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# **QUESTIONS AND ANSWERS**

**A Supplement to the  
2005 Continuum of Care  
Homeless Assistance  
NOFA and Application**

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

**2005**

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**Questions and Answers**  
**A Supplement to the 2005 Continuum of Care Homeless Assistance**  
**NOFA and Application**

To assist you in preparing your 2005 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 General Section of the NOFA.

**A. Major Changes for 2005:**

There have been modifications to the Continuum application submission, Exhibit 1 questions, and changes to the number of points assigned to various scoring factors, as well as some minor project changes:

**Funding Calculation Changes**

- The permanent housing bonus has been simplified and targeted. The Samaritan Housing Initiative is the lesser of 15 percent of the preliminary pro rata need, or \$6 million. It is only available for permanent housing projects proposing to serve exclusively chronically homeless individuals. Projects can use up to twenty percent of the bonus for case management.
- To receive the Continuum of Care hold harmless amount (previously referred to as the renewal adjusted need), a Continuum of Care will not be required to submit the full or partial one-year amount of its projects eligible for renewal.
- Funded projects must fall fully within the 40 points for Need in order to be awarded funding.
- For S+C and SRO new and renewal projects, any Fair Market Rent updates will be made after project selection.

**Scoring Changes**

- “Performance Measurement” scoring has been increased from 5 points to 8 points.
- “Housing Emphasis” points have increased from 10 points to 12 points.
- “Leveraging Supplemental Resources” scoring has been reduced from 13 points to 8 points.

## Continuum of Care Changes

- A description of the “level of participation” in the “CoC Planning Process” section has been included for the list of organizations involved in your CoC planning efforts.
- The Discharge Planning Policy narrative has been replaced with a chart.
- The Service Activity Chart has been streamlined to reflect an inventory of supportive services and the agencies providing these services.
- The description of planned services and how participants access/receive assistance is no longer required.
- The Housing Gaps Analysis Chart has been eliminated. Information on unmet housing needs is now reported in the Housing Activity Chart.
- The HMIS section of the CoC exhibit has been expanded.

## Form and Format Changes

- All narratives must be submitted using the Times New Roman, size 12 font.
- All grantees are required to submit a copy of their Code of Conduct.
- Form HUD 96010 (Logic Model) must be submitted for each project, new and renewal.
- Form HUD 40076 CoC-H (Participation in Energy Star) has been added to capture CoCs’ efforts to promote energy efficiency in HUD assisted programs.
- Appropriate discharge planning and coordination and integration of mainstream programs are still required, but the Special Project Certifications have been eliminated.

## Project Changes

- New and renewal projects requesting *permanent* housing assistance may *only* serve persons who came from the streets, emergency shelters, or transitional housing and who originally came from the streets or emergency shelters.
- Grant terms for new SHP projects can be for two (2), or three (3) years. HMIS projects, however, may be for grant terms of one, two, or three years.

## B. Common Mistakes:

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

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

#### EXHIBIT 1

- using prior application forms, which do not incorporate new requirements;
- not following the instructions for completing the Mainstream and Employment chart;
- in preparing Exhibit 1, not ensuring that the various subsections and charts are consistent with each other and complete;

- not recognizing how the 30-page limit applies to the Continuum of Care narratives;
- including Project Priority dollar amounts that differ from the exhibit project budget amounts.

#### **EXHIBITS 2, 2R, 3, 3R, & 4**

- serving ineligible populations for the project component being proposed;
- 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;
- not describing the original and the new portion of an existing homeless assistance project where funds are being requested for an expansion of the project;
- incorrect renewal grant numbers;
- incorrect renewal amount request;
- not directly responding to all applicable questions in the project narrative;
- not requesting an extension of the current grant term before renewal application submission to ensure the project being requested expires in 2006;
- not indicating the grant term;
- not filling out the budget section completely and correctly; for example: -- SHP budget lacks applicant cash match; mathematical mistakes; not reflecting statutory match requirements; incorrect FMRs used;
- not providing documentation for rents that exceed the FMR's.

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

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

A person is considered homeless only when he/she resides in one of the three places described below. For new and renewal projects, persons assisted with permanent housing 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 and who originally came from the streets or emergency shelter.

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

In addition to the above three categories, projects providing Transitional Housing, Safe Havens (non-PH), or Supportive Services Only 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.

Please Note: For Permanent Housing projects that are applying for renewal funding, 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.

