Continuum of Care (CoC) Program -
A Guide for Maximizing the Use of CoC Grants Funds
Developed by the Philadelphia Office of Community Planning and Development
May 2022

Purpose: To assist CoC recipients in understanding the CoC grant life cycle, grant funding, and methods for maximizing the use of CoC grant funds to end homelessness and avoid the recapture of critical CoC resources.

This Guide consists of the following sections:

Continuum of Care Grants Overview
- A. CoC Grant Life Cycle
- B. Grant Funding

Maximizing the Use of Continuum of Care Grant Funds
- A. Review
- B. Assess
- C. Plan
- D. Act
- E. Communicate

Continuum of Care Grants Overview

A. CoC Grant Life Cycle

A project assisted with CoC program funds has five steps in the grant life cycle:

1. **Application**
2. **Conditional Award**
3. **CoC Grant Agreement**
4. **Project Operation**
5. **Grant Renewal**

1. **Application** (**24 CFR 578.19(a)**) - The application is submitted by the CoC in eSNAPS during the annual Notice of Funding Availability (NOFA) process. If the application is successful, HUD makes a conditional grant award. The application becomes part of the grant agreement. It details the recipient, the program component, the numbers/populations to be served, number and size of units, the budget line items and amounts, and match.

2. **Conditional Award** ([24 CFR 578.21](#)) - A recipient of a conditionally awarded grant must satisfy all requirements within twelve (12) months of the announcement of the CoC Program grant award, or within 24 months if a recipient receives funds for acquisition, rehabilitation, or new construction. Once all conditions are satisfied, the recipient can enter into a grant agreement with HUD.

3. **CoC Grant Agreement** ([24 CFR 578.23](#)) - The grant agreement outlines the roles and responsibilities for both the recipient and subrecipients and HUD. The grant agreement must be executed no later than 45 days from the date when all conditions are satisfied. The recipient, *not* the subrecipient, signs the grant agreement with HUD. The CoC Grant Agreement includes the CoC grant number, the total amount of CoC funds awarded by approved eligible activity, the term of the grant, and various requirements/provisions associated with the grant.

   ➢ **Operating Year (or Period of Performance):** The operating year is set on a project-by-project basis. It consists of an operating start date and an operating end date. Recipients should keep track of the operating year(s) for all CoC projects in order to monitor compliance (e.g., eligibility for project renewal, Annual Performance Report (APR) due dates, etc.).

     o **Operating Start Date (OSD):** Indicates when the term of the grant begins, that is, when the project begins to serve homeless persons. The OSD is the first day of the month in which the recipient or subrecipient begins incurring eligible costs. The recipient must enter the project's OSD in the Line of Credit Control System (eLOCCS) when it begins to draw project funds. The OSD also establishes the timing for drawdowns under the grant.

     o **Operating End Date (OED):** Indicates when the term of the grant ends and establishes the end date for the incurrence of eligible costs during the grant term. The OED establishes the due date for the Annual Performance Report (APR).

   ➢ **CoC Grant Number**: The following table provides an explanation of each component of the CoC grant number:

Field	Example - PA0026L3T001907
PA	State abbreviation
0026	Project Identification Number (PIN): The project's PIN number is the first 6 characters of a COC Grant Number (PA0026), which is connected to each renewal grant and does not change. This allows tracking of all associated renewal grants FY 2008 and beyond with a single PIN.
L/D	Applicant Type: L = CoC D = DV Bonus
3T	HUD Field Office Correspondence Code: 3T is for Philadelphia
00	Last two digits of the CoC number (i.e., PA-500 = 00)
19	Year of funding (last two digits of the competition year)
07	Funding (renewal) sequence: This number equals the number of times HUD has renewed the grant since 2008 (i.e., 7 renewals since 2008). Each competition, SNAPS assigns <u>new</u> grants with a "00" sequence number. Upon the renewal, SNAPS assigns "01" and continues sequentially with each subsequent renewal.

4. **Project Operation** - Once the grant agreement is signed, the project can begin. Recipients must initiate approved activities according to HUD's timeliness standards ([24 CFR 578.85](#)).

5. **Grant Renewal** ([24 CFR 578.33](#)) - If prioritized locally, CoC Program funding may be renewed to continue ongoing project activities beyond the initial funding period. Renewal funding is awarded in one-year increments and recipients must submit applications to seek renewal funding through the annual NOFA competition. OSDs for grant renewals start up again when the previous renewal grant ends.

