# Eligible Costs

# Eligible Costs

- Acquisition/rehabilitation/new construction
- Leasing
- Rental assistance
- Project Administration
- Supportive services
- Operating
- HMIS

# Eligible Costs

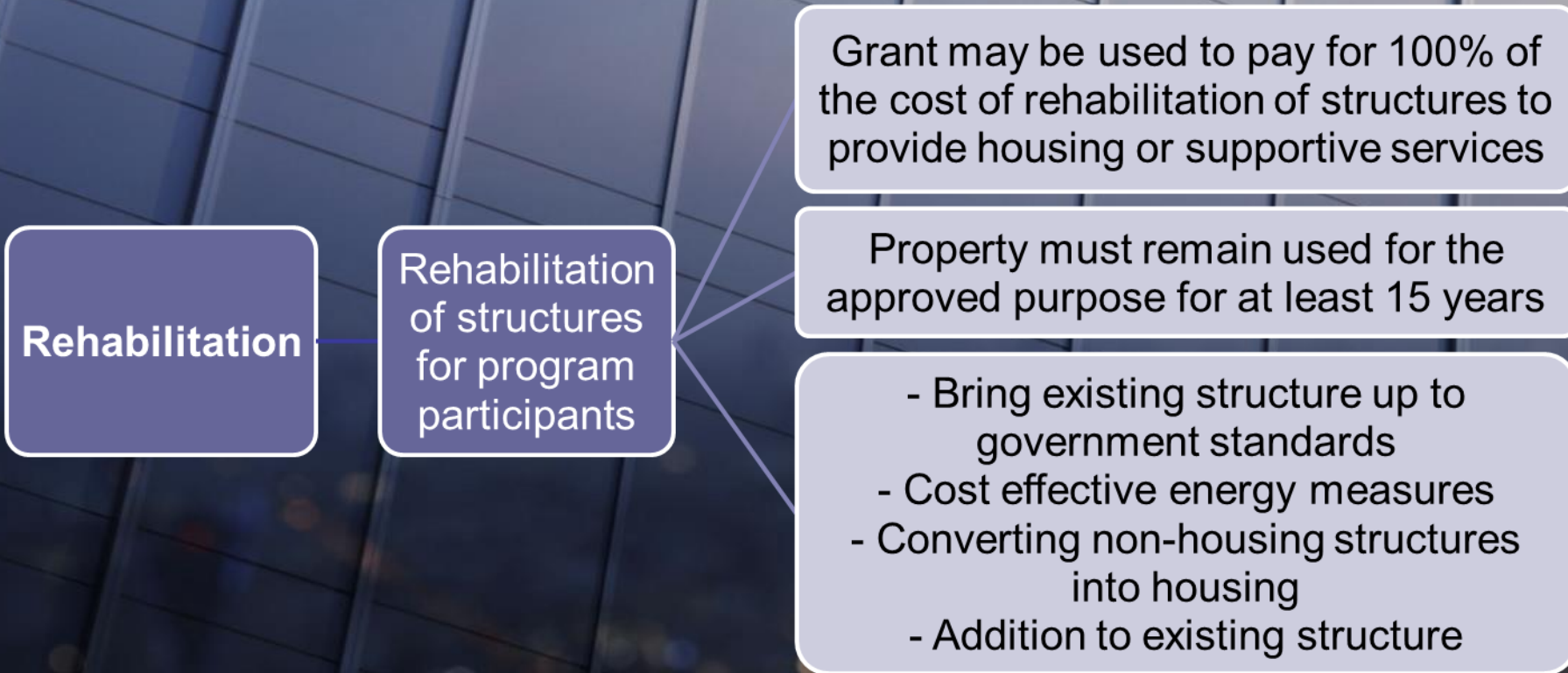| Eligible Costs | Program Components | | | | |
|---|---|---|---|---|---|
| | Permanent Housing | | TH | SSO | HMIS |
| | PH: PSH | PH: RRH | | | |
| Acquisition | ✓ | | ✓ | ✓ | |
| Rehabilitation | ✓ | | ✓ | ✓ | |
| New construction | ✓ | | ✓ | | |
| Leasing | ✓ | | ✓ | ✓ | |
| Rental assistance | ✓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