**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 that 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 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 as described in Question #1 of this section. Please note that projects cannot be structured to target individuals being discharged from these institutions.

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, 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. Can a project serve a homeless youth after he/she becomes a ward of the state, or serve runaway youths?**

Project funding may not substitute for the assistance a State is required to provide a youth while in foster care. Youth who run away from home are considered homeless if they meet the criteria in Question #1 of this section, are without resources and support, and are not considered wards of the state.

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

A person living in McKinney-Vento SHP Permanent Housing may receive supportive services for the entire time he/she is living in the project. Upon leaving the program and moving into housing not subsidized by McKinney –Vento, they are no longer eligible to receive our supportive services. A person living in Transitional Housing, is eligible to receive supportive services for up to six months after leaving and moving into permanent housing not subsidized by McKinney-Vento.

**6. Who does HUD consider to be chronically homeless?**

A person who is “chronically homeless” is 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.” A disabling condition is defined as “a diagnosable substance use 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.

**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 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). As stated in the NOFA, this requirement is NOT applicable to the SRO and S+C programs, nor does it apply to applicants that 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?**

SHP funds may be used to pay for up to 75 percent of the total 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 document). 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 2005 Consolidated Appropriations Act specifies a 25 percent match of SHP supportive service funding (i.e., for every \$100 in SHP funds, the applicant must provide \$25 toward supportive services). Another way to look at this is that the SHP request can



be no more than 80 percent of the total budget for the supportive services line item (i.e., 80% of the \$125 (total budget) in the above example equals \$100). If you do not indicate in your SHP application budget that you are supplying the full match required, your SHP request will be reduced so that it is no greater than 80 percent of your total supportive services budget.

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 (the form and content requirements of the cash match documentation and certification are explained in the applicable exhibits of the SHP Technical Submission). 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. Applicants must limit the number of pages in Exhibit 1 to 30 pages, including attachments. Applicants must use the standard font “Times New Roman” size 12 in their narratives. HUD will not review the pages exceeding the 30-page limit when rating Exhibit #1. In fairness to larger CoCs, and as noted in the application, only the first page of multiple page charts will count toward the 30-page limit.

**2. Is there a formatting requirement for the written commitments claimed on the Project Leveraging chart?**

The written commitment 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.

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

An additional change you should be aware of when filling out the leveraging chart is that the instructions now say that the value of commitments of land, buildings and equipment are one-time only and cannot be claimed by more than one project. For example, the value of donated land, buildings or equipment claimed in 2003 or before for a project cannot be claimed as leveraging by that project or any other project in subsequent competitions.

**3. 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?**

HUD is constrained by the HUD Reform Act not to accept any applications that arrive after the deadline. See the “Program” and “General” sections of the NOFA for specific instructions on timeliness and on delivery. HUD recommends applicants submit their applications using the United States Postal Service, but will also accept packages delivered from the following four carriers: UPS, DHL, FedEx, and Falcon Carrier.

**4. 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 eligible 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: (1) the eligibility of proposed activities; (2) the eligibility of the population to be served; and (3) the capacity of the applicant and project sponsor, including specific progress data contained in the APR.

## **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 or regional applicant wants to propose a project in a locality covered by a separate CoC strategy?**

When a Statewide or regional 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 or regional 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 or regional organization's) and would receive a Need score based on the priority listing in that local community's strategy. However, a single HMIS project may cover the implementation of an HMIS across multiple CoCs.

## **H. Housing Activity Chart**

**1. Why were changes made to the Housing Activity Chart?**

For 2005, we have included the information that was previously captured on the Gaps Analysis Chart in the Housing Activity Chart. 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. Additionally, a new document called "[A Guide to Counting Unsheltered Homeless People](#)" was posted on HUD's web site. This document can be downloaded at:

<http://www.hud.gov/offices/cpd/homeless/library/countinghomeless/index.cfm>

## **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 as well as community and faith-based entities, government agencies, public housing authorities, housing developers and service providers, businesses and business associations, law enforcement agencies, hospitals, funding providers, 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, victims of domestic violence, runaway youth and others.