SOURCE: https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-grant-administration/coc-grant-life-cycle/

B. Grant Funding

The path of CoC grant funding through the grant life cycle is summarized below:

1. **Project Budget -** A project budget is developed during the annual CoC application in eSNAPS and is incorporated into the CoC Grant Agreement. Budgets can be amended ([24 CFR 578.105](#)), with exceptions. See "Utilize CoC Grant Amendments" section, below, for amendment details.

2. **Drawdowns -** Recipients draw down funds through eLOCCS, the primary grant and funding disbursement system that handles disbursements and cash management for the majority of HUD grant programs. Recipients must draw down funds at least once per quarter of the program year, after eligible activities commence ([24 CFR 578.85(c)(3)](#)). Recipients should develop a drawdown schedule that complies with this requirement for all projects.

    ➢ For final draws submitted after the expiration of the grant term, the FO will need a certification letter, on the recipient's letterhead stationery, stating that the drawdown is for eligible costs that were incurred during the term of the grant. The certification should be signed and dated by the authorized representative of the recipient.

    ➢ The final draw should be submitted in eLOCCS within ninety (90) days following the last day of the operating year (consistent with the APR submission).

3. **Subrecipient Invoicing –** If applicable, recipients must distribute the appropriate portion of the funds to subrecipients no later than 45 days after receiving an approvable request ([24 CFR 578.85(c)(2)](#)).

    ➢ To assist recipients in meeting the timeliness standards, the term of a subrecipient agreement should be consistent with the operating year of the CoC grant and the agreement should specify the timing of invoice submissions and/or reports. The agreement should denote what repercussions will be pursued if the subrecipient does not submit invoices and/or reports as prescribed. Recipients should enforce the subrecipient agreement.

4. **Grant Closeout** ([24 CFR 578.109(c)](#)) - HUD formally closes out a grant when an operating year is completed, when a project is terminated (no longer funded by HUD), or when a recipient discontinues a project, and HUD receives a final APR. When the APR is accepted in Sage, a Closeout Agreement is issued by the HUD Field Office (FO) via email. The recipient should sign and return the Closeout Agreement within thirty (30) days. If the Closeout Agreement is not returned to the FO within thirty (30) days, the FO will initiate the closeout and recapture of any remaining CoC funds.

Maximizing the Use of Continuum of Care Grant Funds

Review	Assess	Plan	Act	Communicate
• CoC regulations & OMB Uniform Requirements • Policies and procedures • Timing and frequency of project drawdowns • Expenditures against budgets • CoC Quarterly Spending Reports	• Eligible costs under each Budget Line Item • Ask questions about project needs and participant needs • Examine program income • Examine grant savings • Consider reallocation	• Identify specific changes needed • Determine who will make the changes and when the changes will be made • Develop a written plan	• Utilize CoC grant amendments • Consolidate "like" grants • Add more units • Continue to track and monitor spending • Incorporate changes into your formal written policies and procedures	• Converse with your team regularly • Work with your sub-recipients • Engage with your CoC • Talk to your HUD Representative

The information below identifies five key steps that recipients can take to maximize the use of CoC grant funds to end homeless and avoid the recapture of critical CoC resources, including:

- **Reviewing** the current status of your grants;
- **Assessing** eligible costs and needs of your grants;
- **Planning** for needed changes;
- **Acting** on your plan; and
- **Communicating** effectively and regularly.

A. Review

1. Review the CoC regulations at **24 CFR Part 578** and the OMB Uniform Requirements at 2 CFR Part 200.

2. Review policies and procedures to ensure that they include and address all aspects of administering the CoC program. Ensure policies are in alignment with your local CoC Written Standards for providing CoC assistance (**24 CFR 578.7(a)(9)**).

3. Evaluate the timing and frequency of project drawdowns. Regular draws can facilitate fiscal oversight of your grant. If applicable, also evaluate the frequency and timing of your subrecipient invoice submission.

   ➢ To assist with tracking of CoC expenditures, a SAMPLE CoC Grant Tracking Spreadsheet is provided as an attachment to this guide.

4. Complete periodic comparisons of expenditures with budget amounts. It should be noted that the financial management system of each non-Federal entity must provide for a comparison of expenditures with budget amounts of each Federal award (**2 CFR 200.302(b)(5)**).

