



# Discussion of Eligible Costs and Match



# Overview of Costs



# Eligible Components and Costs

- PH
- TH
- SSO
- HMIS
- HP

## Program Components

## Eligible Costs

- Acquisition, Rehab, New Construction
- Leasing
- Operating
- Rental Assistance
- Supportive Services
- HMIS
- Project Administration



# Eligible Costs

| Eligible Activity             |  |
|-------------------------------|--|
| <b>Acquisition</b>            | Up to 100% of the cost of acquiring property to provide one or more structures to provide housing or supportive services.  |
| <b>Rehabilitation</b>         | Up to 100% of the cost of rehabilitation of structures to provide housing or supportive services.  |
| <b>New construction</b>       | Up to 100% of the cost of new construction to be used as housing.  |
| <b>Leasing</b>                | 100% of the costs of leasing a structure or part of a structure (i.e., units) in which supportive services or housing are provided to homeless persons.  |
| <b>Rental assistance</b>      | Rental assistance for homeless individuals and families. This can be provided on a short-, medium- or long-term basis.   |
| <b>Supportive services</b>    | The costs of eligible supportive services that address the special needs of the program participants.  |
| <b>Operating costs</b>        | The daily costs associated with operating transitional and permanent housing.  |
| <b>HMIS</b>                   | The costs of contributing or reporting on data to the CoC-designated HMIS.   |
| <b>Project administration</b> | Up to 10% of any grant amount to be used for costs related to the administration of the grant. This does not include costs directly related to delivery costs associated with the aforementioned eligible costs. |



# Eligible Costs

| Eligible Costs         | Program Components |         |    |     |      |    |
|------------------------|--------------------|---------|----|-----|------|----|
|                        | Permanent Housing  |         | TH | SSO | HMIS | HP |
|                        | PH: PSH            | PH: RRH |    |     |      |    |
| Acquisition            | ✓                  |         | ✓  | ✓   |      |    |
| Rehabilitation         | ✓                  |         | ✓  | ✓   |      |    |
| New construction       | ✓                  |         | ✓  |     |      |    |
| Leasing                | ✓                  |         | ✓  | ✓   |      |    |
| Rental assistance      | ✓                  | ✓       | ✓  |     |      | ✓  |
| Supportive services    | ✓                  | ✓       | ✓  | ✓   |      | ✓  |
| Operating costs        | ✓                  |         | ✓  |     |      |    |
| HMIS                   | ✓                  | ✓       | ✓  | ✓   | ✓    | ✓  |
| Project Administration | ✓                  | ✓       | ✓  | ✓   | ✓    | ✓  |



# Eligible vs. Approved Costs

| Eligible   | Approved   |
|--|--|
| All costs included in the CoC Program interim rule | <ul style="list-style-type: none"><li>• Each project has approved budget line items.</li></ul>   |
|  | <ul style="list-style-type: none"><li>• Recipient can only spend CoC Program funds on approved costs.</li></ul>  |
|  | <ul style="list-style-type: none"><li>• HUD approval is required to change the budget to spend money on CoC Program eligible costs other than those that were included in the project budget approved through the application process.</li></ul> |