# Eligible vs. Approved Costs

| Eligible | Approved |
|---|---|
| All costs included in the CoC Program interim rule | • Each project has approved budget line items |
| | • Recipients may only spend CoC Program funds on approved costs |
| | • HUD approval is required to amend the budget to spend money on CoC Program eligible costs other than those that were included in the project budget approved through the application process, unless the change represents less than 10% of the budget line item. |

# Eligible Costs - Acquisition

**Acquisition** — Purchase of a structure that will be used to provide housing or services to program participants

- Grant may be used to pay 100% of the cost of acquisition
- Acquired property must remain used for the original purpose for at least 15 years

Eligible Cost under PH: PSH, TH, or SSO

# Eligible Costs - Rehabilitation

**Rehabilitation**

Rehabilitation of structures for program participants

Grant may be used to pay for 100% of the cost of rehabilitation of structures to provide housing or supportive services

Property must remain used for the approved purpose for at least 15 years

- Bring existing structure up to government standards
- Cost effective energy measures
- Converting non-housing structures into housing
- Addition to existing structure

Eligible Cost under PH: PSH, TH, or SSO

# Eligible Costs – New Construction

**New Construction**

Construction of structures in which program participants will reside

- Grant may be used to pay 100% of the cost of new construction
- Constructed property must remain used for the approved purpose for at least 15 years
- Applicant must demonstrate that new construction is less expensive than rehabilitation
- - Building a new structure
  - Building an addition to an existing structure
  - Acquiring land

Includes an addition to an existing structure

Eligible Cost under PH: PSH, TH, or SSO

# Eligible Costs – Leasing

**Leasing**

Funds to pay rent on structures or individual units to provide supportive housing or supportive services

Grant may be used to pay 100% of the costs of leasing an individual unit or structure(s)

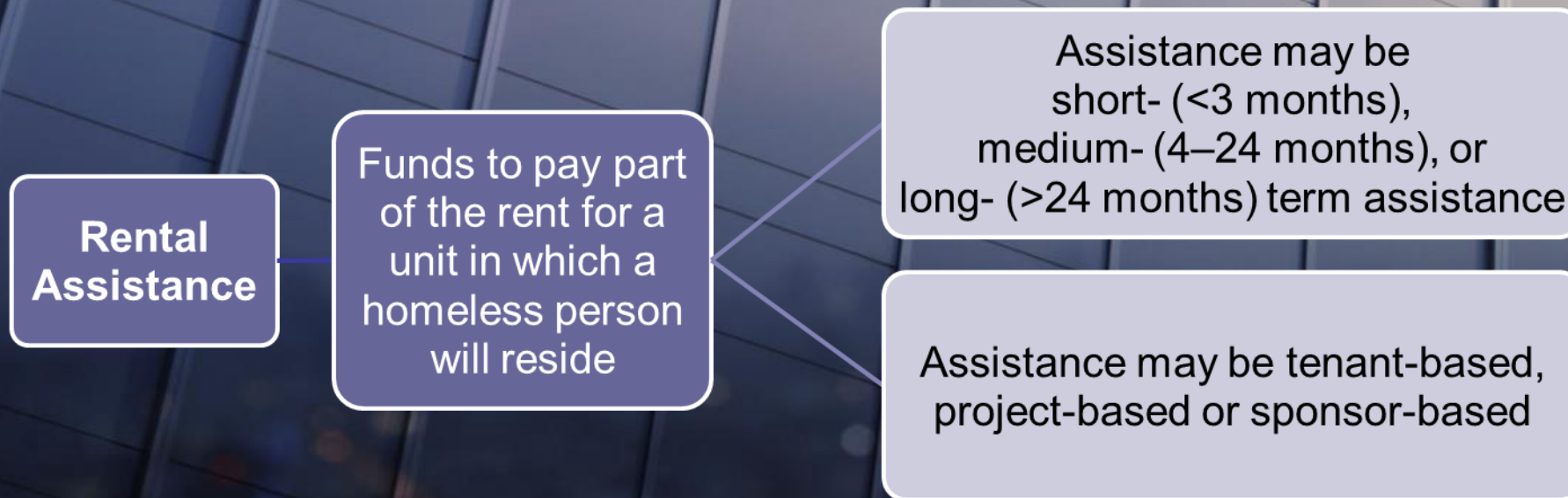Eligible Cost under PH: PSH, TH, or SSO

# Other Eligible Leasing Costs

- Security deposits
  - Up to two month's rent

- First and last month's rent of an individual unit

# Leasing Vacant Units

- Recipient or subrecipient may pay rent on vacant units until a new program participant moves in

