



City of Cambridge

Executive Department

YI-AN HUANG
City Manager

CMA 2025 #303
IN CITY COUNCIL
December 15, 2025

To the Honorable, the City Council:

Please see the attached memo transmitting an update on federal funding, as referenced during last week's additional update on the Continuum of Care (CoC) grant.

Very truly yours,

Yi-An Huang
City Manager





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To the Honorable, the City Council:

I am hereby submitting this memorandum to provide a thorough update on federal funding, as referenced during last week’s additional update on the Continuum of Care (CoC) grant.

The City of Cambridge received a total of 31 recurring federal grants in **FY25**, amounting \$22.9 million, with 92% of that total (around \$21 million) coming from the top 10 highest-value grants. For **FY26**, assuming all pending items move forward as expected, the City has received or anticipates receiving around 24 grants. The seven-grant difference is due to four still pending and three not awarded. Risks remain that some of the 24 grants may not be awarded, as detailed in the next page. However, the outlook for **FY27** presents even greater uncertainty. While a more accurate assessment will be possible once the federal budget is finalized, we estimate that two of the top 10 grants are at high risk of reduction or not being awarded, as shown below. Details of all 31 grants are provided in the appendix.

No	Department	Federal Agency	Grant and Program Description	FY25 Amount	Anticipated for FY26	FY26 Risk Level	FY27 Risk Level
1	Human Services Prog.	HUD	CoC Grant (permanent supportive housing)	\$6.4 M	\$6.4 M*	Medium*	High
2	School	DOE	IDEA Grant (special education services)	\$2.9 M	\$2.9 M	Low	Medium
3	Community Development	HUD	CDBG Grant (housing, economic development, human services)	\$2.6 M	\$2.6 M*	Medium*	Medium
4	School	USDA	School Lunch Program	\$2.4 M	\$2.6 M	Low	Medium
5	Community Development	HUD	HOPWA Grant (housing for people with HIV/AIDS, with only 5% for Cambridge)	\$2.4 M	\$2.4 M*	Medium*	Medium
6	School	DOE	Title I Grant (education for low-income students)	\$1.5 M	\$1.4 M	Low	Medium
7	Human Services Prog.	HHS	HEAP Grant (home energy assistance)	\$1.1 M	\$1.1 M	Low	Medium
8	Community Development	HUD	HOME Grant (affordable housing development)	\$0.6 M	\$0.6 M*	Medium*	High
9	Human Services Prog.	USDA	Summer Food Grant (summer meals for youth)	\$0.5 M	\$0.6 M	Low	Medium
10	Human Services Prog.	HHS	HEAP Additional Funds (home energy assistance)	\$0.5 M	Pending by the State	Medium	Medium
Total				\$21 M	\$20.7 M		

*The award and agreement remain in effect under court order. Litigation is ongoing, and funding is expected to continue at least while the appeal is pending, and longer if the plaintiffs are successful.



FY26 Federal Grants: Status and City Response

As mentioned on the previous page and detailed in the appendix, the City has received or anticipates 24 federal grants in FY26, including one now funded through the State, totaling approximately \$22.3 million. This reflects a potential decrease of seven grants and a funding reduction of about \$600,000 compared to FY25.

Of the 24 grants, grant awards have been issued for 21, indicating that funding has been approved in principle. However, grant agreements have only been signed for 15, meaning there is still some risk associated with the remaining grants. Until a grant agreement is signed, the federal agency retains discretion to modify or withdraw the award. This risk materialized in the case of the Continuum of Care (CoC) grant, where HUD ultimately declined to honor the previously expected two-year Notice of Funding Opportunity (NOFO). In contrast, signed grant agreements are formal contracts and represent the final step before funding can be accessed. Once executed, they provide stronger legal assurance, subject to compliance with the grant's terms and conditions.

