



## FY2026 FREQUENTLY ASKED QUESTIONS (FAQ)

### THE WAY HOME CONTINUUM OF CARE (TX-700) COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

The information below reflects current planning assumptions based on prior HUD guidance and the FY2025 CoC NOFO. All processes, priorities, and requirements are subject to change upon release of the official FY2026 HUD CoC NOFO. Any updates will be communicated promptly to all partners.

#### GENERAL COMPETITION QUESTIONS

1. When will the FY2026 NOFO be released?

HUD has indicated the FY2026 CoC NOFO is expected to be released in June 2026. We are beginning planning now to ensure our system is prepared regardless of final federal requirements.

2. Will the FY2026 NOFO look like FY2025?

We anticipate the FY2026 NOFO will be similar to the December 2025 NOFO, but final requirements may change. Because of this, The Way Home is planning for multiple scenarios, including:

- A Permanent Housing (PH) cap (e.g., 30%)
- A modified cap
- No cap

3. Will there be changes to funding priorities? Yes. Based on federal direction and local planning, we anticipate increased focus on:

- Transitional Housing (TH)
- Supportive Services Only (SSO)
- System flow and stabilization

At the same time, Permanent Housing remains a critical and foundational part of the system.

#### HOUSING FIRST, STABILITY & SYSTEM APPROACH

4. Is The Way Home moving away from Housing First?

No. The Way Home remains a Housing First system, meaning we prioritize quick access to housing without unnecessary barriers and do not require preconditions such as income, employment, or treatment before someone can be housed.

At the same time, we are continuing to strengthen our approach to ensure individuals are supported in achieving long-term stability.



We know from experience that:

- Housing is the starting point
- Not every household needs the same intervention to remain stably housed

Because of this, our system is focused on:

- Connecting people to the right intervention at the right time
- Maintaining a system that is appropriately Permanent Housing balanced while strengthening other interventions that support stability
- Ensuring access to services that support health, income, and long-term outcomes

This includes:

- Strong, accessible supportive services
- Connections to behavioral health, healthcare, and workforce opportunities
- Consistent opportunities for engagement in services that support stability, based on individual needs

Services remain:

- Client-centered
- Tailored to individual needs and preferences
- Responsive to medical, behavioral health, and age-related considerations

We are continuing to implement it in a way that reflects both housing access and long-term stability, consistent with federal direction and what we are seeing in practice locally.

## RENEWAL PROJECTS, TIERING & PH CAP

5. How will renewal projects be treated in FY2026? Renewal projects remain a central priority of the CoC. Congress has provided a level of protection through Tier 1, which is expected to cover approximately 60% of the Annual Renewal Demand (ARD).

This means:

- A significant portion of renewal funding is expected to be protected
- Not all projects are guaranteed funding, depending on final HUD requirements

6. What is Tier 1 and what does it include? Tier 1 represents the most protected portion of the CoC's funding portfolio.

The CoC anticipates Tier 1 will include:

- High-performing projects that remain aligned with their current intervention
- All system-critical grants, including:
  - HMIS
  - Coordinated Entry (CE)



- Street Outreach
- YHDP system components
- DV system coordination

Additionally:

- Permanent Housing Domestic Violence (DV) projects are expected to be included in Tier 1 unless an agency voluntarily transitions to another model

7. What is the Permanent Housing (PH) cap and how does it affect renewals?

Under the FY2025 NOFO, HUD implemented a 30% cap on Permanent Housing (PH). We do not yet know if this will apply in FY2026.

Because of this:

- The CoC is planning for multiple scenarios
- PH cap requirements may impact which projects can remain PH

8. What happens if a project falls outside of the PH cap? If a PH cap is implemented and a project falls outside that limit:

- The project may be required to transition to another eligible component, most commonly:
  - Transitional Housing (TH)
  - Supportive Services Only (SSO)

9. Are RRH or other PH projects at risk?

Potentially depending on:

- HUD requirements
- PH cap structure
- Project performance and ranking

High-performing projects are best positioned.