# Eligible Costs – Rental Assistance

**Rental Assistance** → Funds to pay part of the rent for a unit in which a homeless person will reside

- Assistance may be short- (<3 months), medium- (4–24 months), or long- (>24 months) term assistance
- Assistance may be tenant-based, project-based or sponsor-based

Eligible Cost under PH & TH

# Other Eligible Rental Assistance Costs

- First and last month's rent
- Security deposits (up to 2 months rent)
- Property damages (up to 1 month and only once) – NOT RRH
- Vacancy payments (up to 30 days – less than 90 days in an institution does not equal vacancy)

# Rental Assistance Administrative Costs

Rental assistance costs can also include:

- Processing rental payments to landlords
- Examining participant income and family composition
- Providing housing information and assistance
- Inspecting units for compliance with housing quality standards
- Receiving new participants into the program

Expenses can be paid by:

- Using matching funds
- If the project is not 100 percent leased, rental assistance funds may be used
- Or if the project is 100 percent leased but the project is paying at below FMR rates, then it may use the excess grant funds
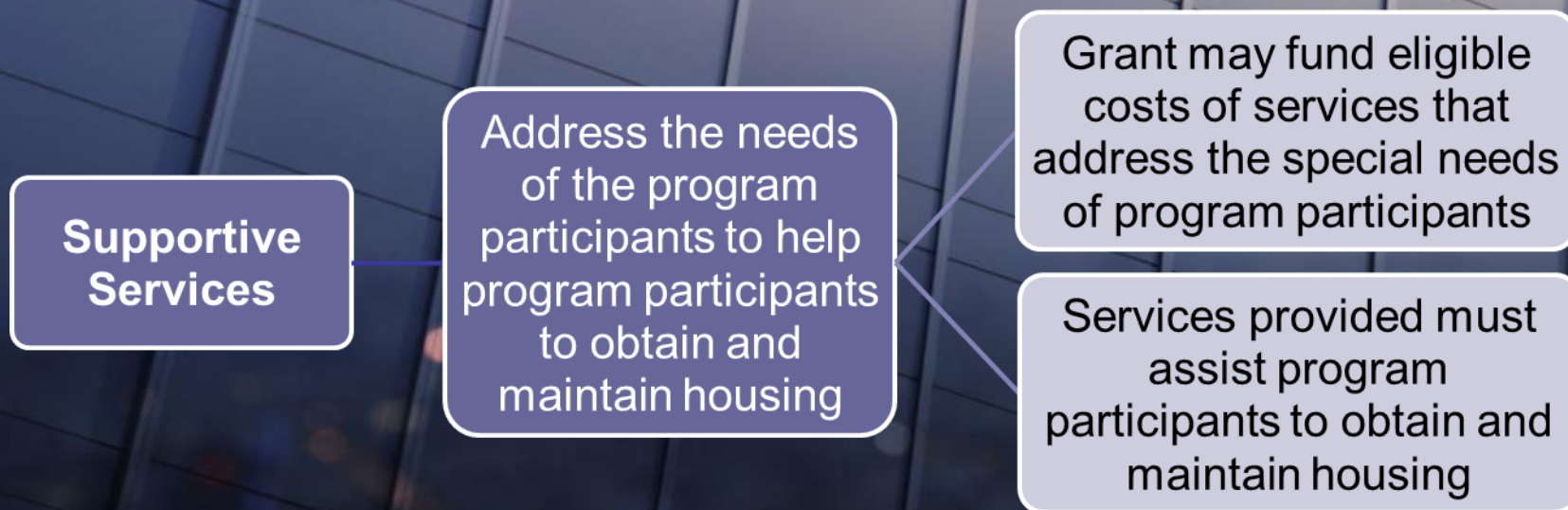
# Administering Rental Assistance

- Nonprofit organizations have permanent authority to administer rental assistance awarded through the CoC Program **for Permanent Housing**

- **Transitional Housing** projects are required to have a State, local government, or PHA administer the rental assistance