5. Analyze the CoC Quarterly Spending Reports: The SNAPS Office distributes the CoC Spending Report directly to CoC Program Collaborative Applicants each quarter along with instructions for using the reports. The CoC Spending Report is an Excel spreadsheet that combines data from eLOCCS and eSNAPS to assist Continuums and CoC recipients to analyze grant expenditures. This report allows users to quickly assess financial information about eLOCCS past spending and current spending for CoC funded grants, beginning with expired grants funded in FY2013 and any currently active grants from FY2012. This report assists the CoC in analyzing what resources it needs to address

homelessness and to ensure existing resources are being maximized. A full copy of the <u>CoC Spending Report User Guide</u> is attached to this guidance.

Snapshot of a CoC Spending Report

CoC Competition Year	Grant Number (LOCCS)	Project PIN	Applicant Name (esnaps)	Project Name (esnaps)	Component Type (esnaps)	Project SubType (esnaps)	Term (Months) (LOCCS)	Operating Start Date (LOCCS)	Expiration Date (LOCCS)	Total Original Contracted (LOCCS)	Total Current Contracted (LOCCS)	Total Balance (LOCCS)
2019		PA0004	County of ABC	Bonus Project Renewal	PH	PSH	12	2/1/2020	1/31/2021	$499,884.00	$499,884.00	$0.00
2020		PA0004	County of ABC	Bonus Project Renewal	PH	PSH	12	2/1/2021	1/31/2022	$522,456.00	$522,456.00	$69,913.00
2019		PA0005	Community Outreach	PSH for Chronic Homeless	SSO	SSO	12	2/1/2020	1/31/2021	$915,939.00	$915,939.00	$0.00
2020		PA0005	Community Outreach	PSH for Chronic Homeless	SSO	SSO	12	2/1/2021	1/31/2022	$951,032.00	$951,032.00	$231,504.00
2019		PA0007	Housing Now,Inc	Main Street RRH	PH	RRH	12	9/1/2020	8/31/2021	$237,792.00	$207,792.00	$32,935.00
2020		PA0007	Housing Now, Inc	Main Street RRH	PH	RRH	12	9/1/2021	8/31/2022	$248,736.00	$248,736.00	$206,781.00
2019		PA0009	Office of Mental Health	HMIS	HMIS		12	6/1/2020	5/31/2021	$149,711.00	$129,711.00	$28,474.00
2020		PA0009	Office of Mental Health	HMIS	HMIS		12	6/1/2021	5/31/2022	$149,711.00	$149,711.00	$102,244.00

> **Interpreting the CoC Spending Report:**

    a. A conditional award is processed in eSNAPS and a grant agreement is signed by the recipient and HUD. It is then forwarded on to HUD's Fort Worth Accounting Center.

    b. Data is set up in eLOCCS and most of the report's data appears. The funds are available for recipient voucher draws. However, until a recipient enters a start date upon their first draw, the fields for Operating Start Date and Expiration Date remain empty.

    c. Once an Operating Start Date is entered, the Expiration Date will also appear.

    d. Funds in Total Balance remain available to draw up to 90-days after a grant's Expiration Date. Any funds remaining in Total Balance after the 90-days may be recaptured by HUD.

    e. A grant is finished once Total Balance equals $0.00. This occurs either because the recipient draws down all the funds or HUD recaptures any remaining balance.

    f. Any amount recaptured is shown as a negative amount in the Total Tech Change or Recaptured column. In addition, the amount under Total Current Contracted is reduced by the amount of funds returned to HUD and the remaining amount in this column is the amount disbursed to the recipient.

B. Assess

1. Examine the eligible costs under each Budget Line Item (BLI).

   Explore the "At-A Glance" resource pages for each BLI on the HUD Exchange:

Project Administration	https://www.hudexchange.info/homelessness-assistance/CoC-esg-virtual-binders/CoC-eligible-activities/project-administration/
Leasing	https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Leasing.pdf
Rental Assistance	https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Rental-Assistance.pdf
Supportive Services	https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Supportive-Services.pdf
Operating Costs	https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Operating-Costs.pdf

2. Ask questions about project needs and participant needs when examining eligible costs and current budgets. These questions will help you determine if modifications are needed so that you can fully maximize the use of CoC funds for your grants:

