

# Continuum of Care

The U.S. Department of Housing and Urban Development (HUD) issues a funding competition every year for the Continuum of Care (CoC) Program—the largest Federal program to address homelessness, currently funded at approximately \$3.6 billion. State, regional, or local CoCs are planning and organizing bodies that coordinate a community-wide response to homelessness. Each CoC is responsible for leading a robust planning process associated with the annual funding competition. The purpose of this planning process is to make decisions for which individual projects to submit for consideration based on the CoC's needs and priorities.



## COUNTY PORTFOLIO

- The Los Angeles County Development Authority (LACDA) administers **26 grants** totaling **2,198 certificates**.
- The current lease-up percentage for the portfolio is **86%**.
- Current grant terms run through 2026 with the first grant expiring in **June 2026** and most grants expiring between **October and December 2026**.

## BACKGROUND

On November 13, 2025, HUD announced a \$3.9 billion Notice of Funding Opportunity (NOFO) for Fiscal Year (FY) 2025 CoC grants to community-based applicants for Permanent Supportive Housing (PSH), Rapid Rehousing, Transitional Housing, Supportive Services only, and other eligible uses.

This year's NOFO reflects a significant policy shift, retracting from housing assistance and instead emphasizing mental health and substance use disorder treatment, with sanctions for non-participation.

## KEY PROVISIONS

Under this NOFO, communities may renew only 30% of their previous year funding for permanent housing. This limit will require communities to shift funds from existing permanent housing programs to time-limited housing programs or services that prioritize mental health and substance use disorder treatment and work requirements or forfeit the funding entirely. Historically, most communities renew 100% percent of their PSH projects year-over-year through this process.

Through a mechanism known as 'tiering,' the NOFO protects only 30% of a community's prior year funds in total, placing the remaining 70% of funds up for redistribution to other communities based on the application scores.

## NOFO STATUS

**Suit Filed** - On November 25, 2025, a coalition of Attorneys General and governors from 20 states filed a lawsuit against HUD's cuts to homeless permanent housing funding.

**Where the case stands** - Case briefing runs from January 14 - February 5, 2026. Until the court changes course, HUD is operating under the December 23, 2025, order, using the FY 2024-25 NOFO structure to process 2025 renewals.

**HUD's approach** - HUD opened roughly a one-month window (January 9 - February 9, 2026) under the FY 2024-25 CoC NOFO so CoCs and providers can submit renewal and reallocation applications now, with a target of having funding decisions ready by late March 2026. HUD is required to accept, process, and review these applications, but the order does not require HUD to obligate or release funds yet.

## ASK

The LACDA urges HUD to extend the current year grants by twelve months. An extension would help prevent service interruptions, satisfy covenants with participating landlords and non-profits and sustain continuity of care for vulnerable populations.