



SONOMA COUNTY
HOMELESS
COALITION

Sonoma County Continuum of Care Board
Staff Report

Item No: 7

Subject: Continuum of Care (CoC) Notice of Funding Opportunity (NOFO) Reallocation Approval

Meeting Date: January 28, 2026

Staff Contact: Karissa White, Continuum of Care Coordinator,
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SUMMARY:

HUD has reopened the FY 2024–2025 CoC funding opportunity, and the Homeless Coalition will need to reallocate \$292,397 in funding due to the closure of Buckelew Programs' SCIL Sonoma PSH project. Because this funding is part of the CoC's Annual Renewal Demand, it must be reallocated to an eligible project(s) or it will be lost to the Continuum of Care.

The Board is being asked to approve one or more reallocation proposals submitted by current CoC recipients. Based on instructions from HUD, all other renewing CoC Program applicants will have minimal (if any) steps to take to reapply for funding for their existing project. The deadline for applications is February 9, 2026 so there is no time for a traditional competitive process.

Current CoC Program providers were given a deadline of January 21st by close of business to submit proposals for the reallocated funding based on eligible project types in the 24/25 CoC NOFO.

RECOMMENDED ACTION(S): Approve new projects to be submitted for the reallocation funding for 2025 CoC Competition Priority Listing.

1. COTS Community Based Permanent Supportive Housing Expansion: \$88,010
2. Homeless Management Information System (HMIS) Expansion: \$165,000
 - a. If approved, to the Lead Agency can remove the 50% increase in matching for HMIS participating agencies.
3. Coordinated Entry Expansion: \$44,387

DISCUSSION:

HUD reopened the FY 2024–2025 Continuum of Care (CoC) Competition and the Renewal or Replacement of Youth Homeless Demonstration Program (YHDP) grants, with applications due February 9, 2026. The notice outlines project eligibility and high-level submission requirements for FY 2025 funding. While CoC's are still awaiting detailed instructions, the notice outlined that a FY 2025 CoC Priority Listing is required only for renewal projects not awarded FY 2024 funds or for new projects created through CoC reallocation. HUD has also confirmed that a Consolidated CoC Application will not be required for this funding cycle.

This NOFO reopening follows a preliminary court order, which is not yet final. If the court's decision changes, HUD may issue a separate FY 2025 NOFO with revised requirements and will provide guidance accordingly. Consequently, the current application process and requirements could change depending on the outcome of the court proceedings.

Since the release of the first 2025 NOFO, CoC lead agency staff and program recipients have been meeting weekly to identify potential cuts, closures and project transitions. Although that NOFO was later rescinded, similar cuts and/or conflicting priorities are likely in the 2026 NOFO.. CoC Lead Agency staff and CoC Program recipients will continue to meet as we work through the changes in the HUD CoC Program.

Our CoC will need to adjust this year's project listing because Buckelew Programs' SCIL Sonoma PSH project is closing, and the award will need to be reallocated. Prior to the 2025 NOFO release, the project had already declined from 12 units to nine, with further reductions expected, and its contract expires January 31, 2026. While transferring the project to another agency is possible, the process typically takes six months with full HUD staffing, and the last transfer the CoC completed took nine months. With the timing and uncertainties with this year's NOFO's (three to date) and already-issued tenant and landlord notices, there is a risk the funding for the 2026–2027 award year could be lost during the lengthy transfer period once awards are announced. Buckelew Programs also wants to maintain good standing with HUD to pursue future opportunities, particularly as priorities shift toward substance use treatment.

Given this information, the CoC Lead Agency reached out to all current CoC Program recipients and asked for project proposals to bring forth to the Homeless Coalition for approval. The total amount of funding that needs to be reallocated is \$292,397. There is no requirement in the latest NOFO to run a competition for funding, and there is no time to do so. The reallocated funding is a part of our CoC's Annual Renewal Demand, so it must be allocated to a new project either by expansion of an existing project(s) or through the creation of a brand-new project(s) or we lose it. The only eligible project types are PSH, Rapid Rehousing (RRH), Joint-Transitional (TH) RRH, Coordinated Entry and Homeless Management Information System (HMIS) funding for the HMIS Lead.

Although the 2025 NOFO was rescinded/stayed and the 2024–2025 NOFO has reopened, we should anticipate that the 2026 NOFO will include similar priorities. These may include caps on permanent housing (PSH and RRH), the exclusion of Joint TH-RRH projects, and a focus on required supportive services and treatment, with TH, Supportive Services Only, HMIS, Coordinated Entry, and limited PSH projects eligible. The board should consider these factors when approving new projects. For example, some PSH projects could expand and later transition to TH under new HUD priorities, while others operating under Housing First requirements with conflicting funding streams would likely not have that option. A brand new PSH project awarded this year could face the risk of losing funding the following year if PSH caps are imposed.

All agencies that have submitted project proposals have been asked to attend the board meeting to answer any questions. While HUD has not yet issued instructions on reallocation, it is typically permissible for PSH projects to expand supportive services without increasing unit counts. In addition, while \$292,397 funding is available for reallocation, this does not all have to be allocated to a single project proposal. Below are the proposals being recommended for the reallocated funds.

County of Sonoma, HMIS Expansion Proposal

Amount: \$165,000

The County of Sonoma has historically operated the HMIS Lead function at a deficit, both when the role was housed within the Community Development Commission and under the Department of Health Services. For FY 2025–2026, total annual HMIS Lead costs—including staffing, administration, and software—are estimated at \$641,992.76. Currently, the County receives \$348,561 in HUD funding to serve as the HMIS Lead, in addition to HMIS participation fees collected from agencies.

This results in a funding gap of \$206,221.51. After accounting for the 25% match requirement, staff is requesting a \$165,000 expansion to close this gap. If approved by the Board, the proposal would also adjust the matching requirement so that HMIS participating agencies are responsible only for 25% of the total HUD award, rather than absorbing additional costs associated with the FY 2025–2026 gap.

Based on estimated calculations, the total fee to spread across participating providers would be similar to what was charged for this current billing cycle as shown below.

Current Award: \$ 348,561

Expansion Request: \$165,000

Total Combined: \$513,561

Total match for HMIS end users: \$128,390.25

Total amount match billed to providers for 25/26: \$130,710.38

Staff does not believe this expansion would be at risk if the priorities outlined in the 2025 NOFO are carried forward into the 2026 NOFO, as HMIS funding was not subject to the same level of risk as other program components. Additionally, this expansion would provide much-needed stability for HMIS Lead staffing, as operational costs continue to rise and software expenses alone exceeded \$233,000 for FY 2025–2026. Strengthening the stability of HMIS Lead operations will benefit the broader Homeless Coalition, supporting over 300 end users across 28 participating agencies.

COTS, Community Based Permanent Supportive Housing

Amount: \$88,010.00

. COTS initially submitted a slightly smaller proposal in order to preserve funding availability for other projects that might expand through reallocation. As a result, the original submission did not include the full administrative or operational costs associated with managing the grant.

During the 2024 CoC Competition, COTS attempted to apply for this expansion as the increased supportive services was needed with approximately \$30,000 dollars per year for supportive services for a PSH project with 18 units. As noted during the last competition, COTS has successfully managed their current CoC-funded project, ensuring their grants are spent down, and have scored in the top 5 in the last 3 funding competitions.

Because no other agencies submitted proposals, staff followed up with COTS to discuss whether they wished to revise their request to more accurately reflect the significant administrative demands of the CoC Program and their limited operations budget. Based on these discussions, two proposals are attached for transparency. The proposal dated January 22 is the revised submission and is the version recommended for Board approval. Links to the submitted proposals are below:

<https://share.sonoma-county.org/link/p5miGd5dmdY/>

County of Sonoma, Coordinated Entry Expansion Proposal

Amount: \$39,387

This funding is not intended to increase the current contract of the Coordinated Entry System Operator, rather it is being recommended to increase CoC Program funding for the operator, removing the committed funding from the Homeless Coalition Homeless Services NOFA. This proposal is being brought forth as there were funds left remaining after the proposals for the HMIS and COTS expansion.