### **2. How does our community reduce or eliminate renewal projects as part of our Project Priorities process?**

New this year, communities can reduce or eliminate SHP renewal projects without negatively affecting their "hold harmless" pro rata need. The hold harmless amount represents the one-year amount of all of a Continuum's SHP projects eligible for renewal in a given year. In the past, to receive this amount, each of the eligible projects had to literally be listed on the Project Priorities chart. Now, if a community determines that one or more renewal projects will be eliminated (and not be included on the Priority Priorities chart) or that one or more renewal project's funding requests will be reduced, the one-year dollar amounts from these projects may still be counted as part of the hold harmless amount, and the savings from these reduced or eliminated projects can be reallocated by a community to create new permanent housing projects.

HUD has created a question in this year's Exhibit I under Priorities/Reallocation application instructions (see c.6) that requires CoCs choosing this option to explain the process they used to make these determinations. There are numerous reasons for possible reductions or eliminations of renewal projects. For example, projects may be performing poorly, or there may be a reduced need for the particular type of project, or mainstream program funding may now be covering a supportive service that was previously funded from a HUD homeless grant. In addition to the narrative, a new Reallocation Chart is part of the exhibit. Take special care to insure that the total dollar amount of the reduced and/or eliminated project(s) is equal to the total dollar amount of the new permanent housing project(s) on this chart.

Communities should note that if renewal projects are reduced, then a proportional reduction in the project scope and the number of persons served can be included as part of the reduced renewal project's 2R exhibit. Additionally, communities are reminded that if a Supportive Housing Program renewal project is being eliminated, and it originally received funding for acquisition, rehabilitation, and/or new construction, the 20-year "term of commitment" requirement remains in effect as stipulated under the statute (Section 423.b), and the grantee must continue to operate the housing for homeless persons according to this section.

**3. What happens if the dollars requested on the Project Priorities chart for a competitive project 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. What happens if the grant term requested on the Project Priorities Chart does not match the grant term requested in the project budget?**

The grant term circled on the project budget will be used.

**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 – Determining preliminary pro rata need: To determine the homeless assistance need of a particular jurisdiction, HUD will use nationally available data, including the following factors as used in the Emergency Shelter Grants (ESG) program; data on poverty, housing overcrowding, population, age of housing, and growth lag. Applying those factors to a particular jurisdiction provides an estimate of the relative need index for that jurisdiction compared to other jurisdictions applying for assistance under this program section of the SuperNOFA.

Step 2 – Determining CoC hold harmless pro rata need: In CoCs where the total amount needed to fund, for one year, all SHP grants eligible for renewal in this competition exceeds the preliminary pro rata need amount for that CoC, the CoC receives this higher amount, referred to as the CoC hold harmless amount. This adjustment was formerly known as the renewal bonus. SHP grants eligible for renewal are those that expire between January 1, 2006 and December 31, 2006. No adjustment will be made for S+C renewals. To provide communities with maximum flexibility in addressing current needs, CoCs have the discretion to not fund or to reduce one or more SHP renewal project applications and still receive the benefit of the hold harmless amount if the CoC proposes to use that amount of reduced renewal funds for new permanent housing activities projects with services.

Step 3 – Determining the Samaritan Housing Initiative: This special incentive to promote permanent supportive housing for chronically homeless persons is provided to CoC systems that place an eligible, new permanent housing project in the number one priority position on the priority list. If the number one priority project qualifies as an eligible, new permanent housing project *exclusively serving the chronically homeless*, then the full amount of that project's eligible activities, up to a maximum fifteen (15) percent of the CoC's preliminary pro rata need, or \$6 million, whichever is less, will be reflected in the final pro rata need amount for the Continuum. The only eligible activities that will be counted toward this incentive are housing activities, and up to twenty percent of the bonus can be case management costs. For SHP, administration costs count toward the housing bonus. For the SHP program, housing activities include acquisition, new construction, rehabilitation, leasing of housing and operating costs when used in connection with housing. S+C and SRO rental assistance are defined as housing activities and are eligible under the incentive as well.

The dollar amount determined after application of each of these steps, as applicable, is referred to as the “final pro rata need amount.” Please be advised that the final funding amount awarded to Shelter Plus Care or Section 8 SRO projects may be different from the requested amount due to changes in the FMRs. HUD will apply FMR changes after project selection, and any such FMR changes will not impact the pro rata need amount.

### **3. How is “pro rata need” used?**

Once HUD establishes the final pro rata need, HUD will apply it against the priority project list in the application. Starting from the highest priority project, HUD will proceed down the list to award need points to each project. Any project not falling fully within the 40 point need range will receive 10 need points. Thereafter, HUD proceeds further down the priority project list and awards 10 points for need to each project if it falls within the "second level" of pro rata need amount for that CoC. The "second level" is the amount between the pro rata need and twice the pro rata need for the CoC. Remaining projects each receive 5 points. If the projects for the Continuum are not prioritized, then all projects will receive 0 points for Need.

