

HUD's

HOMELESS ASSISTANCE PROGRAMS



Supportive Housing Program Desk Guide

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

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Welcome to the SHP Desk Guide!



The SHP Desk Guide was designed to help homeless assistance program staff administering McKinney-Vento grants awarded through the Supportive Housing Program (SHP). The Supportive Housing Program is a Federal grant program authorized by the McKinney-Vento Homeless Assistance Act (the McKinney-Vento Act) (42 USC 11381-11389). The Supportive Housing Program is designed to promote the

development of housing and supportive services to assist homeless persons in the transition from the streets and shelters to permanent housing and self-sufficiency.

The Desk Guide provides information, key resources and technical assistance on the life cycle of grants obtained through the Supportive Housing Program. Grants are awarded to non-profit organizations, local and state governments, and other governmental entities. In the Desk Guide, you will find basic information for new grantees and specific guidance on complicated policy issues for all grantees. The Guide is not a substitute for program regulations, but instead is a practical resource for common issues that arise during program implementation.

This Guide is intended to be a “living” document. HUD may add or modify guidance as rules and regulations change or new issues arise. Several sections have been reserved throughout the Guide for this purpose. Note also that not all grants are governed by the same set of regulations. See Section T Definitions and Program Regulations for a discussion of applicability.

Grantees and project sponsors also should be aware that the McKinney-Vento Act and its implementing regulations are not the only sources of applicable requirements. Annual Appropriations Acts, Notices of Funding Availability (NOFAs) and the grant agreements themselves may also impose requirements. For example, beginning in 1999, Congressional appropriations imposed a match requirement on supportive service funds. This match requirement does not appear in the program regulations. However, it does apply to all grant funds appropriated in 1999 and thereafter. Details on the requirement can be found in the NOFA for that year. Throughout the Guide we will highlight issues that are affected by an Appropriations Act or NOFA requirement. The grant agreement should contain a reference to the NOFA that is applicable to your grant. We encourage you to familiarize yourself with it.

The Guide is divided into the sections shown in the table below.

| Section | Title | Description |
|------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Terms | <u>Key Terms</u> | This section provides definitions of terms used throughout the Guide. |
| Section A | <u>Program Goals</u> | These sections describe the basic program goals, eligible participants, types of projects allowed, eligible spending categories and requirements for matching HUD funding. |
| Section B | <u>Eligible Participants</u> | |
| Section C | <u>Program Components and Project Types</u> | |
| Section D | <u>Eligible Activities</u> | |
| Section E | <u>Match Requirements</u> | |
| Section F | <u>Important Dates</u> | Sections F through M describe grant administration issues. They go into detail on important dates and the grant cycle, the Technical Submission, site control and environmental review requirements, and financial issues, including project financing, and calculating resident rent. |
| Section G | <u>Conditional Approval & Program Cycle</u> | |
| Section H | <u>Site Control & Environmental Review</u> | |
| Section I | <u>Grantee Responsibilities</u> | |
| Section J | <u>Project Financing</u> | |
| Section K | <u>Calculating Resident Rents</u> | |
| Section L | <i>Reserved</i> | |
| Section M | <u>Financial Management</u> | |
| Section N | <u>Annual Progress Reports</u> | |
| Section O | <u>Fair Housing and Civil Rights Laws</u> | |
| Section P | <u>Technical Assistance</u> | Section P lists technical assistance resources. |
| Section Q | <u>Project Renewals</u> | These sections provide guidance on issues related to renewal grants, grant amendments and extensions. |
| Section R | <u>Grant Amendments</u> | |
| Section S | <u>Grant Extensions</u> | |
| Section T | <u>Definitions & Program Regulations</u> | Section T provides links to the program regulations and defines key SHP grant administration terms. |
| Section U | <u>Spending & Recaptures</u> | Section U describes deobligation of grant funds. |

You will find “Tips & Tools” boxes in most sections where you can quickly access key resources or common forms referred to in the section. Links to the McKinney-Vento Act, program regulations or other helpful documents are also incorporated into the text. Most sections also have a “Frequently Asked Questions” page where special issues are addressed. While many policy questions are answered in the Guide, you still may need to contact your local field office for issues specific to your program.

How to Use the SHP Desk Guide

Throughout the Guide, key terms are shown in blue and underlined. Everything shown in blue and underlined is a link to additional information or guidance. For example, each time you see [Section 423\(a\)](#), the link will take you to Section 423 of the McKinney-Vento Act. If you're using the Guide online, use the Table of Contents on the left hand side to jump directly to a particular section or to get back to the beginning of the document.

Key Terms

| KEY TERM | DEFINITION |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acquisition | SHP funds used to pay a portion of the costs of purchasing a structure that will be used to provide supportive housing or supportive services to homeless persons. SHP grants for acquisition may also be used for the repayment of outstanding debt on a loan made to purchase a structure that has not been previously used for supportive housing or supportive services. Grants for acquisition and rehabilitation are limited to \$200,000 to \$400,000 per structure. |
| Administrative Costs | Eligible activity under all SHP components. Up to five percent of a SHP grant may be used to pay for costs associated with administering a project. Administrative costs include costs associated with accounting for the use of grant funds, preparing reports for submission to HUD, obtaining program audits and similar costs related to administering the grant after award. |
| Annual Progress Report (APR) | The APR tracks program progress and accomplishments in HUD's competitive homeless programs (the Supportive Housing Program, Shelter Plus Care Program, and Section 8 SRO Moderate Rehabilitation Program). The APR gathers information on how programs assist homeless persons to obtain and remain in permanent housing, increase skills and income, and attain greater self-determination. |
| Applicant | An entity that applies to HUD for funds. If selected for funding, the applicant becomes the <i>grantee</i> and is responsible for the overall management of the grant, including drawing grant funds and distributing them to project sponsors. The applicant is also responsible for supervision of project sponsor compliance with grant requirements. The applicant may also be the project sponsor. |

| KEY TERM | DEFINITION |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chronically Homeless Person | An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. A disabling condition is defined as “a diagnosable substance abuse disorder, serious mental illness or disability, including the co-occurrence of two or more of these conditions.” In defining the chronically homeless, the term “homeless” means “a person sleeping in a place not meant for human habitation (e.g., living on the streets) or in an emergency homeless shelter.” |
| Consolidated Plan | A long-term housing and community development plan developed by state and local governments and approved by HUD. The Consolidated Plan contains information on homeless populations and should be coordinated with the Continuum of Care plan (see <u>24 CFR part 91</u>). |
| Deobligations | HUD’s ability to cancel or make a downward adjustment of funding available under a grant agreement. In deobligating funds, HUD recaptures the funds and may use those funds to fund other projects in future years in accordance with appropriations law. |
| Disabling Condition | A diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions. A disabling condition limits an individual’s ability to work or perform one or more activities of daily living. |
| Fair Market Rents (FMR) | Fair Market Rents are gross rent estimates published by HUD on an annual basis. |
| Federal Funding Accountability and Transparency Act of 2006 | This Act requires grantees to report for placement on a Federally sponsored website subaward transactions. The method for reporting is being determined. Information can be found at www.federalspending.gov or www.USAspending.gov . |
| Grant Agreement | The agreement between the grantee and HUD concerning a project funded through the Supportive Housing Program. The grant agreement dictates project activities and is signed by the local HUD field office and the grantee. The grant agreement has at least five components: grant agreement form, application, certifications, Technical Submission, and SHP Regulations. Some grant agreements may also have amendments. |
| Grant Amendment | A written agreement signed by HUD and the grantee that effectuates changes to the original grant agreement. |

| KEY TERM | DEFINITION |
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| Grant Extension | A type of grant agreement that lengthens the grant term to allow for continuation of a project. Grantees can extend their SHP grants for up to one year, with HUD approval. |
| Grantee | Any governmental or nonprofit entity that signs a grant agreement with HUD. The responsibilities of a grantee also include the project sponsor if there is one. "Grantee" and "recipient" are used interchangeably in this document. |
| Homeless Management Information System (HMIS) | An HMIS is a computerized data collection application designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness, while also protecting client confidentiality. It is designed to aggregate client-level data to generate an unduplicated count of clients served within a community's system of homeless services. An HMIS may also cover a statewide or regional area, and include several CoCs. The HMIS can provide data on client characteristics and service utilization. HMIS is an eligible budget activity and also an SHP component that allows applicants to request SHP assistance for dedicated or shared projects. |
| Homeless Person | A person sleeping in a place not meant for human habitation or in an emergency shelter, or a person in transitional housing. |
| Innovative Supportive Housing (ISH) | An SHP component that enables applicants to design a program that is outside the scope of other components. Innovative projects must represent a distinctively different approach when viewed within its geographic area, must be a sensible model for others, and must be able to be replicated elsewhere. |
| Leasing | Eligible activity under all SHP components. Grantees may use leasing funds to lease structures to provide supportive housing or supportive services to clients or to lease individual units during the period covered by the grant. The funds designated for leasing may only be used for the actual costs of leasing a structure or unit. |

| KEY TERM | DEFINITION |
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| Logic Model | A means for HUD to collect data on projected outputs and outcomes at the time of application submission and to capture, as part of program reporting, the actual results achieved against what was initially anticipated. The Logic Model shows the relationship between identified need(s), activities undertaken to address the need(s), and results and impact upon the homeless populations served through the grant award. The performance measures and Management Questions contained in the Logic Model may be negotiated as part of the technical submission negotiations. Results and responses to the management questions are submitted as part of the annual reporting requirement. |
| Match | Match is the recipient's contribution toward the cost of the project. SHP requires a cash match. |
| McKinney-Vento Homeless Assistance Act | Signed into law on July 22, 1987, the McKinney-Vento Homeless Assistance Act is the authorizing legislation for a number of programs providing housing and services to homeless persons, including the Supportive Housing Program. |
| New Construction | Eligible activity under all SHP components except Supportive Services Only (SSO). Applicants requesting funds for new construction must demonstrate that the costs to be used are substantially less than the costs associated with rehabilitation or that there is a lack of available units that could be rehabilitated at a cost less than new construction. Grants for new construction are limited to \$400,000 per structure. If the applicant is acquiring land in tandem with the new construction, the \$400,000 limit applies to both activities together. |
| Notice of Funding Availability (NOFA) | Annual notice published in the Federal Register to announce available funds and application requirements. |
| Operating Costs | Eligible activity under all SHP components except SSO. Operating costs are those costs associated with the day-to-day physical operation of supportive housing facilities and for which cash payments are needed. |
| Operating Start Date | The operating start date is the first day of the month in which the grantee or sponsor begins incurring eligible operating costs. |
| Permanent Housing for Persons with Disabilities (PH) | SHP component that provides long-term, community-based housing and supportive services for homeless persons with disabilities. |

| KEY TERM | DEFINITION |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Sponsor | The organization that is responsible for carrying out the proposed project activities. To be an eligible project sponsor, you must meet the same program eligibility standards as applicants do, as outlined in the annual NOFA. |
| Recipient | Any governmental or nonprofit entity that receives assistance from HUD under SHP. Recipient includes both grantees, who sign a grant agreement with HUD and receive funds directly from HUD, and also project sponsors, who sign a subrecipient agreement with the grantee to receive the funds. |
| Rehabilitation | Eligible activity under SHP. Grants for rehabilitation are limited to between \$200,000 and \$400,000 per structure. |
| Renewal Grant | A grant agreement between HUD and the grantee that provides SHP assistance to a project that received SHP funding over the past year(s). The renewal grant funds the continuation of the same activities (operations, supportive services, leasing, HMIS and administration) as the initial grant, as amended. Acquisition, rehabilitation and new construction are not renewable. |
| Safe Haven | A form of supportive housing funded and administered under SHP serving hard-to-reach homeless persons with severe mental illness and other debilitating behavioral conditions who are on the streets and have been unwilling or unable to participate in supportive services. |
| Selectee | An applicant who is conditionally selected in the annual homeless assistance competition. Selectees must complete a Technical Submission to provide more detailed information on the proposed activities to HUD. |
| Subrecipient | Project sponsors who sign a subrecipient agreement with the SHP grantee to receive grant funds. Subrecipients can carry out the entire SHP project. |
| Supportive Services Only (SSO) | SHP component in which grantees or project sponsors provide supportive services (without housing) to homeless persons. SSO projects assist homeless persons to obtain and remain in permanent housing as well as increase their incomes and live independently. |

| KEY TERM | DEFINITION |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supportive Services | Eligible activity under all SHP components. Supportive services assist homeless persons to transition from the streets or shelters to permanent housing. Grantees may use SHP funds to pay for the actual costs of providing supportive services to homeless persons in a new project or for the actual costs of increasing supportive services to homeless persons in an existing project. |
| Technical Assistance (TA) | Technical assistance helps states, localities, and nonprofit organizations to better plan, develop, and administer their SHP projects and Continuum of Care strategies. TA providers identify and share information on best practices and provide critically needed training either remotely or on-site. |
| Technical Submission | Second phase of the application process. Applicants who are conditionally selected for funding, called selectees, are required to submit the Technical Submission: a detailed project plan that contains technical information not described in the original application. |
| Transitional Housing (TH) | SHP component intended to facilitate the movement of homeless individuals and families to permanent housing. Homeless persons may live in transitional housing programs for up to 24 months and receive supportive services that enable them to live more independently. |

Section A: Program Goals

In this section...

- Program Purpose
- Three Basic Goals
- Reporting on Success
- Establishing Performance Measures to Meet Goals

Program Purpose

The purpose of the Supportive Housing Program is to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible.

You can find the *program purpose* in:

- Section 102 of the McKinney Act (42 U.S.C. 11301(b));
- Section 421 of the McKinney Act (42 U.S.C. 11381); and
- 24 CFR 583.1.



Find McKinney-Vento Homeless Assistance information online at :

<http://www.hudhre.info> or

<http://www.hud.gov/offices/cpd/homeless/rulesandregs/laws/index.cfm>

Three Basic Goals

HUD has established three basic goals for each SHP project:

1. To help program participants obtain and remain in permanent housing;
2. To help participants increase skills and/or income. Meeting this goal will allow the participants to secure an income to live as independently as possible; and

3. To help participants achieve greater self-determination. The condition of homelessness itself can be damaging to one's self-determination; achieving a greater sense of self-determination enables the participant to gain needed confidence to make the transition out of homelessness.

Beginning in the early 1990s the NOFAs required all applicants to incorporate these goals into their project design. In the Annual Progress Report (APR) that grantees must file with HUD, grantees report progress in achieving these goals. Additional information on the Annual Progress Report is included in Section N Annual Progress Reports.

Reporting on Success

In recent years in the annual funding competition, HUD has awarded points based upon the Continuum of Care's (CoC's) progress in reducing homelessness (see current NOFA). HUD anticipates continuing this practice in future NOFAs. This is measured by program participants' success in moving to and maintaining permanent housing as reported in the most recent APR. HUD also assesses the extent to which participants successfully become employed and access mainstream programs.

These measures emphasize HUD's determination to assess grantees' performance in the prior program year and to determine if they are meeting the overall goal of the homeless assistance grants under which they are funded. Both housing and supportive services only projects are assessed using data submitted in the application and in the Logic Model.

For ***Permanent Housing projects***, HUD assesses the percentage of all participants who remain in permanent SHP housing for more than six months. Based on responses to the APR question addressing "Participants who left and Participants who did not leave the program," HUD asks applicants to calculate the number of participants who:

- ☐ Exited the program during the operating year;
- ☐ Exited the program during the operating year after having stayed in the program longer than 6 months;
- ☐ Did not leave the program during the operating year; and
- ☐ Did not leave the program during the operating year after having stayed in the program longer than 6 months.

Using this information, HUD calculates the percentage of participants who stayed in permanent housing for more than 6 months.

For **Transitional Housing projects**, HUD assesses the percentage of all participants who move to a permanent housing situation. Based on responses to the APR question on “Destination,” HUD asks applicants to calculate:

- The total number of participants who left transitional housing projects during the operating year;
- The number of participants who left transitional housing projects and moved to permanent housing; and
- The percentage of participants that left transitional housing projects and moved to permanent housing.

Finally, HUD assesses the percentage of all clients in all projects who gained access to mainstream services and who gained employment. Based on responses to the APR questions “Amount and Source of Income at Program Entry and Exit,” HUD asks applicants to calculate:

- The number of adults who left projects during the operating year;
- The income at program entry of the adults who left projects during the operating year; and
- The income at program exit of the adults who left projects during the operating year.

One factor in the 2007 funding decision, which HUD expects will continue in the future, is progress in reducing homelessness. This is measured by program participants’ success in moving to and maintaining permanent housing.

HUD uses these numbers to determine the percentage point difference between the number of adults at program entry with income from employment and the number of adults at program exit with income from employment.

Establishing Performance Measures to Meet Goals

In order to meet the three basic program goals, each project must develop specific performance measures. These performance measures must include discussion of both housing and services developed as part of the Technical Submission following conditional approval of a project. Performance measures should relate closely to the overall objectives of the project as stated in the application. The performance measures are simply a quantifiable way of assessing progress toward achievement of objectives and desired outcomes.

Performance measures have three key components. They must:

1. Relate to outcomes. Rather than simply focusing on the services to be provided, the provider should have a broader vision of the next step for the participant;
2. Have a time frame for achievement; and
3. Be measurable - that is, include a number or percentage indicating a specific level of achievement.

The more clearly the performance measure is stated, the easier it will be to describe annual performance and meet APR requirements.

| HUD's Performance Goals | Examples of Potential Performance Measures |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Obtain and remain in permanent housing | <p>Of the 10 families entering the program, 70% will receive Housing Choice Vouchers at program exit.</p> <p>Of the 80 families entering the program, 65% will remain in housing with Section 8 assistance for one year or more after program exit.</p> |
| Increase skills and/or income | <p>Of the 100 participants entering the program, 80% who receive no benefits upon entry will receive entitlement benefits within six months.</p> <p>38 of the 50 new participants will be enrolled in a job-training program by the 12th month of residency, and 80% of that group will complete the job-training program during their stay.</p> <p>70% of the 50 graduates of the job-training program will hold a permanent job for at least three months after program exit.</p> |
| Achieve greater self-determination | <p>Of the 25 new participants, 85% will meet at least one goal on their Individual Service Plans within six months of program entry.</p> <p>Of the 25 new participants, 50% will meet more than one goal on their Individual Service Plans within six months of program entry.</p> <p>Of the 88 new participants, 50% will open a savings account and will contribute 25% of their monthly income during their program stay.</p> |

Section B: Eligible Participants

In this section...

- [Who is Considered Homeless?](#)
- [Who is Not Considered Homeless?](#)
- [Serving Chronically Homeless Individuals](#)
- [Special Guidance on Serving Persons Who May be Illegal Aliens](#)
- [How to Demonstrate Participant Eligibility at Application](#)
- [How to Demonstrate Compliance During Project Implementation](#)
- [How to Demonstrate Eligibility for the Permanent Housing Component](#)
- [Frequently Asked Questions](#)

Who is Considered Homeless?

The definition of who is homeless is found in [section 103](#) of the McKinney-Vento Act and also referenced in the regulations at [24 CFR 583.5](#). Basically, a homeless person is someone who is living on the street or in an emergency shelter, or who would be living on the street or in an emergency shelter without SHP assistance. See special guidance on serving youth and persons who may be illegal aliens in the Special Guidance sections below.

A person is considered homeless only when he/she resides in one of the three places described below:

1. places not meant for human habitation, such as cars, parks, sidewalks, and abandoned buildings;
2. an emergency shelter; or
3. transitional housing for homeless persons.

If a person is in one of these three places, but most recently spent less than 30 days in a jail or institution, he/she qualifies as coming from one of these three categories.



Determine & document eligibility using the Participant Eligibility Guide and Worksheet in Supportive Housing Program Self-Monitoring Tools

See a sample eligibility checklist

Use Health Care for the Homeless' Documenting Disability: Simple Strategies for Medical Providers Guide for help documenting disability status

In addition to the above three categories as noted in the 2005 NOFA and beyond, projects providing Transitional Housing including, Safe Havens, or Supportive Services Only projects may also serve populations meeting the following:

4. eviction within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing; or
5. discharge within a week from an institution in which the person has been a resident for 30 or more consecutive days and no subsequent residence has been identified and he/she lacks the resources and support networks needed to obtain housing.

Eligibility for New and Renewal Permanent Housing Projects

Beginning with the 2005 NOFA, persons assisted by ***new*** and ***renewal permanent housing projects*** must be homeless and come from:

1. places not meant for human habitation, such as cars, parks, sidewalks, and abandoned buildings;
2. an emergency shelter; or
3. transitional housing for homeless persons who originally came from the streets or emergency shelter.

It is HUD's intent to continue using these criteria in future NOFAs. Current grantees that apply for renewal grants should familiarize themselves with the homeless definition in the NOFA and be aware that HUD will expect them to apply these criteria to new program participants, not current participants. That is, the eligibility criteria above apply to the *screening process* as units become vacant. This does not mean that current residents are to be removed from housing if they entered on the basis of #4 or #5 listed above.

Who is Not Considered Homeless?

Persons who are not homeless may not receive assistance under SHP. Examples of people who are not homeless are those who are:

1. In housing, even though they are paying an excessive amount for their housing, the housing is substandard and in need of repair, or the housing is crowded;

- Incarcerated;
- Living with relatives or friends;
- Living in a Board and Care, Adult Congregate Living Facility, or similar place;
- Being discharged from an institution which is required to provide or arrange housing upon release; or
- Utilizing Housing Choice Vouchers, except Katrina evacuees that received Katrina Disaster Housing Assistance Program (KDHP) Housing Choice Vouchers.

Serving Chronically Homeless Individuals

Beginning with the 2004 NOFA, HUD has defined “chronically homeless” as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. In order to be considered chronically homeless, a person must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency homeless shelter.

As defined in the 2004-2007 NOFAs, a *disabling condition* is “a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions.” A disabling condition limits an individual’s ability to work or perform one or more activities of daily living.

An *episode of homelessness* is a separate, distinct, and sustained stay on the streets and/or in an emergency homeless shelter. A chronically homeless person must be unaccompanied and disabled during each episode.

To be defined as chronically homeless, a person must be sleeping in a place not meant for human habitation (e.g., living on the streets) or in emergency shelter at the time of the count or eligibility determination. The definition does not include those currently in transitional housing.

Special Guidance on Serving Persons Who May Be Illegal Aliens

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 imposed restrictions on eligibility for receipt of public benefits. Essentially, the law provides that

illegal aliens *are not* to receive public benefits and specifies how the inquiry into a person's status is to be conducted. However, there is an exception to the law for community programs that are necessary for protection of life or safety. *SHP transitional housing* has been determined to be excepted because it provides short-term shelter or housing assistance, non-cash services at the community level and is not means-tested.