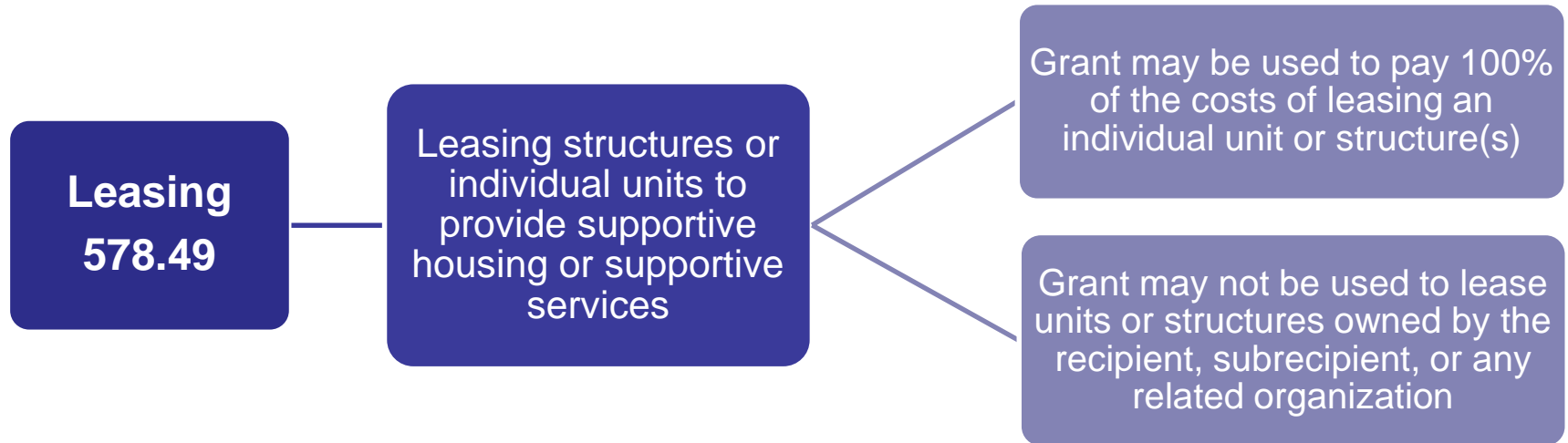


# Key Difference

- Staff and overhead costs related to carrying out each eligible activity are eligible as part of that activity (578.59(a))
  - Bill to eligible activity, not project administration
  - No additional grant funds to cover these costs
  - Recipient must continue to meet the obligations of the grant



# Eligible Costs – Leasing



**Eligible Costs under PH, TH, and SSO**





# Leasing Nuanced Issues

- Grant may not be used to lease units or structures owned by the recipient, subrecipient, or any related organization unless HUD authorizes an exception for good cause 578.49(a)
  - Was true for SHP, but not always clear to the public
- ❖ Have there been any exceptions? How to request an exception? What is good cause?



# Leasing Key Differences

- Recipient/subrecipient must lease the unit/facility from the property owner and sublease to program participant 578.49(b)(8)
  - New to some projects
  - Templates available
  - For current program participants, policy should be implemented through attrition as leases are renewed
- Grant amount is based on budget request
  - Does not use FMR
  - Similar to SHP



# Leasing Key Differences

- Units must meet HQS 578.75(b)
  - New to SHP grantees – SHP uses habitability standards
  - ❖ How/when is this implemented? Will units that don't meet HQS be grandfathered in?
- Can use leasing funds for:
  - Security deposits – up to 2 months
    - Was previously 1 month
  - First/last month's rent
    - Up to 1 month of each, advanced payment allowed
  - Must come out of existing leasing BLI



# Leasing Nuanced Issues

- Rent may be paid on an unoccupied unit while identifying a new program participant.
  - Leases are in the recipient/subrecipient's name, so recipient owes landlord regardless of occupancy.
  - Not technically considered a vacancy payment.
    - ❖ How long can leasing funds be used to pay rent to the owner when the unit is vacant?
- Includes continuing assistance on behalf of a participant who is temporarily residing in an institution for up to 90 days.
  - Institution includes jail.