### **4. 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, 10 and 5 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 on the Application Summary.

### **5. 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. Is there any guidance available on developing programs to address the needs of homeless veterans?**

In 2002, HUD released two new technical assistance resources addressing the needs of homeless veterans. The first report, [A Place at the Table: Homeless Veterans and Local Homeless Assistance Planning Networks](#), is designed to help organizations serving homeless veterans to more effectively participate in the homeless assistance program planning networks in their communities and, in particular, to access resources through the Continuum of Care planning process.

The second report, [Coordinating Resources and Developing Strategies to Address the Needs of Homeless Veterans](#), provides information on promising practices for effectively coordinating HUD funding with other resources in order to address the special needs of homeless veterans. Both reports can be found at the HUD homepage at <http://www.hud.gov/homeless/index.cfm> under homeless vets.

Printed versions of these 2 reports will be available from Community Connections at 1-800-998-9999.

HUD strongly encourages each local Continuum of Care to examine the identified unmet needs for supportive services and housing of homeless veterans by examining appropriate local community data contained in the Department of Veterans Affairs CHALENG (Community Homelessness Assessment, Local Education and Networking Groups) for Veterans report. This report can be accessed via the web at <http://www.va.gov/homeless/page.cfm?pg=17>.

## **L. Projects**

### **1. 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. 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 2005, it need only be extended for 2 months to carry the grant term into January 2006.

To obtain an extension, grantees must request that their local HUD field office process a grant agreement amendment. Such requests must be submitted before the application deadline. 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 that 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.

**2. If my project has several structures and we are also providing supportive services, including outreach, how would I include the supportive service on the budget sheets?**

New projects 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. Under what condition may SHP funds be used in public housing facilities?**

An SHP project 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.

**4. In the 2005 Consolidated Appropriations Act, Congress has included a provision to ensure the timely implementation of projects awarded funding in the CoC competition. Does this affect my project?**

Recipients conditionally awarded funds in the 2005 CoC funding round must have a fully executed grant agreement or, in the case of the SRO Program, Annual Contributions Contract, by September 30, 2007. If a grant agreement or ACC is not executed by that date, the award will be withdrawn. These funds will remain available for expenditure for five years from that date, except that SRO funds will be available until expended.

**5. 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.

**6. In the application for SHP, under Exhibit 2, when would it be appropriate to use the “New” exhibit?**

You would use the “new” SHP exhibit 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.

**7. What are the Lead-Based Paint or Environmental review requirements?**

Under the Tenant-based Rental Assistance Component for new Shelter Plus Care Projects, an environmental review and clearance must be performed prior to grant agreement as described in Section III.C.3.e.3.

The changes in the Lead-Based Paint regulations, which became 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.

In regard to environmental reviews, 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.

- 8. State and local governments funded in previous competitions were required to certify that they would develop policies and protocols for people being discharged from publicly funded institutions. How do State and local grantees report on our efforts toward implementing the requirements of that certification?**

Project applicants that are State or local governments awarded funds in previous competitions are asked in the Project Exhibit narratives to provide a description of any policies and protocols they have developed/implemented regarding discharges from publicly funded institutions. They should also indicate how these changes have or will prevent such discharges from resulting in homelessness for discharged persons. A copy of the description should be placed in each submitted project.

- 9. Can Section 8 project-based assistance (PBA) or Section 8 tenant-based assistance (TBA) be used in a SHP funded transitional housing program?**

HUD's policy is to not fund **new** projects mixing Section 8 assistance in SHP-funded transitional projects. Experience with such funding has resulted in many complex operating issues when the two subsidy streams are combined. Section 8 is intended to be a permanent housing resource and should be integrated into the CoC in that manner.

- 10. 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, Project Narrative, except item #3 and #7.

- 11. Shelter Plus Care uses the same FMR rate as our Public Housing Authority (PHA), which is 110 % of the published rate. Last year we attempted to obtain an exception letter from them so that we could be funded at the same rate. They told us that there was no letter for the 110 % payment standard. Does an exception letter need to be included and what would be the best way to get this letter?**

A PHA is authorized to set their payment standard up to 110% of the published FMR, without approval from HUD. A letter from HUD would not be required. However, for the purposes of the competition, the applicant must obtain from the PHA current confirmation in writing that it has utilized its authority to exceed the FMR on this project.