The exception does not apply to SHP permanent housing projects. For permanent housing projects, grantees that are governments are required to comply with the law and should contact their legal counsel for advice on how to comply. Grantees that are nonprofit charitable organizations are not required to, but may, verify an applicant's citizenship or immigration status before providing assistance. If a nonprofit elects to verify citizenship or immigration status, they must follow the procedures required by the Act and should consult with their legal counsel on how to comply.

How to Demonstrate Participant Eligibility at Application

When applying for SHP funds it is imperative that the *New Project Narrative* in the application demonstrates that the proposed population to be served is homeless. Applicants should indicate where the proposed population will be residing prior to acceptance in the project, and then clearly describe an outreach and engagement plan to bring the proposed population into the project.

How to Demonstrate Compliance During Project Implementation

Recipients must maintain adequate documentation to demonstrate the eligibility of persons served by SHP funds. Below are types of documentation that HUD will accept as adequate evidence of participant eligibility.

Persons Coming from an Emergency Shelter for Homeless Persons

The grantee or project sponsor must have written verification from the emergency shelter staff that the participant has been residing at an emergency shelter for homeless persons. The verification must be on agency letterhead, signed and dated.

Persons Coming from Transitional Housing for Homeless Persons

The grantee or project sponsor must have written verification from the transitional housing facility staff that the participant has been residing in the transitional housing. The verification must be on agency letterhead, signed and dated.

The grantee or project sponsor must also have written verification with a letter from the original agency verifying that the participant was living on the streets or in an emergency shelter prior to living in the transitional housing facility (see above for required documentation) or was discharged from an institution or evicted prior to living in the transitional housing facility and would have been homeless if not for the transitional housing (see below for required documentation).

Persons Living on the Street

For Supportive Services Only projects that provide services -- such as outreach, food, health care, and clothing -- to persons who reside on the streets, it may not be feasible to require the homeless persons to document that they reside on the street. It is sufficient for the outreach staff to certify that the persons served reside on the street. The outreach or service worker should sign and date a general certification verifying that services are going to homeless persons and indicating where the persons reside.

For all other SHP projects, the grantee or project sponsor should obtain information to verify that a participant is coming from the street. This may include names of other organizations or outreach workers who have assisted them in the recent past who might provide documentation. If you are unable to verify that the person is coming from the street, have the participant prepare or you prepare a written statement about the participant's previous living place and have the participant sign the statement and date it.

If an outreach worker or social service agency referred the participant to your agency, you must obtain written verification from the referring organization regarding where the person has been residing. This verification should be on agency letterhead, signed and dated.

Persons Coming from a Short-term Stay (up to 30 consecutive days) in an Institution

The grantee or project sponsor must have written verification on agency letterhead from the institution's staff that the participant has been residing in the institution for 30 days or less. The verification must be signed, dated, and on agency letterhead.

The grantee must also have written verification that the participant was residing on the street or in an emergency shelter prior to the short-term stay in the institution. See above for guidance.

Persons Being Evicted from a Private Dwelling

The grantee or project sponsor must have evidence of the formal eviction proceedings indicating that the participant was being evicted within the week before receiving SHP assistance.

If the person's family is evicting him/her, a statement describing the reason for eviction must be signed by the family member and dated. In cases where there is no formal eviction process, persons are considered evicted when they are forced out of the dwelling unit by circumstances beyond their control. In those instances, the grantee and project sponsor must obtain a signed and dated statement from the participant describing the situation. The grantee and project sponsor must make efforts to confirm that these circumstances are true and have written verification describing the efforts and attesting to their validity. The verification must be signed and dated.

The grantee and project sponsor must also have information on the income of the participant and what efforts were made to obtain housing and why, without the SHP assistance, the participant would be living on the street or in an emergency shelter.

Persons Being Discharged from a Longer Stay (>30 days) in an Institution (Including Prison)

The grantee or project sponsor must have evidence on agency letterhead from the institution's staff that the participant was in the facility more than 30 days and is being discharged within the week before receiving SHP assistance. The grantee and project sponsor must also have information on the income of the participant and what efforts were made to obtain housing, and why, without the SHP assistance, the participant would be living on the street or in an emergency shelter. If the person is being discharged from a prison and the prison is required to provide or arrange housing upon release, the person is not homeless.

Persons Fleeing Domestic Violence

The grantee or project sponsor must have written verification *from the participant* that he/she is fleeing a domestic violence situation. If the participant is unable to prepare the verification, the grantee/project sponsor can prepare a written statement about the participant's previous living situation and have the participant sign the statement and date it. Grantees and projects sponsors must also document lack of resources, lack of

subsequent residence and lack of support network for persons fleeing domestic violence situations.

Youth

Youth are eligible to receive SHP assistance *only if* they meet the criteria listed above under *Who is Considered Homeless?* and they are not wards of the state under the state law where the youth resides. In addition to the documentation identified above, grantees and project sponsors serving youth must have written verification that the youth are not wards of the state.

How to Demonstrate Eligibility for the Permanent Housing Component

The permanent housing for persons with disabilities component may only accept homeless persons with a qualifying disability and their families. In addition to the types of evidence described above, organizations administering permanent housing funded projects must maintain evidence of disability status for their clients.

Disability Status

According to the McKinney-Vento Act (Section 11382), the term “disability” means:

- A. A disability as defined in Section 223 of the Social Security Act (42 U.S.C. 423);
- B. To be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which:
 1. is expected to be of long-continued and indefinite duration,
 2. substantially impedes an individual’s ability to live independently, and
 3. of a nature that could be improved by more suitable housing conditions (e.g., a substance abuse disorder *if* the person’s impairment could be improved by more suitable housing conditions);
- C. A developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000; or
- D. The disease of acquired immunodeficiency syndrome (AIDS) or conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

The grantee or project sponsor must have written verification from a state licensed qualified source that the person has such a disability. Qualified sources include medical

services providers, certified substance abuse counselors, physicians or treating health care provider as stated in the Social Security Act (42 U.S.C. Section 423).

To verify disability under Section 223 of the Social Security Act, program staff can ask clients to sign a release form so that staff can request a verification of benefits from the Social Security Administration (SSA). Program staff can do this by mail or by calling the SSA information line at 1-800-772-1213 to verify the information verbally. A claim number should be included on all correspondence from SSA (award letters, benefit statements, or verification letters). Claim numbers with the suffix *DI* show that the individual met the definition of disabled at Section 223 of the Social Security Act.

Documenting disability when clients do not receive Supplemental Security Income (SSI) involves getting a written statement from a qualified source that: (1) identifies the physical, mental or emotional impairment, why it is expected to be of long-continued or indefinite duration, how it impedes the individual's ability to live independently, and how the individual's ability to live independently could be improved by more suitable housing conditions; (2) identifies a developmental disability; or (3) identifies AIDS or related conditions.

Grantees should also reference Health Care for the Homeless' Documenting Disability: Simple Strategies for Medical Providers Guide for more information on documenting disability.

Section B: Frequently Asked Questions

1. **Can a project serve persons at risk of becoming homeless?**

No. By law, only those persons who are homeless may be served by SHP. If your organization wants to serve persons at risk of becoming homeless, persons who are “doubled up,” or persons who are “near homelessness,” it would need to use another source. HUD administers the Emergency Shelter Grants (ESG) program that can fund homelessness prevention activities. A variety of other programs, such as the Housing Choice Voucher Program (HCV), Community Development Block Grant (CDBG) and HOME, serve low-income persons who may be at risk of becoming homeless due to poor housing conditions, overcrowding or other reasons. Contact your local HUD field office for more information on these and other programs.

2. **Can a project serve a person being discharged from a state mental health institution in a state that requires housing to be provided upon the person’s release?**

If your state has a policy requiring housing as part of a discharge plan, HUD does not consider those persons eligible for assistance since they will be placed in housing arranged by the state. Contact your state department of mental health or similar state agency for information on its discharge policy. If your state does not require housing as part of discharge planning, then those persons being discharged may be served as long as they meet the eligibility requirements. Please note that projects cannot be structured to target individuals being discharged from these institutions.

As a condition for award, any governmental entity serving as an applicant must agree to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. This condition for award, required by law, is intended to emphasize that states and units of local government are primarily responsible for the care of these individuals, and to forestall attempts to use scarce McKinney-Vento Act funds to assist such persons in lieu of state and local resources.

3. Are programs required to screen for sexual offenders?

No. There is no SHP requirement for programs to screen for sexual offenders. However, program staff should consider the population being served to determine whether screening for sexual offenders is appropriate.

4. Can SHP funds be used to lease an apartment where a participant will live with a family member?

No. If the participant moves in with a family member, he/she no longer fits the definition of homeless. If a family is willing to house the participant, then the participant does not lack resources or support networks.



Section C: Program Components and Project Types

In this section...

- [Program Component 1: Transitional Housing](#)
- [Program Component 2: Permanent Housing for Homeless Persons with Disabilities](#)
- [Program Component 3: Supportive Services Only](#)
- [Program Component 4: Innovative Supportive Housing](#)
- [Project Type: Safe Havens](#)
- [Project Type: Homeless Management Information Systems](#)

SHP has four program components and two project types to help homeless people achieve independence. Program components include Transitional Housing, Permanent Housing, Supportive Services Only and Innovative Supportive Housing. Applicants may choose whichever approach best suits the needs of the people they intend to serve.



See [Understanding SHP](#) for more guidance on SHP program components.

SHP also has two project types, Safe Havens and Homeless Management Information Systems (HMIS). These projects are called “types” instead of “components” because they are not listed as program components in the Act or program regulations. Safe Havens is a separate program that was authorized by Congress (see [Subtitle D](#) of the McKinney-Vento Act), but never funded. HUD recognized that the activities of Safe Havens were eligible and put statements in the NOFAs that Safe Haven projects were eligible for SHP funding. HMIS is an eligible activity that can be funded in any component (see [Section 423\(a\)\(7\)](#) of the Act) or can be funded as a dedicated or shared project.

Component 1: Transitional Housing

Transitional housing (TH) is a type of supportive housing used to facilitate the movement of homeless individuals and families to permanent housing. Basically, it is housing in which homeless persons may receive supportive services that enable them to live more

independently. The supportive services may be provided by the organization managing the housing or coordinated by them and provided by other public or private agencies. Transitional housing can be provided in one structure or several structures, at one site or in multiple structures at scattered sites.

Limitation of Stay in Transitional Housing

SHP funds can be used in the following ways to provide new transitional housing or expand already existing transitional housing:

- Acquisition
- Rehabilitation
- New construction
- Leasing
- Supportive services
- Operations
- Administration
- Technical Assistance
- HMIS

Homeless individuals and families may reside in transitional housing for up to 24 months. However, if permanent housing for the individual or family has not been located or if the individual or family requires additional time to prepare for independent living, they remain for a period longer than 24 months. Assistance may be discontinued for a transitional housing project if more than half of the homeless persons remain in the project longer than 24 months. See the program regulations at [24 CFR 583.300\(j\)](#).

Access to Supportive Services in Transitional Housing

Transitional housing grantees or project sponsors are required to make services available to program participants in accordance with [section 425](#) of the

McKinney-Vento Act and the regulations at [24 CFR 583.300\(d\)](#), [\(e\)](#) and [\(f\)](#). For more information on supportive services, see [Section D Eligible Activities](#).

Transitional housing participants can continue to receive follow-up services from the transitional housing facility for up to six months after they leave the program. Services may still be needed when a family moves to permanent housing, and these services can be tapered off or provided through other funding streams as the family makes the transition.

Transitional housing residents who move to permanent housing are no longer considered homeless as defined by HUD, and therefore are not eligible to receive further services. However, projects may continue to provide SHP-funded case management services to these participants for a six-month follow-up period. See the regulations at [24 CFR 583.120](#) for more information.

Movement from Transitional to Permanent Housing

Housing placement assistance should be part of any transitional housing project in order for the project to meet the program goals. Transitional housing residents may need assistance with all the tasks and stress involved in locating, obtaining, moving into, and maintaining the housing. Discrimination in the housing market may make the situation more difficult. Without third-party intervention, some graduates may resort to renting substandard or inappropriate housing or relapse into homelessness.

A comprehensive approach to locating housing includes preparing and training clients in searching for, securing, and maintaining their own housing, developing relationships with local producers and managers of housing to which graduates could move, and helping clients establish a savings plan so they can afford to move.

In many instances, assistance also entails direct contact and negotiation of rental terms in tandem with graduates and money to help pay move-in costs. However, keep in mind that the most successful graduates of transitional housing are those who have taken the lead in deciding where they will live permanently.

Component 2: Permanent Housing for Homeless Persons with Disabilities

SHP funds can be used in the following ways to provide new permanent supportive housing or expand already existing permanent supportive housing:

- Acquisition
- Rehabilitation
- New construction
- Leasing
- Supportive services
- Operations
- Administration
- Technical Assistance
- HMIS

The Permanent Housing for Persons with Disabilities component (PH) is another type of supportive housing. It is long-term housing that provides supportive services for homeless persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided directly by the grantee or project sponsor or by entities under written agreement with the grantee or project sponsor. Selection of these entities after initial application is submitted to HUD and is subject to compliance with procurement requirements. Conflict of interest rules also apply. The supportive services provided in connection with a project shall address the special needs of individuals (such as homeless

persons with disabilities and homeless families with children) intended to be served by a project. To require or not to require resident participation is within the discretion of the grantee. Permanent housing can be provided in one structure or several structures at one site or in multiple structures at scattered sites.

16-Person Limit

The housing structure for the PH component allows for SHP funds to be used to house 16 or fewer persons in a single structure. If there are more than 16 people, then an explanation is required as to how local market conditions necessitate this size, and how neighborhood integration can be achieved for the residents. Grantees should note that permanent housing units may be part of a larger development. For more information on the 16-person limit, see Section 424(c) of the Act.

Types of Permanent Housing Structures

Structures may include most housing types. For example, they can be apartments, single-family houses, duplexes, group homes, or single-room occupancy units.

Persons with Disabilities in SHP

In the McKinney-Vento Act (Section 11382), the PH component assists homeless persons with a disability. The term “disability” means:

- A. A disability as defined in Section 223 of the Social Security Act;
- B. To be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which:
 - 1. is expected to be of long-continued and indefinite duration,
 - 2. substantially impedes an individual’s ability to live independently, and
 - 3. of a nature that could be improved by more suitable housing conditions (e.g., a substance abuse disorder *if* the person’s impairment could be improved by more suitable housing conditions);
- C. A developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 of this title; or
- D. The disease of acquired immunodeficiency syndrome (AIDS) or conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

For guidance on determining participant eligibility at program entry and complying with eligibility requirements, see Section B Eligible Participants.

Transitional Housing vs. Permanent Housing for Persons with Disabilities

| | Transitional Housing | Permanent Housing |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statutory Citation | <u>42 USC 11384(b) & the McKinney-Vento Act, Section 424(b)</u> | <u>42 USC 11384(c) & the McKinney-Vento Act, Section 424(c)</u> |
| Special Regulations | <u>24 CFR 583.300(j)</u> | |
| Description | Supportive housing used to facilitate the movement of homeless individuals and families to permanent housing. Homeless persons may reside in transitional housing for up to 24 months and receive supportive services that enable them to live more independently. | Long-term, community-based housing that provides supportive services to homeless persons with disabilities. Permanent housing enables special needs populations to live as independently as possible in a permanent setting. |
| Length of Stay | Up to 24 months, unless permanent housing has not been located or the resident needs more time to prepare for independent living. An additional six months of follow up services may also be provided to exiting TH clients. | Indefinite |
| Eligible Activities | Acquisition Rehabilitation New construction Leasing Operating Supportive services Technical Assistance HMIS Administration | Acquisition Rehabilitation New construction Leasing Operating Supportive services Technical Assistance HMIS Administration |
| Eligible Populations | Homeless persons and families, including those with disabilities | Homeless persons with disabilities and their families |

For more information on the differences between the Transitional and Permanent Housing components, see [Understanding SHP](#).

Component 3: Supportive Services Only

Supportive Services Only (SSO) projects use grant funds to provide supportive services to homeless persons who do not reside in housing provided by the grantee or project sponsor, either using grant funds or using other funds. Typically, the grantee or project sponsor conducts outreach to street people, provides services at a drop-in center, or provides services to the residents of homeless assistance projects that are operated by other providers.

SSO Project Characteristics

SSO projects may be in a structure or structures at a central site, or they may be in multiple structures at scattered sites where services are delivered. Projects may also be operated independent of a structure, e.g., street outreach or mobile vans for health care. Regardless of the design, SSO projects must assist homeless persons to obtain and remain in permanent housing, increase their incomes, and live independently. All SHP components are focused on helping participants achieve permanent housing.

Supportive Service Costs vs. Operating Costs in SSO Projects

Because Section 423(a)(4) of the McKinney Act defines operating costs as the costs of operating housing, SSO projects cannot receive grant funds for operating costs. Grant funds may be used for the actual costs of providing supportive services and for administration of the grant.

SHP funds can be used in the following ways to provide new supportive services only projects or expand already existing supportive services only projects:

- Acquisition
- Rehabilitation
- Leasing
- Supportive services
- HMIS

Note: SHP cannot be used for new construction or operating costs in supportive services only projects. The prohibition is statutory.

Examples of eligible supportive services costs in SSO projects

- The cost of computers and desks used in a job readiness training program are eligible supportive services costs;
- The salaries of staff directly contacting homeless persons in an outreach program, are eligible supportive services costs; and
- The purchase of vehicles for transporting homeless persons to other services and job training sites is an eligible SSO cost. The cost of fuel, insurance, and repairs are also eligible.

More examples of eligible SSO costs are given in [Section D Eligible Activities](#).

One example of an ineligible supportive services cost in an SSO program is training for supportive services staff. This expenditure is not eligible because the SHP funds are meant for the direct benefit of homeless persons.

Component 4: Innovative Supportive Housing

[Section 426\(b\)\(2\)](#) of the McKinney-Vento Act (42 USC 11386(b)(2)) makes the innovative quality of a proposal a selection criteria that HUD must use in awarding SHP grants. HUD has implemented this requirement through the NOFA process by creating the Innovative Supportive Housing Component.

In particular, a proposed innovative project must demonstrate that it meets three criteria: it represents a distinctively different approach when viewed within its geographic area; it is a sensible model for others; and it can be replicated elsewhere.

Note that almost every eligible project fits in one of the component categories above. Very few projects have received SHP funding under the innovative category. An applicant should not propose a project under this component unless a compelling case is made that these criteria can be met. The activities in an innovative project must also meet eligible program requirements as established in the regulations at [24 CFR Part 583](#).

SHP funds can be used in the following ways to provide new innovative supportive housing or expand already existing innovative supportive housing:

- **Acquisition**
- **Rehabilitation**
- **New construction**
- **Leasing**
- **Supportive services**
- **Operating costs**
- **Administration**
- **Technical Assistance**
- **HMIS**

Project Type: Safe Havens

Safe Havens are a type of SHP project with distinctive characteristics originating in [Subtitle D](#) of the McKinney-Vento Act (42 USC 11391-11399). In 1994, Congress amended the McKinney Act to authorize a new program called the Safe Havens for Homeless Individuals Demonstration Program, however Congress has never appropriated funds for that program. Neither has HUD published regulations implementing the program. Recognizing that the activities of the authorized Safe Havens program were eligible in SHP, HUD began in 1994 to solicit applications for Safe Havens SHP projects through its annual NOFA. HUD expects to continue this practice in the future.

A Safe Haven is a form of supportive housing that serves hard-to-reach homeless persons with severe mental illness who are on the street and have been unable or unwilling to participate in housing or supportive services. Safe Havens serve as a refuge for people who are homeless and have a serious mental illness.

Safe Havens serve as a portal of entry providing basic needs (such as food, showers, clothing), as well as a safe and decent residential alternative for homeless people with severe mental illness who need time to adjust to life off the streets and to develop a willingness and trust to accept services. Safe Haven projects must comply with the SHP requirements to conduct an on-going assessment of client needs for services. Safe Haven projects must also make services available to the participants that address the special needs of the clients. This information is necessary to assess the progress of the project in moving clients to independent living (see Section 426(2) of the McKinney-Vento Act).

Any one or a combination of the following activities can be used to provide a new Safe Haven or expand an already existing Safe Haven:

- Acquisition
- Rehabilitation
- New construction
- Leasing
- Supportive services
- Operations
- Administration
- HMIS

Due to the special needs of the participants of the Safe Haven projects there are some specific characteristics that contribute to the success of a Safe Haven facility, such as intensive and skilled outreach to this hard-to-reach population; engagement at a pace comfortable for the participant; intake/assessment; understanding that it is this participant's inability to get through the intake process at traditional shelters that make them candidates for Safe Havens; and supportive service delivery at the participant's pace.

Safe Haven Design

The Safe Haven must comply with all SHP requirements in addition to specific Safe Haven requirements:

- ☒ Must serve hard-to-reach homeless persons with severe mental illnesses who are on the streets and have been unable or unwilling to participate in supportive services;
- ☒ Must allow 24-hour residence for an unspecified duration;
- ☒ Must have private or semi-private accommodations;

Must limit overnight occupancy to no more than 25 persons;

May include a drop-in center as part of outreach activities; and

Is a low demand facility where participants have access to needed services, but are not required to utilize them.

Safe Havens and the Continuum of Care

The success of any Safe Haven project rests upon the strength of the linkages it has with all other components of the Continuum of Care. Through linkages with the community (particularly State and local mental health agencies) the project can better deal with some of the issues that can arise when developing a Safe Haven. Issues such as NIMBYism, appropriate housing design, and the unique staffing issues for this type of project, are just some of the issues that can be overcome by strong partnerships within the local community.

Safe Havens Resource Information

For more information and guidance on developing a Safe Haven, see *In from the Cold: Creating Safe Havens for Homeless People on the Street.*

Project Type: HMIS

Beginning in 2001, HMIS activities became eligible under SHP to help facilitate the implementation and operation of a CoC-wide HMIS. HMIS is an eligible activity under any component (see Section 423(a)(7) of the McKinney-Vento Act) and a project type that funds shared or dedicated HMIS projects. Although HMIS is treated as a project component for application purposes, HMIS is not a separate program component.

Congress amended Section 423(a) (42 USC 11383(a)(7)) of the McKinney Act in 2001 to make the costs of implementing and operating management information systems for purposes of collecting unduplicated counts of homeless people and analyzing patterns of use of McKinney-Vento assistance eligible under SHP. While regulations have not been published on the use of HMIS funds, HUD has imposed certain requirements through the NOFAs and has published two Notices on HMIS: the *Homeless Management and Information Systems Data Technical Standards Final Notice* (69 FR 45888) and the *Homeless Management and Information Systems Data Technical Standards Final Notice: Clarification and Additional Guidance on Special Provisions for Domestic Violence Provider Shelters* (69 FR 61517).

