

# **QUESTIONS AND ANSWERS**

**A Supplement to the 2001 Continuum of Care Homeless Assistance  
NOFA and Application**

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

**2001**

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**Questions and Answers**  
**A Supplement to the 2001 Continuum of Care Homeless Assistance**  
**NOFA and Application**

To assist you in preparing your 2001 Continuum of Care (CoC) Homeless Assistance application, HUD developed the following questions and answers. For your convenience, they are grouped together by topic headings.

HUD Headquarters will hold satellite training conferences to answer other questions you may have. In addition, many HUD field offices will hold training sessions on the NOFA and the application. Please contact your local HUD field office to learn more about these training opportunities. A listing of the HUD Area and State Offices is provided as an appendix to the NOFA.

**A. Major Changes for 2001**

- **EXHIBIT 1 FORMAT REQUIREMENTS:** There have been refinements to the Exhibit 1 questions (see Section F, #2).
- **S+C RENEWAL PROJECT QUALITY REVIEW:** S+C renewal projects will now be considered to have met project quality threshold requirements through their previously approved grant application (see Section F, #7). This same change was made for SHP renewal projects in last year's competition.
- **NEW CERTIFICATIONS:** The 2001 HUD Appropriations Act requires that recipients submit new certifications regarding (1) the discharge of persons from publicly funded institutions or systems of care (see Section C, #3 and Section F, #9), and (2) the coordination and integration of mainstream programs (see Section F, #9).
- **REDUCTION IN THE "NEED" POINTS ASSIGNED TO "SECOND-LEVEL" PROJECTS:** The number of need points assigned to second level projects has been reduced from 20 to 15 points. Second level projects are those that exceed the final Pro Rata Need (PRN) for the Continuum of Care, but are less than twice the final PRN amount (see Section J, #4).
- **CALCULATIONS OF PRO RATA NEED HAVE BEEN MODIFIED:** The roll-up step has been eliminated and the SHP renewal adjustment has been modified. Renewal adjustment for S+C renewals has been eliminated (see Section J, #2).
- **INCREASE IN THE NEW PERMANENT HOUSING PROJECT INCENTIVE FUNDING:** The incentive has been increased to \$500,000 for an eligible, first priority, new permanent housing project (see Section J, #2 and Section M, #3).
- **"PROJECT TIERING":** The tiering of projects by years (SHP) or units (S+C) is no longer an option in the competition. Also, the total amount by which the 40 point Need projects being awarded may exceed final Pro Rata Need has been reduced from \$1 million to \$500,000 (see Section L, #1, and Section J, #4).
- **NEW LEAD-BASED PAINT RULES IN EFFECT FOR 2001 AWARDEES:** Revised Lead-Based Paint regulations are now in effect for awards made under the 2001 competition (see Section L, #8).

- **CHANGE IN ENVIRONMENTAL REVIEW REQUIREMENTS FOR PHAs AND NONPROFITS:** For the first time, PHAs and non-profit organizations can request that the applicable City or State government conduct an Environmental Review for projects (see Section L, #9).
- **IMPLEMENTING THE 30 PERCENT PERMANENT HOUSING REQUIREMENT:** As was the case last year, the 30% permanent housing requirement may result in HUD selecting lower rated permanent housing projects and de-selecting higher rated non-permanent housing projects (see Section M, #s 1 & 2).
- **CALCULATING SHP RENEWAL BUDGETS:** The base amount for calculating an SHP renewal request is the final year amount plus a reasonable increase of up to 5 percent. (see Section N, #6).
- **FUNDING S+C RENEWALS:** Congress has established a separate fund for S+C renewals which provides for one year of non-competitive funding. In addition, there are significant changes to the application process (see Section N, #12).
- **HOMELESS MANAGEMENT INFORMATION SYSTEM (HMIS):** Implementation and operation of HMIS projects are now eligible supportive services (see Section P).

## **B. Common Mistakes**

### **1. What experiences can you share from past competitions to help me avoid making common mistakes?**

Here is a list of common errors. Please carefully read the application and the NOFA for further clarification, or contact your HUD field office. Common mistakes include:

- inserting the wrong SF-424 for the applicant, especially if your project is a renewal;
- the project budget request in the exhibit exceeds the Project Priorities chart amount;
- the project budget request for supportive services exceeds 80 percent of the total budget for this activity;
- not explaining how relative priorities are determined, or the method for collecting the data in the Gaps Analysis chart;
- not describing the new portion of an existing homeless assistance project where funds are being requested for an expansion of the project;
- incorrect renewal grant numbers;
- not responding to **all** applicable questions in the project narrative;
- not requesting an extension of the current grant term to ensure the project ends in 2002;
- not indicating the grant term;
- not filling out the SHP budget section completely;
  - For Example: -- budget lacks applicant cash match
  - mathematical mistakes
  - not reflecting statutory match requirements
- in preparing Exhibit 1, not ensuring that the individual sections are consistent with each other and complete.

## **C. Eligible Persons to be Served**

### **1. Who can receive assistance from the projects proposed in an application?**

A person **must be homeless** in order to receive assistance under the SHP, S+C, and Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) programs.

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

- a. in places not meant for human habitation, such as cars, parks, sidewalks, and abandoned buildings;
- b. in an emergency shelter;
- c. in transitional or supportive housing for homeless persons who originally came from the streets or emergency shelter;
- d. in any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution;
- e. is being evicted 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
- f. is being discharged within a week from an institution in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and he/she lacks the resources and support networks needed to obtain housing.

The S+C program and the permanent housing component of the SHP may only serve people who are homeless and have a disability. Under the safe havens component of SHP, the homeless person must have a severe mental illness.

A disability may be a physical, mental (including developmental) or emotional impairment, including an impairment due solely to alcohol or drug abuse. Persons living with HIV/AIDs are considered disabled for the purposes of these programs.

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

No. By law, only those persons who are homeless may be served by the programs under the NOFA. 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 which can fund homelessness prevention activities. A variety of other programs, such as Section 8, 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.

### **3. 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 homeless 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 will be homeless as described in question #1 of this section.

As a condition for award in the competition, 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, in the form of a certification and required by law, is intended to emphasize that States and units of general 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.

**4. My community has homeless people living on the streets with a serious mental illness. Many of them are unable or unwilling to participate in housing and supportive services. What type of project can my community submit to assist those persons?**

Your community may wish to submit a safe havens project. Classified as a component under the SHP, a safe haven is designed to serve hard-to-reach homeless people with mental illness who have resisted traditional services, such as mental health treatment, and instead have stayed on the streets. Safe havens are different from other types of supportive housing in that they are small in size, have no limits on residents' length of stay, and do not require the residents to participate in services. This "low demand" approach, coupled with a highly supportive environment, helps stabilize persons with mental illness, with the expectation over time that they will become more willing to engage in services.

