that subsidize or facilitate racial preferences or other forms of illegal discrimination or conduct activities that rely on or otherwise use a definition of sex other than as binary in humans” or that conducts activities such as operating drug injection or safe consumption sites.

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