Applicants can request SHP assistance for dedicated or shared HMIS projects. Applicants requesting dedicated HMIS assistance use SHP funds to purchase HMIS software and

computers, and to pay the salary of HMIS staff. Applicants requesting shared HMIS assistance share the costs of the HMIS implementation with other providers. Shared HMIS projects are classified as the type of housing or activity that they are providing. For example, if a transitional housing facility is sharing the cost of the HMIS implementation with other providers, that project continues to be classified as transitional housing.

Eligible HMIS Costs

The 2002 NOFA described the HMIS activities that are eligible for funding. Eligible HMIS activities include:

- Purchasing HMIS software;
- Leasing or purchasing needed computer equipment for providers and the central server; and
- Staffing associated with operating the HMIS, including training providers, day-to-day administration of the HMIS, analyzing HMIS data and preparing reports for providers, the continuum and HUD using HMIS data.

HMIS activities that are ineligible for SHP funding are:

- Planning and development of HMIS systems, including all costs incurred prior to implementation;
- Development of entirely new software systems; and
- Replacing State and local government funding for an existing HMIS.

Current grantees should review the NOFA under which they were funded for applicable requirements.

Special Information for Domestic Violence Providers

On January 5, 2006 President Bush signed into law the Violence Against Women and Department of Justice Reauthorization Act of 2005, P.L. 109-162 (VAWA). The law included new rules about the participation of domestic violence service providers in HMIS. HUD will issue guidance on the law and clearly direct programs about how to participate in HMIS according to the new rules. Grantees should look to future Federal Register publications for guidance on implementing VAWA. HUD has published the following Notice providing initial information on VAWA (The Violence Against Women and Department of Justice Reauthorization Act of 2005: Applicability to HUD Programs (72 FR12696).

Section D: Eligible Activities

In this section...

- [Acquisition and Rehabilitation](#)
- [New Construction](#)
- [Leasing](#)
- [Operations](#)
- [Supportive Services](#)
- [Administrative Costs](#)



See the Eligible Activity Expense Worksheet in Supportive Housing Program Self-Monitoring Tools for guidance on tracking eligible expenses.

The McKinney-Vento Act ([Section 423 \(a\)](#) and [24 CFR 583.100\(a\)](#) of the regulations) authorize the use of grant funds for seven eligible activities:

| Activity | McKinney-Vento Act | CFR Citation |
|----------------------------------|----------------------------|-------------------------|
| Acquisition & Rehabilitation | 423 (a)(1) | 583.105 |
| New Construction | 423 (a)(2) | 583.110 |
| Leasing | 423 (a)(2) | 583.115 |
| Operating Costs | 423 (a)(4) | 583.125 |
| Supportive Services | 423 (a)(5) | 583.120 |
| Technical Assistance (see below) | 423 (a)(6) | 583.140 |
| Management Information Systems | 423 (a)(7) | |

Additionally, the McKinney-Vento Act ([Section 426\(i\)](#)) authorizes recipients (grantees and project sponsors) to use no more than 5 percent of a grant for administrative costs. HUD has implemented this provision in the NOFAs by allowing applicants to apply for a set amount of administrative funds in each grant. However, grantees should be aware that administrative cost awards will be reduced or deobligated when the funds for the other eligible activities are unspent, reduced or deobligated in order to keep the amount of administrative cost funds at 5 percent of the total grant. (The regulation on administrative costs is found at [24 CFR 583.135](#).)

Funds for technical assistance have been awarded through a separate competition since the beginning of the SHP program. See [Section P Technical Assistance](#) for detailed information about technical assistance awards. The other eligible activities will be covered in this section.

Congress amended the McKinney-Vento Act in 2001 to make a homeless “Management Information System” (HMIS) an eligible activity. There are no regulations with regard to HMIS; however, HUD has implemented HMIS by funding dedicated HMIS projects as a separate component of SHP. We expect this practice to continue. See [Section C Program Components](#) for more information on funding for HMIS.

Each recipient of HUD funding must ensure compliance with all state and local housing codes, licensing requirements and any other standards regarding the condition of a structure and the operation of the housing and/or services. Specifically, each grantee or project sponsor must adhere to proper standards regarding accessibility, sanitation, security, illumination, electricity and fire safety. The habitability standards are described in the program regulations at [24 CFR 583.300\(b\)](#). Any variations from those standards proposed by the grantee/project sponsor must be approved by HUD.

Acquisition and Rehabilitation

SHP grants for acquisition may be used to pay for the costs of purchasing a structure that will be used to provide supportive housing or supportive services. SHP grants for acquisition may also be used to pay off a current mortgage on a property (but not for periodic mortgage payments) as long as that property has not previously been used as supportive housing or for supportive services. In each project, the SHP grant for acquisition and rehabilitation is limited to between \$200,000 and \$400,000, *per structure* (e.g., *per building*), depending on whether the project is in a high cost area. A high cost area is a locality that HUD has determined to have high acquisition and rehabilitation costs.

Projects receiving SHP grants for acquisition and rehabilitation and new construction must be operated for not less than 20 years for the purpose specified in the application (see [Section 423 of the McKinney-Vento Act](#)). For further guidance, see *Special Topics for SHP Capital Projects* below.

New Construction

New construction ([24 CFR 583.110](#)) costs are eligible under all program components except the Supportive Services Only component. If grant funds are to be used for new construction, the applicant must demonstrate that the costs associated with new

construction are substantially less than the costs associated with rehabilitation or that there is a lack of available units that could be rehabilitated at a cost less than new construction. (Demolition costs are not eligible under SHP.)

Grants for new construction are limited to \$400,000 per structure (regardless of where the project is located). If the applicant is also acquiring land in tandem with the new construction, the \$400,000 limit applies to both activities. Therefore, an applicant would not apply for a new construction grant and a separate grant to acquire the land, but rather new construction to cover both the land and the structure.

Special Topics for SHP Capital Projects

Capital projects use SHP funding for acquisition, rehabilitation and/or new construction of a property. Projects using SHP assistance in these ways must fulfill additional requirements, described below.

| Requirements for Acquisition, Rehabilitation and New Construction | | |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Activity | Deadline | References |
| Site Control | Within 1 year of grant award letter | <u>Section 426 of the McKinney-Vento Act (42 U.S.C. 11386 (a)(3)) and 24 CFR 583.320(a)</u> |
| Construction | Begin within 18 months of grant award letter Finish within 36 months of grant award letter | NOFA timeliness standards |
| Supportive Services or Operating Contingent on Construction | Within 3 months of completing construction | NOFA timeliness standards |
| Activities Independent of Construction | Within 1 year of grant award letter | NOFA timeliness standards |

Grantees should note that securing property via an “option to buy” before applying for SHP funds is permitted as long as the grantee has not used the property at application. The optioned property is subject to environmental review and the cost of acquiring the option will not be reimbursable if the environmental review concludes that the property may not be used. For more information on obtaining site control, environmental factors and zoning, see Section H Site Control and Environmental Review.

Drawdown of Capital Funds

Capital costs are acquisition, new construction and rehabilitation. As described above, the total of these costs cannot exceed \$400,000 per building. The amount of funding for acquisition, rehabilitation and new construction in the approved project budget is sometimes called the *capital budget* because it represents housing development costs.

20-year Commitment

Projects receiving SHP grants for acquisition, rehabilitation, and new construction must be operated for not less than 20 years for the purpose specified in the application (see Section 423 of the McKinney-Vento Act (42 U.S.C 11383)). This rule applies to all projects receiving SHP capital funds, regardless of the number of units reserved for homeless people or the level of supportive services provided. The grantee is responsible for meeting the 20-year commitment and also for monitoring compliance by project sponsors and subrecipients.

In the event that a project cannot be maintained as supportive housing, the grant must be repaid. If the project ceases to be used as supportive housing within the first ten years, 100 percent of the grant must be repaid. After the first ten years, the grant must be repaid according to the following schedule of deferred forgiveness:

| Time project is operated as supportive housing | Percentage of grant to be repaid |
|-------------------------------------------------------|-----------------------------------------|
| 10 years or less | 100% |
| 11 years | 90% |
| 12 years | 80% |
| 13 years | 70% |
| 14 years | 60% |
| 15 years | 50% |
| 16 years | 40% |
| 17 years | 30% |
| 18 years | 20% |
| 19 years | 10% |
| 20 years | 0% |

When the project is being operated by a project sponsor that wants to cease operation within the 20-year period, the grantee may replace the sponsor with another project sponsor that is willing to operate the project for the purpose stated in the initial or amended grant agreement. The new project sponsor must be at least as competitive in its capacity to operate the project as the original sponsor. Grantees should note that

HUD considers changing the project sponsor a significant change that requires approval. Significant changes are outlined in Section R Grant Amendments.

Recording Restrictive Use and Repayment Covenants

Beginning in 2003, HUD decided to enforce the use and repayment requirements found in the McKinney-Vento Act section 423(b) and (c), 42 U.S.C. 11383(b) and (c) by requiring grantees and project sponsors to record a Declaration of Restrictive Covenants against the real property where grant funds are used for acquisition, construction or rehabilitation. The requirement is imposed via the NOFA and in the grant agreement. HUD's Office of General Counsel has prepared a standard form Declaration of Restrictive Covenant, which may be obtained from your local field office and which should be recorded in first position. HUD's field counsel must approve any deviation from the standard form before you execute and record it. Proof of recordation of the HUD form or the HUD-approved form must be provided to HUD's field counsel before funds for rehabilitation or new construction may be drawn down. Acquisition funds may be drawn down before proof of recordation is received by HUD counsel, however, no other grant funds will be available for draw down until HUD counsel is satisfied with the form and its recordation. See the regulations at 24 CFR 583.305 for additional guidance.

Leasing

Leasing structures or individual units to provide supportive housing or supportive services during the period covered by the grant is an eligible activity under SHP. Grantees may use SHP leasing funds only when there are actual leasing costs. That is, the funds designated for leasing may only be used for the actual costs of leasing a structure/unit.

A grantee may lease portions of a building, the full building, or multiple buildings. If a grantee has a lease with an option to purchase, the grantee may use HUD leasing funds until the time the grantee purchases the property. However, SHP leasing funds may not be used to pay a project sponsor's monthly mortgage obligation or other costs of building operations.

Grantees and project sponsors should note that *rental assistance*, the only eligible activity under the Shelter Plus Care program, is NOT an eligible activity under SHP. Leasing activities are eligible for renewal grants as described in Section Q Project Renewals.

Lease Arrangements

Grant funds may be used by the grantee or project sponsor to pay the rental cost of an individual unit for a program participant. Grant funds may be used to pay up to 100

percent of the rent charged by a property owner *who is not the grantee or project sponsor* or their parent, subsidiary or affiliated organization (24 CFR 583.115 (a) (2) 8(b) and 84.24 and 85.25). The rent paid must be an actual cost, must be reasonable in relation to rents being charged for comparable units, may not exceed rents currently charged by the same owner for comparable unassisted units and the amount paid with grant funds may not exceed HUD-determined fair market rents (FMRs). Pursuant to 24 CFR 583.320(a)(2), the grantee/project sponsor may eventually assign the lease for the individual housing unit to the program participant who resides there.

Grant funds may also be used to pay the landlord for any damages to the leased units by homeless participants. Up to one month's rent may be used for this purpose.

Leasing assistance is subject to the requirements of the Lead-Based Paint Poisoning Prevention Act (42 USC 4821-4846). For residential structures constructed before 1978, there are requirements and procedures for addressing the hazards of lead-based paint. See 24 CFR Subpart A 35.80.

Grantees or project sponsors may not use grant funds to pay leasing costs for a property that they own or a property that is owned by a parent or subsidiary organization. Any lease arrangement must be at arm's length and include the following items in the contract:

- Names of tenant and owner;
- Unit address;
- Rent amount;
- Term of the lease;
- Who supplies utilities; and
- Renewal provisions.

An actual copy of the lease must be submitted to HUD to document all leasing costs.

Reasonable Rents

Whenever a grantee/project sponsor uses grant funds for leasing, the rent paid may reflect only actual costs, and must be reasonable in relation to rents being charged for comparable units. In determining comparability, you should consider location, size, type, quality, amenities, facilities, and management services. If the owner has both assisted and unassisted housing units, rents for the assisted units may not exceed rents being charged

for that owner's comparable unassisted units. The grantee must keep on file documentation showing reasonableness, such as advertisements for similar units or buildings.

Fair Market Rents

The rents paid with SHP grant funds may not exceed HUD-determined fair market rents. FMRs are published annually in the Federal Register, and should be used in estimating how much of the grant funds may be used to lease property. FMRs are available on HUD's web site, at <http://www.huduser.org/datasets/fmr.html>. The published FMRs are gross rent estimates, and include shelter rent *and the cost of necessary utilities (except telephone)*. The FMRs in effect at the time the grant agreement is signed are used to determine rent. For new projects, the FMRs in effect at the time of grant award are used.

Beginning with the 2006 Continuum of Care Homeless competition, if actual rents have increased substantially from the time of the initial application to the time of the first renewal, the grantee or project sponsor may need – and is allowed – to reduce the number of units that can be supported by the project since the overall level of SHP funding cannot be increased. If grantees reduce the number of units (reflected in the Continuum of Care Homeless application under the Point In Time Housing and Participants Chart, they will be required, at the grant execution phase, to submit a written explanation that identifies the number of units that can be leased at the current fair market rent.

Grantees may need – and are allowed – to reduce the number of units that can be supported by their projects if actual rents have increased substantially.

Grantees should note that a reduction in the number of participants might result in a corresponding decrease in the other funded budget categories. If grantees propose to reduce the number of units leased in their renewal application, they must include a written summary in the Technical Submission that provides the number of units currently leased using the current fair market rates, the reduced number of units to be leased using the fair market rates, and a proposed revised budget reflecting the associated cost reductions, if applicable. Grantees may proportionately reduce or eliminate any other elements of the project and the SHP budget. However, be aware that this project, as well as all projects, must meet all project threshold requirements as identified in the NOFA.

Keep in mind that grantees may be able to maintain the same number of units if they are able to rent units below the fair market rent.

The current FMRs can be found at <http://www.huduser.org/datasets/fmr.html>. See [Section R Grant Amendments](#) for guidance on decreasing funded budget categories and when an amendment is necessary.

Using Leasing Funds

Leasing a structure or individual unit(s) would not require *additional* operating costs because the cost of leasing would include the landlord's expenses for maintenance, repair and utilities. Whether or not a tenant is responsible for maintenance, repair and property management costs depends on the type of property (apartment unit, single family home or commercial building) as well as on the prevailing practice in the community. If such costs are anticipated, the amount and proposed use should be documented in the original project proposal.

Fair Market Rents include the cost of utilities. Landlords accepting the FMR should include utilities as part of the rent. If the grantee is the leaseholder of a building that houses residents and utilities are not included as part of the lease, then the grantee can include utility expenses as a separate budget line item in the operating budget. Grantees receiving operating costs for these utility expenses must submit a copy of the lease to HUD to establish that they are responsible for those payments.

Although it may not be possible for grantees to anticipate if landlords will include the cost of utilities as part of the rent, grantees should consider the costs associated with paying for utilities separately when planning their leasing and operating budgets. Thinking about these costs up front will help to avoid problems in program implementation.

Acquisition of a Property Receiving Leasing Funds

If SHP grant funds are used for leasing assistance, the grantee may not request

Leasing, Operating and Project-Based Assistance (PBA)

Projects/structures that receive SHP leasing or operating assistance cannot also receive project-based assistance from any other *duplicative* federal, State, or local housing program as determined by HUD. Project-based assistance includes the costs of leasing and operating housing and therefore, is duplicative of the SHP assistance provided for these costs.

However, SHP funds for acquisition, new construction, rehabilitation, or supportive services are not duplicative of project-based assistance and therefore can be combined with project-based funding.

An SHP grantee that receives project-based assistance for the same project that receives leasing and operating funding under SHP must return the SHP leasing and operating funds to HUD. HUD will look carefully at requests that ask to shift funds to replace existing sources of funding.

assistance for acquisition, rehabilitation or new construction for the same property.

As described above, the grantee/project sponsor may eventually assign the lease for the individual housing unit to the program participant who resides there (see 24 CFR 583.320(a)(2)). However, if a family or individual has been assisted through leasing, and remains in that housing without further assistance, the grantee or project sponsor may not request additional SHP funding for acquisition, rehabilitation or new construction for that property.

Move-In Expenses & Security Deposits

Leasing funds may only be used to pay rent. *Move-in expenses* associated with moving a transitional housing client into permanent housing are not allowed under leasing but may be covered under supportive services (see *Supportive Services* section below).

Grantees may use SHP leasing funds in an amount of up to one month's rent to pay a *security deposit* to a landlord for any damages to the leased units by homeless participants (see 24 CFR 583.115).

Leasing Costs and the Technical Submission

Applicants conditionally selected for funding for a new project, or a renewal project with changes, will include in their Technical Submission information about leasing that corresponds to the activities described in their original application. The Technical Submission should cover:

- Leasing costs for supportive housing provided in individual residential units, including group homes, supported by fair market rent information from the applicable Federal Register;
- Comparable cost data, as appropriate, to show that the SHP request is within the FMR limits; and
- For facility leasing costs (not classified by bedroom size), comparable cost data to show that the SHP request is reasonable.

More guidance on completing the Technical Submission is in Section F Important Dates and Section G Conditional Approval and Program Cycle.

Charging Clients Fees in Addition to Rent

Participants may be charged up to 30 percent of their income for rent. The regulations (24 CFR 583.315(c)) allow grantees to charge an additional fee for services not paid for with SHP grant funds.

Fees charged in excess of the 30 percent rent calculation are considered *program fees* and *must be used only for services* not covered by match or SHP funds, if there are such costs. Program fees may not be used to supplement operating costs.

Charging fees is optional. If the grantee chooses to charge participants a fee for supportive service(s), the grantee must maintain *written documentation* of the actual costs of providing the supportive service(s) for which clients are being charged. They must show that participants are not paying for a service for which SHP is already paying. The grantee or sponsors must also maintain written documentation of the following:

- That the activity for which the fee is being charged is an actual supportive service;
- That SHP grant funds are not being used to pay for that portion of the service;
- How the supportive service charge was determined;
- That the fee is reasonable; and
- The participants are aware of how the fee is used.

Fees charged in excess of the 30% rent calculation are considered program fees and must be used only for services.

Special Guidance on Charging Fees

Fees for services: Participants may be charged fees for food and other services, such as cleaning, in addition to rent, but the fees should be reasonable and not conflict with the goal of helping residents achieve the highest level of independent living possible.

Sliding scale fees: Fees may be based either on a sliding scale according to the resident's income or on a fixed basis as long as those fees reflect the actual cost of providing the service. Grantees and project sponsors using sliding scales must prove that the cost to the client is equitable. In other words, the sliding scale fee must be based on income and the specific service(s) received.

Fees applied to some residents but not others: If there is a reasonable basis to charge only some residents, such as only charging residents for services they actually use, then fees can be selectively applied. However, in most cases if a fee is charged, it would be applied to all residents.

Fees cannot have a negative impact on participants' abilities to become self-sufficient.

Operations

Operating costs are those costs associated with the day-to-day physical operation of supportive housing facilities. They also include the actual expense that a recipient incurs for conducting on-going assessments of the supportive services needed by residents and the availability of these services.

Operating costs differ from supportive services costs in that operating costs support the function and the operation of the housing project while supportive services costs cover the actual costs of new or increased services. Only operating costs for a new project or the expanded portion of an existing project are eligible for SHP funding.

SHP funds may not be used for the cost of operating a supportive services only facility.

Eligible Operating Costs

The expense incurred by the grantee to operate a supportive housing facility is an eligible SHP activity. Some examples include:

- Maintenance and repair
- Operations staff
- Utilities
- Equipment
- Supplies
- Insurance
- Relocation
- Furnishing

Sometimes operations staff also carry out supportive services activities. To the extent a staff person does both, their costs must be split between the two categories. The grantee will need documentation, such as time sheets, to show how the costs were assigned.

The costs associated with displacing persons in order to use a structure are included under operational costs, even though such payments may be a one-time occurrence.

| Examples of Eligible and Ineligible Operating Costs for a Supportive Housing Facility | |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Eligible operating costs | Ineligible operating costs |
| Salaries of staff not delivering services, such as the executive director, project manager or security guard | Mortgage payments (may be eligible as Acquisition) |
| Utilities costs: gas, heat, electric, etc. | Recruitment or on-going training of staff |
| Desks, computers, telephones used by staff involved in operating the housing | Rent (may be eligible as real property leasing) |
| Furnishings (beds, chairs, dressers, etc.) for participants | Depreciation |
| Equipment (refrigerators, ranges, etc.) | Costs associated with the organization rather than the supportive housing project (fund raising efforts, pamphlets about organizations, etc.) |
| Relocation Assistance | Cable TV costs for participants |

| Further Examples of Eligible Operating Expenses | |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of Expense | Eligibility under SHP |
| Real estate taxes and legal fees | SHP funds <i>can be used</i> to pay real estate taxes – but only for those projects that have to pay taxes. The legal fees would have to be spelled out and approved by HUD. For example, if the legal fees are incurred as part of evictions, then they would be acceptable operating costs. But if the legal fees are to keep an attorney on retainer, then they would not be allowed. |
| Landscaping | SHP funds <i>can be used</i> for maintenance and repair costs, including hardscaping, walkways, and grading. Landscaping for beautification is not eligible. |
| Purchase of a vehicle to move furniture, appliances, and maintenance equipment | To be considered an operating cost, the vehicle must be used to support the function and operation of the housing project. Purchase of a vehicle for supportive services (e.g. for outreach, and to transport participants) remains an eligible supportive services cost. |
| Playground | SHP funds <i>can be used</i> to pay for a playground. The cost would fall under operating costs, since the playground structure is a piece of equipment. |
| Workers compensation and employers liability insurance | SHP funds <i>can be used</i> to pay for insurance, which is a normal expenditure associated with management of a business with employees. The only issue would be whether the employees are 100% dedicated to the homeless project. If the proposed annual insurance cost covers staff not directly or only partially involved with the homeless grant, then grant funds should only pay the prorated portion of the annual expenditure. OMB Circulars A-122 and A-87 under fringe benefits state that “fringe benefits determined to be allowable if granted under established written policies include: (1) employer contributions or expenses for social security, (2) employee life, (3) health, (4) unemployment, (5) workers compensation, pension plan costs, (6) severance payments associated with normal turnover.” |

Operating Costs vs. Mortgage Payments

Grantees may not consider mortgage payments as an operational cost because SHP allows grantees to repay outstanding debt on a loan to purchase the structure under the *acquisition* activity. This means that when the operating budget is calculated, mortgage payments should not be included. Grantees should consider this provision when planning their budgets.