For those residents who are ready and willing to move from a safe haven to permanent housing (or for those persons for which a direct placement from the streets, shelter or transitional housing into permanent housing is appropriate), your community may wish to apply for project funding under S+C or the permanent housing component of SHP.

**5. Can a project serve a homeless youth after he/she becomes a ward of the state?**

Project funding may not substitute for the assistance a State is required to provide a youth while in foster care. Project funding can, however, be used to supplement the State's assistance by providing a needed service that is not required to be provided by the State as part of its foster care system.

**6. Can a project serve runaways?**

Youth who run away from home are considered homeless **if** they are residing in those places listed under the criteria in question #1 of this section and are not considered wards of the state.

**7. Can a homeless person moving into permanent housing receive services under SHP for an extended period of time?**

The person may receive supportive services for the term of the grant if he/she is living with a disability. If the person is not disabled, however, he/she may receive services for only up to six months after moving into permanent housing.

**D. SHP Administrative Costs**

**1. What is the requirement regarding splitting SHP administrative costs?**

This requirement is applicable only to States and units of general local governments who are the applicants for SHP funding for individual projects which 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). As stated in the NOFA, this requirement is NOT applicable to the SRO and S+C programs, nor does it apply to applicants who are non-government entities.

2. **How much of SHP administrative funds referred to in question #1 of this section must be passed on to the nonprofit organization(s) who will operate the homeless assistance project(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 congressionally-mandated requirement.

## **E. Match Requirements**

1. **Under the SHP, what is the operating cost match requirement? Is this a cash match?**

To allow for the full flexibility of the law (i.e., the McKinney-Vento Act) and to encourage the development of supportive housing for homeless persons, the match requirement for operating costs under SHP has been changed. SHP funds may be used to pay for up to 75 percent of the actual operating costs of supportive housing for all years of the grant term (this change is **not applicable** to grants awarded prior to calendar year 2000). For example, if the annual operating costs are \$100,000, SHP funds may be used to pay up to \$75,000, or 75 percent, of these costs in each year of the grant term and the grantee would be required to pay \$25,000, or 25 percent, each year.

The operating costs match to be paid by the grantee is a **cash** match. Documentation of firm commitments of cash resources for the first year of the grant term and certification that cash resources will be provided in the second and third year of the grant term, if applicable, must be submitted as part of the technical submission application (the form and content requirements of the cash match documentation and certification are explained in the applicable exhibits of the SHP technical submission application). In addition, the cash match must be verified in the Annual Progress Report. Donated or in-kind contributions do not count toward meeting this match.

2. **Is the SHP operating costs match requirement applicable to projects submitted for renewal funding?**

Yes. Projects submitted for renewal are allowed to request up to 75 percent of the actual operating costs of supportive housing for all years of the grant term. However, renewal applicants may not request SHP funds to replace State or local government funds being used in the project.

3. **What is the supportive services match requirement for SHP? Is this a cash match?**

The SHP request can be no more than 80 percent of the total budget for the supportive services line item. The supportive services match to be paid by the grantee is a **cash** match. Documentation of firm commitments of cash resources for the first year of the grant term and certification that cash resources will be provided in the second and third year of the grant term, if applicable, must be submitted as part of the technical submission application (the form and content requirements of the cash match documentation and certification are explained in the applicable exhibits of the SHP technical submission application). In addition, the cash match must be verified in the Annual Progress Report. Donated or in-kind services do not count toward meeting this match.

4. **What if we have a renewal project that is requesting supportive services funds? Do those funds need to be matched?**

Yes. A renewal project requesting supportive services funds must also meet the match requirement as described in question #3 of this section.

## **F. Application**

### **1. Is there a firm page limit for Exhibit 1, the CoC narrative?**

Yes. For several years through 1999, the application kit read that Exhibit #1 should be “preferably no more than 25 pages.” In fairness to all applicants, this has now been changed to a hard and fast 25 page limit. Applicants must limit the number of pages in Exhibit 1 to 25 pages, including attachments. HUD will not review the pages exceeding the 25 page limit when rating Exhibit #1. In fairness to larger CoCs, and as noted in the application kit, only the first page of multiple page project priority and leveraging charts, and the first page of the response to items 2.e., 3.c., and 4.e., will count toward the 25 page limit.

### **2. Are there any significant changes this year to Exhibit 1, Continuum of Care?**

The questions in Exhibit 1 are essentially the same as last year. However, in the interests of clarity, certain changes and refinements have been made and, as a result, you should read the Exhibit carefully before completing. For example, in the section identifying the organizations involved in your Continuum of Care planning, you should indicate that a subpopulation of homeless persons (e.g., severely mentally ill, chronic substance abuse) is represented by an organization only if that organization is specifically focused on serving that group and can act as a true representative or advocate of their interests in the planning process. For instance, it would be most unlikely for a local government planning agency or a banking institution to be identified in Exhibit 1 as representing the interests of a specific homeless subpopulation regardless of that entity’s involvement and assistance in alleviating homelessness generally in the community.

Among other changes are those found in the section dealing with the gaps analysis, where an additional description of the data sources and data collection methods used is requested, and in the supplemental resources section, where you are being asked to more specifically describe Continuum of Care-wide strategies for coordinating your homeless assistance with other mainstream programs.

As always, please take the time to read Exhibit 1 carefully and be as responsive as you can be in completing the charts and narratives.

### **3. Is there a formatting requirement for the written commitments claimed on the project leveraging chart?**

Experience has shown that not all unwritten commitments actually materialize. In some cases, project implementation was delayed because substitute resources could not be found. Therefore, only the value of contributions to a project **for which the applicant has a written commitment at the time of application** will be counted toward points for leveraging of other resources.

Written commitments are not submitted at the time of application. However, **they are submitted for verification by HUD prior to grant agreement execution.**

The written commitment itself must be documented on letterhead stationery, signed and dated by an authorized representative, and must, at a minimum, contain the following elements: the name of the organization providing the contribution; the type of contribution (e.g., cash, child care, case management, etc.); the value of the contribution; the name of the project and its sponsor organization to which the contribution will be given; and, the date the contribution will be available.



**4. What are “mainstream resources” and why is HUD emphasizing their use?**

Since a large proportion of homeless people do not participate in the important “mainstream” health and income assistance programs for which they are eligible (i.e., Medicaid, State Children’s Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health Block Grant and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program), the Department encourages participation in mainstream programs. In order to obtain the highest score under the “Supplemental Resources” section, the CoC application must evidence a continuum-wide strategy to coordinate homeless assistance with each of the above health, social service and employment programs.