This written statement from the PHA must explain at what rent level, and for what specific jurisdiction, the payment standard is being set. Exception rents from 110% - 120% of the FMR must be approved in writing from the Field Office. Rents exceeding 120% must be approved in writing from HUD Headquarters. In the case of exception rent, an approval letter is valid until the published HUD FMR reaches exception rent level, or the current HUD FMRs has declined from the previous year.

**12. What does it mean for a Safe Haven to have the “characteristics of permanent housing” other than requiring clients to sign a lease, given that Safe Havens are, by definition, not permanent housing but a bridge to permanent housing? Also, are there requirements around the term of the lease?**

Safe Havens can, in fact, be considered permanent housing. In addition to requiring participants to sign a lease, safe havens with the characteristics of permanent housing must meet the following criteria: (a) have no limit on length of stay; (b) serve hard-to-reach homeless persons who have severe mental illness, are on the streets, and have been unable or unwilling to participate in supportive services; (c) provide 24-hour residence for an unspecified duration; (d) provide private or semi-private accommodations; and (e) have overnight occupancy limited to 25 persons. The intent of this type of supportive housing is to enable this special needs population to live as independently as possible in a permanent setting. Leasing terms are determined at the local level.

**13. What happens if our community’s number one priority project for permanent housing does not meet HUD’s criteria for permanent housing?**

If the CoC requests a new permanent housing project as the highest priority, and HUD determines that it is not a permanent housing project, HUD reserves the right to not award funds to that project rather than reclassify the component. The intent of this provision is to preserve pro rata need funding for lower ranking projects.

**M. Housing Requirement**

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

The FY 2005 Consolidated Appropriations Act specifies that S+C renewal grants awarded this year shall be funded from the appropriation. The Act stipulates that after funding the S+C renewals, 30 percent must be awarded to permanent housing projects. 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.

Certain projects in the Safe Haven component of the Supportive Housing Program may now be included in the definition of permanent housing for the purpose of determining compliance with the 30 percent permanent housing requirement. Projects now meeting the definition of permanent housing for this purpose are projects under the following programs:

- S+C (new);
- SRO; and
- the SHP/Permanent Housing component (new and renewal);
- Safe Haven projects which have the characteristics of the permanent housing component of SHP, including a lease with the resident.

You should be careful in your application to establish that your Safe Haven project qualifies as permanent housing.

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 10 Need points and be submitted as part of a Continuum of Care application that received at least 25 points under the Continuum of Care scoring factor. However, no Continuum of Care application may receive more than 30% above its final pro rata need amount, up to \$3 million, for permanent housing projects assigned only 10 Need points (“second-level” projects) that are selected for funding under this procedure.

3. **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. However, 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.

#### **4. What is the 10% Chronic Homeless Incentive?**

To help ensure the elimination of chronic homelessness, HUD has implemented a requirement that at least 10 % of the appropriation be awarded to housing projects that predominantly serve individuals who are chronically homeless. At least 10 % of the appropriation will be awarded to new or renewal transitional or permanent housing projects where at least 70 % of the project's clients will be chronically homeless. Housing projects include: SHP Transitional Housing, Permanent Housing and Safe Havens; S+C, and SRO projects.

### **N. Renewal Funding**

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

A renewal grant is a grant that continues assistance to a project that received funding in the past. For the 2005 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 2006. The following are eligible:

- a. SHP projects, including those renewed before, that are expiring in 2006;
- b. S+C projects expiring in 2006 that will have insufficient funds to continue operating throughout 2006, or S+C projects having been previously extended but which are projected to run out of funds in 2006.

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

Only the current grantee (the entity that has executed the grant agreement with HUD) can be an applicant for a renewal. In order to identify the current grantee as the applicant in this year's competition, a SF-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.

**4. 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 Project Narrative, must be submitted for each. That is, an Exhibit 2R 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 2006. A grant is expiring in calendar year 2006 if its term ends during that year. Many grants begin with acquisition, rehabilitation, or new construction which must be completed before term activities can begin. Term activities are those that 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 one, two or three years. Term activities are leasing, operations, and supportive services. The term of a grant begins when the grantee begins to serve participants – this is the operating start date for the project, and is established by the grantee in LOCCS.