Supportive Services

Supportive services assist homeless participants in the transition from the streets or shelters to permanent or permanent supportive housing. SHP funds may be used to pay for the actual costs of new or increased supportive services to homeless persons, including salaries paid to providers and other costs directly associated with providing such services. According to the McKinney-Vento Act ([section 425\(a\)](#)), to the extent practicable, each project shall provide supportive services for residents of the project and homeless persons using the project, which may be designed by the recipient or participants.

Eligible Supportive Service Costs

Services aimed at moving homeless participants to independence are eligible for SHP support. Some examples of eligible supportive services include:

- Salary of case manager or counselor for time spent providing services to participants;
- Salary of case management supervisor when he/she is working with clients or working with a case manager on issues regarding clients;
- Desks and/or computers used by clients and their trainer in employment training programs;
- Food, clothing and transportation;
- Outpatient medical/dental or other healthcare for clients and assistance in obtaining benefits or medical assistance from other Federal, State or local sources;
- First and last month's rent, security deposits and credit checks for participants moving from transitional housing to permanent housing;

Clothing, tools, and similar items needed by participants for jobs or job training;

Cellphones for outreach workers;

Mileage allowance for service workers to visit participants; and

Vehicle lease and operation (gas, insurance, maintenance) when used for transporting clients.

Eligible Supportive Services listed in the McKinney-Vento Act (Section 425 (c))

- **Establishing and operating a child care services program for homeless families;**
- **Establishing and operating an employment assistance program;**
- **Providing outpatient health services, food and case management;**
- **Providing assistance in obtaining permanent housing, employment counseling and nutritional counseling;**
- **Providing security arrangements necessary for the protection of residents of supportive housing and for homeless persons using the housing or project;**
- **Providing assistance in obtaining other Federal, State and local assistance available for such residents (including mental health benefits, employment counseling and medical assistance, but not including major medical equipment); and**
- **Providing other appropriate services.**

Grantees/project sponsors should note that any staff members mentioned above (case managers, counselors, etc) who work on multiple SHP-funded projects must track time spent on each project. Put differently, case managers who work on several SHP grants must track and record hours spent serving clients under each grant separately.

Participants in transitional housing, permanent housing and SSO projects may receive supportive services while they are part of the project. In transitional housing, participants may also receive services after they leave the project for up to six months. These six months are not included in the 24-month time limit for transitional housing and are intended to assist the participant in adjusting to independent living (24 CFR 583.120(b)).

Certain activities that would not be eligible in transitional or permanent housing projects *are eligible* in SSO projects, but only to the extent that these costs are part of the project, and the project is classified as SSO. These include: staffing, utilities, equipment and

supplies, furnishings, repairs and maintenance, transportation, insurance and security. Please check with your field office if you need clarification.

The McKinney-Vento Act requires that SHP grantees conduct an annual assessment of participants' supportive service needs. Grantees can pay for this assessment using their SHP operating funds (see 24 CFR 583.125).

| Further Examples of Eligible and Ineligible Supportive Services | |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of Service | Eligibility under SHP |
| A life skills program or other type of service program with a religious component | SHP supportive service funds <i>cannot be used</i> for services that have an inherently religious component, for example, that involve worship, religious instruction, or proselytization (<u>24 CFR 583.150</u>). Further, a client's receipt of services cannot be contingent upon his participation in any religious component of the program. Any inherently religious activities, such as worship, religious instruction, or proselytization must be offered separately in time or location from the programs or services funded by SHP. |
| Purchase of computers with internet connection to be placed in clients' rooms | SHP supportive service funds <i>cannot be used</i> to purchase computers for individuals. However, computers (and internet) purchased for a common space or to be used for program purposes are eligible supportive services expenditures. For example, computers placed in a common space and used for job training, job search, or housing search are eligible. Personal computers in residents' rooms are ineligible. |
| Drug testing of clients | SHP supportive service funds <i>can be used</i> to pay for drug tests if the tests are part of a program of treatment. For example, drug tests are eligible if they are used to maintain compliance with rules in programs that have a substance abuse treatment component. |
| Criminal background checks of prospective clients | SHP supportive service funds <i>cannot be used</i> for criminal background checks. |
| Recreational activities | SHP supportive service funds <i>cannot be used</i> for recreational activities. |

Further Examples of Eligible and Ineligible Supportive Services

| Type of Service | Eligibility under SHP |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Match for client savings in an individual savings account | SHP supportive service funds <i>cannot be used</i> to match individual savings in permanent housing or supportive services only programs. SHP funds can be used to assist residents of transitional housing in moving to permanent housing. |
| The purchase or repair of a car for a client in areas lacking public transportation | SHP supportive service funds <i>cannot be used</i> to pay for the purchase of a car for a client. |

Requiring Clients to Participate in Supportive Services

Supportive housing programs may require supportive services, such as addiction treatment, mental health stabilization, etc., as part of the occupancy agreement in order to support programmatic goals. It should be noted, however, that there are no regulatory provisions that require grantees to condition continued residency on participation in services in the Supportive Housing Program.

Previous guidance from HUD suggested that permanent housing programs could not impose service requirements on clients. This policy has now been rescinded; therefore both transitional and permanent supportive housing programs may impose supportive service requirements as part of program enrollment. Note that the program must follow appropriate local laws, including landlord tenant laws, as part of establishing and enforcing this type of requirement. Participants entering the program must be made aware of this requirement.

Administrative Costs

Up to five percent of any grant awarded under SHP may be used for the purpose of paying costs of administering the assistance.

24 CFR 583.135 (b) defines administrative costs as the costs associated with accounting for the use of grant funds, preparing reports for submission to HUD, obtaining program audits, similar costs related to administering the grant after the award, and staff salaries associated with these administrative costs. They do not include the costs of carrying out acquisition, rehabilitation, new construction, leasing, supportive services or operating costs.

Splitting Administrative Funds

Beginning with the 2000 NOFA, HUD had required grantees to split administrative funds with the project sponsor. This applies to States and units of general local governments that are the applicants for SHP funding for individual projects that will be operated by nonprofit organizations. If SHP funds for administrative costs are awarded to a State or unit of general local government where the projects will be operated by nonprofit organizations, some of these funds must be passed on to the nonprofit organization(s).

Administrative funds provided as part of the SHP grant should be split with the nonprofit organization(s) in proportion to the administrative burden borne by them for the SHP project(s). However, HUD will consider States or units of general local government that pass on at least 50 percent of the administrative funds as having met this requirement. Applicants and project sponsors must work together to determine a plan for dividing administrative funds between them.

Eligible Administrative Costs

- Preparation of Annual Progress Report
- Audit of Supportive Housing Program
- Staff time spent reviewing/verifying invoices for grant funds, drawing money from Treasury, and maintaining records of the use of those funds

Ineligible Administrative Costs

- Preparation of application and Technical Submission
- Conferences, fund raising activities, and training in professional fields (such as social work or financial management)
- Salary of organization's executive director (except to the extent he/she is involved in carrying out eligible administrative functions as shown under eligible administrative costs list)

See the table below for examples of eligible and ineligible administrative expenses in the SHP program.

| Types of Administrative Costs | Eligibility Under SHP |
|------------------------------------------------------------------------------------------------------|-----------------------|
| General bookkeeping & recordkeeping | Eligible |
| Audit expense | Eligible |
| Staff time to help participants identify housing units | Ineligible |
| Staff time to conduct housing inspections | Ineligible |
| Staff time to conduct annual tenant income and rent certifications | Ineligible |
| Staff time to process landlord rent payments | Ineligible |
| Staff time to document service match requirements | Eligible |
| Staff time to prepare HUD APRs and HUD LOCCS draws | Eligible |
| Portion of Program Director time spent directly serving clients | Ineligible |
| Portion of Program Director time spent overseeing program – but not involved directly in client care | Eligible |

Some of the items listed above may be eligible as supportive services or operating costs under SHP. Check with your local field office for specific guidance.

Section E: Match Requirements

In this section...

- [Match Requirements for Acquisition, Rehabilitation, and New Construction](#)
- [Match Requirements for Supportive Services](#)
- [Match Requirements for Operating Costs](#)
- [Match Requirements for HMIS](#)

| Activity | Acquisition, Rehabilitation, New Construction | Supportive Services | Operating Costs |
|-------------|-----------------------------------------------|---------------------|-----------------|
| Match Ratio | 1:1 | 80:20 | 75:25 |

Match is a cash payment for acquisition, new construction, rehabilitation, the provision of supportive services (including HMIS) and operating costs. During the technical submission phase of the SHP application process, grantees are required to submit documentation of firm commitments for the cash match to cover acquisition, new construction and rehabilitation activities, as well as match for the first year of the grant term for operations and supportive services.

For operations and supportive services, if the grant is more than one year, grantees must sign a certification that the cash match will also be provided in subsequent years. The form and content of this required documentation and certification are described in the technical submission application. Grant agreements will not be executed until this documentation is provided.

Match requirements are to be made by cash and paid by the end of each operating year. Grantees will be required to report on matching funds used in their APR at the end of each operating year. Cash match must be provided by the grantee or the entity that operates the project. While HUD will hold the grantee responsible for unmet match whenever a project sponsor actually operates the project, the grantee can protect itself by enforcing the requirement against the project sponsor to ensure that the match is



Track match requirements with the [Match Worksheet in Supportive Housing Program Self-Monitoring Tools](#)

provided. In that situation, the project sponsor's cash source can be from itself, the Federal government, state government, local government or private contributions. It is important to note that some Federal sources of funding outside of HUD do not allow their funds to be used as match; grantees need to confirm with each source of funding whether the use of such funding for match purposes is permitted. The applicable requirements are found at [24 CFR 84.23](#) for nonprofits and [24 CFR 85.24](#) for government entities. Grantees can reference two published guides on this topic:

- [The Corporation for Supportive Housing's Financing Supportive Housing Guide;](#)
and
- [AIDS Housing of Washington's Combining Affordable Housing Funding Sources Guide.](#)

These guides provide useful tools for grantees and sponsors blending different sources of funding to meet match requirements.

Grantees are required to list the sources and amounts of cash match in the [Annual Progress Report](#) at the end of each operating year. During monitoring, field offices review the supporting documentation on site or remotely.

You can find match requirements in the regulations at [24 CFR 583.145](#), in the statute at [Section 11383](#), and in annual NOFAs and appropriate acts.

Match Requirement for Acquisition, Rehabilitation, and New Construction

SHP funds provided for acquisition, rehabilitation, and new construction must be matched by the recipient with an equal amount of funds from other sources. The cash source may be the recipient, the Federal Government, State and local governments, or private resources, including commercial mortgages.

The matching funds must be committed during the second phase, or technical submission, of the application process. The commitment must be in the form of a letter submitted on letterhead stationery, signed by an authorized representative and dated. Each letter must contain the name of the organization providing the cash resource; the amount; the type of activity for which the funds will be used (e.g., acquisition, rehabilitation, or new construction); the name of the project sponsor organization and/or the name of the project; and the date the funds will be available.

The application and technical submission budgets indicate that match compliance for acquisition, new construction and rehabilitation funding is based on the overall development costs of the project, not specific budget line items.

Match Requirement for Supportive Services

Beginning in the Appropriations Act for fiscal year 1999, Congress has required SHP grantees to match supportive services funding. The match provision applies to all recipients of SHP funds, regardless of whether the grantee originally received funds before the provision was instituted. SHP grantees can request no more than 80% of the total costs for the provision of supportive services in a project in their application for funding. Grantees must match the remaining 20% of the total costs with funds from other sources. All matching funds must be used for eligible service costs identified on the supportive services budget, and included in the application and/or the technical submission.

Match Requirement for Operations

Beginning with grants made in the FY 2000 competition, SHP funds can be used to pay up to 75% of the operating cost in each year of the grant term. See the Match Worksheet in [SHP Self-Monitoring Tools](#) for guidance.

Resident rent and fees may be used to meet the cash match requirement for transitional housing, safe haven, and permanent housing providers ([24 CFR 583.315\(b\)](#)). However, match requirements must be met by funds used to cover costs associated with eligible SHP activities. If resident rents are used to fund ineligible SHP costs, then other sources must be used to meet the annual SHP match obligations.

If the program match obligation is met through other means, then resident rents can be used for other program costs, and may cover activities that are not eligible under SHP. For example, funds could be used to support administrative costs beyond those eligible under SHP. Note that resident rents are considered program income, and must be accounted for and reported appropriately on annual reports.

For more guidance on using resident rent, see [Section K Calculating Resident Rents](#).

Match Requirements for HMIS

Cash match is actual dollar resources contributed and spent on eligible HMIS project costs by the grantee or project sponsor. Cash match must be actual money spent by the

grantee or project sponsor. In order to understand the difference between cash match and leveraging dollars, leveraged resources are all those additional resources, both cash and in-kind, raised by the project (e.g., data analysis conducted by outside researcher). Leveraging includes cash match resources.

Eligible Activities

Activities related to the implementation and operation of an HMIS. These activities may be hard costs or consumable items, such as software licenses, hardware, and services, or they may be personnel-related costs, such as salary and fringe benefits.

Documentation

Cash match documentation occurs during the technical submission process as well as the operation of the project. If a renewal project is not required to submit a technical submission, the match should be documented at the end of the program year. Documentation of cash match is required for Year 1 of all projects while only signed certification of cash match is required for any additional years. Project sponsors are required to maintain detailed fiscal records during each year of the project to ensure adequate documentation of all expenditures related to the grant, including those paid through the use of cash match sources.

Grantees or project sponsors are required to submit documentation of the source of the cash match (contracts, award letters, etc.) for Year 1 and indicate for which activities the cash match funds are being used. The documentation must indicate:

- The type of funds;
- Amount of available funds;
- Approved use of funds; and
- The time period the funds are available.

See [Section I Grantee Responsibilities](#) for more information on recordkeeping requirements.

Section F: Important Dates

In this section...

- [Conditional Award Letter](#)
- [Technical Submission](#)
- [Environmental Review & Site Control](#)
- [Grant Agreement Effective Date](#)
- [Operating Start Date](#)
- [Technical Submission Milestones](#)
- [Annual Progress Report](#)
- [Timeliness of Spending Grant Funds](#)
- [Term of Commitment for Acquisition, Rehabilitation, and New Construction Projects](#)
- [Frequently Asked Questions](#)

In implementing an SHP project, the grantee or project sponsor must comply with certain requirements at specific times. Some of these requirements are specified in the McKinney-Vento Act and SHP program regulations; others are specified in the NOFA and grant agreement. Critical dates are outlined below.



Track important dates and implementation milestones using the [Grant Life & Milestones Worksheet in Supportive Housing Program Self-Monitoring Tools](#).

| Critical Project Milestone | Timeframe |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SuperNOFA Application | Deadline set by HUD Annually. The local CoC will have an earlier deadline for local prioritization purposes. |
| Conditional Award Letter | Following official funding announcements by HUD, the selectee (conditionally awarded grantee) will be notified of conditional award and will be provided technical submission forms required for the second phase of the application process (if needed). |

| Critical Project Milestone | Timeframe |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technical Submission | Due within one month of the date received from local HUD field office for new projects only, and for renewals with changes. Selectee sets milestones during the technical submission process. Significant delay from these milestones may result in deobligation of funds. HUD will enter into a grant agreement with the selectee once the Technical Submission is completed and approved. |
| Environmental Review | No grantee or project sponsor is permitted to enter into a contract or otherwise commit HUD or local funds for acquisition, rehabilitation, leasing (except scattered-site tenant-based rental assistance), conversion, repair, or construction of the property to provide housing or supportive services prior to completion of the environmental review process and approval by the HUD Field Office CPD Director. |
| Site Control | Required within one year of conditional award letter. This is a statutory requirement and cannot be extended. |
| Grant Agreement Effective Date | Date the grant agreement is executed by HUD. Costs cannot be incurred prior to this date without prior written approval from HUD. |
| Project Sponsor Effective Date | Date that the written agreement between the grantee and the project sponsor is executed by both parties. |
| Operating Start Date | For new grants, the first day of the month in which the grantee or sponsor begins incurring eligible costs. The date is set by the grantee at the time of first draw down. For renewals, the operating start date is the day after the end of the previous grant term. |
| Operating Year | 12-month period beginning on the Operating Start Date. |
| Annual Progress Report | Due within 90 days of the completion of the operating year for years in which the grantee received SHP funds (see HUD-40118). |
| Timeliness of Spending | SHP funds are expected to be drawn down using the LOCCS financial system no earlier or later than needed to pay for eligible SHP costs. The payment standards in CFR Parts 84 and 85 require that the period between expenditure and reimbursement must be minimized as much as possible. |

| Critical Project Milestone | Timeframe |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term of Commitment | If SHP funds are used for acquisition, rehabilitation or new construction, grantees must operate the project in the assisted structure for 20 years from the operating start date, or the grantee must repay HUD the amount of assistance received. See 423(b) of the McKinney Act and 24 CFR 583.305 . |
| Expenditure Requirement | Annual Appropriations Acts require HUD to obligate all CoC homeless assistance funds within a certain time period. For the 2006 Continuum of Care Homeless , HUD must obligate all CoC funds by September 30, 2008 and grantees must expend the funds within five years of that date. If grantees have not expended the funds by then, the funds lapse and are no longer available. (Since this requirement changes annually, grantees should carefully review NOFAs for future deadlines.) |

Conditional Award Letter

After HUD reviews, rates and selects applicants for a grant award, it notifies selectees by sending the conditional award letter. The letter indicates selection as a conditionally awarded grantee starts the clock for the site control requirement. A selectee has one year from the date of the letter to demonstrate site control, if applicable (see [Section H Site Control and Environmental Review](#)). If site control is not achieved within one year from the date of this award letter, HUD is mandated by law to cancel the offer of an SHP grant. See the regulations at [24 CFR 583.320](#) or [Section G Conditional Approval & Program Cycle](#) and [Section H Site Control & Environmental Review](#) for more guidance.

Technical Submission

The second and final phase of the application, referred to as the technical submission, occurs after selectees receive their conditional award letters and is due no later than one month from the date of the local HUD Field Office's request. Selectees with new projects and renewals with changes may submit technical submission exhibits as they complete them; however, the entire submission must be submitted by the deadline (with no extenuating circumstances) or the conditional award will not move forward to grant agreement.

For projects involving site control, the selectee should submit a completed technical submission indicating the current status of obtaining site control if it has not been obtained by submission of the technical submission. The selectee should submit revised exhibits as the project's status changes, documenting final site control no later than one year from the date on the conditional award letter.

The selectee also sets other milestones within the technical submission. Delays in achieving these milestones may result in the award being withdrawn. HUD will enter into a grant agreement with the selectee once the technical submission is completed and approved.

More details on the technical submission process and guidance on completing the technical submission are found in Section G Conditional Approval & Program Cycle.

Environmental Review & Site Control

Two important components of the technical submission phase are environmental review and obtaining site control. Both of these components apply to selectees that requested funding for acquisition, rehabilitation or new construction.

An environmental review must be conducted for projects requesting acquisition, rehabilitation or new construction funding. Prior to choosing a site, applicants may want to check with their local HUD field office representative for a list of the most common problems that have been identified in previous environmental reviews. This could help avoid choosing a site that might be rejected later during the technical submission process because of a problem found during the environmental review of that site.

Site control is another important part of the technical submission phase. For all grantees who are awarded SHP funding for acquisition, rehabilitation or new construction, site control must be demonstrated within 12 months of the initial notification of the conditional award. By law, failure to obtain site control within one year will result in the deobligation of all SHP funds. Site control is not required for leased housing that eventually will be controlled by homeless families or individuals, where grant funds will be used solely to provide services at a site not operated by the project sponsor, or where grant funds will be used only to lease a structure or building.

More detail on conducting environmental reviews and obtaining site control is found in Section H Site Control & Environmental Review.

Grant Agreement Effective Date

The grant agreement effective date is the date that the grant agreement is executed by HUD. The technical submission (if needed), environmental review and site control requirement must be completed before HUD will execute a grant agreement with a selectee.

For renewals and new projects without funds for acquisition, construction or rehabilitation, the grant is effective upon execution by both parties. The term of the grant will be the number of years worth of operating, supportive service and leasing funds it seeks. For new projects that ask for funds for acquisition, construction or rehabilitation, the effective date of the grant is the date the Field Office CPD Director signs the grant agreement. The term of the grant will be the time the NOFA allows grantees to complete construction and begin operating the project (in the FY 2006 NOFA it was 39 months) PLUS the number of years worth of operating, supportive service and leasing funds awarded.

The term of the grant varies – typically 2 to 3 years. Annual SuperNOFAs announce the number of years' worth of funds for operating, supportive services and leasing costs that applicants can request. For example, the 2006 NOFA announced that the terms for new SHP projects would be 2 or 3 years (see page 12060) and renewals would be for 1, 2 or 3 years (see page 12061). In their applications, applicants specify the number of years' worth of operating, supportive service and leasing funds they seek.

Operating Start Date

The operating start date indicates when the project started to serve homeless persons, establishes the clock for submission of annual reports and establishes the end date of the grant's term. For new grants *without* funds for acquisition, construction or rehabilitation, the operating start date is the first day of the month in which the grantee or project sponsor begins incurring eligible operating, supportive service, or leasing costs.

For new projects *with* funds for acquisition construction or rehabilitation, the operating start date will be the earlier of:

1. the first day of the month following completion of acquisition, construction or rehabilitation activities; or
2. the date the NOFA established as the deadline to begin operating the project (in 2006, it was 39 months after the effective date of the grant).

The operating year is the 12-month period beginning on the operating start date.

For renewal projects, the operating start date and the grant term begin the day after the end of the previous grant term. In some instances this is before the effective date of the grant agreement. There is language in the renewal grant agreement that allows projects to incur costs after the start date but prior to the effective date of the grant.

Technical Submission Milestones

The NOFA and regulations contain timeliness standards for SHP projects. Grantees submit project milestones as part of their technical submission, and these milestones are incorporated into the grant agreement.

HUD compares a grantee's application milestones with actual progress and with information submitted in APRs and Logic Models. Deficiencies regarding milestones could result in corrective measures or cancellation of the grant.

If a grantee or project sponsor feels that its project is not achieving its milestones, it may contact the local field office for technical assistance. This contact will enable HUD staff to provide technical assistance or recommend ways to rectify any delays and document the fact that the grantee or sponsor is attempting to correct any deficiency.

Annual Progress Report

The [Annual Progress Report](#) is due within 90 days of the completion of the operating year for all years in which the grantee received SHP funds to support program activities. More information on APRs is found in [Section N Annual Progress Reports](#).

Timeliness of Spending Grant Funds

Since SHP funds are intended for immediate use to assist people experiencing homelessness, it is necessary for projects to stay on schedule. In addition to the development milestones, grantees are expected to make timely draws from their LOCCS project accounts - draws that are neither too early nor too late.

Grantees should draw funds no more than three days before needing to pay an invoice, salaries, etc. Grantees should reimburse themselves no more than 3 days after expenditures.