  - If an eligible entity cannot be identified, recipient may submit a waiver request to the HUD field office explaining the hardship, with reference to 24 CFR 578.51(b) of the CoC Program interim rule

# Eligible Costs – Supportive Services

**Supportive Services**

Address the needs of the program participants to help program participants to obtain and maintain housing

Grant may fund eligible costs of services that address the special needs of program participants

Services provided must assist program participants to obtain and maintain housing

Eligible Cost under PH, TH & SSO
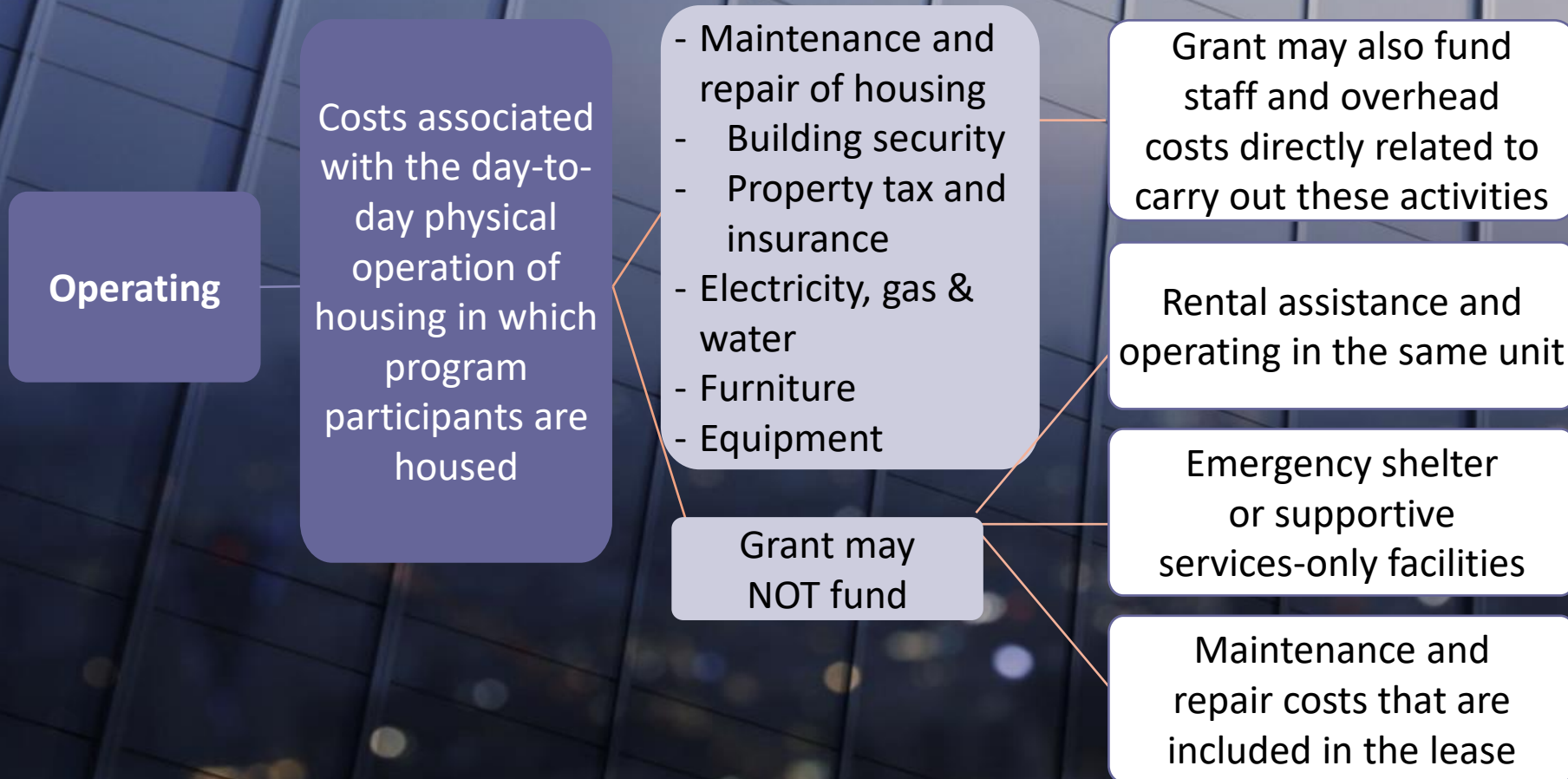
# Eligible Costs – Supportive Services

