



North Carolina Balance of State Continuum of Care

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FY2026 Funding Priorities for Continuum of Care Program Competition

Introduction

As a part of the CoC Program funding competition, each Continuum of Care is required to submit a Priority Listing to HUD that ranks all new and renewal projects in order of priority for funding. To determine what makes a project high or low priority, the NC Balance of State Continuum of Care (NC BoS CoC) has developed the following CoC Funding Priorities for the FY2026 CoC Program Competition. For more information about how our Project Review Committee utilizes these priorities to draft our Priority Listing, see the NC BoS CoC Project Review and Ranking Policies.

Funding Priorities

The NC BoS CoC is committed to adopting the funding priorities established by HUD in the FY2026 Notice of Funding Opportunity (NOFO). This document translates HUD priorities into our community's landscape and is supplemented by local priorities for strengthening our CoC's homeless response system.

Our CoC Funding Priorities are:

- To ensure essential infrastructure elements are in place, including HMIS and Coordinated Entry
- To reduce unsheltered homelessness and promote trauma-informed care
- To restore balance to the CoC by creating diverse coverage of all CoC Program project types across our geographic area
- To fund projects that provide supportive services that promote self-sufficiency and positive outcomes
- To utilize CoC Program funding effectively, including considering reallocation of funding from projects that have patterns of low spending or poor performance

These funding priorities are reviewed for each competition by the CoC's Funding and Performance Subcommittee.

Funding and Performance Subcommittee

The Funding and Performance Subcommittee is an open committee and can be joined by anyone in the CoC's Membership. The purpose of this subcommittee is to assist the Governance Board in setting goals and priorities for the CoC and in making funding decisions. This subcommittee analyzes relevant data (including, but not limited to, system performance measures, progress toward ending homelessness among subpopulations, and resource allocation) and develops performance benchmarks to ensure our CoC is competitive in the national CoC Program competition for funding. The priorities established by HUD in the current NOFO are foundational to our CoC's priorities.

Development of Funding Priorities

The CoC's goal is to create priorities that have the greatest positive impact on homelessness across the CoC. To inform our priorities, the Funding and Performance Subcommittee reviews several data sources, including the last few years of NC BoS CoC applications, the scorecard and project review processes, the NC BoS CoC's funding portfolio, and recent Point-in-Time Count and Housing Inventory Count numbers.

The subcommittee is guided by these general goals:

- Stay open-minded about what needs to change to end homelessness;
- Make decisions based on data and client outcomes;
- Consider the needs of the NC BoS CoC as a whole, without privileging specific Regions; and,
- Provide tools and support to help the Project Review Committee to make good recommendations and the Governance Board to make good decisions for the CoC.

Priority: Ensure essential infrastructure elements are in place, including HMIS and Coordinated Entry

A robust Homeless Management Information System (HMIS) and Coordinated Entry system are key elements of a well-functioning CoC, and HUD requires all CoC Program grantees to participate in both (with the exception of Victim Service Providers who must use a comparable database instead of HMIS). The Project Review Committee should put a high priority on funding both CoC-wide projects.

CoC Program funding for HMIS pays for the software system that collects administrative data on people served and services provided in the CoC and funds necessary staff to support and train participating agencies, complete mandated reporting to HUD, and help the CoC use its data to improve its work. The HMIS grant is available to the CoC's HMIS Lead Organization and is utilized to ensure HMIS coverage for the entire CoC.

Coordinated Entry allocates resources effectively and efficiently, increases access to homeless and housing services, assists the CoC in identifying gaps in its system, and helps providers better coordinate services. Since Coordinated Entry is such an integral piece of the CoC, only projects that would cover all 79 counties of the CoC will be eligible for funding.

In recent competition years, HUD has made Domestic Violence (DV) Bonus funding available. If available in FY2026, the CoC will allow applicants to apply for a new CoC-wide Supportive Services Only - Coordinated Entry project using DV Bonus funding, as long as the project works to provide better access to survivors of interpersonal violence to the existing coordinated entry system.

In the past, the Project Review Committee has ranked the HMIS and Supportive Service Only – Coordinated Entry projects first and second respectively in the CoC Program competition to protect this basic infrastructure. The Project Review Committee should continue to consider funding HMIS and coordinated entry as high priorities in the FY2026 CoC Program competition.

Priority: Reduce unsheltered homelessness and promote trauma informed-care

As expressed in the FY2026 NOFO, unsheltered homelessness is at an all-time high across the nation. In the NC BoS CoC, unsheltered homelessness constituted 18% of people counted in our 2025 Point in Time Count. HUD has increased its focus on creating solutions to unsheltered homelessness by expanding opportunities for new providers and promoting increased implementation of specific-project types, including Transitional Housing, Supportive Services Only – Standalone, and Supportive Services Only – Street Outreach.

As a part of their project application, Supportive Services Only (SSO) applicants are asked to describe how their proposed project will reach unsheltered persons who do not traditionally engage in the homeless response system. When considering SSO project applications, the Project Review Committee should prioritize SSO projects that have an informed and effective plan in place to reach unsheltered persons and connect them to their Region's Coordinated Entry system for referral to temporary or permanent housing opportunities over SSO projects *without* an informed and effective plan.

