

MEMO TO FILE: NOFO Impacts #1 – Catholic Charities

FROM: Gavin Cooley, President, Spokane Business Association
DATE: May 20, 2026
RE: Estimated impact on Catholic Charities Eastern Washington of the anticipated FY 2026 HUD Continuum of Care NOFO rebalance

Executive Summary

This memo provides an educated, directional estimate of how the anticipated FY 2026 HUD Continuum of Care (CoC) Notice of Funding Opportunity (NOFO) could affect Catholic Charities Eastern Washington (CCEW) and its housing affiliate, Catholic Housing Communities of Spokane (CHCS). HUD has signaled an intent to publish the FY 2026 NOFO by June 1, 2026, with awards by December 1, 2026. The central proposed change is a cap of approximately 30% of CoC funding on the permanent housing category, which includes Permanent Supportive Housing (PSH) and Rapid Rehousing (RRH), down from the roughly 87 to 90% share that permanent housing has held in recent CoC awards. The balance would shift to transitional housing, supportive services only (SSO), street outreach, treatment, recovery, employment, and related self-sufficiency activities. The final NOFO text is not yet public, the prior proposal was temporarily withdrawn in December 2025, and an April 2026 federal court ruling has constrained the administration's ability to alter funding conditions outside the NOFO process. Treat all numbers in this memo as directional.

The bottom line for Spokane: CCEW is meaningfully exposed but not catastrophically so, because the HUD CoC operating grant is only one layer of a multi-source capital and operating stack on the Haven properties. The most acute risk is to the wraparound supportive services that make PSH tenancies stable for chronically homeless tenants with serious disabilities, mental illness, or substance use disorders. The physical units do not vanish if a CoC grant is cut or capped; they were largely built with LIHTC equity, state Housing Trust Fund loans, philanthropy, and donated diocesan land. What is at risk is the service layer that distinguishes PSH from market-rate affordable housing, and the renewal certainty that has historically protected the operating model. CCEW is better positioned than many peer providers nationally because of three Spokane-specific assets: a deeply diversified non-HUD revenue base, a multi-county geographic footprint, and an existing transitional and treatment-linked book of business (Catalyst Project, Rising Strong, St. Margaret's, House of Charity) that aligns with the direction HUD is signaling.

Context: HUD Funding Flowing Into Spokane

Before assessing CCEW's specific exposure, it is useful to frame the total volume of HUD dollars flowing into the Spokane region each year and where they generally land. The figures below reflect the City of Spokane's most recently published FY 2026 Annual Action Plan and the FY 2024 to 25 Continuum of Care award. Spokane Valley and Spokane County (Urban Consortium) receive smaller separate CDBG allocations not included in the table; together those add roughly another \$1.5 to \$2 million annually.

HUD program	Annual amount	Where it generally goes in Spokane
CDBG (City entitlement)	\$3,017,244	Community Development Block Grant administered by City CHHS. Funds capital projects (affordable housing, public facilities, code enforcement, neighborhood revitalization) and public services. CCEW is one of many subrecipients.
HOME (City entitlement)	\$1,138,478	HOME Investment Partnerships dollars for affordable rental development, homebuyer assistance, and Tenant-Based Rental Assistance. Frequently part of LIHTC capital stacks for Haven-style properties.
ESG (City entitlement)	\$267,764	Emergency Solutions Grant for shelter operations, street outreach, rapid rehousing, and HMIS. Flows to providers including CCEW's St. Margaret's family shelter and partner shelters.
Program income (CDBG + HOME)	approx. \$1,345,000	Anticipated PY 2026 program income (loan repayments, etc.) that recycles back into the same CDBG and HOME purposes.
CoC competitive (Regional)	\$6,333,005	WA-502 Spokane City and County Continuum of Care competitive award. Roughly 87 to 90% of this currently funds permanent housing (PSH and RRH). CCEW, VOA, YWCA, Family Promise, and Spokane Housing Authority are among the principal subrecipients.
TOTAL HUD into Spokane (City + CoC)	approx. \$12.1M	Combined annual HUD funding administered by the City and Spokane Regional CoC. Of this, roughly \$6.6M (CoC plus ESG) is dedicated homelessness-response funding, the figure most commonly cited locally.

The FY 2026 NOFO debate is essentially a fight over the \$6.3 million CoC line and the rules that govern it. The CDBG, HOME, and ESG entitlements operate on different statutory authority and are not directly affected by the NOFO restructure, although ESG awards and HOME tenant-

based rental assistance could feel secondary pressure if HUD signals a similar philosophy across all homelessness programs in subsequent guidance.

Snapshot: CCEW's Homelessness Response Footprint

To frame the impact assessment, the table below summarizes the principal homelessness-response activities CCEW currently operates in Spokane, the order-of-magnitude annual cost of each, and the primary funding sources. Dollar ranges are estimates derived from public reporting, contract notices, and the CCEW operating budget; they are intended as directional context, not audited figures. CCEW's overall consolidated operating budget is cited at approximately \$61 million across all programs (housing, shelter, food, refugee, behavioral health, and counseling).

