U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

September 18, 2026

MEMORANDUM FOR: All Community Planning and Development Regional Directors, Field Office Directors, and Program Managers

FROM: Ronald J. Kurtz, Assistant Secretary, D

Signed by:
Ronald J. Kurtz
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9/18/2026

SUBJECT: Availability of Waiver to Allow Private Nonprofit Recipients of the *FY 2026 Continuum of Care Competition and Youth Homelessness Demonstration Program Grants NOFO* to Administer Rental Assistance

Purpose:

This memorandum makes a waiver of 24 CFR 578.51(b) available to permit private nonprofit applicants, recipients, and subrecipients of funds awarded under the *FY 2026 Continuum of Care Competition and Youth Homelessness Demonstration Program NOFO* (FY 2026 CoC NOFO) to administer rental assistance.

Background:

The McKinney-Vento Homeless Assistance Act (McKinney-Vento Act) currently requires States, units of general local government, private nonprofit organizations, or public housing agencies to administer permanent housing rental assistance. 42 U.S.C. 11383(g). However, due to delays in updating the implementing regulation at 24 CFR 578.51(b), there remains a mismatch between the regulation and the statute. Specifically, the regulatory language limits the administration of rental assistance, generally, to States, units of general local government, or public housing agencies, without mention of private nonprofits. Nonprofits have successfully administered rental assistance as subrecipients in the CoC program and Emergency Solutions Grant (ESG) program for over a decade.

By making this waiver available, HUD intends to prevent unnecessary administrative burdens and restrictions on private nonprofit organizations who currently provide, or wish to provide, rental assistance to serve homeless individuals and families. In order to enable applicants to complete their local competitions 15 days ahead of the August 26, 2026 deadline, HUD finds it in the public's best interest to make available a waiver now to address the limitations in 24 CFR 578.51(b). This limited waiver does not alter the scoring criteria or selection process for CoC awards and applies only to the administrative mechanism of delivering rental assistance.

Waiver Authority:

Upon determination of good cause, in accordance with 24 CFR 5.110, HUD may waive regulatory provisions, subject to statutory limitations.

Waiver Availability:

To prevent the restriction of nonprofit organizations from administering rental assistance and to expand eligible grantees and applicants in the FY 2026 CoC NOFO competition, I find that good cause exists, consistent with the justifications stated below, to provide the regulatory waiver set forth below pursuant to 24 CFR 5.110. To use the waiver, each applicant, recipient or subrecipient must follow the notification process described below and update its program records to include written documentation of the specific conditions that justify the applicant's, recipient's, or subrecipient's use of the waiver, consistent with the justifications and applicability provisions below. Provisions that are not specifically waived remain in full effect.

Requirement: Per 24 CFR 578.51(b), rental assistance must be administered by a State, unit of general local government, or a public housing agency. Amendments to §423 of the McKinney-Vento Act, 42 USC 11383(g), in the Fixing America's Surface Transportation Act (Public Law 114-94) enacted after the codification of 24 CFR 578.51(b) authorized private nonprofit organizations to administer rental assistance in permanent housing. Although the McKinney-Vento Act does not require this, 24 CFR 578.51(b) bar private nonprofit organizations from administering rental assistance in TH.

Justification: Private nonprofit organizations have successfully managed rental assistance payments under HUD's homeless assistance programs for years. For over a decade, rental assistance funds in the CoC program have been administered by private nonprofit organizations as subrecipients. Under the Emergency Solutions Grant (ESG) program, subrecipient nonprofit organizations routinely administer rental assistance.

Nonprofits still wish to participate in the provision of rental assistance for transitional housing, but are limited because they have to sub-grant or become the subrecipient of an eligible administrator, which creates a duplicative extra layer of control. Limiting the administration of rental assistance to States, units of general local government, and public housing agencies (PHAs) can thus create unnecessary administrative burdens for private nonprofit organizations, and limit the ability of these organizations to effectively provide housing rental assistance for homeless individuals and families. Further, in rural areas in particular, it can restrict the organizations that can apply for rental assistance because there is not a state, unit of general local government, or PHA with the staff capacity or infrastructure to take on the additional administrative duties to administer the rental assistance on their behalf without considerably more financial support.

HUD has thus determined that there is sufficient good cause to waive 24 CFR 578.51(b) to permit private nonprofits to administer rental assistance funds in housing projects under grants awarded through the FY 2026 CoC NOFO provided that one of the following conditions are met:

1. The applicant, recipient, or subrecipient will experience demonstratable administrative or financial burden when coordinating with a state, unit of local government, or PHA to administer rental assistance, that could result in the applicant, recipient, or subrecipient being unable to provide assistance to the same number of program participants.
2. The applicant, recipient, or subrecipient was unable to identify a state, unit of local government, or PHA willing to administer rental assistance on their behalf.

This authority will allow private nonprofit organizations to administer rental assistance.

Applicability: This authority is in effect for rental assistance funds awarded in housing projects through the FY 2026 CoC NOFO, including those funded through the Youth Homeless Demonstration Program (YHDP) Renewal, YHDP Replacement (including YHDP Reallocation), and CoC Domestic Violence (DV) Bonus processes.

Supporting Documentation and Notification Process:

Recipient and subrecipients must provide notification to the CPD Director of the HUD Field Office serving its jurisdiction no less than two days prior to utilization of the waiver. Applicants must provide notification to HUD using instructions posted on HUD.gov for the FY 2026 CoC NOFO competition. Each applicant, recipient, and subrecipient utilizing this waiver must also update its program records to include written documentation of the specific conditions that justify the use of this waiver, consistent with the justification provided above (e.g., the attempts to identify a state, unit of local government, or PHA to administer rental assistance on their behalf and the inability to do so), prior to expending FY 2026 CoC NOFO grant funds for rental assistance.

Contact information for CPD field offices are available at: HUD's Local Offices | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

CPD Directors in receipt of notification from a recipient intending to use the waiver flexibility listed above should forward the recipient's notification to SNAPSinfo@hud.gov within 5 days for statutory waiver-reporting purposes.