One of the equally important purposes of the CoC Program is to minimize trauma associated with experiences of homelessness. The NC BoS CoC encourages providers to provide trauma-informed care and ensure participant safety in programs. The Project Review Committee should prioritize projects that describe trauma-informed approaches, including SSO, temporary housing, and permanent housing projects that utilize a low-barrier housing approach. The low-barrier approach may include protection against screening out households for a history of interpersonal violence, history of substance use, or for having too little or no income. The low-barrier approach may also include prohibiting the termination of participants who experience challenges as a direct result of interpersonal violence, who experience loss of income or fail to increase income, or termination for any other activity or experience not covered in a lease agreement typically found in the project's geographic area.

Priority: Restoring balance to the CoC by creating diverse coverage of all CoC Program project types across our geographic area

CoC Program funding should be utilized to ensure homeless individuals and families across our CoC's 79-county coverage area have access to the project type that best addresses their unique needs, across both ESG and CoC Program funding sources. The Project Review Committee should work to ensure diversity of project types across the CoC's 13 Regions. To most effectively utilize CoC Program funding, the Project Review Committee should prioritize SSO projects that provide coverage to Regions that are under-served by Street Outreach programs funded by the Emergency Solutions Grant (see __ table __). Additionally, the Project Review Committee should prioritize Rapid Rehousing (RRH) projects that provide coverage to Regions that are under-served by RRH programs funded by the Emergency Solutions Grant (see __ table __).

Recognizing that CoC Program funding is the only major public source for Permanent Supportive Housing, the Project Review Committee should prioritize new PSH projects in the geographic areas that have significant unmet needs for PSH so that all vulnerable people experiencing homelessness, regardless of their location in the CoC, have the option to live in Permanent Supportive Housing (see __ table __). Priority should also go to new PSH projects that are designed to serve individuals or families where at least one member is living with a disability, has the most severe needs (as identified by the acuity score on the HART), and other priorities (if any) as required in the current NOFO.

The Project Review Committee should prioritize renewing PSH grants as long as these projects meet the NC BoS CoC spending standard (90% or above). PSH projects that currently underspend their funding and have made no attempt to correct the problem by serving additional counties, streamlining intake processes, or conducting more outreach should be considered for partial reallocation.

Finally, with Transitional Housing (TH) as a newly eligible project type in FY2026, the Project Review Committee should prioritize TH projects that help address unsheltered homelessness by providing temporary housing to Regions that are under-served by RRH and PSH projects (see __ table __)

Priority: Fund projects that provide supportive services that promote self-sufficiency and positive outcomes

To increase the availability of supportive services that promote participants' self-sufficiency, the Project Review Committee should prioritize projects that have an informed and effective plan in place to help participants increase their income while enrolled in their project. This plan may include partnerships with external career development programs, connection to SOAR-certified case managers, or any other service that helps participants increase their earned or unearned income.

Our CoC also aims to have substance use treatment available on-site for at least 30% of our CoC-funded projects. To reach this goal, the Project Review Committee should prioritize TH, RRH, and PSH projects that

are able to provide substance use treatment on-site to program participants over TH, RRH, and PSH projects that are not. Treatment services may be provided by the applicant or through a project partnership.

To ensure participants engage with these crucial services in an effort to increase positive outcomes, the Project Review Committee should prioritize projects that require program participants to engage in supportive services. This requirement may be met through a participation agreement included in the project's policies and procedures.

Priority: Utilize CoC Program funding effectively, including considering reallocation of funding from projects that have patterns of low spending or poor performance

Since CoC Program funding is limited, the CoC should put a high priority on projects that maximize the funding they receive.

Projects should effectively:

- Spend as much of their funding as possible, reaching at least a 90% spending standard;
- Target and serve people with the highest needs;
- Produce positive outcomes that help the CoC improve System Performance Measures; and
- Meet the region's and CoC's homeless response needs.

The Scorecard Committee will include these items in the FY2026 New and Renewal Project Scorecards. Projects that do not meet some or all of these criteria will receive a reduced score and should be ranked accordingly.

If a renewal project has a history of underspending, the Project Review Committee should consider reallocating some or all of the project's funding. Projects are expected to consistently spend at least 90% of their awarded funds. When projects are unable to fully utilize their allocations, the CoC has a responsibility to identify and support new, more effective projects that can maximize available resources. However, the Project Review Committee should also recognize that the increasingly tight housing market has made it more difficult for some CoC Program grantees to fully expend their funding. Before reducing or eliminating funding due to low spending, the Project Review Committee should consider current housing market conditions and review spending over multiple years rather than relying on a single year of performance.

The NC BoS CoC will not fund projects that request acquisition, rehabilitation, or new construction funding. There is too little new funding available to the CoC each year to justify the large investment these activities require. Agencies that need these types of funding should use other sources of federal, state, and local funding and focus CoC Program funding on activities that more quickly benefit homeless people.

STOP HERE: Data tables (to be referenced by “*Priority: Restoring balance to the CoC...*”) under development for FY2026.