

# HUD's FY2025 Continuum of Care Program Competition

Updated February 4, 2026

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 assisting [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.

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, providing that applicants “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.” The NOFO further provided that “HUD also reserves the right to modify this NOFO or issue a supplemental FY 2025 CoC and YHDP [Youth Homeless Demonstration Program] NOFO if necessary (e.g., to accommodate a new CoC or YHDP priority or new funding source).”

FY2025 funds were not released pursuant to the FY2024-FY2025 NOFO; instead, HUD [announced](#) the release of an [FY2025 CoC NOFO](#) on November 13, 2025, that prioritized funds differently from previous years, [sparking concern](#) that existing grantees could fail to qualify for continuing funding to maintain housing and services for their clients. The FY2025 NOFO's release led to a series of actions:

- Lawsuits challenging the FY2025 NOFO were filed on [November 25](#) and [December 1, 2025](#). On [December 19](#), the parties agreed to a joint schedule to resolve the issues.
- In mid-December, HUD [withdrew the FY2025 NOFO](#), stating that it would “make appropriate revisions” before reissuing it.
- On December 23, the District Court [issued a preliminary injunction](#) staying the FY2025 NOFO and directing that HUD process eligible grant renewals according to the FY2024-FY2025 NOFO, without yet obligating funds. HUD [set a submission deadline](#) of February 9, 2026, for changes to renewal applications.

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- At roughly the time of the preliminary injunction, HUD issued a [replacement FY2025 NOFO](#), stating that “[i]f the Order is no longer in effect, HUD intends to implement the NOFO issued on December 19, 2025.”
- The FY2026 Consolidated Appropriations Act (P.L. 119-75), enacted on February 3, 2026, contained a [general provision regarding FY2025 CoC funding](#). It provided that FY2025 CoC grants expiring through March 2026 shall be renewed for 12 months, and that if FY2025 awards have not been made at the start of the second and third quarters of calendar year 2026, remaining expiring grants shall also be renewed.

## 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. 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- and medium-term rental assistance (up to 24 months) for homeless individuals and families. RR is considered permanent housing because residents may remain in the same unit after rental assistance ends. Residents are generally required to meet with a case manager at least monthly.
  - *Permanent Supportive Housing (PSH) (62% of FY2024 funding):* Housing without a designated length of stay for homeless individuals with disabilities or 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 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 grantees and other stakeholders in a [geographic area](#) establish planning bodies, also called Continuums of Care (CoCs), to set priorities and strategies to address homelessness in their communities. Together, they submit a unified application to HUD for CoC funding.

## 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 YHDP 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 funding of up to roughly 90% of their Annual Renewal Demand (ARD). [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 potentially available for new projects. Due to limited funds, only the [highest scoring CoCs](#) generally receive funding for new projects.

## FY2025 NOFOs and Differences from Previous Years

The CoC program statute requires that certain [selection criteria](#) be contained in the NOFO. For example, HUD must consider a CoC's previous performance in reducing homelessness. But HUD also sets priorities in the grant competition.

[FY2024-FY2025 NOFO priorities](#) included using a [housing first](#) approach (offering housing without preconditions such as substance use treatment and resident choice of services), emphasizing system and program changes to address racial equity, and improving assistance to LGBTQ+ individuals.

The replacement FY2025 NOFO, if implemented, would change the tiered funding process and priorities compared to the FY2024-FY2025 NOFO. The FY2025 replacement NOFO proposes to do the following (the withdrawn FY2025 NOFO proposed these same changes):

- maintain the tiered system of previous CoC NOFOs but limit an applicant to [30% of ARD in Tier 1](#) (compared to 90% in FY2024);
- provide 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);
- allow [new TH and SSO projects](#) (generally not funded since FY2012);
- set [priorities](#) that include treatment, economic independence, and law and order.

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