Applicants must certify that if their organization’s project(s) (are) selected for funding as a result of this competition, they will coordinate and integrate their homeless program with other mainstream health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, Children’s Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health Block Grant and Substance Abuse Block Grant programs, Workforce Investment Act and the Welfare-to-Work grant program.

**5. Each Exhibit 1, CoC, must be identical for each associated application under a continuum. Would HUD accept the associated applications from a given community if just one of the associated applications contained the entire Exhibit 1, with the other associated applications simply cross-referencing that exhibit?**

Yes. HUD will accept associated applications in which Exhibit 1 has been submitted in this way. However, for the application **containing the complete Exhibit 1**, please state at the beginning of that exhibit: “This is an associated application. Exhibit 1: CoC is being submitted in its entirety only in this application. The applications of all other associated applicants for this same continuum, as listed below, will cross-reference and adopt this exhibit.” (List the names of all other associated applicants.)

For each of the associated applications **NOT containing the complete Exhibit 1**, please state: “This is an associated application. By agreement between all associated applicants, Exhibit 1: CoC has been submitted in its entirety only in the application from (state applicant’s name). We adopt that Exhibit 1 and agree to follow it if our application is selected for funding.”

**6. If my application is received at the HUD field office by the deadline, but not at HUD Headquarters in Washington, D.C., is my application considered “on time” and will it be considered for funding?**

No. The determination of an “on time” application is made at HUD Headquarters in Washington, D.C. Your application must arrive by the deadline at HUD Headquarters in order for your application to be considered for funding. HUD is constrained by the HUD Reform Act not to accept any applications that arrive after the deadline.

In addition, as stated in the NOFA, reviews will be based solely upon the contents of the application submitted to HUD Headquarters. Application materials submitted to the HUD Field Office and not to Headquarters, even if submitted prior to the deadline, will not be considered in the review of the CoC or of individual projects.

**7. The NOFA says that HUD will perform a “threshold” review of my application. What does this mean? What should I be aware of when preparing my application?**

HUD reviews your application to ensure that the applicant is eligible to apply for the program it selected and has the requisite capacity to carry it out. It also reviews the capacity of all other organizations involved with the proposed project. It is imperative, therefore, to demonstrate that applicants and any sponsors or other organizations involved have sufficient capacity. Be sure to answer all of the questions under the Experience Narrative section(s) of the program exhibit(s). It is also imperative that nonprofit applicants include documentation demonstrating their eligibility.

HUD also reviews your project exhibit to ensure that your project will only serve homeless people (see Section C, question #1, of this supplement), that what you propose is eligible, and, in the case of projects other than SHP renewals and S+C renewals, that your project meets threshold quality standards. You can help ensure that your project passes the quality review by completely answering all of the applicable Project Narrative questions in the program exhibit. These questions relate directly to the NOFA threshold standards so it is important that you address each and every applicable factor in the Project Narrative(s) and complete the charts for the program for which you are applying.

Under SHP and S+C, renewal projects are considered to have met most of the threshold requirements through their previously approved grant applications. However, threshold reviews will be done on renewal projects to determine the eligibility of proposed activities, the eligibility of the population to be served, and the capacity of the applicant and project sponsor (see also Section N, question #10, of this supplement).

**8. If my project is a new “Supportive Services Only” project, do I still have to answer all of the narrative questions in the Project Narrative, including the questions related to housing?**

Applicants for the Supportive Services Only component of the SHP must answer all items in Exhibit 2, Section A, Project Narrative, **EXCEPT** item #3.

**9. Are there any new project certification requirements this year?**

Yes. The law was recently amended to require two additional certifications from applicants as part of their submission in the Continuum of Care competition. These certifications are included in the application kit.

For all projects, the applicant will have to certify that, if their project is selected for funding, they will coordinate and integrate their homeless program with other mainstream health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health Block Grant and Substance Abuse Block Grant, Workforce Investment Act and the Welfare-to-Work grant program.

A governmental entity serving as an applicant must certify that they will 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.

## **G. Continuum of Care Geography**

### **1. What options do communities have in deciding the area to be covered by a CoC?**

The primary consideration is to design a system that will most effectively meet the needs of the homeless population. Remember, the single most important factor in receiving funding under this competition is the strength of the CoC as measured against the CoC criteria in the NOFA.

Organizations within any locality may decide to: (a) create a CoC system within its own local boundaries; (b) join nearby communities in creating a multi-county or regional CoC system that fully involves all the communities included and serves the territory of the combined communities; (c) join with the State government or a Statewide organization in creating a Statewide CoC system; or (d) join with the State government or a Statewide organization in developing a CoC system for a specific community and/or county, or an entire region.

Local communities are strongly discouraged from attempting to divide up the geographic area of a locality and developing separate CoC systems with separate applications for each portion of the locality. Such an approach undercuts the concept of CoC because your strategy should be community-wide, comprehensive and inclusive.

### **2. What options do State governments and Statewide organizations have in deciding the areas to be included in a CoC?**

Statewide applicants may:

- a. include the **entire** area of the state **not covered** by local CoC strategies in a single application which describes the Statewide CoC system for that entire area;
- b. include a **part** of the area of the State **not covered** by local CoC systems in a single application which describes the CoC system for that area, which could include one or more counties not covered by local CoC systems; or,
- c. submit two or more applications, each representing a separate CoC system developed by the State or a Statewide organization and its local partners for different sub-State areas **not covered** by local CoC systems. Each sub-State area could cover a single county or multi-county area.

The area proposed by a State government or Statewide agency should only include those counties and communities that are fully involved in the development and implementation of the CoC strategy with the State. This involvement should be described in Exhibit 1 of the application.

### **3. How can a rural community maximize its opportunity for project funding under the NOFA?**

Because of their small demographic numbers, rural areas generally will have small pro rata need amounts. In order to maximize its funding potential, a rural area may wish to form a regional CoC system encompassing several contiguous counties. A single pro rata need figure for the combined geography will be calculated by adding the pro rata need figures together for each county. However, all geographic areas included in the regional CoC system need to be **actively** involved in the development and implementation of the CoC system and this involvement must be described in the CoC narrative.

4. **My community is involving the State in its CoC system. Should the community describe its coordination with the State in the community's Exhibit 1? What about the Statewide application, if there is one?**

Both the community and the Statewide applications should describe the coordination that has occurred in their respective applications. State support of a local CoC system can be a factor in the success of the local system. However, neither application should include the other as a jurisdiction covered by the other's strategy when describing the geographic area covered by their respective systems.