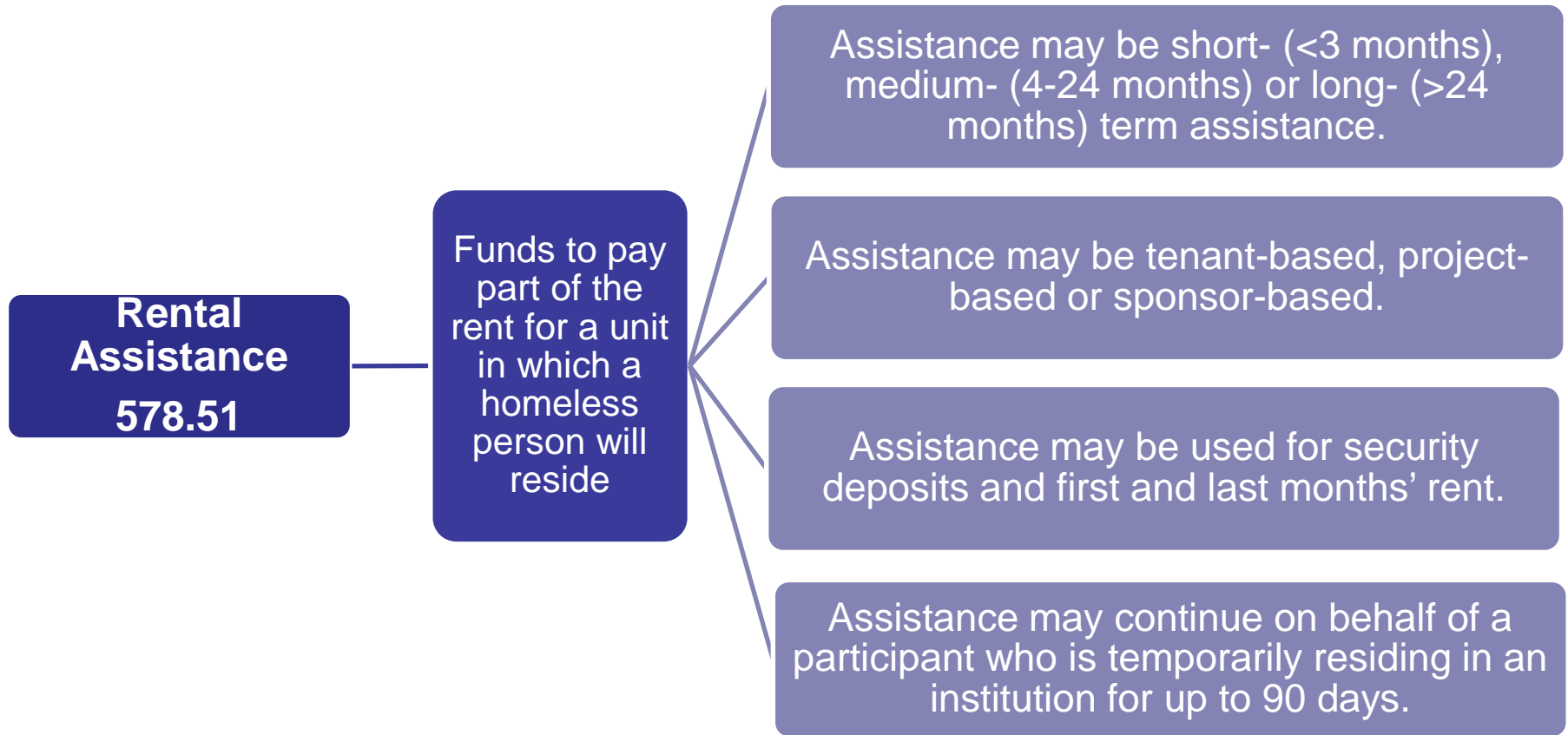
# More on Leasing Later

## Other Leasing Topics in Later TTT Sessions

- Occupancy Charges
- Program Fees
- Utilities
- Rent Limits and Rent Reasonableness
- Environmental Review
- Eligible Participants