Among the top 10 grants for FY26, as listed in the table on the previous page, the five with low risk are those for which grant agreements have already been signed or are pending finalization with a high degree of certainty. Although the CoC grant agreement has also been signed, it is considered medium risk because the award is currently under litigation, and there is a possibility the City may not receive funding beyond March 2026. The remaining top grants are marked as medium risk because the grant agreements have not yet been signed.

City staff are working diligently to complete all necessary steps to secure all possible grants. This includes submitting required documentation and, where appropriate, exploring legal options.

Related to legal options, on December 1, 2025, the City of Cambridge joined a federal lawsuit challenging the HUD Federal FY25 CoC Notice of Funding Opportunity (Federal FY25 NOFO). The lawsuit, *National Alliance to End Homelessness et al. v. HUD*, 25-cv-00636 (D.R.I.), was filed in the U.S. District Court for the District of Rhode Island by a coalition of local governments, including Cambridge, Boston, Martin Luther King, Jr. County (Washington), Nashville and Davidson County, Tucson, Santa Clara County, and San Francisco, and national nonprofit organizations such as the National Alliance to End Homelessness and the National Low Income Housing Coalition. The City of Cambridge is represented pro bono in this case by Public Rights Project, which also represents the other local governments.

The lawsuit seeks to require HUD to grant CoC funds on the same basis it did in the last fiscal year, and to strike conditions in the Federal FY25 NOFO which are unlawful, ideologically motivated, and harmful to evidence-based homelessness interventions. Specifically, the complaint asserts that HUD's new funding restrictions violate the Administrative Procedure Act by being arbitrary and capricious, and that they undermine Congressional intent by penalizing jurisdictions that adopt inclusive local policies previously encouraged by HUD. Additionally, plaintiffs argue HUD's actions violate the Separation of Powers, the Spending Clause, and the First Amendment. Plaintiffs have requested a preliminary injunction to halt the NOFO's implementation while the case is under review.

Prior to a litigation status conference, on December 5, 2025, HUD temporarily rescinded the Federal FY25 NOFO. The rescission of the Federal FY25 NOFO means there is now currently no competition for a future funding cycle. The federal government's actions have done nothing to bolster confidence or eliminate confusion, and the onerous conditions could be reimposed with a future NOFO. Accordingly, the City and its litigation partners will continue to push for injunctive relief.

At the conference, the court scheduled a December 19, 2025 hearing on the motion for preliminary injunctive relief. If granted, the injunction would definitively pause the enforcement of the Federal FY25 NOFO and potentially restore the prior funding framework while the case proceeds. The federal government could, of course, appeal any injunctive relief granted to the plaintiffs. City staff will continue to monitor the litigation closely and coordinate with outside legal counsel and partner jurisdictions to protect Cambridge's access to this critical federal funding. In parallel, City staff are working assiduously to respond to the artificially compressed NOFO process that includes significant policy changes.

In addition to these efforts, City staff have been working to extend support for our communities for as long as possible. For the Community Development Block Grant (CDBG) program, which supports housing and economic development, we are using uncommitted prior-year grant awards to initially fund a portion of the FY26 budgeted amount for Housing and Economic Development programs. For the Human Services portion of the CDBG program, as well as the related Emergency Solutions Grant (ESG), funding has been committed to community-based organizations through March 31, 2026, using current operating funds. This commitment remains in place while we await the receipt of HUD grant agreements for these programs and the outcome of the ongoing HUD litigation.

FY27 Federal Grants: Risk and Next Steps

Given the greater uncertainty surrounding FY27, the default risk level for the City's top 10 federal grants is assessed as either medium or high. Grants assigned a high-risk level are those where specific threats to funding are already known. As previously discussed regarding our largest single federal grant, the CoC) grant, HUD has introduced a new 30% cap on funding for permanent housing projects. For Cambridge, this policy shift could result in a funding reduction of approximately \$4.5 million. HOME grant also carries high risk, as it generally lacks the broad congressional support that programs like CDBG and other HUD initiatives receive. The combined exposure from these two high-risk grants alone is approximately \$5.1 million, underscoring the significant financial risk even before considering other federal grants.