5. **What if a Statewide applicant wants to propose a project in a locality covered by a separate CoC strategy?**

When a Statewide entity wants to carry out a project within an area covered by a separate CoC strategy, that project **must** be included in the application submitted by the local community with the Statewide entity listed as project sponsor and/or applicant. Since such a project would be proposed to fill a gap in a community's strategy, it would be listed **only in the local community's CoC priority listing** (NOT the Statewide organization's) and would receive a Need score based on the priority listing in that **local community's** strategy.

## **H. Gaps Analysis**

1. **The instructions to the Gaps Analysis Chart in Exhibit 1 state that communities should use point-in-time data when filling out the chart. What does point-in-time mean? What data sources should my community use?**

"Point-in-time" or "point prevalence" is the number of people who are homeless at a given time. It is different from annual prevalence in that annual figures show the total number of people who have been homeless at some time during the year. For application purposes, the single point in time is **a given night**. Your community probably already has existing data sources that use point-in-time figures. If your community needs to update or supplement the data, it may undertake a survey.

Your local or State government planning agencies have information on how to do a survey, as well as the benefits of various survey designs. In addition, HUD, through the Interagency Council on the Homeless, published the manual, Practical Methods for Counting Homeless People, which also describes data collection methods and sources. You may order a copy of this manual by contacting the Urban Institute's publications office on 202-261-5687. The cost is \$13.50 and includes shipping and handling charges.

2. **What is meant by data source and method in items 4.b. and c. of Exhibit 1 of the 2001 CoC application?**

In items 4.b. and c., applicants are requested to identify the data sources and describe the methods which they used to fill in the columns for estimated need and current inventory in the gaps analysis chart. Examples of data sources include, but are not limited to, mail surveys, a specific study on homelessness (name the study), or the local Consolidated Plan. When describing the method, applicants should explain how the survey was done (i.e., street enumeration) and, if your data source is a study or the Consolidated Plan, explain how you used the data from the study and/or Plan to do your local gaps analysis. If the study or Consolidated Plan you reference was done using a survey, describe how that survey was done and its relationship to your local estimated need and current inventory in developing your gaps analysis.

## **I. Project Priorities**

- 1. Why is HUD asking communities to prioritize their projects on the Project Priority chart in Exhibit 1? Who sets the priorities in a community?**

Prioritizing projects should be a logical outcome of the development of a community's CoC strategy and driven by the community's gaps analysis. This means that all organizations in the process have a voice in determining the community's priorities for funding. Priorities should be established through a fair and rational process using objective criteria. Selecting the entity (or entities) that facilitates or leads the selection process is completely up to the community. Different entities will take the lead in different communities.

As stated in the application and the NOFA, HUD expects your community's CoC strategy to be developed by and coordinated with an as inclusive group as possible. Organizations involved in this process should include nonprofit organizations, government agencies, housing developers and service providers, private foundations, and homeless and formerly homeless persons. These and other organizations should represent and address the specific needs of each homeless sub-population: the jobless, veterans, persons with serious mental illnesses, persons suffering from substance abuse, persons living with HIV/AIDS, persons with multiple diagnoses, victims of domestic violence, runaway youth and others.

- 2. What if our community decides it is unable to prioritize individual projects? Can we just submit one large request for funding and decide later how to divide the request into projects based on an RFP (Request for Proposals) or similar process?**

No. The decision-making process for deciding the types of projects to include on the Project Priorities chart, and each project's priority for funding, must be completed **PRIOR** to submission. A community cannot undertake an RFP or similar process after submission. If a Project Priorities chart is not submitted, all projects are likely to receive the lowest points for Need. Moreover, the CoC score will also be adversely affected by the absence of priorities.

- 3. What happens if the dollars requested on the Project Priorities chart do not match the dollars requested in the project budget?**

If the project budget shows a higher dollar request than the Project Priorities chart, that amount will be reduced to match the Project Priorities chart. If the dollars requested in the project budget are lower than those shown on the Project Priorities chart, then the lower of the two amounts will be considered by HUD to be the requested amount.

- 4. Since the Housing Opportunities for Persons with AIDS (HOPWA) program is included in this year's application package for homeless assistance, does my community have to include the HOPWA projects on our priority list?**

No. The projects to include on a CoC's priority list are only the SHP, S+C, and SRO programs, and renewals. Applicants should be careful to use the forms included in the back of the application package for the appropriate program.

## J. Pro Rata Need and Need Scores

### 1. What is “pro rata need”?

Pro rata need is the term used to describe the relative portion of national homeless assistance need assigned to a community or group of communities in HUD’s CoC competition. The “pro rata need amount” is the expression of relative homeless assistance need in dollar terms for use in scoring the “need” rating factor within a CoC competition.

### 2. How is the pro rata need amount determined for a community?

There are several steps HUD uses to reach the final pro rata need amount for each community, as described below:

Step 1 - Preliminary pro rata need: Prior to application submission, HUD calculates a “relative need index” for each CDBG-entitled city and county and each non-CDBG-entitled county in the country. HUD uses the same indices of need in computing each community’s index that is used in determining the formula amounts under the CDBG and ESG programs. Each city’s and county’s need index is then applied against the total amount of funding available nationally in each year’s CoC competition to determine the preliminary pro rata need amount for each geographic area.

Following application submission, HUD assigns each city and county identified as participating in a CoC system in all submitted applications its preliminary pro rata need amount. HUD then aggregates the preliminary pro rata need numbers for all the geographic components participating in each CoC.

Step 2 - Renewal-adjusted pro rata need: Each CoC system’s preliminary pro rata need amount will then be compared to the SHP project renewal need identified by that CoC in its Project Priorities chart. Only SHP renewal projects eligible for submission in the competition will be counted for this purpose. Similarly, only that portion of submitted renewal requests that are for activities that may be renewed will be counted (i.e., a proposed expansion of a renewal project is not eligible as a renewal and must be presented as a new project and be shown separately on the Project Priorities chart).

When the total **one-year** renewal need amount of all **eligible SHP renewals** submitted in the competition **exceeds** the **preliminary pro rata need** amount for that CoC, an amount equal to the difference will be added to the CoC’s preliminary pro rata need amount. The net effect of this will be that sufficient funds will be provided to every Continuum of Care so that all of their eligible SHP renewals can be funded for one year if they are successful in this year’s funding round. However, if the total one year amount of eligible SHP renewals in a CoC is equal to or less than that CoC’s preliminary pro rata need, no upward adjustment will be made to their pro rata need.

**IMPORTANT NOTE:** If a Continuum of Care has a total one-year SHP renewal request greater than its preliminary pro rata need AND that CoC requests more than one year of assistance for one or more of its SHP renewals, this may likely result in at least one of their lower priority renewal requests not being funded due to insufficient pro rata need. If you are in this situation, you are urged to limit the term of your SHP renewal request(s) to one year.