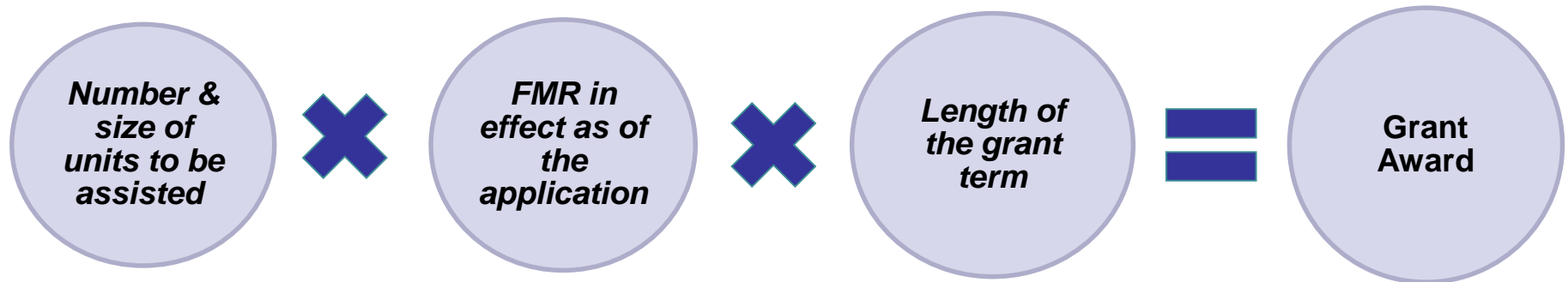
# Eligible Costs – Rental Assistance



**Eligible Costs under PH, TH, and HP**



# Rental Assistance Grant Amount





# Grant Savings

- Can be used for:
  - Up to 2 months' security deposits 578.51(a)(2)
    - Previously was 1 month
  - Up to 1 month of first and/or last month's rent (advance payment allowed) 578.51(a)(2)
  - Up to 1 month rent to pay for damages to property 578.51(j)
  - Up to 30 days' vacancy payment following the end of the month when vacated 578.51(i)
- Can only use if there is funding to meet the obligations of the grant for the remainder of the grant term





# Rental Assistance Nuanced Issues

- In RA, the recipient/subrecipient can own the property.
  - Recipient/subrecipient owner must have separate entity perform HQS inspections and rent reasonableness determinations on their own properties to ensure there is no conflict of interest
- Specific requirements for which agencies are eligible to administer rental assistance
  - More on this in future TTT

