

Opportunities in the FY26 CoC NOFO

COE NEW PROJECT INFORMATION

A strategic briefing for local Continuum of Care members preparing for the federal FY2026 funding competition.



Agenda

01

Background

What is the CoC and how does federal funding work

03

Eligible Applicants & Project Types

Who can apply and what projects qualify

05

NOFO Opportunities & Risks

Vermont-specific context and bonus pathways

02

Anticipating the 2026 NOFO

HUD policy shifts and what to expect

04

Expansions, Reallocation & Transitions

Strategic options for existing recipients

06

How to Apply & Timeline

Scoring factors, tips, and key dates

What Is the Continuum of Care?

Community-Wide Commitment

A Continuum of Care (CoC) is a federally recognized program designed to promote a community-wide commitment to ending homelessness – providing funding and structured support to quickly rehouse homeless individuals and families.

A Collaborative System

CoCs bring together nonprofit providers, local governments, public housing authorities, and other organizations. The goal is to optimize resources, coordinate services, and ensure that people experiencing homelessness receive the right interventions at the right time.

Federal Backbone

HUD funds CoCs through an annual competitive process, holding communities accountable for measurable outcomes and system-level performance.



BACKGROUND

Federal CoC Program Funding

\$4.4B

Total FY26 Homelessness Funding

\$4.010B for CoC; \$290M for Emergency Solutions Grants (ESG)

