

HUD Funding Process

HUD will continue the Tier 1 and Tier 2 funding process.

Tier 1.

- Tier 1. Tier 1 is equal to **90 percent** of the CoC's Annual Renewal Demand (ARD) as described in Section III.B.2.a of this NOFO minus the Annual Renewal Amounts (ARAs) of YHDP renewal and YHDP replacement projects.
- Project applications in Tier 1 will be conditionally selected from the highest scoring CoC to the lowest scoring CoC, provided the project applications pass both project eligibility and project quality threshold review, and if applicable, project renewal threshold.
- Any type of new or renewal project application can be placed in Tier 1, except YHDP renewal or YHDP replacement, CoC planning, and if applicable, UFA Costs projects as these projects are not ranked. If a DV Bonus project ranked in Tier 1 is selected with DV Bonus funds, the project will be removed from this tier and the projects below it will move up one rank position. However, if a new DV Bonus project is not selected with DV Bonus funds, the project will retain its ranked position (see Section II.B.11.e of this NOFO).
- In the event insufficient funding is available to award all Tier 1 projects, Tier 1 will be reduced proportionately, which could result in some Tier 1 projects falling into Tier 2. Therefore, CoCs should carefully determine the priority and ranking for all project applications in Tier 1 as well as Tier 2, which is described below.

Tier 2.

- Tier 2 is the difference between Tier 1 and the maximum amount of renewal, reallocation, and CoC Bonus funds that a CoC can apply for but does not include YHDP renewal or YHDP replacement projects, CoC planning projects, and if applicable, UFA Costs projects or projects selected with DV Bonus funds. If a DV Bonus project ranked in Tier 2 is selected with DV Bonus funds, the project will be removed from this tier and the projects below it will move up one rank position. However, if a new DV Bonus project is not selected with DV Bonus funds, the project will retain its ranked position (see Section II.B.11.e of this NOFO).
- Project applications placed in Tier 2 will be assessed for project eligibility and project quality threshold requirements, and if applicable, project renewal threshold requirements and funding will be determined using the CoC Application score as well as the factors listed in Section II.B.11 of this NOFO.