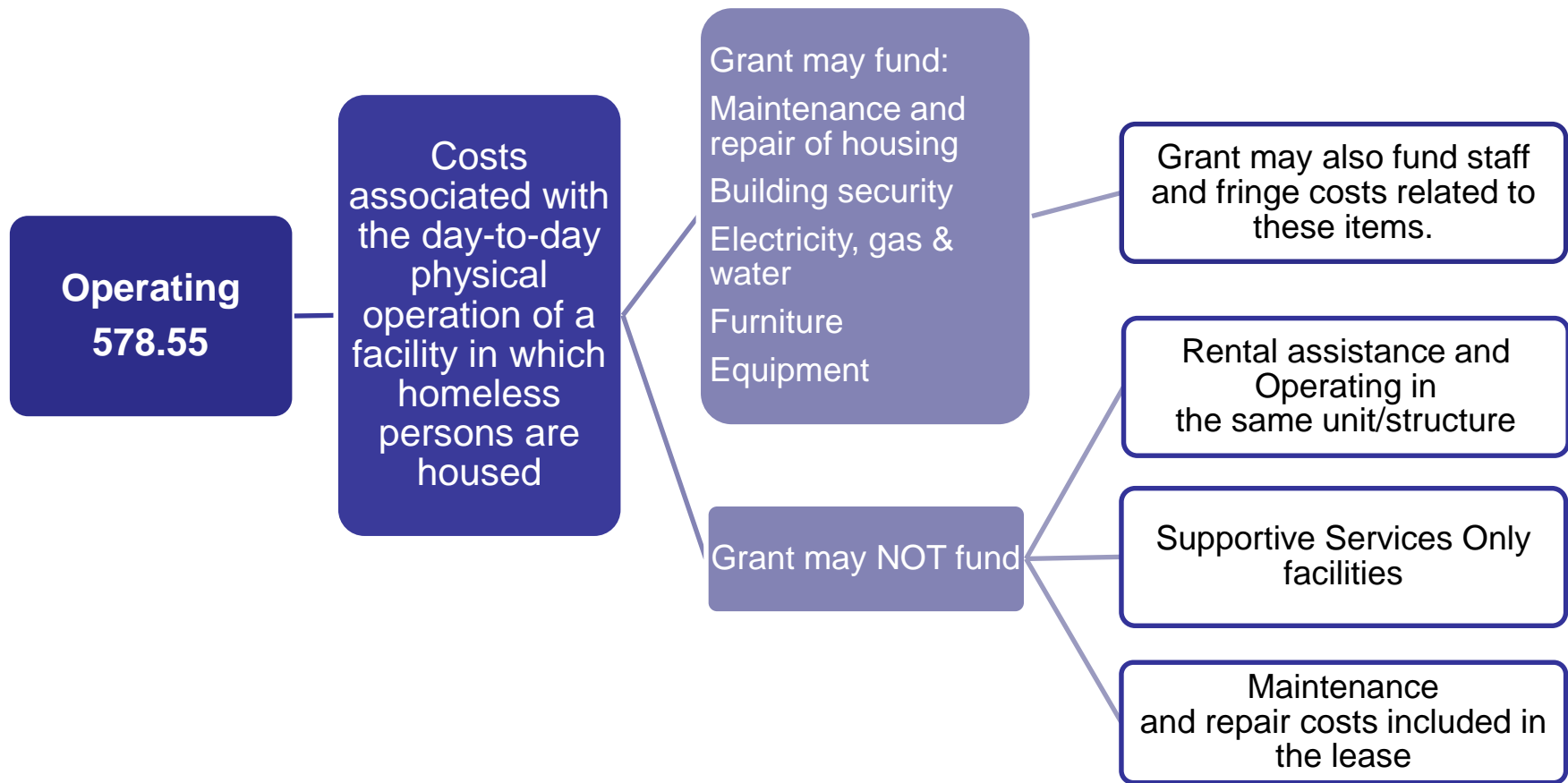


# Rental Assistance Key Differences

- Projects with RA funds must charge rent using a specific calculation (except RRH projects) (578.51(k)).
- Projects with RA funds must use a lease or sublease agreement (578.51(l)).



# Eligible Costs – Operating



**Eligible Costs under PH: PSH or TH**



# Operating Key Differences

- Food is no longer an eligible operating cost
  - Eligible under supportive services
- Furniture is now an eligible operating cost
  - Supportive service cost under SHP
  - Furniture must be for the day-to-day operation of the housing



# Operating Nuanced Issues

- Cannot combine with SSO project
- Cannot combine with rental assistance costs in same unit or structure
  - Some existing projects have separate structures – one that receives operating funds and others that are supported with rental assistance funds.



# Eligible Costs – Supportive Services



**Eligible Costs under PH, TH, SSO, HP**



# Eligible Costs – Supportive Services

**Supportive Services** - Grant funds may *only* be used on the types of services listed in the CoC Program interim rule:

- Assessing service needs
- Moving costs
- Case management
- Child care
- Education services
- Employment assistance & job training
- Food
- Housing search & counseling services
- Legal services
- Life skills training
- Mental health services
- Outpatient health services
- Outreach services
- Substance abuse treatment services
- Transportation
- Utility Deposits



# HMIS Costs

- Support costs associated with HMIS data collection
- Any project can have an HMIS BLI
- Eligible HMIS costs 578.57(a)
  - Purchasing or leasing computer hardware or software licenses
  - Leasing office space, utilities for HMIS activities
  - Salaries, operating costs, and duties as required to operate an HMIS
  - Trainings
  - Reporting to CoC on HMIS





# HMIS Component Costs

*(for HMIS Leads only)*

1. Leasing and operating the facility in which the HMIS is based
2. Hosting and maintaining HMIS software or data
3. Backing up, recovering, or repairing HMIS software or data
4. Upgrading, customizing and enhancing the HMIS
5. Integrating and warehousing data
6. Administering the system
7. Reporting to providers, the Continuum of Care, and HUD
8. Conducting HMIS training, including traveling to the training

Only HMIS Component projects administered by the HMIS Lead can incur HMIS component eligible costs (578.37(a)(4) and 578.57(a)(2)).