Grantees make draws too early when they draw down SHP funds in advance of needing to pay for project-related expenses. US Treasury rules require grantees to repay any interest gained on holding grant funds in an interest bearing account. The rule is that

grantees should draw funds no more than three days before needing to pay project-related expenses.

Grantees make draws too late when they do not submit for reimbursement within a reasonable period of time, such that LOCCS reflects a relatively up-to-date accounting of program expenditures and remaining grant funds. Grantees are encouraged to make LOCCS draws on a minimum of a monthly basis or as funds are expended.

Term of Commitment for Acquisition, Rehabilitation and New Construction Projects

By law, projects which receive SHP funds for acquisition, rehabilitation, or new construction must operate the project in the assisted structure for 20 years (see [section 423\(c\)](#) of the McKinney-Vento Act). The 20-year period begins on the operating start date and ends 20 years later.

During the 20-year period, the requirements of the SHP program are in effect. For example, participants living in an assisted structure cannot be required to pay resident rent in excess of 30 percent of their adjusted income, 10 percent of their monthly income, or their welfare rent. The SHP regulations apply even when the project is not receiving SHP renewal funds.

The law also prescribes procedures when an assisted structure is not used for 20 years. If the structure is used for fewer than 10 years, the grantee is required to repay all of the acquisition, rehabilitation, or new construction costs originally paid for with SHP grant funds. For each full year the assisted structure is used beyond the 10 years, the grantee's repayment is reduced by 10 percent (see [Section D Eligible Activities](#) for more guidance on this topic). The project sponsor, if there is one, must repay the grantee because the grantee is ultimately responsible to repay the amount to HUD even if it did not collect from its project sponsor. The grantee is responsible for any repayment of grant funds and should include a Term of Commitment clause in all project sponsors' contracts. The use restriction and repayment requirements are found in the McKinney-Vento Act at sections 423(b) and (c), and [42 U.S.C. 11383\(b\) and \(c\)](#). Also see the regulations at [24 CFR 583.305](#) for more information.

If the assisted structure is sold or otherwise disposed of within the 20-year period, HUD may prescribe terms or conditions that prevent the grantee from unduly benefiting. More information on the 20-year use requirement is found in [Section D Eligible Activities](#).

Beginning in 2007, projects that received SHP funds for only acquisition, new construction or rehabilitation and are still operating during the required period of use must now

Section F: Frequently Asked Questions

1. Can an applicant who received rehabilitation funds start operating before all rehabilitation funds are drawn?

Yes, the applicant may start operating, but must submit a Certificate of Occupancy to its local HUD Field Office.



Section G: Conditional Approval & Program Cycle

In this section...

- [Submission Process for Selectees](#)
- [Deadlines and Requests for Extension of Deadline](#)
- [Review Process](#)
- [Documentation of Changes from the Original Application](#)
- [Ongoing Contacts/Questions](#)
- [Assembly Of Technical Submission Package](#)

The SHP application process for new projects and renewals with changes has two phases. First, eligible organizations submit applications for SHP projects in response to the Continuum of Care Homeless Assistance Notice of Funding Availability (NOFA). An applicant who is successful in the competition (called a "selectee") then completes a second phase by providing more detailed technical information not contained in the original application. This more detailed information is submitted by completing what is referred to as the *SHP Technical Submission document* that contains all of the information HUD requires for the second (and final) phase prior to grant agreement execution.



Track your progress using the Program Progress Worksheet in Supportive Housing Program Self-Monitoring Tools

Link to the [Technical Submission](#)

Submission Process for Selectees

Contents of Technical Submission Document

For all new projects, selectees should only fill out the exhibits that correspond to the activities in their application to HUD.

The following format is generally used in the Technical Submission, as applicable:

Beginning with the 2007 competition, if awarded funds, renewal projects with changes must complete a Technical Submission prior to signing a grant agreement. If there are no changes to the projects, and funds are available, the project can proceed to the grant execution phase.

New Projects and Renewal Projects with Changes may need to complete:

- Cover Page: Table of Contents and Certification
- Exhibit 1: Project Summary - Selectee and project sponsor information, project budget and milestones
- Exhibit 2 (New Projects): Acquisition, Rehabilitation, New Construction and Project Feasibility - Cost, site control, and zoning information. A separate exhibit must be submitted for each structure within a project. For project feasibility, total amount of cash needed to do acquisition, rehabilitation, or new construction
- Exhibit 3: Real Property Leasing - Leasing costs for supportive housing and/or supportive service facilities
- Exhibit 4: Supportive Services - Types, quantities, and costs of services, and site control for sites operated by the project sponsor
- Exhibit 5: Operating Budget - Types and costs for each SHP-funded operating cost, and site control
- Exhibit 6: HMIS Dedicated Project -Types, quantities, resources, costs of an HMIS, operations and match
- Exhibit 7: Administration - Distribution plan for administrative funds
- Exhibit 8: Leveraging - Leveraging documentation

Selectees are required to complete only the exhibits that are applicable to their project. For renewal projects, any changes must be reflected in the Technical Submission.

Deadlines and Requests for Extension of Deadline

The deadline for the Technical Submission is one month from the date of the letter from the selectee's local field office requesting the submission. Selectees may submit exhibits as they complete them; however, the entire submission is due by the deadline.

Extensions of the one-month deadline may be granted by the field office if there are any omissions or deficiencies in the Technical Submission document, which can be corrected within a reasonable timeframe. However, approval of the extension is

contingent on whether, in the field office's judgment, the selectee has made a good faith effort to meet the initial deadline and whether the remaining issues can be resolved in a timely manner.

Other project deadlines and timely standards are described in Section F Important Dates.

Review Process

The Technical Submission is reviewed and approved or disapproved by the local field office. Field offices review budget figures to ensure that items are eligible, budgets are reasonable, and that the project described in the Technical Submission documents matches the conditionally selected project. During this stage, it may be necessary to reduce the grant if ineligible costs are found or to adjust budgets if costs are misclassified. The total project funding may not be increased, however.

If a project is found to have major problems or deficiencies that, in the judgment of the field office, cannot be corrected within a reasonable timeframe or it is determined by the field office that the selectee has not made a good faith effort to produce an approvable project by the Technical Submission deadline, the project will be denied final grant approval and funds will be deobligated.

Documentation of Changes from the Original Application

For new grantees, the Technical Submission exhibits should be based on the information given in the selectees' original application; however, they should contain more detailed information about a project. For renewal grantees, the Technical Submission exhibits should be based on the information in the selectee's most current application, including amendments if applicable, rather than the original application.

Total dollar amounts requested in the exhibits should match total dollar amounts requested in the summary budget submitted with the application. Project site addresses should match project site addresses submitted in the application. If any changes are made to the application during completion of the Technical Submission document, the selectee should submit a written explanation and request for approval of the changes, along with the new exhibits and/or sections of the application, which reflect the changes. If a change is made during the field office Technical Submission review process, selectees must complete new exhibits, as appropriate, upon notification by the HUD office.

As described in Section R Grant Amendments, changes to the project can be made at any time during the grant term; minor changes do not require prior HUD approval but significant changes do. Significant changes may be implemented *after* HUD and the grantee have executed a grant agreement amendment. However, only those significant changes in a written grant amendment that has been signed by HUD and the grantee *before* the competition's application deadline will be considered when awarding a renewal grant.

Ongoing Contacts/Questions

Selectees may call the HUD field office for answers to specific questions about the Technical Submission document. The technical review may involve ongoing communication between HUD and selectees to make sure that all requirements are satisfied.

Assembly of Technical Submission Package

To help HUD expedite the review of the Technical Submission document, it should be assembled in the order as indicated on the cover page. If an exhibit is not applicable, it should be labeled as such. Tabs should be used to mark each exhibit and all pages should be numbered sequentially. Supporting documentation, such as cost estimates, may be referenced in the appropriate exhibit and attached as an appendix.

Section H: Site Control & Environmental Review

In this section...

- [Site Control Requirement](#)
- [Documenting Site Control for Acquisition, Rehabilitation and New Construction Grants](#)
- [Documenting Site Control for Projects Requesting Supportive Services Funds](#)
- [Documenting Site Control for Projects Requesting Operating Funds](#)
- [Environmental Review Requirement](#)
- [Responsibility for the Environmental Review](#)
- [Environmental Review Process](#)

Site Control Requirement

Site control is required if SHP funds will be used for:

- Acquisition, rehabilitation, and/or new construction;
- Operating costs for supportive housing;
- Supportive services at a site that the sponsor also operates; or
- Leasing units that participants will not eventually control and providing SHP supportive services for them at the site.

[Section 426](#) of the McKinney-Vento Act and [24 CFR 583.320](#) require the recipient to have site control within 12 months of HUD's notification to the applicant that it has been conditionally selected to receive an award. In the Continuum of Care system, the term "recipient" includes the project sponsor that receives grant funds under a subrecipient agreement with the grantee. This means that either the grantee or the project sponsor must have site control within the 12-month period.



Conduct a housing assessment using the [Habitability Standards Guide & Worksheet](#) in [Supportive Housing Self-Monitoring Tools](#)

Site control means that the selectee can document control over the proposed site through one of the means defined below. If site control is not obtained within one year of the award letter, HUD is compelled by the McKinney-Vento Act to withdraw its offer to enter into a grant agreement and the project will not receive funding. HUD cannot extend this deadline.

Documenting Site Control for Acquisition, Rehabilitation and New Construction Grants

A grantee or project sponsor must have control of any structure that will receive SHP funding for acquisition and/or rehabilitation for supportive housing or a supportive services facility, or new construction for supportive housing. Grant funds may not be used for new construction of supportive service facilities. To document site control, either of the following must be submitted:

- a deed;
- an executed lease agreement;
- an executed contract of sale; or
- an executed option to purchase or lease.

When HUD field office staff review the evidence submitted, they will be looking to ensure that:

1. the name of the grantee/project sponsor is exactly the same as the entity that has site control;
2. the property is truly under control;
3. the deed or lease is in effect at the time of HUD review;
4. if the grantee/project sponsor does not have possession of the premises at the time of HUD review, there is a clear deadline for when they will have it; and
5. there is no apparent conflict of interest.

Documenting Site Control for Projects Requesting Supportive Services Funds

A grantee or project sponsor must have site control when SHP funds are received for supportive services at a site operated by the project sponsor. Acceptable forms of site

control are an executed lease agreement, a deed, an executed option to purchase or lease, or an executed contract of sale.

Documenting Site Control for Projects Requesting Operating and Leasing Funds

A grantee or project sponsor must have site control when SHP funds are requested for operating costs for supportive housing. Acceptable forms of site control are an executed lease agreement, a deed, an executed option to purchase or lease, or an executed contract of sale.

For grantees or project sponsors requesting renewal funding for an existing SHP project, the only documentation of site control required is a copy of the deed or lease for the property(ies) in use to provide services to homeless persons. A site control document form for *renewals* is located in the leasing section of the SHP Technical Submission (if applicable) but HUD prefers that grantees or project sponsors submit actual copies of leases during the Technical Submission stage. This is applicable if there has been a change in the lease or the location. The reason for this is to provide evidence for the actual leasing costs and the reasonableness of the costs, and to ensure that there is no conflict of interest or identity of interest problem involved with the use of grant funds.

Environmental Review Requirement

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets Federal, State, and local environmental standards. No grantee, project sponsor or other participant in the development process (e.g., the contractor) is permitted to undertake or enter into a contract or otherwise commit HUD or local funds for acquisition, rehabilitation, leasing, conversion, repair, or construction of the property to provide housing under the program prior to completion of the environmental review process and approval of a HUD 7015.15 following completion of an environmental review by the Responsible Entity under 24 CFR part 58 or HUD approval of the property following an environmental review (HUD-4128) of the property by HUD under 24 CFR part 50.

Not every project is subject to a full environmental review (i.e., every project's environmental impact must be examined, but the extent of this examination varies), but every project must be in compliance with the National Environmental Policy Act (NEPA), and other related Federal and state environmental laws. If the program receiving HUD assistance is exclusively for the provision of services, and the services provided meet

the requirements of an exemption or exclusion listed at 24 CFR 58.34 or 58.35(b), the responsible entity may determine and record that no further environmental review is required, citing the appropriate exemption or exclusion.

Responsibility for the Environmental Review

Proposed sites for SHP projects are subject to an environmental review and the project may be modified or the site rejected as a result of the environmental review. The environmental review is to be performed by a Responsible Entity (unit of general local government in whose jurisdiction the activity is located or States) in accordance with 24 CFR Part 58 – “Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities” – whether or not the grantee is itself a unit of local government or State. If a responsible entity is either unwilling or unable to perform an environmental review for grantees who are public housing agencies or private nonprofit organizations (Section 58.11), or if HUD determines that the responsible entity should not perform the environmental review on the basis of performance, timing or compatibility of objectives, HUD may designate another responsible entity to conduct the review under 24 CFR part 58 or may itself conduct the environmental review under 24 CFR part 50. The grantee or project sponsor must carry out any mitigating measures specified in the environmental review or select an alternate eligible property.

Environmental Review Process

The environmental review process verifies that the property is suitable for the proposed use. While all projects must undergo an environmental review, much of the required environmental assessment may not apply depending on the location and nature of the proposed activity. See HUD's Environmental Review Requirements webpage for more information on the environmental review requirements and process.



Section I: Grantee Responsibilities

In this section...

- [Who is a Recipient?](#)
- [Grantee, Project Sponsor, and Lead Agency Duties](#)
- [The Grant Agreement](#)
- [Communications with HUD](#)
- [Informing HUD of Address, Personnel and Grant Changes](#)
- [Recordkeeping](#)
- [Guidance on Recordkeeping](#)
- [Reporting](#)

States, local governments, private nonprofit organizations or community mental health associations that are public nonprofits, and governmental entities including public housing agencies, may apply for SHP funds in the annual Continuum of Care Homeless Assistance competition. If the applicant is awarded funds, it becomes an SHP grantee with responsibility for ensuring the grant is carried out in accordance with the application and SHP requirements.

Who is a Recipient?

A *recipient* is any governmental or nonprofit entity that receives assistance under SHP (see [section 422\(9\)](#)) of the McKinney-Vento Act). *Recipients* include both *grantees*, which sign a grant agreement with HUD and receive funds directly from HUD, and also *project sponsors*, who sign a subrecipient agreement with the grantee to receive the funds. The McKinney-Vento Act imposes responsibilities on recipients. HUD will look to its grantee to either perform those responsibilities or to ensure that the project sponsor performs them. Examples of responsibilities that project sponsors may perform are site control and providing match.

Grantee, Project Sponsor and Lead Agency Duties

The grantee is a direct recipient of the HUD award. The grantee signs a grant agreement with HUD and receives funds directly. It is the legal entity that HUD will hold responsible if the grant responsibilities are not fulfilled. Sometimes the grantee itself carries out the day-to-day implementation, operation, and administration of the project. A grantee may *carry out the entire project* itself, it may *enter into a subrecipient agreement with a*

project sponsor to carry out the project, or it may follow procurement procedures to hire contractors to carry out separate project activities.

When the grantee carries out a project through a project sponsor, the grantee is also referred to as the *lead agency*. The lead agency has the contractual responsibility for ensuring that the project described in the application and Technical Submission is successfully carried out. A lead agency's responsibility encompasses oversight of every aspect of the project, including ensuring funds expended are for eligible activities.

A project sponsor carries out the project described in the application and Technical Submission. Project sponsors may be non-profit organizations and receive grant funds to pay project expenses through the lead agency. The sponsor makes requests for funds and submits annual reports and requests for program changes to the lead agency for consideration. When using these arrangements, HUD recommends that a subrecipient agreement be signed by both parties.

It is the responsibility of the lead agency to process funding requests and to contact the local HUD field office regarding any project changes or issues. Specific goals and activities for each project, as well as record keeping and reporting responsibilities, should be set out clearly in the subrecipient agreement. HUD recommends that project sponsors and grantees set out the duties and obligations of each party in a subrecipient agreement or other document(s) that will govern the relationship between the two entities. See OMB Circulars [A-122](#) and [A-87](#) for more guidance on cost principles.

For more guidance on the project sponsor's relationship to the grantee, see the general instructions section of the [Technical Submission, HUD form 40076-2](#).

The Grant Agreement

The grant agreement is the written documentation of the agreement between HUD and the grantee with regard to the project. It is signed by the CPD Director in the local HUD field office and the grantee and establishes the duties and responsibilities of HUD and the grantee. It consists of a short *grant agreement form* that is used for all SHP grants, that is signed by both parties and that incorporates the *application*, the *technical submission*, the *certificates* and *assurances* and the *program regulations* that are in effect at the time the grant is awarded. Any written *amendments* to the grant agreement become part of it and should be retained with the grant agreement.

Following are the components of the grant agreement:

Common elements – Elements common to all SHP grants are found on the short grant agreement form and in the regulations. These pages define the parties entering into the grant agreement, project and grantee identification numbers, amount of the SHP award by activity category, and sanctions that HUD may impose for nonperformance.

- Application – The application submitted through the competitive process provides the basic information on what activities will be carried out, how many persons served, etc. HUD may issue comments and/or conditions to an application whenever deficiencies are noted during the competitive review process. Grantees must address these comments and/or conditions before the grant agreement is signed.
- Certifications – The initial application contains several pages of certifications that the Chief Executive Officer of the applicant organization signs.
- Technical Submission – The technical submission is completed by the selectee following award announcement but prior to grant agreement. It establishes the budget lines for SHP-funded grant activities.
- SHP Regulations – Attachment 1 of a grant agreement is a copy of the SHP regulations applicable to the project.
- Amendments – 24 CFR 583.405 allows necessary changes to the project under certain circumstances. If substantial changes are needed, the grantee must request written approval for a grant agreement amendment from HUD prior to initiating the change. See Section R Grant Amendments for more information.

Communications with HUD

For grantees, your local HUD field office is your direct contact for correspondence. Project sponsors communicate their requests through the grantee.

The key to expediting correspondence with HUD is the inclusion of the project grant number and Project Identifier Number (PIN) as a means of reference. This is especially critical for grantees with multiple project sponsors or projects involving more than one HUD program. A secondary benefit of identifying the grant is the assurance that the letter will be filed correctly for future reference. Please send correspondence requests to the Director of Community Planning and Development (CPD) at the local HUD Office. You may want to add an "Attention" line, indicating the primary CPD contact.

Facsimiles should be addressed in the same manner as regular HUD correspondence. Be sure to include the grant number. Again, you may add an "Attention" line, indicating the primary CPD contact. Electronic messages are handled somewhat differently from regular mail in that they are not normally tracked or assigned a response date. For this reason, if you are requesting a written response to your fax, you should indicate the need for a written response and follow-up the fax with a letter.

Informing HUD of Address, Personnel and Grant Changes

The following activities require communication *in writing* with your local field office:

- Grantee or Project Sponsor address change;
- Key personnel changes;
- Grantee or Project Sponsor name change;
- Change to the grant (requiring an amendment); and
- Change of LOCCS users.

If a grantee or project sponsor moves, experiences personnel changes, or has an agency name change, these changes should be sent to the local HUD office using HUD Form 27056, Change of Address Request for processing. For a hardcopy of this form, please contact your local HUD office.

Additionally, when significant staff or board of director changes occur, a grantee must send an update in writing. This ensures that communication is sent to the appropriate individual.

If a grantee has a change to the grant (minor or significant), the change must be documented or requested in writing, as discussed in Section R Grant Amendments.

For changes in financial access or LOCCS users, a grantee should contact the local HUD office for the forms required for transferring financial responsibility. See Section R Grant Amendments for more guidance on this topic.

Recordkeeping

All grantees must maintain complete, up-to-date project records and written procedures to be used in carrying out the project. Grantees should have written procedures describing the duties of key employees, project documentation and financial documentation.

See the table below for some recommendations on recordkeeping.

| Recordkeeping Recommendations | |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Duties of key employees | <ul style="list-style-type: none"> • Organization chart showing lines of responsibility • Directions for recording financial transactions, including approval authority • Maintenance of accounting records • Record retention and security • Cash management • Property controls • Procurement • Cost allocation plans |
| Project documentation demonstrating | <ul style="list-style-type: none"> • Participant eligibility, income and rent calculations, and service provision • Match for acquisition, rehabilitation, new construction, operating, supportive service and HMIS grants • Compliance with other Federal requirements, such as lead-based paint or relocation • Progress toward meeting established goals |
| Financial documentation demonstrating | <ul style="list-style-type: none"> • Eligibility of project expenses • Adequate internal controls • Timely use of cash from the SHP grant • Compliance with procurement standards • Compliance with audit requirements |
| Project information | <ul style="list-style-type: none"> • Approved application, Technical Submission, and any amendments • Grant agreement and any amendments • Programmatic guidance and regulations • Correspondence with HUD |

Guidance on Recordkeeping

Since grantees are responsible for ensuring compliance by their project sponsors, it is recommended that grantees maintain up-to-date and thorough information on its projects. Grantees should develop:

- ❖ A tracking system – This master file should contain information tracking the status of each project from notice of award through Technical Submission, grant agreement, development activities, start of operations, amendments, end of operations, and renewal. It should also show dates of submission of APRs, audits, and required monitoring remedies/sanctions. (See more discussion below.)
- ❖ Project Grant Files – One file is used for each project. Items such as the original application, HUD award notification letter, Technical Submission, grant agreement (with regulations attached), subrecipient agreement, any amendments, site control documentation, any appraisals, and correspondence are in this file.
- ❖ Project Monitoring Files – One file is used for each project. This file contains the project's narrative from approved application, organizational chart, monitoring findings and responses, APRs with associated correspondence, and any project-specific policy and procedure information.
- ❖ Match documentation – One file is used for each project. This file tracks the project's eligible SHP activities, grantee cash expended, matching funds committed in the technical submission and actual match amounts received. For more guidance, see the Tracking Match Requirements guide in [SHP Self-Monitoring Tools](#).

Following a monitoring visit, the grantee needs to track violations or deficiencies in the tracking system and insert documentation into the project's monitoring file. In the tracking system, tracking elements could, at a minimum, include:

- ❖ The reviewer's name;
- ❖ Grantee name and contact information;
- ❖ Project sponsor name and contact information;
- ❖ Date of on-site visit;
- ❖ Areas of compliance selected for review;
- ❖ Date of final assessment report; and
- ❖ Findings and issues to resolve.

A grantee also needs to track the receipt of APRs and Logic Models and their approvals. Elements could, at a minimum, include:

- Grantee name and contact information;
- Project sponsor name and contact information;
- Operating start date;
- Date of reminder notice;
- APR due date;
- Date of overdue notice, if applicable;
- Date received;
- Dates of any interim correspondence regarding requests for additional information, if applicable;
- Date of approval letter; and
- Date APR was submitted to local HUD office.