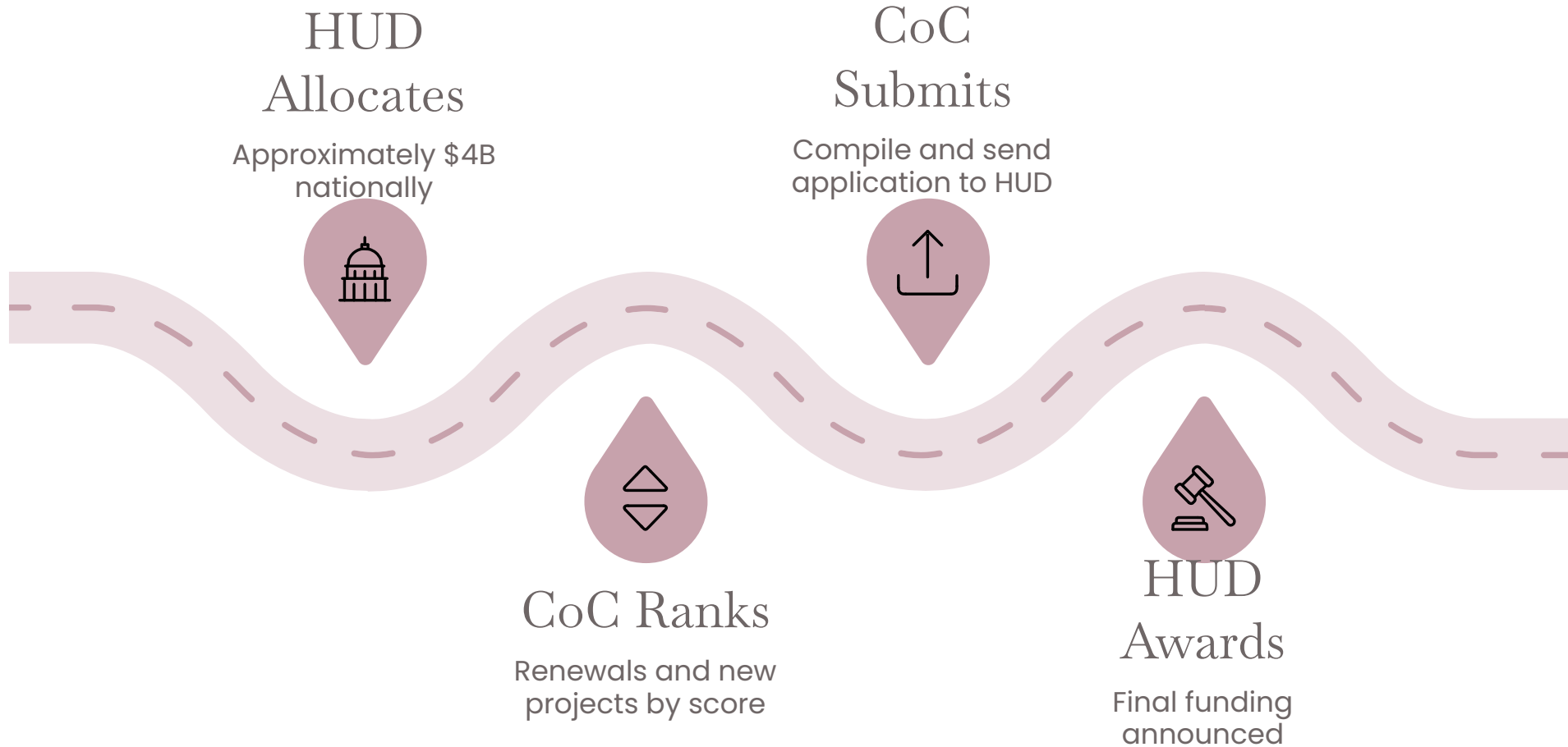
60%

Minimum Tier 1 Threshold

Tier 1 funding cannot fall below 60% of each CoC's Annual Renewal Demand

The FY2026 CoC competition is an annual process led by HUD, enabling CoCs to renew existing projects and compete for new funding. Congress has directed HUD to publish the FY2026 NOFO by **June 2026** and make all awards by **December 2026**. Meeting these deadlines requires communities to move quickly and prepare applications well in advance.

How the CoC Competition Works



HUD competitively awards approximately \$4 billion nationally each year. Existing renewal projects are ranked by local evaluation scores and CoC priorities. New project applications are scored and ranked by a local Scoring/Ranking Committee, with non-conflicted Board members approving final submissions. Critically, **renewals are not automatic** — all projects face scrutiny, and CoC Application score heavily influences final award outcomes.

HUD Priorities Have Radically Shifted

The FY2026 NOFO is expected to reflect a sharp departure from prior years. Communities should prepare for requirements that may significantly affect existing programs and project designs.

Income & Self-Sufficiency

Emphasis on increasing employment income, connections to Medicare, Medicaid, SNAP, and SSI, and reducing returns to homelessness.

Treatment First

Increasing substance use treatment participation, both onsite and through partnerships; affirming available treatment beds in the community/CoC area

Encampment Reduction

Partnering with law enforcement and first responders to address unsheltered homelessness and reduce encampments.

Service Requirements

Both CoC and project scores heavily impacted by requiring engagement in supportive services except where VAWA conflicts apply.

Project Type Rebalancing

Capping local funding for permanent housing; emphasizing transitional housing, supportive services, and street outreach.

Eligibility Restrictions

Prohibiting applicants who cannot certify they do not operate "safe consumption" sites; promoting faith-based organization participation.

Preparing for Uncertainty

Evolving Evaluation Criteria

Evaluation criteria for both renewal and new projects will change substantially based on the final NOFO language. We should not assume continuity from prior years' frameworks.

CoC Preparation Strategy

- Preparing for potential delays or significant shifts in the 2026 NOFO release and adjusting the local competition timeline accordingly
- Proactively supporting current project recipients to evaluate and prepare applications for transitioning from permanent housing projects to other eligible project types
- Engaging recipients early to assess readiness, willingness, and capacity to adapt project models

⚠ The Collaborative Applicant is reaching out to project recipients now – waiting for the NOFO to be published may not leave adequate time to prepare a competitive application.

ANTICIPATING FY26

What We Know from the FY₂₅ NOFO

Even before the FY26 NOFO is released, the FY25 competition provides clear signals about HUD's direction. These precedents are likely to carry forward — or intensify — in FY26.

Expanded HUD "Risk Review"

HUD will evaluate whether projects demonstrate: ability to promote self-sufficiency and economic independence, ability to produce positive outcomes, and no history of subsidizing or impeding law enforcement activities related to vagrancy or drug use.

Project Rejection Triggers

Any project — new or renewal — may be rejected by HUD for engaging in racial preferences, operating safe injection sites, or promoting, encouraging, or facilitating the use of illicit drugs.

⊗ These risk review criteria apply to ALL projects — both new applications and existing renewals. Recipients must review their program practices and policies now.



VERMONT CONTEXT

2024 Vermont CoC Results

VERMONT CONTEXT

2024 Awards at a Glance

\$6.6M

VTBoS Award

Total CoC Program funds awarded to Vermont Balance of State in 2024

\$400K

New Bonus Project

New Rapid Rehousing project awarded to WCMHS via CoC Bonus funds

In 2024, VTBoS improved its CoC application score by **24 points**, unlocking eligibility to compete for new Bonus projects. VTBoS narrowly missed an additional DV Bonus Rapid Rehousing project by just **0.75 points** — a reminder that every point matters. CCHA was separately eligible to apply for additional CoC Bonus and DV Bonus funds within Chittenden County.

Who Can Apply?

Geographic Requirements

- **VTBoS projects** must be located within any area of Vermont *outside* Chittenden County

Eligible Applicant Types

- Nonprofit organizations, including faith-based nonprofits
- State and local governments
- Instrumentalities of state and local governments
- Public Housing Authorities (PHAs)

i All project applicants must be in **good standing with HUD** at the time of application. Organizations with unresolved monitoring findings, audit concerns, or prior grant defaults should consult with CoC staff before applying.

Eligible New Project Types



Permanent Supportive Housing (PSH)

Long-term housing combined with wrap-around supportive services for individuals with chronic homelessness and disabling conditions.



Supportive Services Only (SSO)

Standalone service projects — not tied to a specific housing unit — designed to support housing stability and connection to resources.



Rapid Rehousing (RRH)

Short- to medium-term rental assistance and services designed to quickly move people experiencing homelessness into stable housing.



Street Outreach (SO)

Engagement services for unsheltered individuals, connecting people living on the streets to shelter, healthcare, and community resources.



Transitional Housing (TH)

Time-limited housing with intensive services for populations needing structured support before achieving independent living.

Project Expansions

HUD typically allows project applicants to apply for a new **expansion project** alongside an existing CoC-funded grant. Expansions may be used to:

Increase Units

Expand the number of housing units in an existing CoC-funded project

Serve More People

Allow the recipient to serve additional eligible persons within an existing project

Expand Services

Broaden the supportive services available to current eligible participants

- ✔ If awarded, expansion projects are combined with the existing renewal into a single grant agreement — **reducing administrative burden** for recipients already managing an active CoC grant.



Reallocation and Transition Grants

HUD is **requiring** CoCs to reallocate in this NOFO cycle by capping the percentage of renewal funding that can be spent on permanent housing (PSH, RRH, TH-RRH). CoC staff are beginning conversations with project recipients about their options.

Voluntary Reallocation

Pro: Recipient can select a specific portion of a project to reallocate — flexibility in scope.

Con: No flexibility in when the PH grant ends; new grant competitiveness is directly tied to CoC application score, making awards less likely in a difficult scoring environment.

Transition Grant (PH → non-PH)

Pro: Grants recipients a full year to fully transition from permanent housing to other project type, easing (in some cases delaying) the negative impact on current participants.

Con: The *entire* project must be transitioned — partial transitions are not permitted under this pathway.

⚠️ Project recipients who do not pursue a transition grant or voluntary reallocation will be subject to the local renewal evaluation — and may be partially or wholly reallocated if their score is low enough.



NOFO OPPORTUNITIES

Building a Stronger Vermont CoC Portfolio

Vermont's community sizes make economies of scale more difficult to achieve. These strategic new project types can maximize benefit across the CoC.

New Project Opportunities for Vermont



STREET OUTREACH



Transitional Housing (TH)

TH creates temporary housing with service dollars for DV survivors needing safe anonymous locations, youth developing independent living skills, and individuals in recovery needing structure to stabilize sobriety and finances.



Supportive Services Only (SSO)

CoC-wide SSO projects can achieve greater economies of scale — for example, a CoC-wide employment SSO for anyone experiencing Category 1, 2, or 4 homelessness, or a housing navigation SSO paired with LIHTC and other affordable units lacking dedicated services.

Street Outreach (SO)

Build SO into the CoC portfolio by leveraging first responder–service provider relationships. An SO provider with specialized SMI and SUD knowledge would train first responders, connect unsheltered individuals to jobs, treatment, shelter, and health insurance, and ensure law enforcement uses best practices.

Risks and Opportunities for Vermont CoCs

Key Risks

- HUD is forcing reallocation or transition grants – a high percentage of funding is at risk for both VT CoCs
- HUD's policy priorities (treatment first, earned income, TH) are areas where VT CoCs have **not** historically invested heavily
- VT CoC system performance metrics are unlikely to score strongly under new criteria
- New projects face steep national competition – with 50% of their score tied to the CoC application score

 It is likely that Vermont CoCs will lose **some** funds this cycle.

Bonus Point Pathways

+4 Points: Opportunity Zones

If at least 50% of CoC projects are located in federally designated Opportunity Zones, the CoC earns 4 bonus points on its application.

+15 Points: CoC Merger

If VTBoS and CCHA merge before or during the competition, the combined CoC receives 15 bonus points – a significant competitive advantage.

Scoring and Selection Process

New project applications are evaluated and selected through a structured local process before submission to HUD. Understanding the scoring framework is essential to submitting a competitive application.