No renewal adjustment will be made to a CoC’s preliminary pro rata need amount for eligible S+C renewals being funded non-competitively for one year from the separate McKinney-Vento Act account set up for this purpose since their funding does not count against a CoC’s pro rata need.

Step 3 - Permanent housing pro rata need bonus: Again this year, HUD will add a bonus amount on top of the renewal-adjusted pro rata need amount for any CoC system that identifies a new permanent housing project passing all threshold requirements as its number one priority project. In such instances, the full amount of such a project's eligible activities, up to \$500,000, will be added to the renewal-adjusted pro rata need amount for that CoC system. Please see Section M, question #3, for examples of the application of the permanent housing bonus.

The dollar amount determined after application of each of these steps, as applicable, is referred to as the "final pro rata need amount".

**3. Why does my CoC's final pro rata need amount vary from one year to the next?**

As can be seen from the discussion above, final pro rata need is influenced by a number of variables that include: the total amount of dollars available for the competition nationally; the number and size of the communities competing in the competition; the amount of eligible one-year SHP renewal need identified by your CoC system; and, whether or not your CoC system seeks a permanent housing bonus.

**4. How is "pro rata need" used?**

HUD takes each CoC community's final pro rata need amount and applies it against the requested amount (as adjusted where necessary) of each project on the community's Project Priority chart. Starting with project priority #1 and proceeding down the chart, skipping individual projects rejected during the threshold review, projects whose requested amounts fall fully within the applicant's CoC pro rata need amount, as adjusted ("first level"), or those where more than one-half the requested amount falls within this "first level" receive the full **40 points** available for Need. Continuing down the list, those projects whose requested amounts fall fully within the "second level" (two times the pro rata need amount, as adjusted), or those where more than one-half the requested amount falls within the "second level" receive **15 points**. Any remaining projects on the priority list each receive **10 points**.

There are only two exceptions to the above procedures. The first exception will occur if the first non-rejected project on any CoC system's priority list fails to meet the criteria for receiving 40 points. In such instances, in order to achieve greater geographic diversity, the total requested amount for the first non-rejected priority project will be reduced to the applicant's CoC final pro rata need amount and assigned 40 points.

The second exception will occur if the total amount that would be awarded for "first level" projects in any CoC following the above procedures exceeds the final pro rata need amount for that CoC by more than \$500,000. In such instances, the lowest priority "first level" project being selected will be reduced to the level necessary to ensure that the total amount being awarded for such projects does not exceed the final pro rata need amount by more than \$500,000.

**5. If five different cities/counties develop a single CoC system, will the pro rata need figures of the five jurisdictions be added together?**

Yes. A single final pro rata need figure for the combined geography of the five jurisdictions will be calculated by adding the five separate Need figures. The combined figure will then be used to determine the number of projects on the single Project Priorities chart that will receive 40, 15 and 10 points for Need, as described above. To ensure that the full Pro Rata Need is received, be sure to include all the geography of participating cities/counties.

**6. Given the situation in the previous question, do the projects then have to be located in all five jurisdictions proportionally?**

No. The projects do not have to be located in all five jurisdictions nor do they have to be located proportionally. However, the single CoC system must be designed to address the problem of homelessness in all five jurisdictions, and it must be clear in the application the various CoC organizations in all five jurisdictions are actively working together in planning and implementing the CoC. Otherwise, the very important CoC score, which represents up to 60 points, will be adversely affected.

**K. Serving Veteran Needs**

**1. The NOFA mentions veterans groups. How should veterans organizations be involved in the CoC?**

Your community process for developing and implementing a CoC system should be comprehensive and inclusive. This means the needs of all homeless sub-populations in your community should be represented in your CoC planning process and project implementation. Because studies show that a significant segment of the homeless population are veterans, it's especially important to involve veterans organizations so that the needs of homeless veterans are addressed appropriately and effectively.

**2. The Project Narrative portion of the application asks to identify projects that primarily serve veterans and whether projects serve homeless veterans. What does it mean to check each of these categories?**

The information provided here helps HUD identify which projects are targeted toward serving veteran needs. If your project is designed to meet the needs of homeless veterans, you would check the box that indicates you **primarily** serve veterans. If your project serves many homeless sub-populations, including veterans, then you would check the box that indicates you serve homeless veterans. This information does not result in additional project points being given to a project in the competition.

**L. Projects**

**1. Why has “tiering” of projects been eliminated this year?**

Tiering has been eliminated since each Continuum of Care applicant can now closely calculate their final pro rata need amount by using information provided by HUD and the NOFA. Also, there is no longer a need to carry the large cost burden imposed by Shelter Plus Care five-year renewals.

**2. If my project has several structures and we are also providing supportive services, including outreach, ho**

You will be including a structure budget for each of the structures in your project. If supportive services are also included, then spread the services among the structure budgets so that the structure budgets add up to the total budget.



**3. Can a project use Section 8 project-based assistance (PBA) for transitional housing units funded under SHP?**

Yes. Projects can use Section 8 project-based assistance. However, to successfully combine these programs, the project narrative should give attention to such areas as selection for occupancy and providing appropriate housing for graduates of transitional housing. In developing these units, all regulations found at 24 CFR Part 983, would also apply, including those governing establishment of contract rents, competitive selection of units, eligible rehabilitation, the minimum rehabilitation requirement, eligible and ineligible properties, and displacement and relocation of occupants. SHP funds cannot be used for operating costs or leasing, since the PBA funds those activities.

**4. May SHP transitional housing funds be used in public housing facilities?**

Yes, subject to the following requirements:

An SHP **supportive services only project** may serve homeless persons who become residents in public housing units where (1) the public housing authority (PHA) adopts a local preference for homeless persons for the SHP units; (2) the SHP participants enter into a lease with the PHA in which residency in the supportive housing units is conditioned upon compliance with the supportive housing program, and (3) the lease provides that SHP participants must move to other public housing units at the termination of their participation in the SHP to continue as public housing tenants.

An SHP **supportive housing project receiving acquisition, rehabilitation, new construction, or operating funds** may use public housing units only after the PHA disposes of the units, through deed or lease, to the SHP grantee and obtains HUD approval of the disposition. After the disposition, these units can receive no public housing capital or operating subsidy.

**5. What is the extension policy for SHP grants?**

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 be extended if:

- (1) the renewal project fails to receive funding in a competition and wants to become eligible to apply again in the next competition;
- (2) the grantee of a project currently eligible for renewal fails to apply in a competition but wants to be eligible to apply in the next competition; or
- (3) there is an overabundance of renewal requests in the community in a particular year.