General Considerations	✓ Do you understand all the eligible costs permitted under your project type? ✓ Are there costs within each BLI that should/could be modified, added, or removed that will facilitate grant spending? ✓ Do grant-funded staff need a raise? Are salaries funded under the grant comparable to industry standards? ✓ Is staff time being charged to the correct BLI based upon the activity under which they are performing? ✓ Is there proper documentation to support the eligibility of costs? ✓ Are CoC funds being utilized for expenditures that could be better covered with matching funds? ✓ Can you serve more participants or add more units?
Project Administration	✓ What are your project administration needs and functions? ✓ Are you charging for all eligible project administration costs (e.g., applicable portion of audit costs, APR preparation, etc.)? ✓ Are you utilizing and/or do you need to utilize 10% of the subaward for project administration?
Leasing	✓ Does your occupancy charge policy meet the needs of your clients? ✓ Do your policies and procedures cover how and if the project covers first month rent, last month rent, and security deposit?
Rental Assistance	✓ Are you charging the cost of provider staff who administer the rental assistance program to the rental assistance BLI? ✓ Do your policies and procedures cover how and if the project covers security deposits, first and last month's rent, property damages and vacancies? ✓ Are you paying for eligible utility reimbursements for utilities not included in the participant's lease?
Supportive Services	✓ What are the supportive service needs of participants? ✓ Does the budget support the needs of participants? ✓ Are the supportive services you are providing necessary to assist in obtaining and maintaining housing? ✓ Is staffing adequate? ✓ Can you provide referrals to other providers for supportive services? ✓ Should you consider contracting out for a service? ✓ Are CoC funds paying for services that can be obtained from existing mainstream resources? ✓ Are there other financial resources available to meet participant's supportive service needs?
Operating Costs	✓ Does the budget currently reflect the operational needs of the project? ✓ Is staffing adequate? ✓ Are you paying for eligible utility reimbursements for utilities not included in the participant's lease?

3. Examine Program Income ([24 CFR 578.97](#)) - Program income is income received by the recipient or subrecipient directly generated by a grant-supported activity, such as occupancy charges collected from program participants. Funds from program income must be spent on any CoC eligible cost.

   ➢ Ensure that your agency is adding program income, if applicable, to the funds committed to the project and documenting the usage of program income for CoC eligible costs.

   ➢ **Please note:** Since 2015, the annual Appropriations Acts allow grant recipients to use program income as match for the CoC Program.

4. Examine Grant Savings - Grant savings may occur if landlords charge unit rents lower than the FMR and/or participants make rent contributions. The result leaves funding in the CoC rental assistance and leasing BLIs.

   ➢ Periodic comparisons of actual rental assistance and leasing expenditures with budget amounts should be shared with programmatic staff to allow for consideration of temporary assistance to additional persons/families.

   ➢ For grants receiving rental assistance, consider if the grant savings is needed to cover rent increases, up to the rent reasonableness standards for each unit.

5. Consider Reallocation - If you observe that a grant is consistently returning unexpended CoC funds to HUD on an annual basis, consider if a portion of the funds would better serve the homeless in your community through the reallocation process.

C. Plan

1. Identify the specific changes that are needed to maximize the use of CoC grant funds.

2. Identify who within your organization needs to make the changes and when the changes will be made.

3. Develop a written plan to enact the changes and distribute to applicable staff.

D. Act

1. **Utilize CoC Grant Amendments** ([24 CFR 578.105](#)) - Grant amendments may be utilized by recipients to make changes to a grant. They often require prior HUD approval and a formal Grant Agreement Amendment, signed by HUD and the recipient. Amendment requests should be submitted by the recipient to the FO at least thirty (30) days prior to end of the operating year.

   ➢ Common grant amendments to assist with maximizing the use of grant funds include:

     o Budget modifications: Recipients may request to move funds from one approved BLI to another approved BLI (e.g., moving funds from the supportive services BLI to the

operating costs BLI). Budget modifications must continue to evidence compliance with the 10% project administration cap and allow for the 25% matching requirement to be met.

o   Additions or deletions of eligible costs for the project: Recipients may request to add a new BLI that was not initially included in the application or delete a BLI that was previously approved; however, the modification must not result in a restricted combination of assistance **(24 CFR 578.87(c)**).

➢   Most grant amendments are temporary and will be effective only for the current operating year. As such, you may need to complete amendments on an annual basis. Permanent amendments need to be finalized early in the calendar year so that they are reflected on the Final GIW and a formal Grant Agreement Amendment must be fully executed prior to the annual announcement of CoC renewal awards.

