FY 2026 NOFO

CONTINUUM OF CARE COMPETITION

FY26 RRH / JOINT TH-RRH TO TRANSITIONAL HOUSING TRANSITION CONSIDERATIONS

This attachment is for existing RRH or Joint TH/RRH projects being asked to explore a transition to a Transitional Housing component for the FY26 CoC Local Competition.

This does not guarantee approval, ranking, or funding. Any transition remains subject to HUD eligibility, local competition review, budget and match review, project quality threshold, procurement/legal alignment, Steering Committee approval, and final HUD selection.

1. PURPOSE OF TRANSITION

Under the FY26 NOFO, HUD has placed a stronger emphasis on eligible Transitional Housing and Supportive Services Only projects, especially projects that can demonstrate supportive services, housing stability, income growth, self-sufficiency, and exits to permanent housing.

For projects currently operating as RRH or Joint TH/RRH, the transition concept is that the agency would apply for essentially the same funding amount for planning purposes, but under a TH component rather than the current RRH or Joint component. If approved locally and ultimately funded by HUD, the existing RRH or Joint project would close out and the new TH project would begin with the FY26 grant term/start date.

2. APPLICATION TYPE

Projects changing from RRH or Joint TH/RRH to TH should be submitted through the appropriate new/transition process. For non-YHDP projects, this will generally be a transition/new project application.

For YHDP-funded projects, the project cannot use the regular transition grant process. YHDP projects must be reviewed under the YHDP Replacement process and must remain youth-focused and aligned with YHDP requirements.

3. CORE TH MODEL EXPECTATIONS

A TH project should be designed as time-limited housing with supportive services that help participants move into and maintain permanent housing.

Applicants should be ready to describe:

- the proposed TH housing model;
- expected length of stay;
- how households will exit to permanent housing;
- the supportive services that will be provided;
- how the project will support income, employment, benefits, treatment, recovery, and/or other stability goals;
- how the project will document supportive service participation;
- how the project will avoid simply functioning as RRH under a different name; and
- how the project will meet FY26 NOFO threshold and local competition requirements.

4. LENGTH OF ASSISTANCE AND EXIT PLANNING

TH is generally time-limited and should be designed to move participants into permanent housing within 24 months.

Projects should be able to explain:

- whether the model is designed around a 12-month, 18-month, or 24-month housing plan;
- whether participants may exit earlier based on progress and housing readiness;
- how the project will identify and secure permanent housing exits;
- how the project will avoid long stays without a housing plan; and
- how the project will measure successful exits.

The FY26 NOFO places importance on positive exits, employment income, and participants moving toward permanent housing and self-sufficiency.

5. SUPPORTIVE SERVICES PARTICIPATION

FY26 places a stronger emphasis on supportive services participation requirements.

Projects should include clear language in the participant agreement, occupancy agreement, service agreement, or equivalent document describing:

- required service engagement;
- individualized service plans;
- frequency of case management or service contact;
- employment, income, benefits, treatment, recovery, education, or housing stability goals, as applicable;
- participant protections; and
- how the project will use progressive engagement and re-engagement before termination.

Participation requirements must still comply with fair housing, civil rights, disability protections, VAWA, and all applicable HUD requirements.

6. ELIGIBLE POPULATION AND PRIORITIZATION

TH projects must serve eligible households under HUD and local requirements.

For FY26 planning, applicants should be prepared to describe whether the project will serve:

- households experiencing literal homelessness;
- households fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, where applicable;
- youth and young adults, where applicable;
- households with behavioral health, recovery, employment, or service needs that can be addressed through a time-limited TH model;
- households needing a structured service environment before moving into permanent housing.

Projects should not require income at entry or require that a participant be able to work as a condition of eligibility unless HUD/local requirements clearly allow it. Stronger framing is that the project will assess each participant's income, benefits, employment, treatment, and housing stability needs and build an individualized plan.

7. HOUSING, LEASE, AND OCCUPANCY STRUCTURE

Applicants should be prepared to explain the proposed housing structure, including:

- whether the project will use site-based, scattered-site, master-leased, or other housing;
- whether participants will have a lease, sublease, or occupancy agreement;
- how the agreement will meet TH requirements;
- who holds the lease or agreement;
- how rent or occupancy fees will be handled, if applicable;
- how units will meet HQS/NSPIRE and local code requirements; and
- who will conduct inspections and maintain documentation.

If a nonprofit agency is considering a rental assistance structure under a TH model, this should be reviewed carefully for HUD eligibility and administration requirements before the budget is finalized.

8. BUDGET AND COST REASONABLENESS

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For planning purposes, agencies should submit the same funding amount currently being considered, unless otherwise directed.

If the same funding amount is being requested, applicants must show how that award amount will translate into a TH model and how many households can realistically be served.

The budget should clearly explain:

- eligible TH costs;
- staffing and service costs;
- leasing, operating, or housing-related costs;
- HMIS/comparable database costs;
- administrative costs;
- match;
- cost per household served;
- whether the budget is reasonable for the proposed model; and
- how the project will be financially feasible at the requested amount.

Applicants should calculate and submit the projected annual cost per household served using the following formula:

Total annual project request ÷ number of households projected to be served annually = cost per household served

Applicants should also provide a short explanation of what is included in the cost, such as housing costs, staffing, supportive services, administration, match, leveraged resources, length of stay assumptions, and the intensity of services needed for the population served.

As a local planning guide, applicants should be prepared to justify costs within the following general ranges:

TH Cost Range	Local Planning Guidance
Under $20,000 per household annually	Likely lower-intensity TH model or model with significant leveraged housing/service resources. Applicant should explain how services and housing supports are sufficient.
$20,000–$35,000 per household annually	Generally reasonable planning range for many TH models, depending on housing costs, staffing, services, and length of stay.
$35,000–$50,000 per household annually	May be reasonable for higher-intensity populations, DV, youth, behavioral health/recovery-focused models, or projects with higher housing/service costs. Strong justification required.

Over $50,000 per household annually	Requires detailed justification, including why the cost is necessary, what outcomes are expected, and why the model is cost-effective compared to other eligible interventions.

Applicants should not rely only on the total number of beds or units. CFTH will also review how many households are projected to be served during the year, expected length of stay, turnover assumptions, staffing ratio, service intensity, and expected exits to permanent housing.

A higher cost per household is not automatically disqualifying, but it must be clearly tied to the population served, the service model, and expected outcomes. Projects should be able to explain how the proposed cost will support housing stability, income growth, service participation, treatment/recovery or other stabilization needs, and exits to permanent housing.

CFTH may request budget revisions if the cost per household appears unreasonable, unclear, unsupported, or not aligned with the proposed TH model.

9. CURRENT PARTICIPANT TRANSITION PLANNING

Projects transitioning from RRH or Joint TH/RRH to TH must be able to explain what happens to current participants.

Applicants should address:

- how current participants will be protected during closeout;
- whether any current participants would continue under the new TH model;
- how households currently in permanent housing through RRH would be supported;
- whether additional local, private, or other funding is needed to prevent disruption;
- how the agency will communicate with participants; and
- how the current grant will be closed out if the transition is awarded.