# HMIS Key Differences

- Previously, no distinction made in HMIS costs between contributing costs and HMIS lead
- Eligible HMIS program component costs are more explicitly defined
- Clearly specifies only designated HMIS Lead can apply for HMIS program component funds (578.37(a)(4))



# Eligible Costs – Project Administration

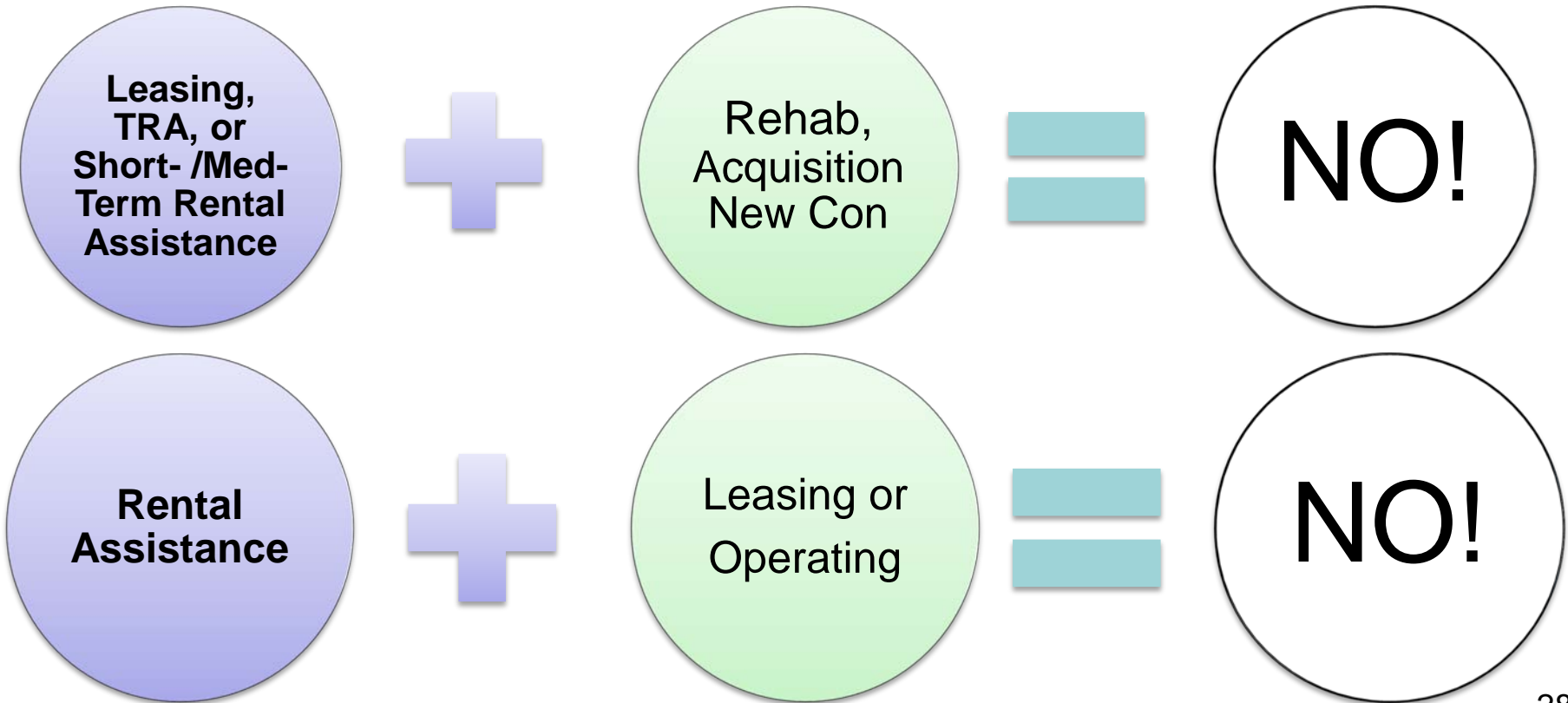
- Recipients or subrecipients may use up to 10%\* of any grant awarded to conduct:
    - General management, oversight and coordination
    - Training on CoC requirements
    - Environmental review
  - Staff and overhead costs related to carrying out each eligible activity are eligible as part of that activity.
    - Bill to eligible activity, not project administration.
- \* Actual amount available is defined in each CoC Program NOFA.