Grant terms may not be extended for more than one year at a time, although there is no limit on the number of extensions a grant can receive. 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. For example, if a grant term ends in November 2001, it need only be extended for 2 months to carry the grant term into January 2002.

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. (See Section N, question #7, regarding funding sources which may be used to continue a project.)

Please note that if a project fails to be renewed in a competition, it would **not be eligible** to apply for renewal again in the next competition **unless** the grantee submits a request for and receives an extension of the project's term.

**6. If a grantee has money left over after the term of their SHP grant, can the grant be extended in order to spend the remaining money?**

SHP projects cannot be extended 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 (see Section N, question #7, regarding other eligible sources of funding).

**7. In the application for SHP, under Section D of Exhibit 2, when would it be appropriate to check the “new” project category?**

You would check the “new” project box in the following situations:

- if you were proposing a brand new project that has not provided services or supportive housing for homeless persons;
- if you are making an addition to an existing non-SHP funded project (only the addition is considered eligible for funding);
- if you are making an addition to an existing SHP funded project (only the addition is considered eligible for funding; see Section N, question #4, regarding how to apply for renewal and expansion of the same project);
- if you are bringing your project up to code (only activities which are code-related are eligible);
- if you are replacing non-renewable Federal or private funds in an existing project; or
- if you are re-starting an SHP project which received SHP funding in the past, but the SHP funding ended when the project term expired, and the project did not continue to provide services or supportive housing for homeless persons.

**8. Are there any new Lead-Based Paint requirements this year?**

Yes. The changes in the Lead-Based Paint regulations, which become effective for recipients of funding in the 2001 competition, are extensive. The regulations set hazard reduction requirements that give much greater emphasis than existing regulations on reducing lead in house dust. Scientific research has found that exposure to lead in dust is the most common way young children become lead poisoned. Therefore, the new regulation requires dust testing after paint is disturbed to make sure the home is lead-safe. Specific requirements depend on whether the housing is being disposed of or assisted by the Federal Government, and also on the type and amount of financial assistance, the age of the structure, and whether the dwelling is rental or owner-occupied. For additional information, contact your local Field Office.

**9. Are there any new requirements for Environmental Reviews?**

Yes. An important statutory change now provides that for recipients who are private nonprofit organizations or public housing authorities (PHA), the environmental review may be performed by responsible entities (units 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 Part 58 or may itself conduct the environmental review based on Part 50.

## **M. Permanent Housing Requirement**

### **1. What exactly is the 30 percent permanent housing requirement in this year's competition?**

Attached to HUD's FY 2001 Appropriations Act was the requirement that not less than 30 percent of this year's homeless assistance appropriation of \$1.025 billion must be used for permanent housing projects. Projects meeting the definition of permanent housing for this purpose are projects under the following programs:

- S+C (new);
- Section 8 SRO; and
- the permanent housing component of the SHP (new and renewal).

Since the FY 2001 homeless assistance appropriation is \$1.025 billion, not less than \$307.5 million must be awarded to permanent housing projects. In addition, since the 30 percent requirement was not met in the 2000 competition, an additional \$15 million has been carried forward to this year's competition, bringing the 30 percent amount to approximately \$322 million. The 30 percent requirement applies to the competition overall, not to individual applications. In other words, HUD is not requiring each community to submit 30 percent of its projects as permanent housing. However, in order to meet this statutory requirement, HUD may have to skip over higher scoring non-permanent housing projects in order to fund lower scoring permanent housing projects or, within a continuum, skip over higher priority non-permanent housing projects in order to fund lower priority permanent housing projects. In order to reduce the chances that one of your non-permanent housing projects will be skipped over for funding, every effort should be made to improve your CoC narrative and maximize your project leveraging. An application with only an average score in past competitions is particularly at risk if no improvement is made to the application in 2001.

### **2. If HUD finds that it must select for funding lower rated permanent housing projects and, consequently, must skip over non-permanent housing projects above the funding line to meet the 30 percent permanent housing requirement, how will it be done?**

Should it be necessary to skip over non-permanent housing projects for funding in order to achieve the 30% requirement, HUD will first skip over new non-permanent housing projects when making project selections in order to meet the 30 percent requirement. If the 30 percent requirement has not been met after skipping over the new non-permanent housing projects, then HUD will skip over non-permanent housing renewal projects. In skipping over new non-permanent housing projects, HUD will begin with the lowest rated (eligible) fundable new non-permanent project at the projected funding line and continue up the rankings until the 30 percent requirement is met. If it is necessary to skip over non-permanent housing renewal projects, HUD will proceed in the same way.

If it becomes necessary to select for funding lower rated permanent housing projects below the funding line as to achieve the 30% permanent housing requirement, these permanent housing projects, in order to be eligible for funding for this purpose, must have been assigned at least 15 Need points and be submitted as part of either a "consolidated" or an "associated" Continuum of Care application that received at least 20 points under the Continuum of Care scoring factor. However, no Continuum of Care application may receive more than 20% above its final pro rata need amount, up to \$3 million, for permanent housing

projects assigned only 15 Need points (“second-level” projects ) that are selected for funding under this procedure.

**3. How does the “incentive” for first priority NEW permanent housing projects work?**

To help ensure that the 30 percent permanent housing requirement is met and to promote permanent housing generally, an increased incentive is being provided in this year’s competition. If a CoC’s number one priority project qualifies as an eligible, **new** permanent housing project, then the full amount of that project’s eligible activities, up to \$500,000, will be added to the renewal-adjusted pro rata need amount for the continuum. The project must be specified as the number one priority on the continuum’s priority chart and it must be a “new” project, not a renewal. The project must also be found eligible by passing the project threshold review.

Example #1: A **new** S+C project is proposed as the number one priority with eligible activities totaling \$525,000. The continuum has a renewal-adjusted pro rata need amount of \$750,000. If this project passes threshold eligibility review, \$500,000 of the \$525,000 in eligible activity costs for this number one priority project will be added to the \$750,000 pro rata need amount resulting in a **final** pro rata need for the continuum of \$1,250,000.

Example #2: A **new** SHP permanent housing project (properly designated as such in the application) is proposed as the number one priority with eligible activities totaling \$150,000. The continuum has a renewal-adjusted pro rata need amount of \$750,000. If it passes threshold eligibility review, the full \$150,000 in eligible activity costs for this number one priority project will be added to the \$750,000 resulting in a **final** pro rata need amount for the continuum of \$900,000.