- In general, grant funds may be used *only* on those services listed in the CoC Program interim rule (578.53):

  - Assessing service needs
  - Moving costs
  - Case management
  - Childcare
  - Education services
  - Employment assistance & job training
  - Food (no longer an eligible operating cost)
  - Housing search & counseling services

  - Legal services
  - Life skills training
  - Mental health services
  - Outpatient health services
  - Outreach services
  - Substance abuse treatment services
  - Transportation
  - Utility deposits

# Supportive Services – Direct Provision of Services

- For supportive services that are directly delivered by grantee staff to program participants, the following costs are eligible:

    - Labor, supplies and material costs incurred to deliver the services
    - Salary and benefits of the staff person delivering the service

- Keep match in mind

# Eligible Costs – Operating

**Operating**

Costs associated with the day-to-day physical operation of housing in which program participants are housed

- Maintenance and repair of housing
- Building security
- Property tax and insurance
- Electricity, gas & water
- Furniture
- Equipment

Grant may also fund staff and overhead costs directly related to carry out these activities

Grant may NOT fund

Rental assistance and operating in the same unit

Emergency shelter or supportive services-only facilities

Maintenance and repair costs that are included in the lease

Eligible Cost under PH: PSH or TH

# Eligible Costs – Operating

```
                    ┌──────────────┐
                    │     CoC      │
                    │   Program    │
                    └──────┬───────┘
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│   Permanent   ││ Transitional ││  Supportive  ││   HMIS   │
│    Housing    ││   Housing    ││Services Only ││          │
└───────────────┘└──────────────┘└──────┬───────┘└──────────┘
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                        ┌──────────────┐    ┌──────────────┐
                        │  Supportive  │    │  Operating   │
                        │   Services   │    │    Costs     │
                        │    Costs     │    │      🚫      │
                        └──────────────┘    └──────────────┘
```

Day-to-day operation of the supportive service-only facility
(maintenance, repair, building security, furniture, utilities and equipment)
are eligible as a supportive service

# Restrictions on Combining Funds

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

Rehab, Acquisition, New Con **+** Leasing, TBRA, or Short-/Med-Term Rental Assistance **=** NO!

Rental Assistance **+** Leasing or Operating **=** NO!

# Eligible Costs – HMIS

- Any project may have an HMIS budget line item for costs associated with HMIS data collection.

- Eligible HMIS data collection costs:
  - Purchasing or leasing computer hardware, software and/or software licenses
  - Leasing office space, equipment, furniture, and utilities for HMIS activities
  - Salaries, operating costs, and duties as required to operate an HMIS
  - Trainings related to the use of HMIS
  - Reporting to CoC on HMIS

# Eligible Costs – Project Administration

- Project administration funds can be used to conduct:
  - General management (eg case management supervision), oversight and coordination,
  - Training on CoC requirements
  - Environmental review
- Recipients are required to share at least 50% of project administrative funds with subrecipients.
- Costs of carrying out other eligible activities should be charged to those budget line items, NOT project administration.

Eligible Cost under ALL Components

# Uniform Administrative Requirements

- The 2 CFR Part 200 Uniform Administrative Requirements apply to the competitive CPD program grants including the CoC Program.

- The Uniform Requirements with all amendments to 2 CFR part 200 are available in the electronic Code of Federal Regulations at www.ecfr.gov .

- CPD Notice 16-04: Transition and Implementation Guidance

# 2 CFR Part 200

Standards for:

- Financial Management
- Internal Controls
- Payment
- Matching
- Program Income
- Property Standards
- Procurement
- Record Retention (5 years after grant close out, 15 years after first occupation by participants)

# Indirect Costs

- Direct Costs – costs that can be identified specifically with a particular cost objective e.g. Case Manager salary, food for participants, rental assistance for clients

- Indirect Costs – costs incurred for a common purpose that benefits more than one program e.g. office rent, utilities, equipment

- Grantees who intend to charge indirect costs to the CoC grant must indicate this on the last page of the grant agreement

**Indirect Cost Schedule**

| Agency/Dept./Major Function | Indirect Cost Rate | Direct Cost Base |
|---|---|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

This schedule must include each indirect cost rate that will be used to calculate the Recipient's indirect costs under the grant. The schedule must also specify the type of direct cost base to which each included rate applies (for example, Modified Total Direct Costs (MTDC)). Do not include indirect cost rate information for subrecipients.