CCEW activity	Est. annual cost	Primary funders	Description
PSH portfolio operations (Havens)	\$10 to \$14M	SHA project-based vouchers; HUD CoC PSH renewals; Apple Health FCS; tenant rent	Day-to-day operations of approximately 472 PSH and family-PSH units across seven Spokane Haven buildings (operations only; capital stack separate).
Onsite supportive services (OSHS)	\$3 to \$5M	HUD CoC supportive services; Apple Health FCS; Spokane City/County contracts; philanthropy	Case management, behavioral health, tenancy support, benefits navigation, and crisis response across the PSH portfolio.
House of Charity (low-barrier men's shelter)	\$2.5 to \$3.5M	City of Spokane contract (\$478,686 FY25 to 26); county; philanthropy; diocese	32 W Pacific congregate shelter, meals, day services; first-responder bed reservation partnership. CCEW has announced plans to sunset and replace with a 118-room SRO annex near Catalyst.
Catalyst Project (transitional / bridge)	\$2 to \$3M	WA Commerce CHG; WA Right of Way Safety Initiative; city; philanthropy	87-room bridge housing facility opened December 2022 in the former Quality Inn; built specifically to absorb Camp Hope residents. Not currently a HUD CoC project.
St. Margaret's family shelter / transitional housing	\$700K to \$1.0M	HUD CoC TH (\$67,755 confirmed FY23); WA CHG;	18 units of family emergency and transitional housing; central to family system response in

CCEW activity	Est. annual cost	Primary funders	Description
		ESG; recording fees	Spokane.
Rapid Rehousing for Families (RRH)	\$1 to \$1.5M	HUD CoC RRH (\$524,687 confirmed FY23); WA CHG; ESG	Short-term subsidy and case management to move homeless families into market housing.
Homeless Family Coordinated Assessment (HFCA)	\$400K to \$700K	Spokane County contracts; recording fees; HUD CoC planning	CCEW operates the family coordinated entry access point for the Spokane CoC.
Rising Strong (residential SUD treatment + reunification)	\$2 to \$3M	WA Commerce; DCYF child welfare; Apple Health; philanthropy	Two-generation residential treatment program; parents and children remain together during recovery. Not HUD-funded.
Mother Teresa's Haven (men's overnight rotating shelter)	\$200K to \$400K	Diocese of Spokane; parish networks; philanthropy	Distinct from the Mother Teresa Haven PSH building; rotates men's overnight shelter through parishes.
Police-embedded outreach social workers	\$500K to \$1.0M	City of Spokane (HEART Fund and general fund)	CCEW outreach workers embedded with Spokane Police precincts under the Mayor Brown emergency declaration.
Mobile MAT services	\$200K to \$300K	City of Spokane HEART Fund (approx. \$200K confirmed Nov 2025)	Mobile medication-assisted treatment services for opioid use disorder.
Food, refugee, counseling, immigration legal	\$5 to \$7M	Federal ORR; state contracts; Apple Health; private giving; USCCB	Food banks, refugee resettlement (under national pressure as of 2025 to 26), behavioral health counseling, immigration legal services. Not housing-program funding; shown for context.
TOTAL CCEW homelessness response	approx. \$22 to \$32M	Aggregate of housing and homelessness lines (excludes food / refugee / counseling).	Order-of-magnitude only. CCEW's overall operating budget is cited at approximately \$61M; CHCS (the housing affiliate) files a separate Form 990.

Two patterns matter for the NOFO analysis. First, the PSH portfolio and onsite supportive services are the two largest single line items in CCEW's homelessness response, and they are the two most directly exposed to a CoC PSH cap. Second, the shelter, transitional, outreach, and treatment lines (House of Charity, Catalyst, Rising Strong, outreach, MAT) are already aligned with the direction HUD is signaling, which gives CCEW a competitive position to absorb redirected funding even as PSH-specific dollars come under pressure.

Detailed Funder Breakout for Each CCEW Activity

This table decomposes the estimated annual cost of each homelessness-response activity into specific funder lines. "Confirmed" amounts come from published contracts, HUD award reports, or City and County announcements. "Estimate" amounts are educated guesses based on portfolio-typical economics and the share of each program's known total that each funder type usually carries. Where I show a wide range, the underlying allocation depends on factors that are not separately published, such as how much of CCEW's WA-502 CoC award is split between operating subsidy versus supportive services, or how many Haven units carry project-based vouchers versus straight CoC operating grants. The point of the table is to show structure and proportion, not to substitute for a CCEW or CHCS audited statement.

Funder / source	Est. annual	Confidence	Notes and sourcing logic
1. PSH Portfolio Operations — Total approx. \$10–14M/yr (472 units across 7 open Haven buildings)			
Tenant rent contributions	\$1.5–2.5M	Estimate	PSH tenants pay 30% of income; with mostly very low income, average tenant contribution ~\$3–5K/unit/yr × 472 units.
SHA project-based Section 8 vouchers	\$4.0–6.0M	Estimate	Largest single rental subsidy source. Approx. 300 PBV-supported units × \$12–15K/unit/yr for individuals, higher for family units at Pope Francis, Gonzaga Family, and Mother Teresa Havens.
HUD CoC PSH operating subsidy (renewals)	\$1.0–2.0M	Estimate	Portion of CCEW's CoC allocation that funds leasing/rental assistance rather than services. This is the operating slice most exposed to a 30% PH cap.
LIHTC compliance, developer fees, reserves	\$0.5–1.0M	Estimate	Annual compliance income and developer fees across the LIHTC portfolio (Father Bach I, Donna Hanson, Sisters Haven, Gonzaga Family Haven, etc.).
Replacement reserves, misc.	\$0.5–1.0M	Estimate	Replacement reserves drawn from operating cash flow plus minor revenue

Funder / source	Est. annual	Confidence	Notes and sourcing logic
operating			items.
2. Onsite Supportive Services (OSHS) — Total approx. \$3–5M/yr			
HUD CoC supportive services grants	\$1.5–2.0M	Estimate	Most NOFO-exposed line. Funds case management, behavioral health partnerships, tenancy support. Reduction here is the central risk of the NOFO change.
Apple Health FCS (Medicaid tenancy support)	\$0.5–1.5M	Estimate	Billable Medicaid tenancy support and supported employment. Range reflects current vs. fully built-out billing. Growing structural alternative to HUD CoC.
Spokane City/County contracts (HEART, recording fees)	\$0.5–1.0M	Estimate	Local services contracts and recording-fee passthroughs for case management and outreach functions on PSH units.
Philanthropy and diocesan	\$0.3–0.5M	Estimate	Catholic Foundation of Eastern WA, diocese, donor families behind named Havens.
CCEW general fund / private donors	\$0.2–0.5M	Estimate	Unrestricted CCEW funds applied to gaps.
3. House of Charity (low-barrier men's shelter) — Total approx. \$2.5–3.5M/yr			
City of Spokane contract	\$478,686	Confirmed	FY 2025–26 contract published by City CHHS for shelter operations.
Spokane County CHG / recording fees	\$0.3–0.6M	Estimate	County CHG passthrough and HHAA fees supporting shelter ops.
ESG (Emergency Solutions Grant)	\$0.1–0.2M	Estimate	Portion of City ESG (\$267,764 total) allocated to congregate shelter operations.
Diocese of Spokane and philanthropy	\$1.0–1.5M	Estimate	Largest single source for HoC historically; diocesan support, Catholic Foundation, named donor giving.
First-responder bed reservation partnership	\$0.05–0.15M	Estimate	City partnership announced April 2025.
CCEW general fund	\$0.3–0.5M	Estimate	Unrestricted fund support; meal program and day services partially absorbed here.

Funder / source	Est. annual	Confidence	Notes and sourcing logic
4. Catalyst Project (transitional / bridge) — Total approx. \$2–3M/yr operating			
WA Commerce CHG	\$1.0–1.5M	Estimate	Operating subsidy for the 87-room bridge housing facility; aligns with state homeless response priorities.
City of Spokane contracts	\$0.3–0.6M	Estimate	Outreach team support, shelter beds, and operations contracts.
Apple Health FCS	\$0.2–0.4M	Estimate	Medicaid-billable tenancy support and behavioral health navigation.
WA Right of Way Initiative residual / reserves	\$0.1–0.3M	Estimate	Tail of the original \$14.8M state grant amortized into operating reserves.
Philanthropy	\$0.2–0.5M	Estimate	Private giving, capital campaign tail.
5. St. Margaret's Family Shelter / Transitional Housing — Total approx. \$0.7–1.0M/yr			
HUD CoC TH grant	\$67,755	Confirmed	FY 2023 award (WA0109 Catholic Charities SMS TH); likely similar in recent years.
WA Commerce CHG	\$0.3–0.5M	Estimate	Largest single source for family shelter operations.
ESG (Emergency Solutions Grant)	\$0.1–0.2M	Estimate	Family-shelter portion of City ESG allocation.
Recording fees (City + County)	\$0.05–0.15M	Estimate	Local 2163 / HHAA passthrough.
Philanthropy and diocesan	\$0.1–0.2M	Estimate	Catholic Foundation, parish networks, named donors.
6. Rapid Rehousing for Families — Total approx. \$1.0–1.5M/yr			
HUD CoC RRH	\$524,687	Confirmed	FY 2023 award (WA0288 Catholic Charities RRH for Families); a separate PSH Consolidation line (\$219,869) may also flow through this program.
WA Commerce CHG	\$0.3–0.5M	Estimate	State homeless grant passthrough for family RRH activity.
ESG	\$0.1–0.15M	Estimate	Family RRH portion of City ESG.

Funder / source	Est. annual	Confidence	Notes and sourcing logic
Recording fees (City + County)	\$0.05–0.15M	Estimate	Local HHAA passthrough.
DCYF and family-prevention dollars	\$0.0–0.2M	Estimate	State child welfare funds occasionally tied to family RRH placements.
7. Homeless Family Coordinated Assessment (HFCA) — Total approx. \$0.4–0.7M/yr			
Spokane County contracts	\$0.2–0.4M	Estimate	Primary funder for the family CE access point as Continuum of Care responsibility.
Recording fees (HHAA)	\$0.1–0.2M	Estimate	County HHAA passthrough.
HUD CoC Planning grant share	\$0.05–0.1M	Estimate	City of Spokane CoC Planning (\$267,690 FY23) and UFA Costs (\$160,614) partially support HFCA infrastructure.
City of Spokane contracts	\$0.05–0.1M	Estimate	Coordinated entry support contracts.
8. Rising Strong (residential SUD treatment + family reunification) — Total approx. \$2–3M/yr			
WA Department of Commerce	\$1.0–1.5M	Estimate	Primary state funder; aligned with Phase 2 family housing and treatment priorities.
DCYF (state child welfare)	\$0.3–0.6M	Estimate	Child welfare placements and family reunification dollars.
Apple Health (Medicaid SUD treatment)	\$0.3–0.6M	Estimate	Medicaid billing for SUD residential treatment services.
Philanthropy and diocesan	\$0.3–0.5M	Estimate	Catholic Foundation, Empire Health, Innovia, named donors.
Diocese / Catholic Charities USA	\$0.1–0.2M	Estimate	Mission alignment funding.
9. Mother Teresa's Haven (men's overnight rotating shelter) — Total approx. \$0.2–0.4M/yr			
Diocese of Spokane	\$0.1–0.2M	Estimate	Primary funder; men's overnight rotating shelter relies heavily on parish-network support.
Parish networks	\$0.05–0.1M	Estimate	Local parishes host overnight rotations and

Funder / source	Est. annual	Confidence	Notes and sourcing logic
(cash + in-kind)			contribute volunteer labor and meals.
Philanthropy	\$0.05–0.1M	Estimate	Private giving and meal sponsorships.
10. Police-embedded Outreach Social Workers — Total approx. \$0.5–1.0M/yr			
City of Spokane HEART Fund and general fund	\$0.4–0.8M	Estimate	Primary funder under Mayor Brown's emergency declaration; outreach workers embedded with SPD precincts.
Spokane County / recording fees	\$0.05–0.1M	Estimate	Smaller county contracts for outreach activities outside city limits.
Philanthropy	\$0.05–0.1M	Estimate	Small private giving supplement.
11. Mobile MAT Services — Total approx. \$0.2–0.3M/yr			
City of Spokane HEART Fund	\$200,000	Confirmed	Confirmed November 2025 award for mobile medication-assisted treatment services.
Apple Health (Medicaid SUD treatment)	\$0.0–0.1M	Estimate	Medicaid billing for MAT services to enrolled patients; build-out in progress.
GRAND TOTAL CCEW homelessness response (operating + services)	approx. \$22–32M/yr	Order-of-mag.	HUD-attributable share (CoC + ESG passthrough + entitlement program-income flows): approx. \$3.0–4.5M, or 10–15% of total. Non-HUD share: approx. \$19–27M, or 85–90%.

Three observations from this decomposition. First, the HUD-attributable share of CCEW's homelessness response is approximately 10 to 15% of the total annual cost — the rest comes from state, local, Medicaid, philanthropic, and tenant-rent sources. Second, within the HUD-attributable share, the supportive services grants attached to CoC PSH are the slice the FY 2026 NOFO change actually threatens; the project-based vouchers that carry the largest share of rent are administered by Spokane Housing Authority on a different statutory authority. Third, several activity lines (Rising Strong, Catalyst, House of Charity, Mother Teresa's overnight) have zero or negligible HUD CoC exposure today and would be essentially unaffected by the NOFO rebalance.

1. The Policy Change in One Page

HUD's May 2026 announcement (HUD No. 26-031) states that the agency intends to rebalance the CoC program toward a diversity of solutions targeting the underlying causes of

homelessness, with increased investment in transitional housing, SSO projects (street outreach, childcare, outpatient addiction treatment, job training), and supportive services. Stakeholder and press reporting from late 2025 through May 2026 has described the operative numerical structure as:

- A cap of roughly 30% on the share of CoC awards that may fund permanent housing as a category, meaning PSH and RRH combined, versus the roughly 87 to 90% share that permanent housing has held historically.
- Substantial expansion of the transitional housing share, which has been around 1% of national CoC awards in recent years.
- Expansion of SSO components covering outreach, treatment navigation, employment, childcare, and recovery supports.
- Possible conditions on permanent housing aid, including work or treatment expectations, time limits, and stricter prioritization rules.

The proposal has had a complex procedural path. HUD initially advanced the change in late 2025, then temporarily withdrew the NOFO in December 2025. Federal courts ruled in April 2026 that the administration cannot unilaterally alter homelessness funding conditions outside formal rulemaking, and Congress included triggers in the FY 2026 Consolidated Appropriations Act that would auto-renew all expiring CoC projects if HUD has not made awards by July 1, 2026. As of this writing, HUD is preparing a second attempt at the NOFO targeted for June 1, 2026 publication. The final percentage, the mechanism (renewal cap vs. set-aside vs. scoring penalty), and the treatment of multi-year renewals are all still subject to revision.

2. CCEW's Spokane Housing Portfolio

CCEW operates housing through Catholic Housing Communities of Spokane (CHCS), which in 2022 absorbed the Spokane Housing Ventures portfolio. The combined organization now operates an estimated 3,100 units across roughly 72 properties in 13 Central and Eastern Washington counties, with the substantial majority in Spokane city and county. CCEW's Onsite Supportive Housing Services (OSHS) program is reported to support 400 or more PSH units with case management and tenancy support.

The Spokane PSH portfolio is concentrated in a series of named Haven buildings, most of which were financed with LIHTC equity, state Housing Trust Fund loans, project-based Section 8 vouchers from Spokane Housing Authority, philanthropic capital, and donated diocesan or partner land. The table below summarizes the largest and best-documented PSH and family-PSH buildings; unit counts are drawn from CCEW and Spokesman-Review coverage at the time of dedication.

Property	Units	Population served	Notes
Father Bach Haven I	50	Chronically homeless single adults	Opened 2011; CCEW's flagship PSH facility downtown.

Property	Units	Population served	Notes
Buder Haven	50	Chronically homeless adults	Opened 2016; co-located with VOA's Marilee building.
Donna Hanson Haven	51	Chronically homeless adults	Opened 2017; 25 studios, 25 one-bedrooms, 1 staff unit.
Pope Francis Haven	51	Homeless families	Spokane Valley, opened 2017; two- and three-bedroom family units.
The Sisters Haven	75	Chronically homeless individuals and families	Holy Names campus, opened 2018; \$14.3M LIHTC stack.
Mother Teresa Haven	72	Mixed family and individual	Holy Names campus; 48 family + 24 individual units.
Gonzaga Family Haven	73	Formerly homeless families	Dedicated 2022; Gonzaga University/Prep partnership.
Catalyst Project	87 rms	Transitional / bridge	Former Quality Inn; opened Dec 2022; state-funded, approx. \$14.8M; not a HUD-CoC PSH project.
Father Bach IV (planned)	approx. 50	Chronically homeless adults	In planning/design as of 2024 to 25 coverage.
Dominican Sisters Haven	rural	Rural homeless households	Stevens County, opened 2025; outside Spokane CoC but within CHCS portfolio.
TOTAL Spokane PSH / family-PSH (open)	472	Across seven open Haven buildings	Plus 87 transitional rooms at Catalyst and approx. 100 PSH units in the Father Bach IV/V pipeline.

The named Spokane PSH and family-PSH stock totals 472 units across seven open buildings (the totals row above), with 87 transitional rooms at Catalyst and approximately 100 additional PSH units in the Father Bach IV/V pipeline. That open PSH stock is the core inventory whose operating subsidy and service layer are most exposed to a CoC rebalance. Spokane's most recent published Continuum of Care competitive award was \$6.33 million for the 2024 to 25 program year (covering the full WA-502 CoC, not just CCEW projects). CCEW's share of that pot is not separately published in materials reviewed for this memo and should be confirmed by pulling the WA-502 project-level award letters before any public reliance on a specific dollar figure.

Total financial picture of the Haven portfolio

The table below assembles, at a high level, what is known and reasonably estimable about the capital stack that built each Haven property and the annual operating and services layers that keep them running. Capital figures are confirmed where cited; operating and services figures are estimates based on typical PSH economics, project-based voucher contract values, and CCEW's CoC line items where published. The point of the table is to show the relative scale of each layer, and which layer the FY 2026 NOFO change actually threatens.

Property	Units	Capital stack (one-time)	Operating subsidy (annual)	Services layer (annual)
Father Bach Haven I	50	approx. \$9.6M total: 9% LIHTC + WA Housing Trust Fund	SHA project-based vouchers + HUD CoC PSH renewal (est. \$250 to \$400K/yr)	HUD CoC services + Apple Health FCS + philanthropy (est. \$400 to \$600K/yr)
Buder Haven	50	Comparable approx. \$10M LIHTC + HTF + Buder family philanthropy	SHA PBVs + HUD CoC PSH (est. \$250 to \$400K/yr)	CoC services + FCS + philanthropy (est. \$400 to \$600K/yr)
Donna Hanson Haven (Bach III)	51	\$10.3M WSHFC LIHTC + HTF + Hanson family	SHA PBVs + HUD CoC PSH (est. \$250 to \$400K/yr)	CoC services + FCS + philanthropy (est. \$400 to \$600K/yr)
Pope Francis Haven	51	Family-PSH; LIHTC + HTF + recording fees + diocese	SHA PBVs + HUD CoC family PSH (est. \$250 to \$400K/yr)	CoC family services + DCYF + philanthropy (est. \$300 to \$500K/yr)
The Sisters Haven	75	\$14.3M LIHTC stack + HTF + Sisters of the Holy Names land	SHA PBVs + HUD CoC PSH (est. \$400 to \$600K/yr)	CoC services + FCS + philanthropy (est. \$500 to \$800K/yr)
Mother Teresa Haven	72	LIHTC + HTF + Holy Names campus contribution	SHA PBVs + HUD CoC PSH (est. \$400 to \$600K/yr)	CoC services + FCS + philanthropy (est. \$500 to \$800K/yr)
Gonzaga Family Haven	73	LIHTC + HTF + Gonzaga University/Prep partnership	SHA PBVs + HUD CoC family PSH (est. \$400 to \$600K/yr)	Family services + DCYF + Headstart + philanthropy (est. \$500 to \$800K/yr)

Property	Units	Capital stack (one-time)	Operating subsidy (annual)	Services layer (annual)
Catalyst Project (transitional)	87 rms	\$14.8M WA Right of Way Safety Initiative (one-time)	WA CHG + city contracts (not HUD CoC) (est. \$1.5 to \$2.5M/yr)	CHG services + philanthropy (est. \$500K to \$1.0M/yr)
Father Bach IV + V (pipeline)	approx. 100	\$24M combined; \$19.6M LIHTC approved by WSHFC	Not yet operational	Not yet operational
TOTALS (open Havens + pipeline)	approx. 559 + 100 pipeline	approx. \$100M+ capital deployed; \$24M more in Bach IV/V pipeline	approx. \$4 to \$6M/yr operating subsidy across the open PSH stack	approx. \$3 to \$5M/yr supportive services layer (the most NOFO-exposed line)

The capital line is essentially sunk and protected by LIHTC compliance covenants, state HTF loan terms, and recorded land restrictions. The operating subsidy line is largely insulated by SHA project-based voucher contracts that are not affected by the CoC NOFO. The services line is where the NOFO rebalance bites; these are the dollars that pay for case managers, behavioral health partnerships, tenancy support, and the rest of the infrastructure that produces CCEW's published 94% three-year retention rate in PSH. A reduction in this layer is what would actually convert PSH back into ordinary subsidized housing for a high-need population.

3. Direct HUD CoC Exposure: What Is Actually at Risk

It is essential to separate three different layers of CCEW's housing economics, because a CoC NOFO change does not strike all three equally.

Capital layer (largely insulated)

The buildings themselves were not financed primarily with HUD CoC dollars. The dominant capital sources for the Havens are 9% Low-Income Housing Tax Credit equity allocated by the Washington State Housing Finance Commission, state Housing Trust Fund loans from the Department of Commerce, City of Spokane and Spokane County document recording fee proceeds (the 2163 and HHAA streams), donated land (Diocese of Spokane, Sisters of the Holy Names, Dominican Sisters, Gonzaga University), and major philanthropy. A CoC NOFO change does not retroactively claw back the capital stack. The units stay standing.

Operating subsidy layer (significantly exposed)

The rent that flows to those units is a blended stream: project-based Section 8 vouchers administered by Spokane Housing Authority (not threatened by the CoC NOFO and likely the largest single rental subsidy source on the Haven portfolio), tenant rent contributions, and in

some cases HUD CoC PSH operating grants that pay for leasing or rental assistance. The portion of operating subsidy that flows specifically through CCEW's CoC PSH renewal grants is the layer most directly exposed to a renewal cap or PSH set-aside reduction. If the final NOFO truly caps permanent housing renewals at 30% of CoC funding, the WA-502 ranking committee would be forced to triage among PSH renewals, and the buildings most reliant on CoC dollars rather than project-based vouchers would be the most at risk.

Supportive services layer (most acutely exposed)

This is the heart of the issue. Permanent Supportive Housing is not just a unit; it is a unit plus a case manager, plus behavioral health and substance use services, plus tenancy supports, plus benefits navigation, plus crisis response. CCEW funds the services side of PSH from a blend of CoC supportive services grants, Apple Health (Medicaid) Foundational Community Supports billing, state Consolidated Homeless Grant dollars, City of Spokane and Spokane County contracts, and private philanthropy. A 30% PH cap in the NOFO would not just constrain operating subsidy; it would directly reduce the supportive services grants that maintain CCEW's reported 94% three-year retention rate in PSH. Without those services, PSH degrades into ordinary subsidized housing for a high-need population, and retention rates typically collapse.

Order-of-magnitude estimate

Without published WA-502 project-level award data, the safest educated guess is that CCEW receives somewhere in the range of \$2.0 to \$3.5 million per year in HUD CoC PSH renewal and supportive services grants tied to the Spokane Havens, out of the \$6.33 million WA-502 total. A worst-case interpretation of the proposed 30% PH cap, assuming proportional reduction in CCEW's renewal awards, could expose CCEW to a recurring annual reduction in the range of \$700,000 to \$1.5 million, concentrated almost entirely in operating and services, not capital. That range is intentionally wide. The actual exposure depends on whether the cap applies to the overall CoC pot, only to new awards, or to renewals; whether CCEW's projects rank highly enough locally to survive triage; and whether congressional renewal triggers (the July 1, 2026 deadline) force HUD to auto-renew expiring projects, which would substantially blunt the first-year impact.

4. Non-HUD Funding Streams That Carry CCEW Through

CCEW operates with one of the more diversified funding bases among Pacific Northwest Catholic Charities affiliates. The table below assembles the principal non-HUD streams, the order-of-magnitude estimate of what each contributes annually to CCEW's housing and homelessness work, and where they fall in the capital / operating / services stack. As elsewhere in this memo, dollar ranges are educated estimates based on public reporting, contract notices, and typical PSH economics; they are intended to show scale and direction, not to substitute for the underlying contracts.

Stream	Est. annual to CCEW	Type	Notes
Spokane Housing Authority project-based Section 8 vouchers	\$3.0 to \$5.0M	Operating subsidy	Estimated at roughly 300 PBV-supported units in the Haven portfolio x \$12 to \$15K/unit/yr. Largest single rental subsidy source across CCEW's PSH stack. Not affected by the CoC NOFO change.
WA Commerce Consolidated Homeless Grant (CHG)	\$1.5 to \$2.5M	Operating + services	City of Spokane administers approximately \$3.9M annually in CHG funds; CCEW is a major subrecipient (St. Margaret's, family RRH, HFCA, Catalyst operating).
Apple Health Foundational Community Supports (FCS)	\$0.5 to \$1.5M	Services (Medicaid)	Medicaid-billable tenancy support and supported employment on PSH units. Growing structural alternative to HUD CoC services. Range reflects current vs. fully built-out billing.
City of Spokane HEART Fund	approx. \$1.5M	Services + shelter	Approximately \$1.3M for shelter beds and \$200K for mobile MAT confirmed November 2025; plus general fund-supported outreach social workers embedded with SPD precincts.
WA Right of Way Safety Initiative	\$14.8M one-time	Capital	Quality Inn acquisition for the Catalyst Project. Independent of HUD action. Likely successor projects in negotiation.
WA Housing Trust Fund (Commerce)	Project-by-project	Capital	Capital loans on essentially every Haven property; recent confirmed allocations include Donna Hanson Haven (\$32K), Father Bach Haven (\$218K), Sisters Haven (\$34K), Bach IV (\$68K), Bach V (\$134K). Statewide rounds continue annually.
Spokane City and County document recording fees (2163 / HHAA)	\$0.3 to \$0.7M	Operating + services	Approximately 60% of the 2163 / 1359 / 2331 / 2048 fees are retained locally. Both jurisdictions route significant homelessness dollars to CCEW programs (HFCA, St. Margaret's, RRH).
City of Spokane homeless services contracts	\$0.7 to \$1.2M	Operating	Most recent published House of Charity contract was \$478,686 for FY 2025 to 26; plus the first-responder bed reservation partnership announced April 2025 and other smaller contracts.
DCYF / Rising Strong	\$2.0 to	Treatment	Funds the Rising Strong residential

Stream	Est. annual to CCEW	Type	Notes
(state child welfare and SUD)	\$3.0M	+ family services	treatment and family reunification program; aligned with the direction HUD is signaling in the new NOFO.
LIHTC equity / compliance income	\$1.0 to \$2.0M	Capital + operating	Annual portfolio-wide compliance income and developer fees on completed LIHTC properties; equity flows are one-time at construction. WSHFC has approved 17+ LIHTC deals since 2012.
Diocese of Spokane, Catholic Foundation of E. WA, Catholic Charities USA	\$0.5 to \$1.0M	Operating + capital	Steady annual support, additional capital giving (donated land at Holy Names campus, Bach Haven site), and policy advocacy.
Private philanthropy (named donors and foundations)	\$1.0 to \$2.0M	Operating + capital	Buder and Hanson families, Gonzaga University and Prep, Sisters of the Holy Names, Dominican Sisters, Empire Health Foundation, Innovia Foundation; capital campaigns occur every few years.
TOTAL non-HUD annual (operating + services only)	approx. \$10 to \$18M/yr		Excludes one-time capital (Right of Way Initiative, HTF, LIHTC equity). The annual non-HUD operating and services flow is several multiples larger than CCEW's HUD CoC exposure.

Two takeaways. First, CCEW's largest single rental subsidy source, SHA project-based vouchers, is not affected by the CoC NOFO. Second, the total non-HUD operating and services flow (roughly \$10 to \$18 million annually) is multiple times larger than the \$2 to \$3.5 million in HUD CoC dollars that the NOFO change most directly threatens. This diversification is the principal reason CCEW would weather a CoC NOFO rebalance better than a HUD-CoC-dependent provider. It is also why the most likely operational consequence of the NOFO change is not a wave of evicted PSH tenants, but a quiet erosion of the supportive services intensity that distinguishes PSH from market-rate subsidized units.

5. Tenant-Level and Community Consequences

If the NOFO change lands as currently described and CCEW absorbs a meaningful reduction in PSH renewal and services dollars, the most probable downstream effects in Spokane are the following.

1. **Reduced case management ratios in PSH.** Expect caseloads to widen from current PSH-appropriate ratios (typically 1:15 to 1:20) toward 1:30 or higher. The first signs are missed appointments, slower benefits re-certification, and rising lease violations.
2. **Selective unit conversions.** Some units currently operated as PSH could be re-classified as ordinary affordable housing as the supportive layer thins. This preserves the rent roll but breaks the original equity bargain and the implicit promise to chronically homeless tenants.
3. **Growth in CCEW's transitional and treatment-linked book of business.** The Catalyst Project, Rising Strong, and a possible Father Bach IV reconfigured as transitional housing become CCEW's growth vector if HUD shifts dollars toward TH and SSO. CCEW is unusually well-positioned to bid on these new categories.
4. **Pressure on the House of Charity transition.** CCEW has signaled it will sunset the downtown House of Charity congregate shelter once a 118-room SRO annex near the Catalyst Project comes online. If CoC dollars rebalance toward transitional and SSO, the timetable for that transition is likely to accelerate.
5. **Visible increase in street homelessness and high-utilizer calls.** If PSH retention rates fall, the marginal tenants, those with the most severe mental illness, substance use disorder, or medical fragility, are the first to exit. They become emergency room and Spokane Police high-utilizer cases, with the cost shifting from federal to county and city budgets.
6. **Reputational and political cross-pressure.** The August 2025 tort claim filed by a downtown business against the City and CCEW alleging that Haven facilities import out-of-area homeless tenants will be amplified if the federal narrative shifts toward treatment-first and local accountability. CCEW's published 94% three-year PSH retention rate is the strongest evidentiary defense and should be central to any local communications strategy.

6. Three Scenarios (Educated Guesses)

The range below frames possible outcomes given current uncertainty. The mild and moderate scenarios are the most likely if the FY 2026 NOFO is published in something close to its currently reported form. The severe scenario requires a final NOFO that survives litigation intact and aggressive HUD implementation. None of the three scenarios assumes total elimination of the CoC PSH portfolio.

Scenario	Mild	Moderate	Severe
Trigger	Final NOFO retains a 30% PH cap but congressional renewal triggers force auto-renewal of expiring projects; cap binds	30% cap applies to all PH including renewals, but litigation and HUD discretion produce a multi-year phase-in.	30% cap applies to renewals immediately, with prioritization rules and conditions that disadvantage Housing

Scenario	Mild	Moderate	Severe
	primarily on new awards.		First models.
Annual HUD CoC exposure to CCEW	Roughly \$200,000 to \$500,000 reduction; absorbed through service-line trims.	Roughly \$700,000 to \$1.5 million reduction phased over two to three years.	Roughly \$1.5 million to \$2.5 million annual reduction concentrated in services and operating subsidy.
PSH units at structural risk	None reclassified; service intensity narrowed.	Selected reclassification of 30 to 70 units; service intensity meaningfully reduced.	100 to 200 units possibly reclassified out of PSH; some tenant displacement risk if vouchers don't backfill.
Offsetting opportunity	CCEW competes successfully for new SSO and TH dollars at Catalyst and Rising Strong.	Material expansion of FCS Medicaid billing and city HEART Fund services partially offsets.	Requires structural redesign; possible philanthropic capital campaign; diocesan or USCCB intervention.

7. Mitigations and Open Questions

Likely CCEW responses

- Accelerate FCS billing build-out so Medicaid takes a larger share of tenancy-support costs.
- Re-bid existing transitional and bridge stock (Catalyst, St. Margaret's, House of Charity successor) into the SSO and TH categories the new NOFO favors.
- Negotiate larger project-based voucher commitments from Spokane Housing Authority to backfill any reduction in HUD CoC operating subsidy.
- Lean harder on the existing 94% PSH retention rate and HUD-verified data in policy advocacy and local communications.
- Convert one or more pipeline projects (most plausibly Father Bach IV) from pure PSH to a transitional or hybrid model aligned with the new NOFO.
- Pursue a capital and operating campaign through the Diocese of Spokane and Catholic Charities USA, comparable to the cycle that funded Sisters Haven and Gonzaga Family Haven.

Questions to track over the next 60 to 120 days

7. Does the final FY 2026 NOFO published by HUD on or near June 1, 2026 actually contain a 30% PH cap, and does it apply to renewals or only to new awards?

8. Does the WA-502 Spokane CoC board's local ranking process preserve CCEW's PSH renewals at full strength, or are some projects de-ranked?
9. How does the Washington State Department of Commerce respond? Commerce has historically backfilled federal homelessness retreats and is the most likely state-level shock absorber.
10. Does Spokane Housing Authority absorb additional CCEW units through expanded project-based voucher commitments?
11. Does CCEW receive any new federal or state transitional-housing or SSO awards in the 2026 round, which would validate the pivot thesis?
12. What does the FY 2024 and FY 2025 Form 990 for CCEW (EIN 91-0569880) and the separately filed CHCS 990 (EIN 82-0541383) actually show for federal grant revenue and HUD-attributable line items? Confirming these numbers would refine the exposure ranges in Section 3 of this memo.

8. Caveats and Verification Notes

- All percentage and dollar figures in this memo are directional. The FY 2026 NOFO has not yet been published; the December 2025 withdrawal and April 2026 court ruling are confirmed.
- CCEW's published 94% three-year PSH retention rate should be verified against the underlying HUD performance dashboard before public citation.
- CCEW's specific HUD CoC award lines for the 2024 and 2025 program years were not separately published in materials reviewed for this memo; the WA-502 total of \$6.33 million is confirmed, the CCEW share is estimated. Pulling the WA-502 project-level award letter would tighten the estimate substantially.
- Marian Haven was referenced in earlier note-taking but no current public record was located for a CCEW property by that name; it may be a planned project, an internal working name, or a confusion with Mother Teresa Haven.
- Estimates throughout the dollar tables draw on a mix of confirmed contract values (House of Charity \$478,686; CCEW RRH for Families \$524,687; CCEW St. Margaret's \$67,755; City HEART Fund \$1.5M; CHG total \$3.9M; HUD entitlement amounts), portfolio-typical PSH operating economics, and reasonable inferences. Confirming actual figures requires direct review of CCEW and CHCS audited statements and 990s.
- This memo addresses CCEW only. A parallel analysis is contemplated for Spokane Housing Authority and Volunteers of America Eastern Washington.

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