1

Application Submission

Eligible applicants submit new project applications during the local competition window (June 17 – July 14)

2

Scoring & Ranking

The Scoring & Ranking Committee evaluates and ranks all new applications based on defined evaluation criteria aligned with HUD priorities

3

Board Approval

Non-conflicted CoC Board members review and approve the final determination on which applications are submitted to HUD

4

HUD Review & Award

HUD makes final funding decisions; awards are heavily influenced by the overall CoC application score

Tips for a Competitive Application

→ Align with HUD's FY26 Priorities

Explicitly demonstrate how your project addresses employment income, substance use treatment, encampment reduction, and self-sufficiency – these are the themes HUD will reward.

→ Document Performance Data

Strong outcome data from existing programs strengthens your case. If you are an existing recipient, ensure your HMIS data is clean, complete, and reflects positive client outcomes.

→ Review Program Policies Now

Audit your program policies for any practices that could trigger HUD's Risk Review – including racial preference policies, harm reduction approaches, and law enforcement engagement practices.

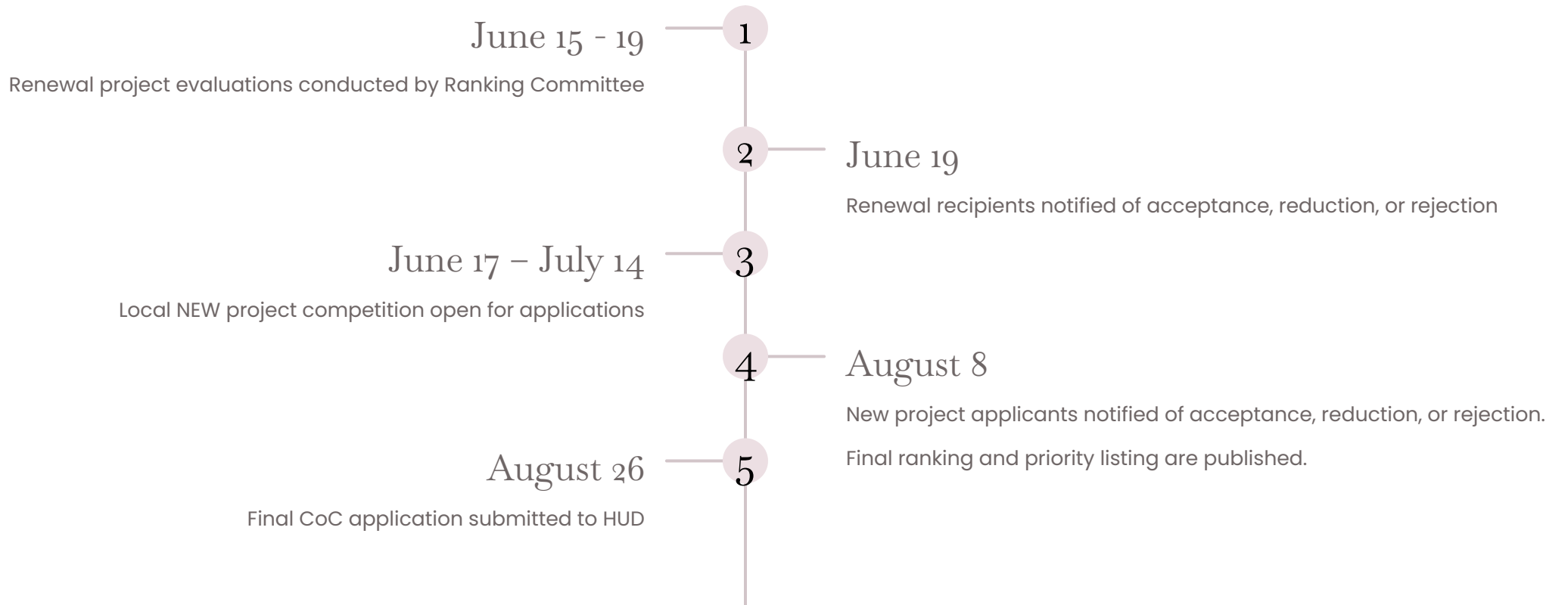
→ Engage CoC Staff Early


Start conversations with CoC staff before the competition opens. Early engagement gives time to refine project design, clarify eligibility questions, and identify partnership opportunities.

→ Build Leveraged Resources

HUD rewards projects that bring additional funding to the table. Identify matching funds, in-kind contributions, and community partnerships that demonstrate local investment.

FY26 Local Competition Timeline



 Questions about the local competition process or your organization's eligibility? Contact CoC staff as early as possible – do not wait until the competition window opens.