For more guidance on grantee responsibilities and tools you can use, see Section P Technical Assistance.

Reporting

Grantees must report on their progress each year in the Annual Progress Report and HUD approved Logic Model. APRs are due to the HUD field office within 90 days of the end of the project's operating year. More information on APRs is in Section N Annual Progress Reports.

Section J: Project Financing

Tools for Project Financing...

- [The Corporation for Supportive Housing's Financing Supportive Housing Guide](#)
- [AIDS Housing of Washington's Combining Affordable Housing Funding Sources Guide](#)

These guides provide guidance on SHP project financing issues, including leveraging and financing sources, as well as describe applicable regulations and opportunities.

| Tool for SHP Grantees | Where to find it... |
|-----------------------------------------------------|-----------------------------------------------------|
| Combining Affordable Housing Funding Sources Matrix | <i>Combining Affordable Housing Funding Sources</i> |
| Glossary of financing terms | <i>Combining Affordable Housing Funding Sources</i> |
| Links to regulations and financing resources | <i>Combining Affordable Housing Funding Sources</i> |
| Information on funding sources by agency | <i>Financing Supportive Housing Guide</i> |
| Information on capital funding sources | <i>Financing Supportive Housing Guide</i> |
| Information on operating funding sources | <i>Financing Supportive Housing Guide</i> |
| Information on services funding sources | <i>Financing Supportive Housing Guide</i> |

Section K: Calculating Resident Rents

In this section...

- [Calculating Resident Rent](#)
- [Annual Gross Income](#)
- [Annual Adjusted Income](#)
- [The Earned Income Disallowance \(EID\)](#)
- [Special Topics for Calculating Rent](#)

SHP allows grantees to charge participants rent under specific guidelines outlined in [24 CFR 583.315](#). Rent collected from participants is considered *program income*. This means that grantees and project sponsors must comply with the regulations at [24 CFR 84.24](#) and [24 CFR 85.25](#) regarding the use of program income or use rent as permitted by [24 CFR 583.315 \(b\)](#).

This section provides guidance for grantees and project sponsors in calculating rents. Please keep in mind that participants who are paying utility costs are paying rental costs.

Calculating Resident Rent

Grantees and project sponsors may, but are not required to, enter into leases or occupancy agreements with program participants. Local law will determine whether an occupancy agreement creates a tenancy that is protected by the state's landlord/tenant laws. Grantees and project sponsors should consult with legal counsel to prepare their agreements.

Nothing in the McKinney-Vento Act or its implementing regulations requires program participants to pay rent or occupancy charges for participation in the project. However,



For guidance on calculating resident rent see:

- **[Tenant Rent Calculations for Certain HUD McKinney Act Programs CPD-96-03](#)**
- **[Annual Income Regulations: 24 CFR Subtitle A, Section 5.609](#)**
- **[Mandatory Income Deductions: 24 CFR Subtitle A, Section 5.611](#)**
- **[Earned Income Disallowance: 24 CFR Subtitle A, Section 5.617](#)**

[Monitor participant income and calculate resident rent using tools in the Supportive Housing Program Self-Monitoring Tools Guide](#)

when the grantee or project sponsor does decide to charge the program participant, Section 426(d) of the McKinney-Vento Act and 24 CFR 583.315 set the maximum amount that may be charged. The *maximum* resident rent is the higher of:

1. 30% of monthly adjusted income;
2. 10% of monthly gross income; or
3. the welfare rent (if applicable in your state; if unsure, check with the HUD Field Office).

Charging rent is optional and projects may charge rent as long as the amount does not exceed the statutory limitations. If grantees or project sponsors decide to charge rent, the SHP Self-Monitoring Tools worksheet in the “Tips & Tools” box above will take you through the steps to arrive at the maximum rent, and includes a section on determining resident rent for units when utilities are not included in the rent.

Annual Gross Income

HUD’s Tenant Rent Calculations for Certain HUD McKinney Act Programs (CPD-96-03) and 24 CFR Part 5 Subpart F specify how income is to be calculated for the SHP program. In particular, 5.609(b) explains what is to be included in income.

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. Net income from the operation of a business or profession;
3. Interest, dividends, and other net income of any kind from real and personal property;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including lump sum payment for delayed start of a periodic payment;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Welfare assistance. Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments (e.g. Social Security Income (SSI) and general assistance available through state welfare programs);

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the Armed Forces, except special hostile fire pay.

Section 5.609(c) explains what is *not included in income*.

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide as defined in 24 CFR 5.403;
6. The full amount of student assistance paid directly to the student or to the educational institution;
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
8. Amounts received under training programs funded by HUD;
9. Amounts received by a disabled person that are disregarded for a limited time for purposes of SSI income eligibility and benefits because they are set aside for use under a Plan for Achieving Self-Support (PASS);
10. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
11. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives

coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

12. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
13. Temporary, non-recurring or sporadic income (including gifts);
14. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
15. Earnings in excess of \$480 for each full time student 18 years old or older (excluding the head of household and spouse);
16. Adoption assistance payments in excess of \$480 per adopted child;
17. Deferred periodic payments of SSI income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
18. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
19. Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; and
20. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

Annual Adjusted Income

Annual adjusted income is determined by deducting from annual gross income the items listed below. [24 CFR 5.611](#) explains the adjustments to annual income.

- \$480 for each dependent;
- \$400 for any elderly or disabled family;

- The sum of the following, to the extent the sum exceeds 3 percent of annual income:
 - Unreimbursed medical expenses of any elderly family or disabled family; and
 - Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- Reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

The Earned Income Disallowance (EID)

The Earned Income Disallowance (EID) applies to *disabled participants of SHP projects* as discussed in [24 CFR 5.617](#).

Special regulations apply to all *disabled* clients that *became employed after April 20, 2001* and:

- were previously unemployed for one or more years; or
- earned less than \$3,375 in the previous 12 months; or
- increased their income during a self-sufficiency or job training program; or
- received welfare benefits or participated in a Welfare-to-Work program within six months prior to getting a job.

For participants that meet EID requirements, any increase in income due to employment will be excluded from annual income for 12 months.

For these participants, *any increase in income due to employment is to be excluded from annual income for 12 months*. For months 13-24 after getting a job, 50% of the income increase is to be excluded from annual income. This provision applies to any disabled household member.

A tenant is eligible to receive the EID during a lifetime 48-month period from the time that the EID is first applied for the affected tenant. The time begins to run the date that the project would have otherwise raised the tenant's rent in response to a reported income increase.

As explained in [HUD Notice CPD-96-03](#), grantees/sponsors should exclude the amount of income included in the residents' pay that is attributed to an earned income tax credit

when calculating income. This amount will be listed separately on residents' pay stubs. It will be the same amount in each check.

For more information on the Earned Income Disallowance, see the regulations at [24 CFR 5.617](#).

Special Topics for Calculating Rent

The following topics are discussed in more detail in [HUD Notice CPD-96-03](#).

Review of Income

In order to determine the correct rent payment, residents' income must be reviewed. Their income should be reexamined at least annually. In addition, if there is a change in family composition (e.g., birth of a child) or a decrease in the resident's income during the year, an interim reexamination may be requested by the resident and the resident rent adjusted accordingly. Residents who receive an increase in income need not have their rent increased until the next scheduled (annual) reexamination. Residents should agree to supply such certification, release, information, or documentation as the grantee judges necessary to determine the resident's income. Self-declaration may be used only if there is no other means of verification available.

Use of Income Earned Through Participation in a Training Program

Income earned through training programs should be excluded if the training program is:

- Funded by HUD (including training provided by HUD grantees and sub-grantees using HUD program funds);
- Funded through the Job Training Partnership Act (JTPA), including AmeriCorps Living Allowances; or
- Funded by State or local employment training programs.

Distinguishing Between Employment That is Part of a Training Program and Regular Employment

Employment-related activities are considered to be training rather than employment if the work activity is of a time-limited nature and there is a curriculum of activities with discrete goals related to a participant's skill development and employability. Examples of such activities may include on-the-job training for maintenance work, data entry, or food preparation.

Eligible Child Care Expenses

As described in HUD Notice CPD-96-03, child care expenses can be deducted in full given the following conditions:

- the child or children are 12 years old and under;
- the resident is employed or enrolled in school while the dependent is receiving care;
- the amount deducted as child care expenses is necessary for the resident to work or attend school and the amount necessary for the resident to work does not exceed the amount earned while working; and
- the resident is not reimbursed for this expense.

Child Care Payments Through Program Fees

If participants' program fees are being used for eligible child care expenses, then the amount paid should be deducted from the participant's income.

Seasonal Employment Income

Unless the income is earned by family members younger than 18 years of age, seasonal income is counted just like other wages and salaries. Seasonal income includes, but is not limited to, holiday employment, summer employment, and seasonal farm work. Temporary, non-recurring income is income that is not expected to be regularly available in the future. An example of temporary, non-recurring income is income earned by census workers.

Saving a Portion of the Resident's Income

The SHP regulations do not prohibit grantees or project sponsors from instituting mandatory savings programs. However, such programs, if adopted, should be applied to all residents. In addition, grantees and project sponsors should be aware that savings plans may result in asset levels that could jeopardize residents' eligibility for benefits such as TANF, SSI and general assistance. Grantees/sponsors may want to consult with their local public welfare office to discuss ways to implement savings programs without jeopardizing benefits available to their residents.



Section M: Financial Management

Financial Management Tools...

- **Supportive Housing Program Self-Monitoring Tools**
- Cost Principles for Non-Profit Organizations, **OMB Circular A-122**
- Cost Principles for State, Local and Indian Tribal Governments, **OMB Circular A-87**
- **24 CFR Part 84 & 24 CFR Part 85**

Grantees are required to follow cost principles as set forth in OMB Circulars A-122 and A-87. They also must have a functioning accounting system operated in accordance with generally accepted accounting principles or designate a qualified entity to maintain a functioning accounting system in accordance with generally accepted accounting principles.

HUD encourages grantees to become familiar with the relevant OMB Circulars and regulations regarding financial management.

Section M: Frequently Asked Questions

1. May funds be moved between projects in a Continuum?

No. Funds may not be reallocated either within a continuum or between any groups of projects. The McKinney-Vento Act requires HUD to conduct a national competition to select among applicants and projects for funding. The applicant commits to carry out a specific project and HUD evaluates the capacity of that applicant as well as the desirability of the project as part of the selection process. No portion of the funds awarded to any project can be moved to another project (as may occur among projects funded through the CDBG program).

2. Is it possible for a Field Office to “reprogram” funds to allow a grantee to undertake additional activities with excess grant funds?

Grantees may change their projects to add, change or remove budget line items (i.e., case management) within an eligible activity (i.e., supportive services) as their project develops. However, any excess funds remaining after the grant expires are deobligated per the regulations at [24 CFR 583.410](#). Also see 24 CFR Parts 84 and 85 for further provisions.

Section N: Annual Progress Reports

In this section...

- [Components of the APR](#)
- [Cycle of the APR](#)
- [Reporting on a Partial-Year in the APR](#)
- [Guidance for Acquisition-Only, New Construction-Only and Rehabilitation-Only Projects](#)
- [Frequently Asked Questions](#)

The purpose of the Annual Progress Report (APR) is to track program progress and accomplishments in HUD's competitive homeless assistance programs. The APR is required of all SHP grantees to review their programs and annually report outcomes to HUD (see [24 CFR 583.300 \(g\)](#)). HUD measures performance on how each project has helped participants achieve increased residential stability, increased skill level and/or income and greater self-determination. The APR should also be used by grantees to evaluate their own performance and set future goals for their programs.



[Link to the APR](#)

This section will describe the Annual Progress Report and how it can be used as a tool for grantees, field offices, and headquarters to assess the progress of grantees in an operating year. Detailed guidance on determining when an operating year begins and ends is found in [Section F Important Dates](#).

Components of the APR

Grantees should complete all questions in the APR unless a written agreement has been reached with the HUD Field Office concerning which questions can be answered using estimates, or in rare instances, skipped. SSO, Safe Haven and HMIS projects should review the APR instructions for special guidance before completing the APR.

Project Progress

The first section of the APR collects general project information, including the dates of the operating year and the program type and component. It also collects information on the clients a project served during the operating year, including household type, demographic and special needs information, prior living situation, income, length of stay in the project, supportive services received while in the project, reason for leaving the project and destination upon leaving the project.

The APR also asks grantees to report on progress toward achieving their program goals in this section.

Financial Information

The second section of the APR documents financial information, such as match and project expenditures, for the operating year.

Cycle of the APR

When grantees are awarded funding by HUD, they should receive a copy of the APR at their start-up conference. The grantees are then aware of the information that they will be responsible for reporting to HUD. Grantees are responsible for submitting the APR to HUD; therefore they are also responsible for collecting information from project sponsors and incorporating the information into an APR for each *grant* received (not for each project, since projects may receive more than one SHP grant). After the end of each project's operating year, the grantee has *90 days* to submit the APR to HUD.

Grantees should submit one copy of the APR directly to HUD Headquarters:

**APR Data Editor, Office of Special Needs Assistance Programs
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room 7262
Washington, DC 20410**

Grantees must also submit one copy of the APR to their local HUD field office. If the APR has not been submitted after 110 days, an "edit" in the LOCCS system will not allow the grantee to draw funds. Field offices remove "edits" in the LOCCS system when the APR is submitted. The field office will review your APR for substantive issues and may contact you to obtain corrections or clarification.

Data editors at HUD Headquarters review each APR for completeness and contact grantees when inconsistencies are located. When the APR is complete, the data are

entered into a central tracking database where project information can be referred to for monitoring purposes, or to respond to Congress and the general public, as well as to field office requests, regarding the implementation of the program.

Reporting on a Partial-Year in the APR

The APR is organized on an operating year basis. If a project receives an extension for a partial year, then an APR is submitted for the operating year and another APR is submitted for the extension period.

To complete the APR for an extension, a grantee should:

- Indicate on the cover page of the APR that the APR is for an extension period;
- Enter the beginning and ending dates of the extended period on the cover page and circle the number indicating the SAME operating year for which the APR is an extension; and
- Report on the partial-year term in the APR itself.

Guidance for Acquisition-Only, New Construction-Only and Rehabilitation-Only Projects

For those SHP projects receiving acquisition, new construction, or rehabilitation funds *only*, the operating year start date is established: 1) after the grantee completes all development activities; 2) after sending a copy of the Certificate of Occupancy to the local HUD Field Office; and 3) when the first participant is accepted into the project (see [Section F Important Dates](#) for more guidance on operating start dates). The first APR submitted should document the match requirement and will be due 90 days after the start of the first operating year. If a project received another SHP grant, the grantee is required to submit another APR for that grant.

Grantees that received SHP funding for new construction, acquisition, or rehabilitation are required to operate their facilities for 20 years. Beginning in 2007, projects that received SHP funds for only acquisition, new construction or rehabilitation and are still operating during the required period of use must now complete and submit an APR on June 30th of each year until the 20-year use requirement is completed. The Annual Certification of Continued Project Operation is no longer required since these projects will be submitting an APR each year.

Section N: Frequently Asked Questions

1. How should HMIS projects complete the APR?

HMIS grantees should complete the front page of the APR (for operating year and identification information) and then the financial information section. Grantees should also report on milestones/goals established in their application and/or technical submission.



Section O: Fair Housing & Civil Rights Laws

In this section...

- [The Fair Housing Act](#)
- [Definition of Persons with Disabilities](#)
- [Fair Housing Act Nondiscrimination Requirements Related to Disability](#)
- [Section 504 of the Rehabilitation Act of 1973](#)
- [Title VI of the Civil Rights Act of 1964](#)
- [Americans with Disabilities Act \(ADA\)](#)
- [Age Discrimination Act of 1975](#)
- [Enforcement and Compliance with Civil Rights Laws](#)
- [Frequently Asked Questions](#)

All McKinney-Vento Act programs, including the Supportive Housing Program, are subject to a range of Federal civil rights laws which prescribe nondiscrimination requirements as well as affirmative accessibility obligations. This chapter will provide an overview of these laws, as well as highlight some of the major program issues that are affected by these laws. It will also provide citation to additional resources with more extensive information about these laws. The laws discussed in this chapter include the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, and the Americans with Disabilities Act of 1990.

Grantees are strongly encouraged to become familiar with the requirements of the laws, as well as any applicable state or local civil rights laws. Applicants applying for Supportive Housing Program funds are required to certify in their Homeless Assistance application that they will comply with these Federal civil rights laws.

Note: This chapter focuses on the applicability of these laws to SHP programs. It does not provide a comprehensive overview of the applicability of these laws in all circumstances. For general information about these laws, see www.hud.gov/offices/fheo/FHLaws/index.cfm.

The Fair Housing Act

The Fair Housing Act (the Act) prohibits housing discrimination on the basis of race, color, religion, sex, disability, familial status, and national origin. It applies to housing, regardless of the type of funding or ownership, including housing operated by private individuals or organizations that receive Federal financial assistance, and housing owned or operated by state and local governments. The Act prohibits discrimination based on membership in a protected class in a broad range of housing-related activities, including refusing to lease a unit or otherwise denying use of a dwelling. It also prohibits discriminating in the terms, conditions, privileges or in the provision of services or facilities in connection with a dwelling. Other covered housing-related activities include, financing, zoning practices, and new construction design. The Act covers all types of housing intended as a short or long-term residence, including the following types of housing that may be funded under the SHP program: shelters that house persons for more than a few days, transitional housing facilities, and permanent housing facilities. The Act covers housing provided through dormitory-style sleeping units as well as apartments and single room occupancy units. The Fair Housing Act regulations are found at 24 CFR Part 100. For additional technical information about the Fair Housing Act, see <http://www.hud.gov/offices/fheo/FHLaws/yourrights.cfm>.

Definition of Persons with Disabilities

All three Federal civil rights laws addressing disability discrimination (the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act) define a person with a disability as one who:

1. has a physical or mental impairment which substantially limits one or more major life activities;
2. has a record of such impairment; or
3. is regarded as having such an impairment.

The status of being a juvenile offender or a sex offender does not qualify an individual as a person with a disability under these civil rights laws. Similarly, while these laws protect persons who are recovering from substance abuse or have a history of substance abuse, they do not protect persons who are currently engaging in the illegal use of controlled substances. Additionally, these laws do not protect an individual with a disability whose tenancy would constitute a direct threat to the health or safety of other individuals or whose tenancy would result in substantial physical damage to the property of others.

It is important to note that the above definition applies to the application of Federal *civil rights laws*. Many HUD programs have different definitions of “disability,” and those definitions should be used to determine program *eligibility*. The Supportive Housing Program definition for “disability” is described in Section B of this guide. As an example, while a current user of illegal drugs may not be protected under Federal civil rights laws, he/she may be an eligible participant in SHP-funded programs that offer substance abuse services.

Fair Housing Act Nondiscrimination Requirements Related to Disability

Reasonable Accommodations

The Fair Housing Act requires owners of housing facilities to provide reasonable accommodations to persons with disabilities. Under the Fair Housing Act, reasonable accommodations are changes, exceptions, or adjustments to a program, service, or procedure that will allow a person with a disability to have equal enjoyment of the housing program. There must be an identifiable relationship between the requested accommodation and the person’s disability. Reasonable accommodations need not be provided if they would constitute an undue financial and administrative burden, or if they would be a fundamental alteration of the provider’s program. For information about reasonable accommodations under the Fair Housing Act, see the Joint Statement of the U.S Department of Housing and Urban Development and the U.S. Department of Justice entitled *Reasonable Accommodations Under the Fair Housing Act*, issued on May 14, 2004 found at www.hud.gov/offices/fheo/library/huddojstatement.pdf

Reasonable Modifications

The Fair Housing Act does not require owners and homeowner associations to make and pay for structural modifications to dwellings. Instead, it requires owners and homeowners to allow tenants with disabilities to make reasonable access-related modifications to their private living space and common use spaces. See 24 CFR §100.203. However, recipients of Federal financial assistance such as SHP grantees should be mindful that they are subject to Section 504’s more stringent requirements that they make and pay for structural modifications to dwellings and public and common use areas that are needed as a reasonable accommodation for persons with disabilities unless providing that accommodation would constitute a fundamental alteration of the program or an undue financial and administrative burden. (See Section 504 discussion below.) For information about reasonable modifications under the Fair Housing Act, see the Joint Statement of the U.S Department of Housing and Urban Development and the

U.S. Department of Justice entitled *Reasonable Accommodations Under the Fair Housing Act*, issued on May 14, 2004 found at www.hud.gov/offices/fheo/library/huddojstatement.pdf

Affirmative Minimum Accessibility Requirements

In addition to its general non-discrimination requirements, the Fair Housing Act requires that new multifamily housing (both rental and for sale) with four or more dwelling units built for first occupancy after March 13, 1991, be designed and built to contain minimum accessibility features for persons with disabilities. This includes accessible public and common use areas, doors that are wide enough for wheelchairs, kitchens and bathrooms that allow a person using a wheelchair to maneuver, and other adaptable features within the units. These accessibility requirements are in addition to those required under Section 504 (see below). Sleeping rooms that share kitchen facilities and dormitory style housing are subject to these requirements. For more information about these the accessibility requirements see 24 CFR 100.205 and www.fairhousingfirst.com.

Inquiries Related to Disability

Although the Fair Housing Act places limitations on the ability of housing providers to inquire about the nature and severity of an applicant's disability, it is permissible for a housing provider that offers housing serving persons with disabilities to inquire whether an applicant meets the program's eligibility requirements. See 24 CFR 100.202(c). Thus, an SHP provider may inquire whether an applicant has a disability as defined in the SHP regulations. In addition, service providers connected with the housing program may make inquiries appropriately connected to determining the service needs of residents. Housing providers may also ask applicants and residents whether they need units with special features or if they have special needs related to communication, but they should make these inquiries of all program participants.

Fair Housing Act Prohibitions on Discrimination Based On Sex

In general, the Fair Housing Act prohibits housing providers from limiting access to their housing program based upon sex. However, housing may be limited to one sex where, because of the physical limitations or configuration of the housing facility, considerations of personal privacy or personal safety would make it inappropriate for the facility to be made available to members of both sexes. For example, it would not be a violation of the Fair Housing Act for units with shared bathing or sleeping facilities to be limited to one sex.

Fair Housing Act Prohibitions on Discrimination Based on Familial Status

The Fair Housing Act prohibits discrimination based upon familial status, defined as families and individuals with children under 18, as well as pregnancy, and families and individuals in the process of securing legal custody of individuals under 18. Discrimination against families with children is prohibited, regardless of the ages of the children, or the number of children in a household. Notwithstanding the prohibition against discrimination on the basis of familial status, state and local governments do have the right to apply reasonable restrictions regarding the maximum number of occupants permitted to occupy a dwelling.