For government entities, enter each agency or department that will carry out activities under the grant, the indirect cost rate applicable to each department/agency (including if the de minimis rate is used per 2 CFR §200.414), and the type of direct cost base to which the rate will be applied.

For nonprofit organizations that use the Simplified Allocation Method for indirect costs or elects to use the de minimis rate of 10% of Modified Total Direct Costs in accordance with 2 CFR §200.414, enter the applicable indirect cost rate and type of direct cost base in the first row of the

# Methods for Charging Indirect Costs

- 10% De Minimis Rate – allows smaller agencies who did not typically charge indirect costs to recover some indirect costs; computed by the agency, limited to 10%

- Indirect Cost Rate Agreement – allows recipients/subrecipients to charge more for indirect costs based on the actual indirect cost rate, must prepare/submit an indirect cost plan, plan must be negotiated/approved by the Federal cognizant agency, good for three years

- Cost Allocation Plan – allows recipients to ensure all costs are charged and paid for all grants, must prepare and submit a cost allocation plan and cost policy, requires CPA to prepare, requires more complex accounting system, must be reviewed and approved by Federal cognizant agency

# Indirect Costs Toolkit

March 2021, the Special Needs Assistance Program office released the Indirect Cost Toolkit for CoC and ESG Programs. The Toolkit provides an in depth look at the three methods of charging direct costs, includes information about how to calculate the 10% de minimis rate, and examines the pros and cons of each method of charging indirect costs.

https://hudexchange.us5.list-manage.com/track/click?u=87d7c8afc03ba69ee70d865b9&id=7319e95930&e=416944837e

# Indirect Cost Rate

- Recipients that choose to develop an Indirect Cost Rate Proposal, with HUD as the cognizant agency, must submit the proposal to HUDCPDIndirectCostRates@hud.gov for review and approval.

- For recipients needing a rate extended, where HUD is the cognizant agency, please submit the current approved rate and an email to HUDCPDIndirectCostRates@hud.gov requesting an extension.

# Limitation on Use of Funds

- No assistance may be used to replace state or local funds previously used/designated to assist individuals or families experiencing homelessness.

- The federal, state, or local government receiving funds cannot discriminate against an organization on the basis of religious affiliation.

- Recipients and subrecipients may NOT charge program participants program fees)

# Eligible Costs Resources

- [Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

- [Overview of Program Components and Eligible Costs](#)

# MATCH

# CoC Match Requirement

All grant funds must be matched with an amount no less than 25% of the awarded grant amount (excluding the amount awarded to the leasing budget line item) with cash or in-kind resources. Match resources may be from public (not statutorily prohibited by the funding agency from being used as a match) or private resources.

# Match Examples

### Without Leasing Funds

| | |
|---|---|
| Supportive Services | $25,000 |
| Rental Assistance | $20,000 |
| Project Admin (10%) | $4,500 |
| Grant Total | $49,500 |
| **Required Match**<br>**(25% $49,500)** | **$12,375** |

### With Leasing Funds

| | |
|---|---|
| Supportive Services | $25,000 |
| Leasing | $20,000 |
| Project Admin (10%) | $4,500 |
| Subtotal (w/o leasing) | $29,500 |
| **Required Match**<br>**(25% $29,500)** | **$7,375** |

# **Understanding Match**

- Must be cash or in-kind contributions
- Covers eligible costs of the project
- Costs incurred by a partner organization to provide "in kind" services to program participants must be documented by an MOU prior to grant agreement execution
- Program income can be used as match

# What is NOT Match

- Cash or any in-kind contribution used as match for another grant

- Cash or in-kind contributions statutorily prohibited as match or ineligible under that program's requirements

- In-kind services provided without an MOU

- Program Participant Savings
  - Savings belong to the program participant, not the recipient or subrecipient

- Federal benefits provided directly to the program participant (e.g. food stamps)

# Match Requirements

- Must be able to document all costs using the same policies and procedures used to document CoC Program funding

- Match requirement – 25% cash or in kind for all line items except leasing

- Match is provided to the CoC Program grant – not to a specific budget line item

- Matching funds can only be used on eligible CoC Program costs

# Match Documentation

- New projects must document formal match agreement (e.g., MOU for in-kind) prior to grant agreement. Renewal projects must provide it to the field office upon request.