10. Can projects voluntarily transition models? Yes.

Projects may choose to transition to TH, SSO, or other eligible models based on strategy and system alignment.

11. What should renewal projects be doing now? We recommend:

- Reviewing performance (utilization, outcomes, spend-down)
- Ensuring strong service delivery and engagement
- Evaluating project alignment under multiple scenarios



12. Can Transitional Housing include rental assistance? Yes with limitations. HUD allows rental assistance in TH.

However:

- Nonprofits are not currently authorized to directly administer rental assistance in TH
- Partnerships with eligible entities are required
- Independent entities must conduct inspections and rent reasonableness

## LOI PROCESS

13. What is the LOI? A short (2–3 page) concept submission to improve alignment and application quality.

14. Is it required? No—but strongly encouraged and provides a scoring advantage.

15. What happens after submission? CFTH reviews submissions and may provide feedback to strengthen applications.

## REPLACEMENT PROJECTS

16. What are replacement projects? A HUD-allowed option to replace or redesign a renewal project (or portion of funding) with a new project that better aligns with system needs while preserving funding within the system.

## PROJECT EXPANSIONS

17. Can projects request expansion funding? Yes, through the new project process.

18. When should expansion be considered? When additional resources would:

- Improve housing stability outcomes
- Strengthen services and engagement
- Support transitions in project model

19. How are expansions prioritized? Expansion projects may be prioritized alongside:

1. Transitional Housing (TH)
2. Supportive Services Only (SSO)
3. Expansion of high-performing projects

## DV BONUS

20. What is the DV Bonus? A HUD funding opportunity for projects serving survivors of domestic violence.



21. How is it ranked? DV Bonus projects are ranked locally but, if funded, are awarded outside of the standard Tier structure.

## FUNDING & ELIGIBILITY

22. Does all funding go to CFTH? No. Funding is awarded directly from HUD to recipient agencies. CFTH serves as the Collaborative Applicant.

23. Can faith-based organizations apply? Yes and are encouraged.

24. Can cities or government entities apply? Yes.

## FINAL NOTE

25. What is the goal of these updates? To ensure:

- Strong system performance
- Alignment with HUD direction
- Long-term stability for households served
- Effective and strategic use of funding

26. How is The Way Home thinking about its role in the broader system? The Way Home Continuum of Care is a HUD-funded housing system, and our primary role is to:

- Support individuals and families in accessing housing
- Provide the supports needed to achieve stability
- Help individuals successfully reintegrate into the community

Over time, the homeless response system has often been asked to address needs that extend beyond housing, including behavioral health, healthcare, and involvement with the criminal justice system.

While these needs are real and important, they are also supported by other public systems with dedicated funding and expertise, including:

- Health and Human Services (HHS)
- Behavioral health systems
- Criminal justice and reentry systems (DOJ and local partners)

As we move forward, there is an opportunity to better balance the system by:

- Strengthening coordination across these systems
- Ensuring individuals are connected to the right resources at the right time
- Allowing each system to operate within its area of expertise

The Way Home will continue to play a critical role in:



- Housing stabilization
- System coordination
- Supporting individuals in moving toward long-term stability

At the same time, we are emphasizing that housing alone is not the solution, and the homeless response system cannot operate in isolation.

27. Why is there an increased focus on stability and reintegration? Our goal is not only to help individuals access housing, but to support them in remaining stably housed and successfully reintegrating into the community.

This includes:

- Connection to income and employment opportunities
- Access to healthcare and behavioral health services
- Community integration and long-term support

Investing in stability is not only beneficial for individuals it is beneficial for the broader community.

When individuals are supported in achieving stability:

- Communities are healthier
- Systems are more efficient
- Local economies are stronger
- Long-term public costs are reduced

In this way, investing in people and stability is also an investment in the overall health and future of the community.