**4. Since the law calls for 30 percent of the appropriation for the homeless assistance funds to be used for permanent housing, should our community rank the permanent housing projects at the top of the Project Priorities chart to ensure they are funded?**

There is no mandate to adjust your priority list. Be aware, however, that non-permanent housing projects on your priority list may not receive funding if a lower ranked permanent housing project must be funded in order to comply with the statutory requirement.

## **N. Renewal Funding**

**1. What is a renewal grant?**

A renewal grant is a grant which continues assistance to a project that received funding in the past. For the 2001 competition, a grantee may request renewal funding if it was previously funded under one of the following programs and its grant will expire in calendar year 2002. The following are eligible:

- a. SHP projects, including those renewed before, that are expiring in 2002;
- b. S+C projects expiring in 2002 that will have insufficient funds to continue operating throughout 2002, or S+C projects having been previously extended but which are projected to run out of funds in 2002.

**2. Who can apply for a renewal?**

Only the current grantee can be an applicant for a renewal. In order to identify the current grantee as the applicant in this year’s competition, a Standard Form 424 must be included as part of the application. If in doubt, please check with your local HUD field office. Please note that project sponsors and other entities that are not the grantee cannot apply for renewal. The law allows only the grantee to apply.

**3. 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., expand the project) 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 (see Section L, question #7).

**4. How do I apply for funding to both renew and expand my SHP project?**

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, Project Narrative, 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 listed as **separate** priorities on the Project Priorities chart in Exhibit 1.

**5. 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 during calendar year 2002. A grant is expiring in calendar year 2002 if its term ends during that year.

How is the term calculated? Many grants begin with acquisition, rehabilitation, or new construction which must be completed before term activities can begin. Term activities are those which are funded for a period of time specified in the NOFA, grant agreement, or HUD renewal guidance under which the grant was funded – such as three years or five years. Term activities are leasing, operating, and supportive services. **NOTE:** The term of a grant does not begin until the grantee begins to accept participants.

The term ends when the specified time period for the grant elapses. For example, a 1998 SHP grant was awarded with a three-year term. The term ends three years from the time the grantee first serves participants and draws SHP funds for leasing, operating or supportive services, not three years from the first draw of SHP funds for any other approved activity.

However, **if a grant term has been extended** as described in Section L, question #5, of this supplement, 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 confirm whether your project is eligible for renewal in this competition.

**6. How much money can I apply for my SHP renewal?**

For SHP, the amount an applicant may request for activities eligible for renewal in an existing project (i.e., leasing, operations, supportive services) is based on the grantee's final year dollar amounts for these activities. 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. The renewal budget may reflect a reasonable increase over the final year amount of up to 5 percent. The amount requested for operations may not exceed 75 percent of the total operations budget and the amount requested for supportive services may not exceed 80 percent of the total supportive services budget (see Section E of this supplement regarding match requirements for these activities).

**7. If my application for renewal of an SHP project is not funded in a competition, what sources of funds can I use to continue my project?**

To continue an SHP project which was unsuccessful in seeking renewal in a prior competition, you may use any type of funds – Federal, State, local, or private funds – and still compete in the next competition. While normally the use of State or local government funds in a project would prevent future Federal funding, HUD does allow the use of State or local government funds as interim or emergency funding when they are used to continue an SHP project which was unsuccessful in seeking a renewal.

**8. Are there any instances in which the scope of an SHP project may be reduced when it is renewed?**

Yes. You may proportionately reduce or eliminate 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.

If the scope of a project is reduced, clearly indicate and fully describe in Section A, Project Narrative, in the application 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; the number of persons served compared to the number in the original grant; and how the proportionate reduction in SHP funds was calculated.

**9. Can a CoC decide not to request renewal funds for existing projects, or to give these projects a relatively low priority ranking?**

The need for the continuation of previously funded projects should be considered in the local needs analysis process and a decision should be made locally on the priority to assign to the continuation of a project. HUD is not, therefore, requiring that existing projects be renewed or given a higher priority than other projects. While HUD is very concerned that the ongoing housing needs of persons currently being served by existing projects be taken into consideration as part of the decision-making process, the CoC should review each project at the time it seeks renewal to determine if the project is performing satisfactorily and is meeting the needs of persons it proposed to serve.

**10. Are there specific sections in the application that only renewal projects should answer?**

In order to apply for an SHP renewal grant, complete sections A (items 1 and 2 only), and B-J (except E) of Exhibit 2 - SHP. If awarded funds, applicants will complete a Technical Submission prior to signing a grant agreement.

In order to apply for a S+C renewal grant, complete the new **Exhibit 3R** that was created specifically this year for this purpose. An applicant for a new S+C project grant must complete Exhibit 3.

In completing your application, be sure to respond to all relevant sections. Renewal projects, just like all other projects, **must meet all project eligibility and capacity standards** as identified in the NOFA or they must be rejected.

**11. How do I determine if my project is eligible for a S+C renewal?**

Any S+C project whose grant term is expiring in calendar year 2002 and which is projected to run out of rental assistance funds in 2002 is eligible for renewal. (In addition, S+C grants that received an extension previously but which are projected to run out of funds in 2002 are also eligible.) The effective date of the grant (the date the agreement is executed by HUD) is the date used to determine whether the grant (including all of its TRA, PRA and SRA component projects) is expiring.

It is entirely possible that within a single grant, one component project may have sufficient funds remaining to continue providing rental assistance beyond 2002 while another component project must be submitted for renewal. Therefore, the status of every S+C component project within an expiring grant should be analyzed separately to determine whether it can be extended or should be submitted for renewal.

HUD has developed procedures for extending the grant term for S+C projects expiring in calendar year 2002 with sufficient funds to carry the project into calendar year 2003. This extension process is independent from the CoC competition. In such a case, contact your HUD field office for information on seeking an extension of your project.

**12. Is the special funding of Shelter Plus Care renewals going to continue in the 2001 competition and what will the requirements be for submission of these renewal applications?**

As many of you already know, Congress has established a fund separate from the 2001 Housing Assistance Grants appropriation for the purpose of renewing for one year eligible Shelter Plus Care Program grants

whose five-year terms are expiring in FY 2001 and FY 2002, and Shelter Plus Care Program grants that have been extended beyond their original five-year terms but which are projected to run out of funds in FY 2001 and FY 2002. In order to meet the expressed Congressional intent not to divorce these Shelter Plus Care renewals from the accountability requirements that are needed to preserve the financial integrity of the projects, and to ensure that these projects continue to meet the needs of the homeless, all Shelter Plus Care renewals must be submitted as part of a community's "consolidated" or "associated" Continuum of Care submission and be included on the priority list. Therefore, S+C renewals must be given consideration as part of the local CoC planning process and, if approved for submission by the CoC, must be listed as the last entries on the CoC's Project Priority Chart. (Even though the selection for funding of eligible Shelter Plus Care projects is non-competitive, like any other application submitted in this year's funding round, a Shelter Plus Care renewal application must be submitted by the deadline and in accordance with the other submission requirements described in the NOFA.)