- If recipient needs to change its in-kind matching source, the match agreement must be in place before a new source can be counted as match.

- Must demonstrate match is spent on eligible activities and incurred within the grant period.

- Must keep source documentation (e.g., MOU) on file for review when needed.

# Cash Match Documentation

- Cash match should be substantiated with written documentation provided on the source agency's letterhead, signed, and dated by an authorized representative.

- Documentation must include:
  - Amount of cash to be provided for the project
  - Specific date the cash will be made available
  - Actual grant and fiscal year to which the cash match will be contributed
  - Allowable activities to be funded by the cash match
  - Unrecovered Indirect Costs can be used for match

# In-Kind Goods Match Documentation

- In-kind donations must be substantiated with written documentation provided on the source agency's letterhead, signed, and dated by an authorized representative.

- Documentation must include:
  - Description and value of the donated goods
  - Specific date and grant (including fiscal year) for which the goods will be contributed
  - Method used to determine the value of the donation

# In-Kind Goods Match Log

Match Log – WV0123L3E081805

| Item | Date of Donation | Value of Donation | How Determined | What Eligible CoC Cost |
|------|------------------|-------------------|----------------|------------------------|
| Sofa | 11/28/2019 | $625 | Market Value | Operating |
| Food | 2/14/2020 | $75 | Market Value | Sup Services |
| Bus Passes | 3/13/2020 | $30 | Transit rate | Sup Services |
| | | | | |

# In-Kind Services Match Documentation

- An MOU for In-kind Services must be in place prior to provision of the service.

- The MOU must:
  - Provide an unconditional commitment to provide the service
  - Describe the specific service to be provided
  - Indicate the profession of persons providing the service and hourly cost of the service
  - The timeframe in which services will be provided
  - The system that will be used to document the actual level and value of services as provided

# In-Kind Services Match Log



| | NAME | SS # | Duration Client in SPC 6 for this | | Psychiatric Evaluations | Intake | Rx Planning | Individual Therapy | Group Therapy | Case Mgmt | BRS Services | Transportation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Begin | End | | | | | | | | |
| 10 | **SHELTER PLUS CARE GRANT 6** | | | | | | | | | | | |
| 11 | *Date; 02/01/2019 to 01/31/2020* | | | | | | | | | | | |
| 12 | **Services Match Report** | | | | | | | | | | | |
| 17 | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | |
| 19 | | | | TOTAL | | | | | | | | |

# Match Resources

- [Importance of Documenting Match Under the CoC Program Podcast](#)

- [Match Requirements in the CoC Program Video](#)

- CoC Match FAQs: [https://www.hudexchange.info/coc/faqs/](https://www.hudexchange.info/coc/faqs/)

# Project Changes

# Significant Changes

- Significant changes require HUD approval through a formal grant amendment

For CoCs with more than one recipient, significant changes are:

- Change of recipient
- A shift of over 10% of the total amount awarded for one eligible activity to another activity
- A reduction in the number of units
- A change in the subpopulation served
- Change of project site
- Additions or deletions in the types of eligible activities approved for a project

# How to request an Amendment

- For significant changes, UFAs and recipients should:
  - Prepare a detailed, written request to the local HUD CPD Field Office
  - Explain the reason for the change
  - Justify same or better level of service will be provided
  - Attach all relevant revised application and technical submission exhibits reflecting the proposed change(s)

