NEW FEDERAL FUNDING IMPACT ON THE HOMELESS RESPONSE SYSTEM

UPDATED FEBRUARY 2026

NEW LEGISLATION

Congress passed H.R.7148, a spending bill, on February 3; it was signed it into law later that day. The bill allocates funding for several agencies, including the Department of Housing and Urban Development (HUD), which funds continuums of care (CoCs), like the Detroit CoC, across the country.

H.R.7148 gives **$77.3 billion** to HUD in fiscal year 2026 (**$5 billion more than 2025**).

It gives **$4.01 billion** to CoCs (**$466 million more than 2025**)

ADDITIONAL FUNDING

- **$38.4 billion** for Tenant-Based Rental Assistance/Section 8 housing vouchers (**$2 billion more than 2025**)
- **$18.5 billion** for Project-Based Rental Assistance (**$2 billion more than 2025**)
- **$8.3 billion** for public housing (**$1 billion less than 2025**)
- **$4.4 billion** for Homeless Assistance Grants (**$366 million more than 2025**)

Source: National Low Income Housing Coalition, 2026

OTHER CHANGES

- HUD is required to renew CoC grants expiring in the first quarter of 2026 (January-March) for 12 months
- Creates a timeline for HUD to renew expiring grants throughout the year with 2025 funding levels, if HUD has not issued awards under a new Notice of Funding Opportunity (NOFO)



HOW FUNDING CHANGES IMPACT THE DETROIT COC

HAND (Detroit's CoC Lead Agency) is preparing for all possible funding outcomes.

Federal grants for CoC funded programs will be expiring throughout 2026. HAND is working to ensure that projects have the best chance at receiving renewal funding.

If HUD wins its court case, it is possible they may still release the FY2025 NOFO and hold a competition this spring.

Whether HUD wins or loses its case, HAND will be managing the process for agencies to apply for funding in response to the Fy2026 Notice of Funding Opportunity (NOFO) (for 2027-2028 funds) which is expected to be released by June 1, 2026.

HAND is reviewing HUD's 2025 NOFO to plan for what their next NOFO could look like. New requirements for CoCs will likely include a cap on the percentage of funds that can be spent on permanent housing and a greater emphasis on street outreach and transitional housing.

STATUS OF COC COURT PROCEEDINGS

- **November 13, 2025:** HUD issues a new 2025 NOFO to replace the FY25 NOFO with updated requirements and priorities
- **December 8, 2025:** HUD withdraws its new 2025 NOFO
- **December 19, 2025:** Following multiple lawsuits, a federal judge rules the 2025 NOFO cannot be enforced
- **December 19, 2025:** Following the judge's order, HUD re-releases the FY24-25 NOFO
- **February 17, 2026**: Final arguments in the case are due. The judge will then make a final ruling
- HUD will likely appeal, drawing out the legal battle. In the meantime, the Department will reinstate the FY24-25 NOFO. HUD may make some award announcements for grants expiring in 2026, but it is unclear when HUD will start making these grant agreements