The term ends when the specified time period for the grant elapses. For example, a 2002 SHP grant was awarded a three-year term. The term ends three years from the operating start date, not three years from the first draw of SHP development (acquisition/rehab) funds.

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 confirm whether your project is eligible for renewal in this 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% shift of funds from one activity to another) should be part of your discussion.



**6. How much money can 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. 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). Cost of living increases are not eligible for renewal projects.

**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 that 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.

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

Yes. 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 does not require that existing projects be renewed or given a higher priority than other projects. However, HUD is very concerned that the ongoing housing needs of persons currently being served by existing projects be taken into account 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 or whether local needs have changed and other subpopulations or types of assistance should be given preference. The

CoC may only allocate savings from unfunded or reduced renewal projects to new permanent housing program activities.

**10. What level of detail is needed to complete the Supportive Services and Operations Charts for renewal projects?**

The charts enable you to include detailed information you already have available for renewal projects at the time of application, rather than at second submission. Requesting the detail normally included in the Technical Submission package streamlines your planning and eliminates duplication of effort following the conditional award.

**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 2006 and which is projected to run out of rental assistance funds in 2006 is eligible for renewal. (In addition, S+C grants that received an extension previously but which are projected to run out of funds in 2006 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, and SRO 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 2006 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 2006 with sufficient funds to carry the project into calendar year 2006. 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 2005 competition and what will the requirements be for submission of these renewal applications?**

Under the 2005 HUD Appropriations Act, eligible Shelter Plus Care Program grants whose terms are expiring in FY 2006 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 2006 will be renewed for one-year provided that they are determined to be needed by the Continuum of Care and meet other programmatic and financial standards. In order to meet the Congressional intent that only Shelter Plus Care renewals determined to be needed by the Continuum of Care are funded, all Shelter Plus Care renewals must be submitted as part of a community's 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, a Shelter Plus Care renewal application should be submitted by the deadline and in accordance with the other submission requirements described in the NOFA.)

Exhibit “3R” is 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.)

For TRA, SRA, and PRA projects 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 for Shelter Plus Care grants having been awarded one year of renewal funding in 2004, the number of units requested for renewal this year may not exceed the number of units funded in 2004. For the S+C/SRO component, multiply the number of units under HAP contract by the contract rent at expiration by 12 months. 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 may not be extended.

### **13. How much money can I request for my first S+C renewal or subsequent renewal?**

For S+C projects seeking their first renewal in this year’s competition, 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 October 1, 2004) 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 2004, the number of units requested for renewal in 2005 may not exceed the number of units funded in 2004. (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 or lower than those found in the October 1, 2004 FR Notice.) The renewal of S+C/SRO projects is not based on the FMR, but on the contract rent.

### **14. How does a State apply to renew an SHP or S+C grant that 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 Project Priorities chart.

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 that is being carried out in three places—two cities with their own CoC strategies, and one area that is part of the State’s CoC strategy. In that case, the first two projects would appear on those communities’ Project Priority chart with the State as the applicant.

## **15. Can Shelter Plus Care grantees change the number and configuration of units?**

A S+C grant award is determined by the number of units times the FMR at grant award times the term. There is generally a surplus of funds available because of contract rents that may be lower than the FMR, higher tenant contributions, tenant turnover, among other reasons. As provided in 24 CFR 582.105(c)(2), the grantee may use this surplus to pay for (1) the costs of administering the rental assistance; (2) damage to property; (3) increases to the contract rent not to exceed the FMR and (4) for assisting more homeless persons. These rules apply to the initial 5-year term as well as subsequent 1-year renewal terms of a S+C grant.

Number of units renewable after initial 5-year contract: A renewal grant may apply for up to 100% of the units it has under lease at the time of application for its initial renewal. *Example:* A S+C grant originally awarded for 50 units was able to lease an additional 5 units and had 55 units under lease when it applied for its first renewal. They may apply for 55 units in the renewal grant.

Number of units renewable from a one-year contract: The number of units eligible for renewal is limited to the number of units applied for in the initial one-year renewal contract. *Example:* A S+C grant was renewed for the first time for 55 units, as in the previous example. All subsequent renewals are limited to 55 units. If the grantee was able and willing to lease two additional units covering a total of 57 units during the year, the renewal of this grant will still be limited to 55 units. The grantee must ensure that it has sufficient funds to cover the additional 2 units for the longer of either the term of the grant or the voluntary tenancy of the residents of these units. Any shortfall in funding for units not under contract must be provided by the grantee.