  NOTE: Discuss the amendment with the CoC before submitting

# Minor Changes

- For minor changes, the recipient must:
  - Fully document any changes
  - Notify the Field Office of the change so LOCCS and other reporting systems can be adjusted
  - Maintain documentation and make it available to HUD during monitoring and compliance reviews or upon request
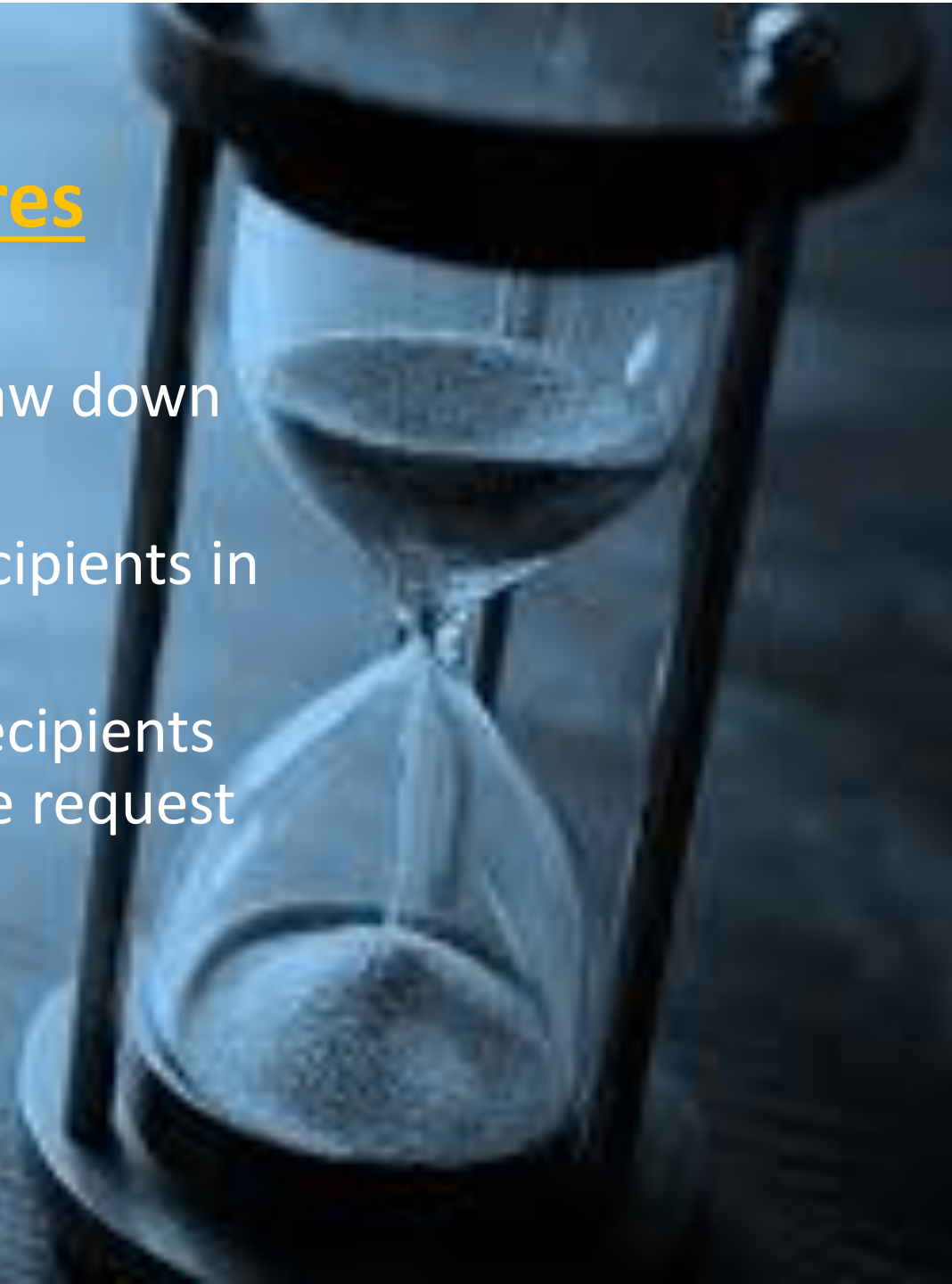
# Timeliness Standards

# Timeliness Standards: Expenditures

- Once activities begin, recipients must draw down funds at least once per quarter

- Recipients may distribute funds to subrecipients in advance of expenditures

- Recipients must distribute funds to subrecipients within 45 days of receiving an approvable request

# Operating Start Date and Period of Performance

- Operating start date sets beginning of 12-month period of performance for spending and reporting
  - New projects without acquisition or construction start the 1st day of month the recipient incurs eligible costs
  - New projects with acquisition or construction start the 1st day of month following completion of acquisition or construction
  - Renewal grants start the day after the end of previous grant term