The same uncertainty surrounding future grants also applies to the Cambridge Public Schools. Although all FY26 grants are awarded and stable at nearly level funding, risk remains around the future of Title II, Title III, and Title IV in FY27 and beyond (which total approximately \$421,000 in FY26). More significantly, the U.S. Department of Education recently transferred federal grant management responsibility for the Every Student Succeeds Act - Title I, Title II, Title III, Title IV, as well as the Perkins Career & Technical Education and McKinney Vento Homeless Education grants - to the U.S. Department of Labor. This change may have a more material impact on the administration of these grants than the potential funding loss. Cambridge Public Schools is closely monitoring the situation and keeping the School Committee and city staff updated.

No assumptions can be made until the federal budget is finalized. The final outcome of federal funding that Cambridge has historically received will depend on whether those programs receive continued support in the federal FY26 budget, which remains unresolved. The current continuing resolution only funds the federal government through January 30, 2026, and we expect more clarity beginning in February. In the meantime, City staff are closely monitoring developments related to their respective grants to ensure we can respond quickly and effectively as new information becomes available.

Given this uncertainty, it is important that we proceed with caution. While the Council wisely established a \$5 million Federal Funding Stabilization Fund in June 2025, \$1.25 million has already been used, and our potential exposure for FY27 far exceeds the remaining balance. As discussed during the recent Joint Roundtable with the School Committee, this is one of the reasons we emphasized the need to continue moderating our budget growth in FY27 and beyond. Preserving resources where possible, while

continuing to invest in what makes Cambridge a special place, will help us remain resilient in the face of federal funding volatility.

Rest assured, City staff will continue to proactively monitor federal grant developments and pursue every available opportunity to secure the federal funding that is vital to our community. We will provide a further update to the Council after February, once more information becomes available.

Very truly yours,

A handwritten signature in black ink, appearing to read "Yi-An Huang". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Yi-An Huang
City Manager

Appendix: Summary of Federal Grant Funding for FY25 and FY26

No	Department	Federal Agency	Grant and Program Description	FY25 Amount	FY26 Anticipated Amount	FY26 Grant Award Status	FY26 Grant Agreement Status
1	Human Services Program	Dept. of Housing (HUD)	CoC Grant (permanent supportive housing)	\$6,404,386	\$6,379,162*	Awarded*	Signed*
2	School	Dept. of Education (DOE)	IDEA Grant (special education services)	\$2,922,628	\$2,926,239	Awarded	Signed
3	Community Development	Dept. of Housing (HUD)	CDBG Grant (housing, economic development, human services)	\$2,581,476	\$2,638,641*	Awarded*	Not yet signed
4	School	Dept. of Agriculture (USDA)	School Lunch Program (school meal services)	\$2,435,120	\$2,600,000	Awarded	Signed
5	Community Development	Dept. of Housing (HUD)	HOPWA Grant (housing for people with HIV/AIDS; only 5% for Cambridge)	\$2,420,070	\$2,395,799*	Awarded*	Not yet signed
6	School	Dept. of Education (DOE)	Title I Grant (education for low-income students)	\$1,450,924	\$1,434,121	Awarded	Signed
7	Human Services Program	Health & Human Services (HHS)	HEAP Grant (home energy assistance)	\$1,117,356	\$1,073,869	Awarded	Pending
8	Community Development	Dept. of Housing (HUD)	HOME Grant (affordable housing development)	\$634,166	\$648,120*	Awarded*	Not yet signed
9	Human Services Program	Dept. of Agriculture (USDA)	Summer Food Grant (summer meals for youth)	\$513,500	\$569,252	Awarded	Signed
10	Human Services Program	Health & Human Services (HHS)	HEAP Additional Funds (home energy assistance)	\$504,198	Pending; to be determined by the State	Pending	Pending