Change in the mix of unit sizes during the contract and at renewal: Reasonable changes to mix of unit sizes may be undertaken during the grant period for Tenant Based (TRA) or scattered site Sponsor Based (SRA) component projects. A program may apply for the actual unit mix under lease at the time of application renewal. Project Based (PRA) or Single Room Occupancy (SRO) components may not change the unit configuration. *Example:* A TRA grant for 50 one-bedroom units has 5 participants who each reunited with their child and now each require two-bedroom units. The grant may be renewed for 45 one-bedroom and 5 two-bedroom units, for a total of 50 units. This authority does not extend, however, to wholesale changes in the nature of the project. A grantee may not change a TRA or SRA project, for example, from all one-bedroom units (singles) to all three-bedroom units (families), or vice versa.

## **O. Homeless Management Information Systems (HMIS)**

### **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 established as a national goal that every jurisdiction collect unduplicated client-level HMIS data by 2005. Beginning in 2001, HMIS activities became eligible under SHP to help facilitate the implementation and operation of a CoC-wide HMIS. The HMIS match requirement applies to HMIS activities.

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

The law specifies that the costs of implementing and operating an 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 an 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. Is HMIS a separate eligible funded activity?**

Yes. HMIS projects are categorized as their own type or component, and they have a separate budget line item in the SHP project budget summary.

**5. Will HMIS projects count against my housing total in the Continuum of Care exhibit when calculating the "Housing Emphasis" points?**

No. HMIS is a line item this year that is separate and apart from supportive services. Only housing activities and supportive services are used in calculating the "Housing Emphasis" points. As such, HMIS requests will not be included in this calculation.

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

HMIS projects can be shared or dedicated. If the costs of the HMIS implementation are shared, then the project is classified as the type of housing or activity that it is 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 TH.

The classification of dedicated HMIS projects as their own component is shown in the project exhibit and Project Priorities Chart. In the past, HMIS projects were classified as SSO projects. In order to accurately portray the purpose of these projects, they will be categorized independently from SSO projects. If your project was funded as an SSO HMIS and you are requesting renewal funding, you should classify your project as an HMIS, not an SSO project.

**7. 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.

**8. How do I shift *existing HMIS shared costs* from the current supportive services budget to the new HMIS budget?**

If the renewal applicant merely wants to shift the existing HMIS activities from the supportive services category to the new HMIS activity in the renewal application submission, it does not need to obtain a grant amendment or approval from the Field Office. This is because HUD has reclassified HMIS costs from the former supportive service category to a new, stand-alone HMIS category. You need to briefly describe the change in Section 3(a) of Exhibit 2R.

**9. Can HMIS costs be shifted within the existing grant amount? For example, in the initial grant we had one time costs for computers, etc. and we now need to spend additional money for training.**

Yes, you may shift costs to other line items if they are reasonable and necessary to install the HMIS and operate it. Examples of reasons this may be necessary are if you have new providers coming into the system and need to purchase new licenses or should you find you need additional staff training resources. These could be added if reasonable. However, you cannot increase the amount of the overall renewal grant. If additional funds are needed for the project, you would have to propose a new expansion project or have your providers use the shared cost option. You need to briefly describe the change in Section 3 (a) of Exhibit 2 R.

**10. We have several transitional housing projects up for renewal, and we would like to request funding for HMIS activities. Since there is no dedicated source of funding for HMIS activities, we are assuming that we can shift funds from an existing project budget (such as supportive services) into a new HMIS budget, to pay for equipment and salaries for HMIS activities. Can we shift funds out of a renewal project's supportive services budget into a new HMIS budget in the same project?**

Yes, SHP renewals seeking to add new HMIS shared costs can shift funds. If the renewal applicant merely wants to shift the existing supportive services and/or operations activities, Field Office approval is not needed if the amount is less than 10 percent of either the supportive services or operations activities. The change may be made in the application. If the amount exceeds 10 percent of either activity, then the Field Office must approve the change. In either case, the proposed change must be described in Section 3(a) of Exhibit 2R.

**P. Performance**

**1. Are there any performance standards my renewal grant will have to meet in order to be funded?**

Yes. Performance review standards have been included as part of the threshold review of all renewal projects. Renewal projects must evidence satisfactory performance for their existing grant, in HUD's opinion, based upon the substantial achievement of their program goals as reflected in their most recent Annual Progress Report. HUD will be assessing the information based on the APR most recently submitted for all the appropriate renewal project(s) on the 2005 Priority Chart submitted by the CoC.

Renewal projects must also evidence, consistent with the certification required of them that they are coordinating and integrating their program with mainstream resources, that they have assisted clients to obtain the benefits of the mainstream health, social service, and employment programs for which they were eligible. The failure to achieve a satisfactory level of performance for either of these factors may be used as the basis for rejecting the project. If an APR has not been submitted, a written response describing progress toward goals and coordination of mainstream resources may be submitted. The Project Performance section will be scored based on percentages in the application instead of the number of participants or units.

**2. For renewal projects in a CoC that did not report on the new APR, can another source for information be used?**

Yes. These renewal projects can use their HMIS database or other project information available to respond to the performance section.

**Q. Strategies for Discharge Planning Policy and Mainstream Programs**

**1. The section on Discharge Planning is new and highlights to need to develop and implement "protocols." Can you provide some background discharge planning in general and on protocols in particular?**

In the computer technology field, a protocol is a method by which two dissimilar systems can communicate. The appropriateness of that definition to the field of discharge

planning is clear. The table in Exhibit 1 on Discharge is to capture the level of precise and formal written methodology that exists within the geographic location of the CoC in the establishment of a code of correct conduct, a protocol, for the discharge of individuals that have been in the institution's care for more than thirty days. It is encouraged but not required that discussions also take place with institutions that supervise individuals for less than thirty days, such as local jails. The plan for a course of medical or mental health treatment for an individual, or systems of care, such as foster care systems or corrections facilities, would include a plan for the discharge of the patient from the mental health or medical treatment facility or the system of care. The proper discharge of all individuals leaving institutions or systems of care, regardless of their length of stay, is to be formal and individualized. Ideally, the individual discharge or re-entry plan would begin at least three months prior to discharge, preferably at the time of entry.

## 2. What are some examples of specific discharge planning protocols?

All examples would be written and formal, standard operating procedures.

- Needs assessment completed upon entry to institution in order to develop treatment plan that addresses needs such as education, mental health treatment, housing, substance abuse treatment, job skills and life skills training as well as family reconciliation
- Assistance in rebuilding connection to family support system for all individuals during institutionalization
- Determination of status of community connections and reestablishment of those connections whenever possible for all individuals at the time of entry into system
- Discharge planner or re-entry counselor assigned three months before discharge
- Determination of earliest possible release date and three month discharge date calculated from that date
- Independent living program available and needs assessment completed for all sixteen year-old foster children. Appropriate training and treatment provided. Housing subsidy and housing search assistance provided

Additional information on the issues of discharge planning, transition planning and reentry can be found on the Department of Justice website, <http://www.usdoj.gov/>, search reentry, and the Department of Health and Human Services website, <http://www.hhs.gov/>., search discharge planning.

## 3. Why is HUD emphasizing the use of mainstream assistance programs?

Significant resources are needed to address the various housing and supportive service needs of homeless persons nationwide. Congress appropriates several *hundred billion* dollars each year for mainstream assistance programs, such as Medicaid, TANF, Food Stamps and SSI. Homeless persons are typically eligible for one or more of these major assistance programs, which can provide many of the services that are currently funded by HUD's Supportive Housing Program (SHP). For a number of years, over half of all of HUD's competitive homeless assistance funds were used to provide supportive services.



As providers assist homeless persons in identifying and successfully accessing mainstream assistance programs, the need to use HUD homeless resources to provide supportive services will decline, allowing HUD's funds to be increasingly used to develop more needed housing.

Because of the important role played by these mainstream programs, the law requires success applicants to coordinate and integrate their homeless program with other mainstream health, social services, and employment programs for which homeless populations may be eligible.

### **3. How can mainstream programs target the needs of people who are homeless?**

Conditions of homelessness, such as transience, instability, and lack of basic resources often make it difficult for homeless individuals and families to apply for, retain, and use mainstream services. There are strategies that can be used to improve access and use of mainstream programs for homeless individuals and families. These strategies include but are not limited to:

- Improving integration and coordination of programs, where multiple needs can be addressed at the same time
- Making the process of applying easier or simultaneous for programs
- Improving outreach efforts about program benefits and eligibility requirements to the homeless and holding mainstream programs accountable for serving homeless people
- Training program personnel about the many issues unique to the homeless, such as lack of stable housing, transportation, and access to a permanent mailing address and phone.