

# FY2026 Continuum of Care NOFO Information



## Need to Know (the basics)

On June 1, 2026, the US Department of Housing and Urban Development (HUD) published its Notice of Funding Opportunity (NOFO) for FY2026 Continuum of Care (CoC) funds. This NOFO differs from the two FY2025 NOFOs, yet the harmful impacts on CoCs across the country and Illinois remain.

**The [National Alliance to End Homelessness](#) estimates that at least 97,000 people in permanent housing funded by CoCs will likely lose their housing due to the NOFO including 5,105 Illinoisans.**

This NOFO drastically reduces funding to CoCs in two key ways:

1. Dramatically reducing funds for already existing permanent housing to instead fund temporary programs like transitional housing, and rapid rehousing and;
2. Placing a cap on the amount of bonus funding CoCs can receive for new projects, which will likely result in geographic shifts in CoC funding.

Project applicants will also now be required to affirm that they will not engage in what HUD is calling “illegal racial discrimination,” a deliberate rejection of persistent disparities in homelessness that exist due to race/ethnicity. [Black Illinoisans are eight times more likely to experience homelessness than white residents](#), driven in large part by structural factors like rising housing costs, lack of employment opportunities, eviction, and incarceration. Through this NOFO, HUD has also restricted organizations’ ability to engage in harm reduction efforts such as operating safe consumption sites.

## Why this Matters

In Illinois, at least 5,105 Illinoisans are at risk of losing their housing as more than \$60 million in funding for permanent housing programs is predicted to be lost. Permanent housing, when combined with supportive services, is one of the best tools we have to end homelessness and to help people succeed. Losing this funding would be extremely detrimental to progress we’ve made towards eliminating homelessness.

Scott Turner, HUD Secretary, and others have claimed that Housing First policies have failed, when in fact the opposite is true. [Research](#) has shown that Housing First – ensuring that a person is first stably housed and then connected to supportive services as needed – positively impacts quality of life, more rapidly ends homelessness, and is cost-effective.

These changes will cause tremendous harm for people experiencing homelessness, communities, states, and threaten the pursuit of ending homelessness.