In general, absent special circumstances, it is the Department's position that a maximum of two persons in a bedroom is a reasonable occupancy standard. Bedroom size, unit size, age of children, and other circumstances might affect the reasonableness of a two person per bedroom occupancy rule. For a detailed discussion on establishing lawful occupancy standards, see "Fair Housing Enforcement—Occupancy Standards Notice of Statement of Policy," published in the Federal Register on December 18, 1998, Volume 63, Number 243.

Discrimination Based Upon Religion

The Fair Housing Act prohibits discrimination based upon religion. SHP grantees may not restrict housing or services to persons of a particular religion or religious denomination, nor may they require a particular religious belief or activity as a condition of receiving benefits or participating in SHP activities. If SHP providers allow tenants to use the public and common spaces for religious services, it must make those public and common spaces available for all types of religious services requested by the tenants.

In addition to the Fair Housing Act prohibitions on discrimination based upon religion, there are other HUD requirements relating to use of Federal funds by faith-based organizations. These include considerations related to use of Federal funds for acquisition, construction, or rehabilitation of real property, and separation of inherently religious activities from HUD-funded activities. For more information, see <http://www.hud.gov/offices/fbci/>.

Section 504 of the Rehabilitation Act of 1973

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based upon disability in all programs or activities operated by recipients of Federal financial assistance, regardless of whether the programs involve provision of housing or non-housing services or benefits. It covers all McKinney-Vento Act funded programs,

including the Supportive Housing Program. The Section 504 regulations are found at 24 CFR Part 8. While Section 504 overlaps with the disability discrimination prohibitions of the Fair Housing Act, (see above) it also imposes broad affirmative obligations on recipients to make their programs, as a whole, accessible to persons with disabilities. These obligations include the following:

Affirmative Accessibility Requirements

Section 504 regulations establish affirmative physical accessibility requirements when Federal financial assistance is used for new construction or rehabilitation of housing. The regulations require five percent of units to be made accessible to persons with mobility disabilities and an additional two percent to be made accessible to persons with communication disabilities. In addition, the regulations require accessible public and common use areas. See 24 CFR §§ 8.20, 8.22, 8.23. Units and public and common use areas that meet the requirements of the Uniform Federal Accessibility Standards (UFAS) are deemed to be fully accessible under Section 504. See 24 CFR § 8.32. The Section 504 accessibility requirements are in addition to the requirements imposed by the Fair Housing Act for newly constructed multifamily housing. Units that only meet the Fair Housing Act design and construction standards do not comply with UFAS. A copy of UFAS can be obtained at www.access-board.gov/ufas/ufas-html/ufas.htm.

Services provided to participants in SHP programs must also be provided in accessible settings.

Site Selection

The Section 504 regulations require that recipients consider physical accessibility in determining the site or location of a Federally assisted facility. The regulations state that it is discriminatory for recipients to select sites which have the purpose or effect of excluding qualified persons with disabilities from participating in or denying the benefits of any program or activity that receives Federal financial assistance. See 24 CFR §8.4(b)(5). For example, an SHP recipient should not lease a building that has steps at the entrance and cannot be ramped to allow persons with mobility impairments can access the building.

Effective Communication

The Section 504 regulations require recipients to take appropriate steps to ensure effective communication with applicants, residents, and the public with communication disabilities. SHP providers should ensure that their application and admissions process and the services offered are accessible and understandable by persons with disabilities.

This may include providing necessary auxiliary aids and services such as sign language interpreters and written materials in alternative formats. See 24 CFR §8.6.

Reasonable Accommodations

Like the Fair Housing Act, Section 504 requires that recipients provide reasonable accommodations to persons with disabilities by making changes to policies, practices, procedures and structures, if needed to allow applicants or tenants with disabilities to have access to or participate in the program. A particular reasonable accommodation need not be provided if doing so would constitute an undue financial and administrative burden or a fundamental alteration of the program. See 24 CFR §§ 8.20, 8.24, 8.33. The requirements for reasonable accommodations related to policies, practices and procedures are the same under Section 504 and the Fair Housing Act. However, the Section 504 reasonable accommodation obligation is broader than the obligation under the Fair Housing Act with respect to requests for structural changes to facilities because Section 504 requires that recipients of Federal financial assistance make and pay for physical changes to dwelling units and public and common use spaces if needed as a reasonable accommodation unless it is an undue financial and administrative burden or a fundamental alteration of the program.

Recipients are allowed to verify the existence of the disability and the need for the requested accommodation. For a discussion of appropriate inquiries related to reasonable accommodations and verification of the need for accommodations, see Joint Statement of the U.S Department of Housing and Urban Development and the U.S. Department of Justice entitled Reasonable Accommodations Under the Fair Housing Act, issued on May 14, 2004 found at www.hud.gov/offices/fheo/library/huddojstatement.pdf.

Examples of reasonable accommodations under Section 504 include:

- Making an exception to a rule that prohibits animals in a dwelling to accommodate a person with a disability who uses an assistance animal.
- Providing and paying for a ramp to the entrance of a unit which would allow a tenant in a wheelchair to access the unit.
- Providing accessible transportation for a trip for program participants where transportation is being provided for nondisabled residents.
- Providing a first floor unit to an applicant or a transfer to a first floor unit for a resident who cannot climb stairs to a second floor unit.
- Allowing a resident to have a personal refrigerator to store medications in a development that does not normally provide refrigerators in sleeping units.

For more extensive information on Section 504 and all of its requirements, see www.hud.gov/offices/fheo/disabilities.

Title VI of the Civil Rights Act of 1964

Title VI prohibits all recipients of Federal financial assistance from discriminating based on race, color, or national origin. Title VI applies to any program or activity receiving Federal financial assistance, not just housing. See 24 CFR Part 1. In housing, Title VI and the Fair Housing Act applies to many of the same types of activities. However, HUD has broader investigative authority in complaints related to violations of Title VI and the authority to impose different types of remedies than it does in cases involving violations of the Fair Housing Act.

Title VI regulations require that recipients have an affirmative obligation to take reasonable steps to remove or overcome any discriminatory practice or usage that subjects individuals to discrimination based on race, color, or national origin. The regulations also require that, even in the absence of prior discrimination, recipients should take affirmative steps to overcome the effects of conditions that results in limiting participation by persons of a particular race, color, or national origin. Title VI regulations also require that owners maintain racial and ethnic data showing the extent to which members of minority groups are beneficiaries of Federal financial assistance.

Under Title VI, recipients may be required to provide language assistance to persons who, as a result of their national origin, are limited in their English proficiency, in order to improve access to their programs and activities. For more information on this issue, see <http://www.hud.gov/offices/fheo/promotingfh/lep.cfm>.

Americans with Disabilities Act (ADA)

Title II of the Americans with Disabilities Act (ADA) prohibits discrimination against persons with disabilities in all programs, activities, and services of a public entity (i.e., state or local government; or department, agency, special purpose district, or other instrumentality of a state, or states, or local government). The prohibitions against discrimination under Title II of the ADA are essentially the same as those in Section 504, except they apply to all programs, activities, and services of the public entity, not just those funded with Federal financial assistance.

Title III of the ADA prohibits discrimination on the basis of disability in public accommodations and commercial facilities. These do not include housing, but do include emergency overnight

shelters or social service facilities. For more information about the ADA and its requirements, see the Department of Justice website at: www.usdoj.gov/crt/ada/adahom1.htm.

Age Discrimination Act of 1975

The Age Discrimination Act prohibits discrimination based upon age in Federally assisted and funded programs or activities, except in limited circumstances. It is not a violation of the Age Discrimination Act to use age as a screening criterion in a particular program if age distinctions are permitted by statute for that program or if age distinctions are a factor necessary for the normal operation of the program or the achievement of a statutory objective of the program or activity. See 24 CFR Part 146.

Enforcement and Compliance With Civil Rights Laws

SHP providers should make sure that their staffs are trained in the requirements of the civil rights laws and that all admissions and residential policies are applied equally regardless of membership in a protected class.

The Department strongly recommends that providers have written, reasonable accommodation policies and that applicants and residents be advised of the existence of their right to reasonable accommodation at admission and during tenancy.

Titles VI, Section 504 and the Age Discrimination Act are enforced by the Department through routine monitoring as well as investigation of complaints of discrimination. Recipients are obligated to provide the Department with access to any records the Department believes are necessary to determine compliance with these laws.

The Department also has principal enforcement responsibility for the Fair Housing Act and will investigate complaints of discrimination filed with the Department. In addition the Department has the authority to initiate complaints on behalf of the Secretary.

Careful record-keeping is very helpful for documenting compliance with civil rights laws, as well as to demonstrate that policies and procedures are being applied equally to all program applicants and participants.

Section O: Frequently Asked Questions

1. Would a Safe Haven qualify as “housing” under the Fair Housing Act?

Whether a particular facility qualifies as covered housing under the Fair Housing Act depends on several factors which relate to whether the housing is occupied as a residence in that individuals living in the housing have an expectation or a right to return. In 2000, the Department published a seven-factor analysis to be used in determining whether a property qualifies as a dwelling under the Fair Housing Act, 65 Fed. Reg. 15740, 15741 (March 23, 2000). The seven-factor analysis considers the following: (1) length of stay; (2) whether the rental rate for the unit will be calculated on a daily, weekly, monthly, or yearly basis; (3) whether the terms and length of occupancy will be established through a lease or other written agreement; (4) what amenities are included inside the unit, including kitchens; (5) how the purpose of the property is marketed to the public; (6) whether the resident possesses the right to return to the property; and (7) whether the resident has anywhere else in which to return.

A Safe Haven that functioned as an emergency overnight shelter, where persons took their belongings with them in the morning and had no expectation that they would have a right to return in the evening, would not qualify as housing for purposes of Fair Housing Act coverage, but would be covered by Title III of the Americans With Disabilities Act. In addition, as recipients of federal financial assistance, all Safe Haven programs would still be covered by Section 504 of the Rehabilitation Act, Title VI of the Civil Rights Act of 1964 and the Age Discrimination Act.

2. Can a project be limited to serving families with children exclusively?

Yes. While the Fair Housing Act prohibits discrimination against families with children, nothing in the Act prohibits providing preferential treatment for families with children, so long as all families may compete equally for the housing, regardless of membership in a protected class (i.e., race, religion, national origin, etc.).

3. Can a project require program participants seeking to live together in one unit to be related either by blood or by legal marriage?

Although HUD's SHP regulations do not impose any specific requirements related to this issue, SHP recipients should review state or local laws which may prohibit discrimination based upon marital status.

4. Can a project exclude families with children if the project serves convicted sex offenders?

If a project is specifically designed as a project for which being a sex offender is an eligibility requirement, then it may be able to exclude families with children on the ground that a program designed to serve sex offenders is not a safe program for children. However, projects that are designed to serve persons with disabilities may not exclude families with children on the expectation that an applicant might be also be a registered sex offender.

5. If reasonable accommodations that require structural changes are necessary, such as the construction of a ramp for access into a building, does the landlord or the SHP project grantee pay for the accommodation in a leasing-type project?

Under Section 504, the SHP grantee has the obligation to ensure that its program is usable and accessible to persons with disabilities. This includes using sites and facilities that are accessible or can be made accessible for persons with mobility impairments. When an applicant or resident requests a structural change to a unit or public and common use area to accommodate their individual disability, the grantee is obligated under Section 504 to make or pay for the modification unless doing so is an undue financial and administrative burden.

6. Can an SHP program that operated separate apartments for persons with disabilities serve only single mothers with children or mother with only sons or daughters?

No. The Fair Housing Act prohibits discrimination based upon sex unless there are significant privacy and safety concerns which would make it inappropriate to house both males and females. Since the example describes an apartment program with no shared living quarters, there would be no privacy concerns justifying excluding single fathers with children or excluding children of a particular sex.

7. Can an SHP program target services for persons with certain types of disabilities?

Although an SHP program can target services for persons with particular types of disabilities, the program may not exclude persons with other disabilities who can benefit from the program.



Section P: Technical Assistance

In this section...

- [What is Technical Assistance?](#)
- [Receiving Technical Assistance](#)
- [Examples of Technical Assistance](#)

SHP is the only McKinney-Vento Act homeless assistance program for which the Act makes technical assistance an eligible use of grant funds (see [section 423\(a\)\(6\)](#) of the Act, 42 USC 11383(a)(6)). The program regulations implementing technical assistance are found at [24 CFR 583.140](#). The regulation authorizes HUD to set aside funds to competitively select technical assistance grantees to provide technical assistance to prospective applicants, applications, recipients or other providers of supportive housing or services for homeless persons in SHP-funded projects.

Every year since the late 1990s, Congress has set aside funds to be used for technical assistance from the annual appropriation. These funds must also be awarded competitively, but may be used for technical assistance for all McKinney-Vento Act homeless assistance programs. Each year's NOFA establishes the requirements for the use of that year's funds and those requirements have generally been based on [24 CFR 583.140](#).

What is Technical Assistance (TA)?

Technical assistance is the transfer of skills and knowledge in planning, developing and administering eligible program activities to an entity that does not possess such skills and knowledge. TA is provided under the authority of the Appropriations Acts. TA is used to increase the level of expertise in potential applicants, applicants, recipients or other providers of supportive housing for homeless persons. It includes identifying and sharing information on best practices, providing critically needed training and on-site consultations or other activities to improve projects. The focuses of SHP technical assistance are to help states, localities, and nonprofit organizations to better plan, develop, and administer their projects and Continuum of Care strategies.





Receiving Technical Assistance

Under the authority of the Appropriations Acts, HUD awards grants or contracts to local and national TA providers who assess TA needs and provide necessary assistance to grantees. To receive TA, grantees should contact their local field office to find out about TA efforts and opportunities in their area. Grantees can reference regulations on technical assistance at [24 CFR 583.140](#).

Examples of Technical Assistance

Often, the technical assistance given to an individual grantee can be replicated for other grantees having similar problems or needs. Many of HUD's technical assistance documents can be found on [HUD's Homelessness Resource Exchange](#) web site. National TA normally results in a product or a training session intended for broad use. Examples of such recent technical assistance products created under contract to HUD include:



HMIS

-  [HMIS Technical Assistance Initiative – www.HMIS.info](#)
-  [HMIS Project Management and Tools](#)
-  [HMIS Consumer Guide: A Review of Available HMIS Solutions](#)
-  [Homeless Management Information System Strategies](#)

Discharge Planning








-  [Discharge Planning from Publicly Funded Institutions](#)

Serving Homeless Veterans




-  [Coordinating Resources and Developing Strategies to Address the Needs of Homeless Veterans](#)
-  [A Place at the Table: Homeless Veterans and Local Homeless Assistance Planning Networks](#)

Continuum of Care Planning & Grant Management


-  [A Guide to Counting Unsheltered Homeless People](#)

-  [A Guide to Counting Sheltered Homeless People](#)
-  [In From the Cold: Safe Havens for Homeless People](#)
-  [Continuum of Care Planning and Implementation Guide](#)
-  [Trainer Guide to Continuum of Care Planning and Implementation](#)
-  [Continuum of Care in Action](#)
-  [Supportive Housing Program Self-Monitoring Tools](#)
-  [Understanding SHP](#)

Project Development & Financing

-  [Placemakers: A Guide to Developing Housing for Homeless People](#)
-  [The Corporation for Supportive Housing's Financing Supportive Housing Guide](#)
-  [Combining Affordable Housing Funding Sources](#)

Job Training Strategies

-  [What Works! Job Strategies for Homeless People](#)



Section Q: Project Renewals

In this section...

- [What is a Renewal Grant?](#)
- [When Does a Renewal Grant Begin?](#)
- [How to Apply for a Renewal Grant](#)
- [How Much Funding Should I Request for my SHP Renewal?](#)
- [Failure to Apply for Renewal Funding](#)
- [Guidance on Reductions in Project Scope](#)
- [State Renewal Projects](#)
- [Frequently Asked Questions](#)

Since 1997, applying for an SHP renewal grant has been part of the annual national competitive award process. [Section 423](#) of the McKinney-Vento Act (42 USC 11383(a)) authorizes grantees to reapply to renew grants for leasing, operating costs and supportive services. (See also [24 CFR 583.100\(b\)\(6\)](#).) Since [section 426\(h\)\(i\)](#) of the McKinney-Vento Act authorizes the use of up to 5 percent of a grant for administrative expenses and because HUD has implemented that by designating a portion of grant funds for administrative expenses, the amounts awarded for administrative expenses may also be renewed. The McKinney-Vento Act *does not* authorize renewal of grants for acquisition, rehabilitation and new construction. Applications should request sufficient funds to complete these activities within the initial grant term and within the original budget. The McKinney-Vento Act also does not expressly authorize renewal of grants for technical assistance or for HMIS, which was first authorized as an eligible use of SHP funds in 2001. However, in order to comply with Congress' direction to HUD to continue its collaborative efforts with local jurisdictions to collect and analyze data on homelessness, HUD has been accepting applications to continue the operation of HMIS. HUD expects to publish a rule on HMIS for further clarification.

What is a Renewal Grant?

A renewal grant gives SHP assistance to a current grantee or project sponsor that received SHP funding over the past year(s). The renewal grant funds the continuation of the same activities (with the exception of acquisition, rehabilitation and new construction funds) as the initial grant, as it exists at the time the renewal application is submitted to HUD. The initial grant is eligible for renewal in the competition held the year before the

grant term is due to expire. The regulations in section [24 CFR 583.235](#) cover renewals and authorize HUD to noncompetitively renew grants. HUD has awarded renewals through competition since the 1990s. Grantees should carefully review the NOFA each year for instructions on obtaining renewal grants.

When Does a Renewal Grant Begin?

Renewal grants' operating years generally start on the day following the completion of the initial grant. A grantee confirms the start date of the operating year by entering it into the LOCCS financial system. (If an incorrect date is set, the grantee should contact their local field office to correct the date.) If the grantee has not entered a start date into the LOCCS system, HUD looks at the date when a grantee first drew down funds for leasing, operating, or supportive services activities to determine the operating year start date because that date usually coincides with the start of operations. This is a rough estimate of when the operating year began.

Grantees and project sponsors are responsible for keeping grant files and for knowing the beginning and ending dates of their grants. Grantees and project sponsors may consult with their local field offices about renewal dates but should anticipate when to apply for renewal funding.

More guidance on operating start dates is found in [Section F Important Dates](#).

How to Apply for a Renewal Grant

Since 1997, grantees apply for renewal as part of the Continuum of Care Homeless Assistance national competition. Grantees apply in the year before their initial grant expires. For example, a project expiring in calendar year 2007 would be eligible in the 2006 competition. In this way, all projects that are successful in the competition have continuity; projects that are unsuccessful have time to seek other funding.

Only the current grantee can be an applicant for a renewal. In order to identify the current grantee as the applicant in the competition, a [Standard Form 424](#) must be included as part of the application. Please note that project sponsors and other entities that are not the grantee cannot apply for renewal.

Renewal applicants complete the section of the application designated for renewal projects. Renewal projects, just like all other projects, must meet all project eligibility, capacity, and quality standards as identified in the NOFA or they will be rejected. Beginning with the 2007 competition, if awarded funds, renewal projects with changes must complete a Technical Submission prior to signing a grant agreement. If there are

no changes to the projects and funds are available, the project can proceed to the grant execution phase. See [Section G Conditional Approval and Program Cycle](#) for more information on the Technical Submission.

A renewal project, like any other project, should appear on the community's Continuum of Care priority list. If a renewal project does not appear on the priority list, it will not be funded. Communities should reference guidance provided in annual NOFAs on the renewal process.

How Much Funding Should I Request for my SHP Renewal?

The amount an applicant may request for activities eligible for renewal in an existing project (i.e., leasing, operations, supportive services, *and administration*) is based on the *average annual amount* of the grant being renewed as approved by HUD for these activities in the existing grant's Technical Submission. Renewal funds can only be requested for continuing a previously approved project at the same level of housing and/or services provided in the previous grant.

Failure to Apply for Renewal Funding

The need for the continuation of previously funded projects should be carefully considered in the local Continuum of Care planning process. HUD does not require that a project be proposed for renewal or given a higher priority than other projects. However, HUD is very concerned that the on-going housing needs of homeless persons currently being served by existing projects be taken into consideration. Beginning with the 2005 NOFA, HUD began providing CoCs the option of using a *hold harmless reallocation method* to reallocate their pro rata need funds in order to create more permanent supportive housing projects. This method is intended to provide CoCs with excessive renewal demand with maximum flexibility in addressing current needs and the discretion to not request funding for or to reduce the requested amount of one or more SHP renewal project applications.

If a grantee fails to apply for an SHP project renewal, or if a renewal project fails to receive funding in the competition, the project *is not eligible* for renewal in the next year's competition unless the grantee and HUD execute an amendment to the grant agreement, extending the term. (See [Section S Grant Extensions](#) for guidance on extending grants.) During that time, the grantee will have to secure other funding to continue the project. Note that, beginning in 1999, a grantee may use State or local funds as interim or emergency funding as well as any other funds to continue the project and still remain

eligible for SHP funding as long as the project term has been extended into the next calendar year. If HUD grant funds are not used in the subsequent calendar year, then the grant term ends and no renewal is available.

Guidance on Reductions in Project Scope

If less than the maximum amount of HUD funding is requested in a renewal application, grantees must reduce or eliminate elements of the project. However, be aware that the project must meet all project eligibility and quality standards as identified in the McKinney Act, the program regulations and the NOFA.

If the scope of a project is reduced, grantees or project sponsors will be required to document this change at the grant execution phase. Grantees or project sponsors that reduce the number of units or participants (reflected in the application under the Point in Time Housing and Participants Chart), must include a written summary explaining the following:

- why it is necessary to reduce the scope of the project;
- which elements (housing units, services, etc.) of the project will remain and which will be reduced or eliminated; and
- the number of persons served compared to the number in the original grant.

Grantees or project sponsors must also include a proposed revised budget reflecting the associated cost reductions, if applicable. HUD may reduce funding proportionately according to the reduction in scope.

For guidance on reducing the number of units supported by your project in conjunction with current fair market rents, see [Section D Eligible Activities](#). For general guidance on reductions in project scope, see [Section R Grant Amendments](#).

State Renewal Projects

In some initial grants, a state is the grantee. For renewal purposes, a state's renewal project would need to be part of the local Continuum of Care and entered on the local community's priority list.

If the state's grant is being carried out in various locations, a state may need to divide the renewal request among several Continuum of Care priority lists. For example, a state may have an expiring SHP grant being carried out in three places – two cities with their own Continuum of Care strategies and one area, which is part of the state's Continuum

of Care strategy. In that case, the first two projects would appear on those communities' priority lists with the state as the applicant. The third project would appear on the state's priority list with the state as the applicant.

A state with an SHP, transitional housing grant may choose to request HUD approval for a change of grantee to a project sponsor, or another entity, that is eligible to be a grantee (has sufficient capacity, is a private nonprofit organization or governmental entity, etc.). The state would request that the HUD field office process an amendment to the existing grant to change the grantee. Neither the project sponsor nor the other entity could apply for renewal without an approved grant amendment, since it would not be the approved grantee for the current project.