No	Department	Federal Agency	Grant and Program Description	FY25 Amount	FY26 Anticipated Amount	FY26 Grant Award Status	FY26 Grant Agreement Status
11	Human Services Program	Dept. of Housing (HUD)	HUD ESG Grant (emergency shelter)	\$228,471	\$226,880*	Awarded*	Not yet signed
12	Human Services Program	Dept. of Education (DOE)	CLC Federal ABE Grant (education and career advising)	\$213,494	\$217,963	Pending	Pending
13	School	Dept. of Education (DOE)	Title IIA (education)	\$197,047	\$200,717	Awarded	Signed
14	Human Services Program	Health & Human Services (HHS)	Children's Trust (12 months of Center for Families programming and supplies)	\$180,000	\$117,428	Pending	Pending
15	Police	Dept. of Treasury	DMH Jail Diversion Program Grant (Mental Health Assistance)	\$120,000	\$150,000	Awarded by the State	Signed with the State
16	School	Dept. of Education (DOE)	Title III LEP Support (education)	\$118,745	\$118,637	Awarded	Signed
17	School	Dept. of Education (DOE)	Perkins CTE (education)	\$115,054	\$111,822	Awarded	Signed
18	School	Dept. of Education (DOE)	Title IV (education)	\$106,369	\$101,862	Awarded	Signed
19	Human Services Program	Health & Human Services (HHS)	LIHEAP Additional Funds (APPROP24) (low income home energy assistance)	\$103,711	Pending; to be determined by the State	Pending	Pending
20	Human Services Program	Dept. of Education (DOE)	CLC MassSTEP Grant (CNA training program)	\$100,000	\$100,000	Awarded	Not yet signed
21	Human Services Program	Dept. of Housing (HUD)	OWD/CHA (CEP job search)	\$98,214	\$101,463	Awarded	Signed
22	School	Dept. of Education (DOE)	IDEA Early Childhood Grant (education)	\$64,111	\$64,098	Awarded	Signed

No	Department	Federal Agency	Grant and Program Description	FY25 Amount	FY26 Anticipated Amount	FY26 Grant Award Status	FY26 Grant Agreement Status
23	Police	Dept. of Transportation (DOT)	EOPSS Municipal Safety Road Grant (Bike and Pedestrian Safety)	\$59,982	\$64,974	Awarded	Signed
24	Human Rights	Dept. of Housing (HUD)	HUD Fair Housing Grant	\$40,529	Not awarded	Not applicable	Not applicable
25	School	Dept. of Education (DOE)	IDEA IEP Improvement Grant (education)	\$40,000	Pending	Pending	Pending
26	Fire	Dept. of Homeland Security (DHS)	MEMA Emergency Management Performance Grant	\$39,600	\$35,640	Pending	Pending
27	Police	Dept. of Justice (DOJ)	Edward Byrne Justice Grant (Computer)	\$34,535	Not renewed	Not applicable	Not applicable
28	School	Dept. of Education (DOE)	McKinney-Vento Homeless (education)	\$30,000	\$25,000	Awarded	Signed
29	Emergency Communications	Dept. of Homeland Security (DHS)	UASI Mass Communications Grant	\$15,000	Not awarded	Not applicable	Not applicable
30	Police	Health & Human Services (HHS)	Post-OD Support Grant (Overdose Support)	\$15,000	\$10,000	Awarded	Signed
31	Human Services Program	Dept. of Homeland Security (DHS)	Fuel Assistance EFSP Grant (emergency heating assistance)	\$7,000	Pending	Pending	Pending
Total				\$22,910,685	\$22,311,687	Difference: -\$598,998	

*The award and agreement remain in effect under court order. Litigation is ongoing, and funding is expected to continue at least while the appeal is pending, and longer if the plaintiffs are successful.