



FY 2026

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CONTINUUM OF CARE COMPETITION

FY26 New Transitional Housing Project Considerations

New Project Planning Attachment | The Way Home CoC | TX-700

Important: This attachment is for agencies proposing a new Transitional Housing project in the FY26 CoC Local Competition. Submitting a proposal does not guarantee approval, ranking, or funding. All projects must meet HUD requirements, local threshold requirements, project quality review, budget and match review, scoring, ranking, Steering Committee approval, and final HUD selection.

1. TH vs. RRH vs. PSH Quick Comparison

Requirement	Transitional Housing (TH)	Rapid Rehousing (RRH)	Permanent Supportive Housing (PSH)
Core purpose	Time-limited housing with supportive services to help households move to and maintain permanent housing.	Short- or medium-term rental assistance and services to help households move quickly into permanent housing and stabilize.	Permanent housing with long-term housing assistance and supportive services for households with at least one member with a disability.
Length of assistance	Generally designed for up to 24 months, with a clear plan for exit to permanent housing.	Rental assistance may be short- or medium-term, up to 24 months; services may continue for a limited period after assistance ends.	No designated length of stay.

Requirement	Transitional Housing (TH)	Rapid Rehousing (RRH)	Permanent Supportive Housing (PSH)
Participant eligibility	Eligible homeless households under HUD/local requirements, including Category 1, Category 2 where allowed, and Category 4 for DV where applicable.	Eligible homeless households under HUD/local requirements, generally Category 1 and Category 4 where applicable.	Households meeting PSH eligibility, including disability requirements and project-specific chronic/DedicatedPLUS requirements where applicable.
Lease / occupancy structure	Lease, sublease, or occupancy agreement tied to the TH project; initial term of at least one month and time-limited structure.	Participant generally holds a lease in permanent housing.	Participant generally holds a lease or sublease in permanent housing.
Rent / housing costs	Must meet rent reasonableness and applicable FMR/leasing requirements. Nonprofit rental assistance administration under TH should be reviewed carefully before budgeting.	Rental assistance must meet rent reasonableness and applicable program requirements.	Rental assistance/leasing must meet rent reasonableness and applicable program requirements.
HQS / NSPIRE	Units paid with CoC leasing or rental assistance must meet applicable housing quality standards, state/local code, and inspection requirements.	Units paid with CoC rental assistance must meet applicable housing quality standards, state/local code, and inspection requirements.	Units paid with CoC leasing or rental assistance must meet applicable housing quality standards, state/local code, and inspection requirements.
Participant contribution	If rent/occupancy fee is charged, income review and contribution rules must be followed. If no rental assistance is provided, HUD may not require rent contribution, but local written standards may apply.	Participant contribution follows CoC written standards for RRH assistance.	If rent/occupancy fee is charged, income review and contribution rules must be followed.
Recertification / income review	Income review required if rent or occupancy fee is charged; adjustments made as income changes.	Annual reevaluation of need for RRH assistance and type/amount of assistance needed.	Income review required if rent or occupancy fee is charged; adjustments made as income changes.
Eligible costs	May include leasing, operating, supportive services, HMIS, project administration, and other eligible TH costs; capital costs only if allowed and approved.	Rental assistance, supportive services, HMIS, and project administration.	Rental assistance, leasing, operating, supportive services, HMIS, project administration, and other eligible PSH costs.

Requirement	Transitional Housing (TH)	Rapid Rehousing (RRH)	Permanent Supportive Housing (PSH)
Best fit	Households needing a structured, time-limited housing and services model before exiting to permanent housing.	Households able to stabilize in permanent housing with time-limited rental assistance and services.	Households with long-term housing stability needs tied to disability and PSH eligibility.

2. New TH Project Design Table

Project Area	What Applicant Should Explain
Target population	Who the project will serve and how participants meet HUD/local eligibility.
Housing model	Site-based, scattered-site, master-leased, congregate, non-congregate, shared housing, or other model.
Length of stay	Whether the project is designed around 12, 18, or 24 months, with earlier exits when appropriate.
Supportive services	Case management, employment, income, benefits, treatment/recovery, behavioral health, education, life skills, housing navigation, or other supports.
Service participation	How participant service expectations will be documented and implemented.
Referral process	How referrals will be made and documented, including CE, DV coordinated access, outreach, shelter, healthcare, or another approved process.
Exit strategy	How participants will move from TH to permanent housing.
Budget	Eligible costs, match, leveraged resources, and cost per household served.
Performance	Expected outcomes, including exits, income, service participation, retention, and returns to homelessness.

3. Cost Reasonableness / Cost Per Household

Applicants should calculate the projected annual cost per household served using this formula: **Total annual project request / number of households projected to be served annually = cost per household served**

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.

4. Prioritization Considerations for TH

- Youth and young adults, if youth-focused.
- Survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking, if DV-focused.
- Households experiencing a life transition and needing a structured service model.
- Households connected to treatment, recovery, employment, education, benefits, or other stability goals.
- Households that can reasonably exit TH to permanent housing with the right support.
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Participant eligibility note: Applicants should not require income at entry or require ability to work as a condition of eligibility unless clearly allowed by HUD and local requirements. The stronger approach is to describe how the project will assess each participant's needs and build an individualized service and housing plan.

5. Application Readiness Questions

- Who will the project serve and why is TH the right intervention for this population?
- What is the housing model and expected length of stay?

- How many households will be served annually and what is the projected cost per household?
- What services will be provided, and what service participation expectations will be included?
- How will the project support income, employment, benefits, treatment, recovery, or other stability goals?
- How will participants exit to permanent housing?
- What partnerships are in place?
- How will outcomes be measured?