Section Q: Frequently Asked Questions

1. A current SHP grantee decides to add new activities or expand the level of an existing approved activity to its existing SHP funded project (i.e., by adding 3 new units or serving 20 more people) and submits an application requesting funding for these new activities. Would this be considered a renewal grant?

No. In order to be considered an SHP renewal, a project must not include either a new activity or an expansion of an existing activity. An expansion of an existing project is considered a new effort and would be submitted as a new project.

2. Do I have to submit separate project applications to both renew and expand my SHP project?

Yes. If a project is eligible for renewal and the grantee wants to apply for funds to both renew the existing project and to add new activities or expand existing activities to the same project, a separate Exhibit 2 must be submitted for each. That is, an Exhibit 2 should be submitted requesting the renewal of the existing project and another Exhibit 2 should be submitted requesting funding for only the additional new or expanded activities. In addition, both projects should be included in the Continuum of Care application.

3. How do I determine if my project is eligible for SHP renewal?

To be eligible for an SHP renewal, your current HUD grant must expire in the calendar year following the application due date under the NOFA. Grantees should read NOFAs carefully for provisions applying to renewal grants.

The term ends when the specified time period for the grant elapses. For example, the term for a 2003 SHP grant awarded for three years ends three years from the operating start date. However, if a grant term has been extended, the term ends when the period of extension expires as indicated in the grant agreement amendment. If the grant whose term was extended is subsequently renewed, the renewal grant term begins when the extension period expires.

Contact your local HUD field office to discuss whether your project is eligible for renewal in the upcoming competition. Your discussions with the field office should clarify the terms of any extensions, as well as any amendments that have been executed. Any minor changes (less than 10 percent shift of funds from one activity to another) should be part of your discussion.

Section R: Grant Amendments

In this section...

- [Program Changes](#)
- [Requesting an Amendment](#)
- [Guidance on Common Significant Changes](#)
- [Criterion for Approving an Amendment](#)

This section describes how to handle the inevitable changes that occur in SHP projects during the term of the grant. It describes the procedure for requesting a grant agreement amendment to reflect a change to the original project. The grant agreement, like a contract, establishes the rights and responsibilities of HUD and the grantee.

Note that grantees cannot request an amendment to their grant before the grant agreement has been signed.

Program Changes

Significant and minor changes are often necessary during the life of an SHP grant. Whenever it is necessary to make changes, the HUD field office needs to be involved - either to be informed of the change or to approve the change, depending on its seriousness.

Significant Changes

Significant changes substantially affect implementation of the project and are departures from the initial application. The following are examples of significant changes:

- Change in the grantee or project sponsor;
- Change in the project site;



Link to the Commonly used forms:

**SF-424
Certification of Consistency with the
Consolidated Plan**

Additions or deletions of eligible SHP activities;

Change in the category or number of participants to be served; and

Shift of more than 10 percent of funds from one approved SHP eligible activity to another.

Significant changes may be implemented *after* HUD and the grantee have executed a grant agreement amendment. Such changes may be made at any time during the grant term. However, only those significant changes in a written grant amendment that has been signed by HUD and the grantee *before* the competition's application deadline will be considered when awarding a renewal grant. Also, HUD will not agree to sign a grant agreement with an entity that did not apply for a grant so grantees should not request a change of grantee during the competition's technical submission phase.

Minor Changes

Minor changes are departures from the initial application that do not substantially affect implementation of the grant. An example of a minor change is a shift of less than 10 percent of SHP funds from one approved SHP activity to another over the life of the grant, including the initial grant term and all extensions and renewals.

Minor changes do not require HUD approval, and no amendment to the grant agreement is necessary. However, the grantee must fully document any changes to its project.

Minor changes do not require prior HUD approval and no amendment to the grant agreement is necessary. However, the grantee must fully document any changes to its project. The documentation must be available to the field office during on-site reviews or, for remote monitoring, sent to the field office if requested.

Requesting an Amendment

When a significant change is contemplated, a grantee should prepare a written request to the field office.

The request should indicate what the change is and the circumstances causing the need for the change. The grantee should also attach revised application or technical submission exhibits reflecting the proposed change. In addition, certain changes require additional items to process the request for a change. The most common are described next.

Guidance on Common Significant Changes

Change in Grantee

When the grantee seeks to be released from its obligations under the grant, several documents are needed:

- a letter from the current grantee indicating its reasons for requesting a change of grantee;
- a letter from the proposed substitute organization indicating its willingness to become the new grantee and to accept all the responsibilities according to the terms of the current grant;
- revised charts from Exhibit 2 of the Continuum of Care Homeless application, if determined by the Field Office; and
- documentation of private nonprofit status if the substitute is a nonprofit organization.

Grantee Name Change

When the grantee organization changes its name, or merges with another entity, the grantee must submit a revised SF-424 and legal documentation confirming the name change or merger. A mere change of name by the grantee should not require an amendment of the grant agreement. Neither should a merger in which the grantee is the surviving organization. However, a “merger” which is accomplished through the sale of two grantees assets will require prior HUD approval and an amendment.

Change in Project Site

For a change in the project site, the grantee must provide evidence of site control and zoning where appropriate; revised *Project Summary Information* from Exhibit 2 of the application; and a revised Certification of Consistency with the Consolidated Plan, if applicable. An environmental review must also be completed according to current requirements.

See Section H Site Control and Environmental Review for more information.

Change in Population Served

When changing the population being served and/or where the homeless population is coming from (e.g., outreach, referral source), the grantee needs to submit a letter explaining the change. The letter should clearly describe the original population (number being served, population served, where the population is coming from), proposed revision and reasons for the change. The grantee should also submit a revised *Targeted Subpopulations chart* from Exhibit 2.

Change in Number Being Served

For a change in the number of homeless persons being served, the grantee needs to submit a letter explaining the change. The letter should clearly describe the original population (number being served; population served; where the population is coming from; the number of beds; and the number of bedrooms), proposed revision and reasons for the change.

If the change relates to an increase or decrease in the level of supportive services the project provides to homeless participants, the grantee must either maintain the same level of supportive services to the modified number of participants, or it must reduce the scope of the project to be in line with the reduction in supportive services that will be provided. That is, the project must continue to provide the same level of supportive services that it committed to in its original application *or*, it must propose an overall reduction in scope and proportionate reduction in amount of SHP funds requested. It is critical that the grantee provide evidence that the same level of services will be provided to the residents of the project.

As described in Section D Eligible Activities, beginning with the 2006 competition, if *actual rents* have increased substantially from the time of the initial application to the time of the first renewal, the grantee or project sponsor may need – and is allowed – to reduce the number of units that can be supported by the project since the overall level of SHP funding cannot be increased. Grantees should note that if a reduction in the number of units leads to a reduction in the number of participants, this may result in a corresponding decrease in the other funded budget categories. Grantees may proportionately reduce or eliminate any other elements of the project and the SHP request. However, be aware that this project, as well as all projects, must meet all project threshold requirements as identified in the NOFA. HUD intends to continue this policy in the future.

Shift in SHP Funds of More Than 10 Percent

When a grantee seeks to shift funds in an approved budget that cumulatively exceeds 10 percent of the total allocation for an eligible activity (e.g., Acquisition, Supportive Services, etc.) such changes require Headquarters concurrence and a grant amendment to be executed by the field office. Although the terms “Budget Line Item,” “Budget Activity,” and “Budget Category” have been used interchangeably in the McKinney Act, SHP regulations, and guidance memos, this guidance refers specifically to a shift of more than 10 percent of funds from one approved SHP *eligible activity* to another over the lifetime of the grant. The threshold that triggers the requirement for advance HUD approval is a change between eligible activities (e.g. between Supportive Services and Leasing) – not changes within activities (e.g., between mental health treatment and day care).

This rule does not prohibit grantees from making significant changes in eligible activities that could affect the originally approved project goals. Although HUD Field Offices will not review every such change, grantees should inform their field offices of changes in eligible activities to prevent them from being found ineligible and consequently disallowed through field office monitoring.

Criterion for Approving an Amendment

Field Office CPD directors are authorized to approve significant changes in projects and execute grant agreement amendments. However, the SHP regulations specify that approval for a *significant change* is contingent upon the application ranking remaining high enough after an amendment is approved to have been competitively selected for funding in the year the application was selected (see 24 CFR 583.405). This means that Field Offices must contact HUD Headquarters for this determination because competitive selections are made in Headquarters

Examples of changes to a project that are likely to result in a project of lower quality are:

- Housing or services are of lower quality or quantity than initially proposed;
- New housing or service provider is less experienced than the initial provider;
- Innovative features are eliminated;
- Site is moved to an area of less need;
- Resources from other public or private sources are reduced; or
- Cost-effectiveness is reduced.



Section S: Grant Extensions

In this section...

- [Extension Provisions](#)
- [Extensions of Renewal Grants](#)
- [Financial Resources Used During Extension Period](#)
- [How to Request an Extension](#)
- [Prohibition on Extensions within the Calendar Year](#)
- [How to Complete an APR for a Project Extension](#)
- [Frequently Asked Questions](#)

Extension Provisions

An extension allows HUD to lengthen the SHP grant term to continue a project. For SHP grants expiring in a given calendar year, grantees that will have SHP or other funds to carry them beyond that calendar year have the option of extending their grant term for up to one year subject to HUD approval. Grant terms may not be extended for more than one year at a time. In addition, extensions for less than a year are acceptable if an entire year is not needed to carry the term into the next calendar year.

Grantees that seek extensions for projects must commit to maintain the same level of housing and/or services and have the financial resources to continue the program through the extension period. Although a grant can be extended to ensure its eligibility for renewal funding in a given competition year, there is no guarantee that the project will receive additional HUD McKinney Act funds.

Extensions of Renewal Grants

Grantees that have funds to carry them into the next calendar year may request an extension, subject to HUD approval. Grantees will need to request that their local HUD Field Office process a grant agreement amendment. With the request for an amendment, grantees must submit information to the field office demonstrating that they have the financial resources to carry out their program in accordance with their grant agreement for the extension period.

Extensions are not given merely to use SHP grant funds left over after the term of the grant has ended. Applicants apply in the national competition for SHP grants for one, two, or three year terms.

Financial Resources Used During Extension Period

In order to continue operating an SHP project during the extension period, you may use any type of funds, including Federal, State, local or private funds, and still remain eligible to compete in the next competition. Although typically the use of State or local government funds in a project would prevent future Federal funding, HUD allows the use of these funds as *interim* or *emergency funding* when they are used to continue an SHP project that was unsuccessful in being renewed. Projects using interim or emergency funding must still seek approval for an extension from HUD.

How to Request an Extension

Steps for requesting an extension of a Supportive Housing Program grant:

- Determine when the grant expires. You may contact your HUD field staff to verify the expiration date.
- Based on the expiration date, determine if there are enough funds to carry you through the operating year and the proposed extension period.
- If more funds are needed, identify available funding resources and secure these funds.
- Before the current grant expires, you must request an extension *in writing* from your Field Office. To obtain an extension, grantees must request that their local HUD field office process a grant agreement amendment. With the request for an amendment, grantees must submit information to the Field Office demonstrating how they fit one of the criteria above and that they have the financial resources to carry out the project fully in accordance with all of the provisions of their grant agreement during the extension period.

Prohibition on Extensions within the Calendar Year

The only extensions that HUD allows are those associated with the annual homeless assistance competition. Therefore, HUD does not allow extensions within the calendar year.

Projects will not be extended within the calendar year merely to spend the remaining grant funds. However, if a grant is extended into the next calendar year so that it can become eligible to apply for renewal in the next competition, grant funds remaining from the current term may be used as a source of funding to continue the project during the extension period.

How to Complete an APR for a Project Extension

An Extension APR applies to SHP grantees that requested and received an extension of their grant term from the HUD Field Office. The only difference between an APR for the extension period and the regular APR (besides the amount of time covered) is the signature page. Grantees should circle “yes” to indicate that the APR is for an extension period and also circle the operating year for which the report is an extension. For example, if the grantee is extending year 3, the grantee should submit an APR as usual for year 3 and also submit a second APR for the extension period. The grantee should indicate on this 2nd APR that it covers an extension period but also circle year 3 on the signature page. Instructions are provided in the General Instructions section of the APR.

Section T: Definitions in Program Regulations

In this section...

- Definitions of Key Terms in the Regulations
- Applicant Eligibility
- Types and Uses of SHP Assistance
- Program Requirements
- Grant Management and Administration

This section is intended to help grantees navigate the SHP regulations.

Not every grant is subject to the same regulations. Competitively awarded grants like SHP grants are subject to the program regulations in effect at the time of award. The applicable regulations are attached to the grant agreement and made part of the agreement. This is true for both new and renewal grants. You can look at the regulations attached to their grant agreement for requirements that apply to them. You may use this Desk Guide for general reference purposes.

The Supportive Housing Program is authorized by title IV of the McKinney-Vento Homeless Assistance Act (the McKinney Act) (42 U.S.C. 11381-11389). The regulations implementing the Supportive Housing Program are located in the Code of Federal Regulations at 24 CFR 583.100 – 583.500.



Find SHP regulations online at:
http://www.access.gpo.gov/nara/cfr/waisidx_05/24cfr583_05.html

Find the McKinney-Vento Homeless Assistance Act online at:
<http://www.hud.gov/offices/cpd/homeless/rulesandregs/laws/index.cfm>

Find current and previous Continuum of Care Homeless applications online at:
<http://www.hud.gov/offices/adm/grants/fundsavail.cfm>

Definitions of Key Terms in the Regulations

| Key Term | McKinney Vento Act | CFR Citation(s) |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Applicant | <u>Section 422, 42 USC 11382(1)</u> | <u>24 CFR 583.5</u> |
| Consolidated Plan | | 24 CFR 583.5 |
| Date of Initial Occupancy | | 24 CFR 583.5 |
| Date of Initial Service Provision | | 24 CFR 583.5 |
| Disability | <u>Section 422, 42 USC 11382(2)</u> | 24 CFR 583.5 |
| Homeless Person | <u>Section 103, 42 USC 11302</u> | 24 CFR 583.5 |
| New Construction | <u>Section 423, 42 USC 11383(a)</u> | 24 CFR 583.5 |
| Operating Costs | <u>Section 422, 42 USC 11382(5)</u> | 24 CFR 583.5 |
| Outpatient Health Services | <u>Section 422, 42 USC 11382(6)</u> | 24 CFR 583.5 |
| Permanent Housing for Homeless Persons with Disabilities | <u>Section 424, 42 USC 11384(c)</u> | 24 CFR 583.5 |
| Private Nonprofit Organization | <u>Section 422, 42 USC 11382(7)</u> | 24 CFR 583.5 |
| Project | <u>Section 422, 42 USC 11382(8)</u> | 24 CFR 583.5 |
| Recipient | <u>Section 422, 42 USC 11382(9)</u> | 24 CFR 583.5 |
| Rehabilitation | <u>Section 423, 42 USC 11383(a)</u> | 24 CFR 583.5 |
| Safe Havens | <u>Sections 431-439, 42 USC 11391-11399</u> | |
| State | <u>Section 422, 42 USC 11382(11)</u> | 24 CFR 583.5 |
| Supportive Housing | <u>Section 422, 42 USC 11382(12)</u> <u>Section 423, 42 USC 11383</u> <u>Section 425, 42 USC 11385</u> | 24 CFR 583.5 |
| Supportive Services | <u>Section 422, 42 USC 11382(13)</u> <u>Section 423, 42 USC 11383</u> <u>Section 425, 42 USC 11385</u> | 24 CFR 583.5 |
| Transitional Housing | <u>Section 424, 42 USC 11384(b)</u> | 24 CFR 583.5; also see <u>24 CFR 583.300(j)</u> |
| Urban County | <u>Section 422, 42 USC 11382(14)</u> | 24 CFR 583.5 |

Applicant Eligibility

In general, states, units of local government, special purpose units of government (e.g., PHAs), private nonprofit organizations, and community mental health centers that are public nonprofit organizations are eligible to apply for SHP funding.

Types & Uses of SHP Assistance

The table below shows where you can find information on eligible activities.

| Assistance | McKinney Vento Act | CFR Citation(s) |
|---------------------------------------|-------------------------------------------------------------------------------------|-----------------------|
| Uses of grant assistance | | <u>24 CFR 583.100</u> |
| Acquisition and Rehabilitation | <u>Section 423(a)(1), 42 USC 11383(a)(1)</u> | <u>24 CFR 583.105</u> |
| New Construction | <u>Section 423(a)(2), 42 USC 11383(a)(2)</u> | <u>24 CFR 583.110</u> |
| Leasing | <u>Section 423(a)(2), 42 USC 11383(a)(2)</u> | <u>24 CFR 583.115</u> |
| Operating | <u>Section 423(a)(2), 42 USC 11383(a)(2)</u> | <u>24 CFR 583.125</u> |
| Supportive Services | <u>Section 423(a)(2), 42 USC 11383(a)(2); Section 425(a)(5), 42 USC 11385(a)(5)</u> | <u>24 CFR 583.120</u> |
| Administrative Costs | <u>Section 426(i), 42 USC 11386(i)</u> | <u>24 CFR 583.135</u> |
| Technical Assistance | <u>Section 423(a)(2), 42 USC 11383(a)(2)</u> | <u>24 CFR 583.140</u> |
| HMIS | <u>Section 423(a)(7), 42 USC 11383(a)(7)</u> | |

For more information on eligible activities, see Section D Eligible Activities.

Program Requirements

General Program Operation

- *General operation requirements* are described in the program regulations at 24 CFR 583.300.
- *Habitability standards* are described in the program regulations at 24 CFR 583.300b.

Displacement, relocation, and acquisition requirements are described in the program regulations at 24 CFR 583.310.

Site control requirements are described in the program regulations at 24 CFR 583.320. Also see Section H Site Control and Environmental Review.

■ *Environmental review requirements* are described in the program regulations at 24 CFR 583.230. Also see Section H Site Control and Environmental Review.

■ *Nondiscrimination and equal opportunity requirements* are described in the program regulations at 24 CFR 583.325.

■ *Applicability of other Federal requirements* is described in the program regulations at 24 CFR 583.330.

Rent

■ *Resident rent restrictions, use of rent, income review requirements and charging fees to participants* are described in the program regulations at 24 CFR 583.315. For more information on resident rent, see Section K Calculating Resident Rent.

Grant Management and Administration

■ *Grant award process* is defined in the program regulations at 24 CFR 583.200. Also see Section G Conditional Approval and Program Cycle.

■ *Grant agreements* are discussed in the program regulations at 24 CFR 583.400.

■ *Term of commitment, repayment of grants, and prevention of undue benefits* are described in the program regulations at 24 CFR 583.305.

■ *Renewal grants* are described in the program regulations at 24 CFR 583.235. Also see Section Q Project Renewals.

■ *Obligation and Deobligation of Funds* are described in the program regulations at 24 CFR 583.410.

■ *Program Changes* are described in the program regulations at 24 CFR 583.405. Also see Section R Grant Amendments and Section S Grant Extensions.

■ *Annual Progress Reporting* is described in the program regulations at 24 CFR 583.300. Also see Section N Annual Progress Reports.



Section U: Spending & Recaptures

In this section...

- [Deobligations](#)
- [Slow Expenditure of Grant Funds](#)
- [Noncompliance with Grant Agreement](#)
- [Partial Deobligation](#)
- [Leftover or Surplus Funds](#)

Deobligations

HUD can deobligate funds that are under contract. According to the regulations and grant agreements, entire grants or portions of grants can be deobligated for various reasons as described below. Deobligated funds can be used to fund additional projects in the *most recent competition* or in *next year's competition*. (They cannot remain in the local Continuum of Care.) See the regulations at [24 CFR 583.410\(c\)](#) for information on the basis for deobligating unexpended funds and using that money in subsequent competitions.

Lack of Site Control

In the SHP program, regulations at [24 CFR 583.320\(c\)](#) stipulate, "HUD will recapture or deobligate any award.... If the recipient is not in control of a suitable site before expiration of one year after initial notification of the award." This regulation is based upon a statutory requirement found in the McKinney-Vento Act and, therefore, cannot be waived. The only time a recipient can continue past one year without having site control is in the rare instance when the recipient had control of a suitable site before the end of the year, but the site control was lost and the recipient had to find a new site.

For more information on site control, see [Section H Site Control and Environmental Review](#).

Slow Expenditure of Grant Funds

HUD regulations provide for possible deobligation if projects do not begin in a timely manner. The SHP regulation at [24 CFR 583.410\(c\)\(1\)\(ii\)](#) states that funds for acquisition, rehabilitation or new construction may be deobligated if the proposed activities do not

begin within three months or residents do not begin to occupy the facility within nine months after grant execution. In addition, 24 CFR 583.410(c)(2) states that amounts for leasing, operating or supportive service costs may be deobligated if the proposed supportive housing operations are not begun within three months after the units are available for occupancy.

HUD regularly monitors the spending history of a grantee. If it appears that a grantee is not making drawdowns or exhibits a slow expenditure pattern, HUD should contact the grantee to determine the viability of the project. If there are issues that cannot be readily resolved, HUD may have to deobligate the funds. If the project is progressing and the grantee has failed to make regular drawdowns, HUD encourages the grantee to do so. Operating, supportive services and leasing funds should be drawn down monthly. Grantees should reference the payment requirements at CFR 84.22 and 85.21 for more guidance.

Noncompliance with Grant Agreement

The grant agreement identifies types of defaults that may result in deobligation of all or a portion of the grant. This could include not carrying out the proposal, or too few persons being served.

In making a decision on deobligation in the above instances, HUD considers whether the delay was due to factors beyond the grantee's control. All decisions regarding deobligation or recapture for slow spending will be coordinated between Headquarters and the field office in an effort to ensure that grantees are treated equally.

Partial Deobligation - Unspent Funds During the Grant Term

SHP regulations allow HUD to deobligate parts of grants for acquisition, rehabilitation, or new construction if the total cost of these activities is less than the total cost anticipated in the application. However, before deobligating these funds, HUD ensures that the grantee does not plan to shift the funds into another activity as allowed in section 583.405(a). In addition, funds may also be deobligated if the actual leasing costs, operating costs, or supportive services for that year are less than the total cost anticipated in the application (see 24 CFR 583.410(c)(1)(i) and (2)(i)). These funds are not considered surplus until the grant expires, as grantees may roll operating and supportive service funding into subsequent years of the grant term.

Leftover or Surplus Funds

Upon expiration of SHP project grants, unspent funds remaining in the project account of the expired grants are deobligated. Before proceeding with the recapture of any funds, HUD ensures that the grantee has not received a term extension and has made its final draw down for costs incurred during the grant period.