Congressional Research Service
Informing the legislative debate since 1914

INSIGHT

HUD's FY2026 Continuum of Care Program Competition

July 15, 2026

The Continuum of Care (CoC) program, administered by the U.S. Department of Housing and Urban Development (HUD), funds housing and services to assist people experiencing homelessness. CoC funds are awarded through a competitive process announced in annual Notices of Funding Opportunity (NOFOs). CoC NOFOs set priorities that, in part, determine which grantees receive funding.

CoC NOFOS for FY2025 and FY2026 prioritized funding differently compared to previous years. The FY2025 NOFO raised concerns that grantees would be unable to maintain housing and services for their clients, prompting a lawsuit that resulted in the NOFO being stayed and ultimately vacated. The FY2026 Consolidated Appropriations Act directed HUD to noncompetitively renew grants for FY2025.

The FY2026 NOFO, released on June 1, 2026, could similarly affect existing housing and services grants. A lawsuit challenging the FY2026 NOFO was filed on July 2, 2026. This Insight addresses the FY2026 NOFO; for more information about the FY2025 NOFO, see CRS Insight IN12626.

Among its changes, the FY2026 NOFO would

- reduce the percentage of existing grants that can be renewed,
- direct roughly 30% of funding to new transitional housing and supportive services-only grants and away from permanent housing,
- set minimum and maximum levels of bonus funding for new grants,
- implement scoring criteria that require client participation in treatment and recovery services, and
- allow HUD the discretion to base awards on factors outside the review and scoring process.

CoC Program Background

CoC program grantees—nonprofit organizations, public housing authorities, governmental entities, and tribes—and other stakeholders in a geographic area establish planning bodies, also called Continuums of

Care, to address homelessness in their communities. Together they submit a unified application for CoC funding. Under statute and regulations, eligible housing and services interventions are the following:

- **Permanent Housing:**
    - *Rapid Rehousing (RR)*: 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)*: 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):** 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 FY2012.
- **Supportive Services Only (SSO):** Services not provided in conjunction with housing. Starting in FY2013, new SSO projects have only been available for coordinated entry/assessment, a system of intake and referral.

FY2026 NOFO Compared to Prior Years

Grant Renewals

The large majority of CoC funds awarded in prior years funded grant renewals; in FY2024, 88% of funds went to renew existing grants.

NOFOs from FY2012 through FY2024 divided the CoC competition into two funding tiers to allow grantees to prioritize renewal projects. Within tier 1, CoCs could request renewal funding up to roughly 90% of their Annual Renewal Demand (ARD). ARD is generally the amount of funding CoCs need to renew all their grants for one year.

After the FY2025 NOFO made 30% of ARD available in tier 1, language in the FY2026 appropriation provided that HUD "shall select projects totaling not less than 60 percent of the [ARD]" for each applicant.

The FY2026 NOFO made 60% of ARD available within tier 1, the minimum required by the appropriations directive. Tier 2 funding is prioritized for new projects (as described in the next section), and is likely insufficient for remaining renewals based on HUD's selection process.

New Projects

Under NOFOs prior to FY2025, new housing-related grants were available primarily for PSH and RR. In FY2026, $1.3 billion (of $4.04 billion in total funding) is set aside for new grant funding prioritized for TH and SSO projects.

CoCs qualify for new grant funding, in part, through the *CoC bonus*. In prior years, CoCs could compete for CoC bonus funds up to a percentage of their final pro rata need (FPRN; the maximum amount available to a CoC). For example, in FY2024 the CoC bonus was up to 12% of FPRN. (Not all CoCs qualify for bonus funding, and only the highest scoring CoCs generally receive funding for new grants.)

The FY2026 NOFO provides a CoC bonus of up to 15% of FPRN but, unlike prior NOFOs, it includes minimum and maximum dollar amounts of bonus funding based on type of CoC. For most CoCs, the minimum will be $500,000 and the maximum $5 million, raising some CoCs above 15% of FPRN and reducing some below. In FY2024, 14 CoCs (including those referred to as Unified Funding Agencies) had bonus levels exceeding $5 million, and 210 had bonuses levels under $500,000. (As of the date of this Insight, HUD had not released FY2026 CoC bonus levels.)

Priorities

The FY2026 NOFO states that “CoCs should prioritize projects that promote self-sufficiency, increase employment income over government assistance, and promote treatment and recovery.”

Of the 200 points available in the competition, up to 20 are for providing treatment and recovery services and up to 8 are for requiring participation in supportive services. In FY2024, up to 7 points were available for leveraging health care resources, including access to treatment, but participation in treatment or services was not required according to the approach known as *housing first*.

In FY2026, up to 12 points are for applicants showing increased client income from employment only; in FY2024, applicants could also qualify for points based on increased client income from non-employment sources.

HUD Discretion

The FY2026 NOFO states that “HUD may exercise its discretion in deciding whether and how to issue an award” based on a range of factors outside the review and scoring process, including “reasonableness of the estimated costs to the government,” “readiness to conduct the proposed work,” “likelihood that the proposed project will result in the benefits expected,” a “preference for applicants with lower indirect costs,” a “broad range of recipients beyond current recipients,” and “geographic dispersion.” Previous NOFOs included requirements related to indirect costs and geographic diversity but did not reserve the right to make discretionary funding decisions on these bases.

Author Information

Libby Perl
Specialist in Housing Policy

Disclaimer