**Eligible Activity under ALL components  
(PH, TH, SSO, HMIS & HP)**



# Restrictions on Combining Funds

The following types of assistance may not be combined in a single structure/housing unit:





# Match



# Match

## Match requirements (578.73):

- Match may be cash or in-kind
- Recipients must match at least 25% on the total of what HUD provides the recipient, less amounts for leasing
- Match is spent by or donated to the recipient or subrecipient to cover *eligible* costs of the project



# Match

- Costs incurred by a partnering organization to provide “in-kind” services to the program participants must be documented by a MOU.
- In most cases, match must be provided on a grant-by-grant basis.



# Match: Eligible Uses

Match must be used for costs that would be ***eligible*** if funded with CoC Program grant funds:

- Acquisition
- Rehabilitation
- New construction
- Rental assistance
- Leasing
- Supportive services
- Operating
- HMIS
- Project administration





# Match Eligible Sources

- **Private, state, or local**
  - Private foundations
  - State or Local housing trust funds or general funds
  - Recipient generated income (e.g. donations, bake sales)
  - Program income
- **Federal funds**
- **Match can only be counted once**



# Ineligible Sources of Match

- CoC funds
  - Federal programs that prohibit match
  - Federal funds if CoC funds are serving as match for that program in the same project
  - Program participant savings
- ❖ Cash or any in kind contribution used as match for another grant.



# Match Budget Requirements

- Must be able to document all costs.
- Match requirement - 25% cash or in-kind for all line items except leasing.
- Match is provided to the CoC Program grant - **not** to a budget line item.
- All CoC Program costs and match must be in your approved budget.
- Matching funds can only be used on eligible CoC Program costs.



# In-Kind Match

- **Value of buildings, materials, leases may be counted as match**
  - Use reasonable method to calculate value
- **Value of in-kind supportive services**
  - Recipient, third party or volunteer services
  - MOU documenting third party commitment and value must be in place before grant execution
  - Value at rate paid for similar services provided by the recipient or market value within CoC's geographic area



# Documentation of Cash Match

- Cash match must be documented at time of application or prior to grant execution.
- The documentation is written commitment of cash for the project.



# Documentation of In-kind match

- In-kind match must conform also to 24 CFR Parts 84 and 85.
- Written documentation of donation of in-kind goods should be provided on the source agency's letterhead, signed and dated by an authorized representative, and should include the following:
  - Value of donated goods to be provided to the recipient for the project
  - Specific date the goods will be made available



# In-kind match documentation cont'd

- The actual grant and fiscal year to which the match will be contributed.
- Time period during which the donation will be available:
  - Allowable activities to be provided by the donation
  - The value of commitments of land, buildings, and equipment are one-time only and cannot be claimed by more than one project or by the same project in another year.



# Match Key Differences

- Recipients and subrecipients may use either in-kind or cash match for grant components.
- Recipients and subrecipients must also match project administration.
- Recipients and subrecipients must obtain cash or in-kind services valued at 25 percent of total grant funds requested.
- Program income can be used as Match





# Match vs. Leveraging

- Match is the minimum required cash or in-kind contributions for a project.
- Leverage is cash or in-kind contributions in excess of the match amount.



# Match

Questions?