Exhibit "3R" has been especially created this year for Shelter Plus Care **renewal** projects only. Submit a **separate** Exhibit 3R for **each** renewal project. (A renewal project may include no more than one component (i.e., TRA, SRA, PRA) and may be carried out by no more than one project sponsor.)

You may request up to the amount determined by multiplying the number of units under lease at the time of your application for renewal funding by the applicable current Fair Market Rent(s) by 12 months, except that for Shelter Plus Care grants having been awarded one year of renewal funding in 2000, the number of units requested for renewal this year may not exceed the number of units funded in 2000.

Upon renewal, the unspent balance of funds at the end of the previous grant period will be recaptured. The one-year term of non-competitively awarded Shelter Plus Care renewal projects awarded in the 2000 and 2001 funding rounds may not be extended.

Please be advised that for Shelter Plus Care Program renewal grants expiring or, if having had their grant terms extended, running out of funds, during the period October 1, 2002 through December 31, 2002 (the first quarter of FY 2003), it is anticipated that the FY 2002 HUD appropriation will again establish a separate fund as was done in the 2001 HUD Appropriation to renew these grants non-competitively for one year. However, if such a separate fund is not established by Congress or is insufficient, then some or all of these renewal grant requests will be included in and subject to rules pertaining to the competitive funding process.

**13. How much money can I apply for my S+C renewal?**

For S+C, the renewal amount may not exceed the number of S+C units under lease at the time of application for renewal funding times the current Fair Market Rent (FMR as published in the Federal Register on January 2, 2001) times 12 months. (S+C renewal funding is now limited to one year by Congress.) However, for Shelter Plus Care grants having been awarded one-year of renewal funding in 2000, the number of units requested for renewal in 2001 may not exceed the number of units funded in 2000. (Please be advised that the actual FMRs used in calculating your grant will be those in effect at the time the grants are approved which may be higher than those found in the January 2, 2001 FR Notice.)

**14. How long must the renewal term be under the S+C program?**

For 2001 S+C renewals, the grant term is fixed at one year by law.

**15. How does a State apply to renew an SHP or S+C grant which is carried out in a location having a local Continuum of Care?**

The State's renewal project would need to be part of the local CoC and entered on the local community's priority list.

If the State grant is being carried out in various locations, a State may need to divide the renewal request among several CoC priority lists. For example, a State may have an expiring grant which is being carried out in three places—two cities with their own CoC strategies and one area which is part of the State's CoC strategy. In that case, the first two projects would appear on those communities' priority list with the State as the applicant.

**O. EZ/EC Scoring**

**1. My community is a designated Enterprise Community. Last year in the competition, we did not receive the 2 points available for EZ/EC communities. Are the 2 points assigned automatically?**

No. As explained in the NOFA, in order to be considered for any of the EZ/EC bonus points, the application must first pass a threshold review. The two threshold factors are: (1) at least one of the proposed project(s) is located within the boundaries and/or will principally serve residents of the Federal EZ or EC; and (2) priority placement will be given by these project(s) to homeless persons from the EZ or EC.

Since EZ/EC bonus points are awarded to all projects in a CoC and not just to the individual projects passing the threshold review, the standard for obtaining the full two point bonus is set very high. In order to obtain both bonus points, a significant percentage of the total projects proposed for funding in the CoC must pass the threshold review, and the CoC's implementation strategy and proposed projects must be strongly linked to and coordinated with the EZ or EC. CoCs that have at least one project passing the



threshold review will receive 0, 1, or 2 bonus points depending upon how well they meet these two criteria.

## **P. Homeless Management Information Systems**

### **1. What is a Homeless Management Information System (HMIS) and how can communities use HUD competitive funds to develop them?**

A number of communities and States have long-standing comprehensive HMISs that bring computer technology to client intake procedures and permit the tracking and reporting of a client's use of shelter and social services over time. Many other communities are in various stages of implementing such client-level systems. The 2001 HUD Appropriation requires that every jurisdiction will report client-level HMIS data within three years. Beginning in 2001, HMIS activities are an eligible supportive service under SHP to help facilitate the implementation and operation of a CoC-wide HMIS. The supportive service match requirement applies to HMIS activities.

### **2. What elements of a HMIS are eligible for funding in the competition?**

The law specifies that the costs of **implementing and operating** a HMIS are eligible. The three major eligible HMIS costs are: 1) purchasing HMIS software; 2) leasing or purchasing needed computer equipment for providers and the central server; and 3) 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.

### **3. What elements of a HMIS are not eligible?**

**Planning and development** of HMIS systems are not eligible. Planning includes all costs incurred prior to implementation. In addition to planning activities, SHP funds may not be spent on the development of entirely new software systems. There are now sufficient vendors in the marketplace with quality software so that individual communities do not need to finance the development of new software. Finally, SHP funds may not be used to **replace State and local government funding** for an existing HMIS.

### **4. How can we use HUD McKinney-Vento competitive funds to implement and operate a community-wide HMIS?**

SHP supportive services funds can be used for a HMIS. Two approaches are available. A continuum can decide to have an eligible applicant submit a Supportive Services Only (SSO) project for the sole purpose of implementing and operating the CoC's HMIS.

Alternatively, a continuum can decide to spread the cost of a CoC-wide HMIS across multiple projects. In this approach, all or some of the new and renewal SHP projects that a CoC will be including on its priority list would add to each individual project's request, its share of the continuum-wide HMIS cost. If the project is a SHP renewal it could only request the supportive services funding for HMIS activities if its current grant already includes supportive services in its budget. Finally, an SHP renewal's total project request, including its share of the cost of the HMIS, is limited, as are all SHP renewals, to the final year amount plus a reasonable increase of up to 5 percent as described in the Section N. "Renewal Funding" of the Q&A.

When requesting funds for HMIS, applicants must indicate in Section F, Chart 3: Supportive Services, how HMIS funds will be used (e.g., software, hardware, and staffing).

### **5. What standards will be used for assessing the cost-effectiveness of a proposed new or expanded HMIS?**

HUD has not placed any limits on the size of the grant to fund a new or expanded HMIS, given the different number and size of homeless providers, the size of the geography involved, and the varying administrative arrangements required for implementing and operating a CoC-wide HMIS. However, HUD will look at the scope and reasonableness of the proposed activities compared to other communities in the cost-effectiveness review.

## NOTES