➢   To assist recipients with the amendment process, the HUD Philadelphia CPD Field Office developed a <u>CoC Grant Amendment Quick Guide,</u> which is provided as an attachment to this guide.

➢   **Please Note**: Amendments are not permitted during the initial grant term for a new CoC project.

2. **Consolidate "Like" Grants** - Consolidation of multiple CoC grants can provide recipients greater flexibility in moving CoC funding between BLIs and spending down grant funds. Consolidating CoC grants occurs during the annual CoC grant competition and is currently not allowed outside the CoC application/award process. Eligibility for project consolidation is determined by the annual NOFA.

➢   Benefits of consolidation include fewer grants to manage, report on and draw funds. For example, it is easier to oversee one large grant versus three smaller grants.

➢   Currently, renewal CoC projects must meet all four of the following conditions to be eligible for consolidation:

a.   The grant period must expire in the next calendar year, as confirmed on the prior Fiscal Year Final Grant Inventory Worksheet (GIW). For example, the grant period must expire in Calendar Year 2023, as confirmed on the Fiscal Year 2022 Final GIW;
b.   The projects must be consolidated under the same recipient;
c.   The projects must have both the same component and project type (i.e., PH-PSH, PH-RRH, Joint TH/PH-RRH, TH, SSO, SSO-CE or HMIS); and,
d.   The projects must not have any serious operational issues, as outlined in the NOFA.

➢   For more information on consolidation of eligible renewal grants, see:
https://files.hudexchange.info/resources/documents/Consolidating-Eligible-Renewals-for-CoC-Program-Competition.pdf

3. **Add More Units** - Grant savings may provide recipients the opportunity to serve more individuals or families by temporarily adding more units to the project. A CoC grant amendment is not needed for adding units; however, recipients should consider the following:

   ➢ Future renewal funding for the grant will be based on the initial number of participants with the same level of service and will not include funding for the additional unit(s). Take caution to ensure that you can support the additional unit(s) going forward.

   ➢ Adding more units may cause increases in the budgets for supportive services and operating costs (if applicable), as well.

   ➢ **Please note:** Permanent increases to the number of individuals/families served by a grant can only be achieved by pursuing a grant expansion through the annual CoC grant competition.

4. **Continue to Track and Monitor Spending** - You should continue to complete periodic comparisons of expenditures with budget amounts and should hold regular review meetings between programmatic and financial staff to monitor spending.

5. **Incorporate Changes into your Formal Written Policies and Procedures** - Your agency's written policies and procedures should be reviewed and revised, as necessary, following the adoption of changes to ensure that they are effective and continue to be implemented as planned.

E. Communicate

1. Converse with your team regularly. Regular internal meetings, ongoing CoC policy reviews, current knowledge of regulations, and active communication between program and financial staff are essential actions to monitor grant spending and maximize the use of grant funding. Programmatic and financial staff need to be on a level playing field in terms of project design, budgets, spending, and all financial aspects of CoC projects.

2. If applicable, work with your subrecipients in the development of their own tracking mechanisms for the submission of invoices and reports to your organization. Subrecipient tracking should align with the CoC recipient's deadlines and ensure the CoC recipient is following its own drawdown and reporting requirements.

3. Engage in conversations with your CoC. CoCs can share more about the data in the CoC Quarterly Spending Report and provide guidance on local priorities and trends that may assist your agency in maximizing the use of CoC grant funds. In addition, if you are considering releasing excess CoC funds for reallocation or are interested pursuing grant consolidation, you should reach out to your local CoC to discuss your decision and seek applicable guidance relative to the annual CoC NOFA requirements.

4. Talk with your HUD Representative. We are prepared to assist with guidance and technical assistance and can point you to helpful resources as you seek to maximize the use of CoC grant funds. We are here to help!

Supporting Resources

- SAMPLE CoC Grant Tracking Spreadsheet
- CoC Quarterly Spending Reports and CoC Spending Report User Guide
- CoC Grant Amendment Quick Guide
- HUD Exchange CoC Program Landing Page: https://www.hudexchange.info/programs/CoC/
- CoC Virtual Binders: https://www.hudexchange.info/homelessness-assistance/CoC-esg-virtual-binders/
- CoC Regulations: https://www.hudexchange.info/resource/2033/hearth-coc-program-interim-rule/
- 2 CFR Part 200: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl