COSCDA
Council of State Community Development Agencies

Washington Update

TESS HEMBREE & JENNA POMPONI

2026 ANNUAL TRAINING CONFERENCE

1

OMB Proposed Rule

- "**Regulation for Federal Financial Assistance**" (91 FR 32198)
- Published May 29, 2026
- Congress paused implementation through at least December 11, 2026
- ***Nothing has changed yet***

2

FY27 Appropriations

Program	FY26 Enacted	FY27 President	FY27 House	FY27 Senate
CDBG	$3.3 billion	*Zero*	$3.3 billion	???
HOME	$1.25 billion	*Zero*	$500 million	???
CoC	$4.01 billion	*Zero (consolidate)*	$3.779 billion	???
ESG	$290 million	$4.02 billion*	$290 million	???

*HUD proposed to consolidate all homelessness programs into a "targeted" ESG program.

- **CDBG-DR and HTF** are not funded through the annual appropriations process.
- FY27 began on October 1. Congress extended government funding through a "continuing resolution" until **December 11, 2026**.

3

Midterm Elections Timeline

- October: Congress is out to campaign
- **November 3: Midterm elections**
- Post-election: "Lame Duck" session begins
- **December 11: Continuing Resolution expires**
- **December 18: Expected last day of session for 119th Congress**
- January: 120th Congress begins

4

“Lame Duck” Session

- **FY27 Appropriations**: Pass bills or pass a CR? Government shutdown?
- **Permitting reform**: Could impact NEPA
- **CDBG-DR supplemental**: Funding for 2025 – 2026 disasters
- **ROAD 2.0**: Senate Banking Committee working on their next housing bill

5

“HUGS”

- HUD Unified Grant System, or “HUGS”
- AI-based financial reporting tool to monitor HUD funding recipients
- Piloted earlier this year with CDBG-DR, CoC, and public housing
- New language in FY26 grant agreements meant to support HUGS
- HUD plans to start implementing it with public housing agencies as soon as January

6

Recent Notices / Comments

- Sept. 8: HUGS Comments (proposed information collection)
- Sept. 8: FFRMS Rescission Comments
- Sept. 14: CDBG-DR Formula Notice Comments
- October 13: Homelessness Research Comments
- October 13: CRA National Sign-On Letter

7

PRWORA Notice Vacated

- Sept. 21: A federal court vacated the November 2025 notice that broadly applied PRWORA immigration requirements to HUD programs (*Personal Responsibility and Work Opportunity Reconciliation Act of 1996*)
- The court found that HUD did not follow the Administrative Procedure Act (APA) notice and comment rulemaking procedures.
- **For now, HUD cannot enforce new PRWORA / SAVE requirements**.
- In the future, HUD could legally proceed with a notice and comment rulemaking process.

8

FY26 CoC Competition

- The courts allowed HUD to proceed with its FY26 CoC competition – NOFO applications were due on **September 30, 2026**.
- There is still active litigation that may decide whether parts of the NOFO are legal and if HUD can proceed with awards.
- HUD is working to transition from permanent support housing ("Housing First") models to more "transitional housing," supportive services, and cooperation with law enforcement.

9

BABA OIG Report

- HUD's Office of Inspector General published a report, "**HUD Needs to Improve its Monitoring of the Buy America Preference of the Build America, Buy America Act**."
- HUD has not been monitoring for BABA compliance
- OIG directed several offices – including CPD – to draft a plan to monitor for BABA compliance

10

Upcoming…

- More *ROAD to Housing Act* guidance and rulemaking!
- More final rules and determinations



11