

FY2026 COC NOFO OFFICE HOURS #2 FOR EASTERN AND WESTERN PA COCS

July 22, 2026



HOUSING RELATED ELIGIBLE COSTS

Allowed Budget Line Items (BLIs) related to housing costs:

- **Operating**
 - Funds to operate a site owned or leased by your agency
 - Only specific costs are eligible
- **Leasing (Units or Structure, single site or scattered site)**
 - Under a Leasing model, the provider enters into the lease with the landlord and has a sublease or rental agreement with the program participant.
 - The provider pays 100% of the rent (up to Fair Market Rent) and the program participant pays 30% of household income to the provider.
 - When calculating 25% match requirement, leasing dollars are excluded from match requirement (i.e, total grant minus leasing * 25% = match requirement).
- **Rental Assistance**
 - Three types of Rental Assistance: Tenant Based (TBRA), Sponsor Based (SBRA), or Project Based (PBRA)
 - Under Rental Assistance model, the program participant enters into the lease with the landlord (TBRA, PBRA) or sublets from a sponsor agency (SBRA) and pays 30% of their income to the landlord/sponsor with the provider paying the balance of rent owed.
 - Rental Assistance CANNOT be combined with Operating
- More info: <https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-eligible-activities/coc-eligible-activities-overview/>

Funds to operate a site owned or leased by your agency. The following costs are considered eligible:

- The costs of **maintenance and repair** of housing not included in the lease (§ 578.55(b)(1))
- **Property taxes and insurance** (§ 578.55(b)(2))
- Scheduled payments to a **reserve fund** for the future replacement of major buildings systems. Major building systems include structural support, roofing, cladding, weatherproofing, plumbing, electrical, heating, ventilation, and air conditioning (§ 578.55(b)(3))
- **Security** for a housing program if more than 50 percent of the units or building area are CoC-funded (§ 578.55(b)(4))
- **Utilities** including electricity, gas, heating oil or other heating/cooling costs, water, sewer, and trash removal (§ 578.55(b)(5))
- **Furniture** (office/apartment) that remains with the project. Mattresses are also eligible costs, even if they remain with the program participant (§ 578.55(b)(6))
- **Equipment**, including office equipment, appliances such as microwaves, refrigerators, stoves, washers and dryers, etc. that remain with the project (§ 578.55(b)(7))
- **Staff time** spent carrying out the above eligible operating activities that are part of the approved grant.

HOUSING COSTS: OPERATING

- Maintenance and repair include a property or unit's upkeep, including structural, electrical, and plumbing systems. Can be small, medium, or large in scale.
- CoC operating costs **may not** be used in a building or unit receiving CoC rental assistance.
- CoC operating funds cannot be used to cover the cost of items included in the lease (for ex., utilities)
- Examples of **ineligible operating costs** include (but not limited to):
 - Mortgage payments
 - Rent
 - Landscaping for beautification
 - Legal fees to keep attorney on retainer
 - General cleaning supplies
 - Office supplies (pens, paper, files, folders, postage)
- <https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Operating-Costs.pdf>

HOUSING COSTS: OPERATING

- <https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Leasing.pdf>
- Can lease units or structure, single site or scattered site
- Under a Leasing model, the provider enters into the lease with the landlord and has a sublease or rental agreement with the program participant.
- The provider pays 100% of the rent (up to Fair Market Rent) and the program participant pays 30% of household income to the provider.
- When calculating 25% match requirement, leasing dollars are excluded from match requirement (i.e, total grant minus leasing * 25% = match requirement).

HOUSING COSTS: LEASING

- Leasing funds can pay for the following activities:
 - **Rent** for the unit or structure (§ 578.49(b)(1))
 - **Security deposits** for up to 2 months (§ 578.49(b)(4))
(May be used to pay for property damage)
 - **First and last month's rent** (up to one month each, allowed as an advanced payment) (§ 578.49(b)(4))
 - **Staff or related costs** to carry out leasing activities including conducting Housing Quality Standards (HQS), paying landlords, etc.
 - Payments on **unoccupied units** while identifying a new program participant
 - **Utilities:** If included in rent. If not included in rent, may require participants to pay for utilities but have to follow HUD guidance on calculating utility costs. (May also be covered by Operating.)

HOUSING COSTS: LEASING

24 CFR 578.49(a): [https://www.ecfr.gov/current/title-24/part-578#p-578.49\(a\)](https://www.ecfr.gov/current/title-24/part-578#p-578.49(a))

“Leasing funds **may not** be used to lease units or structures **owned by the recipient, subrecipient, their parent organization(s), any other related organization(s), or organizations that are members of a partnership**, where the partnership owns the structure, unless HUD authorized an exception for good cause.”

Can request an exception. Must show:

- Why leasing these structures is “in the best interest of the program”
- Leasing costs are reasonable
- Written policy for resolving disputes between the landlord and tenant that removes conflicted staff from the process

HOUSING COSTS: LEASING

- Rent payments
 - **Rent must be reasonable** in relation to rents charged for comparable units in the area.
 - CoC Program funds may **NOT** exceed the lower of Fair Market Rent (FMR) or the rent reasonableness limit for the unit.
 - If unit rent is above the FMR, a recipient may pay the difference but **NOT** with HUD or match funds.
 - Recipient or subrecipient can **NEVER** pay more than what is considered reasonable to support that unit.
 - <https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-leasing-rental-assistance-requirements/reasonableness/>
- Occupancy charges
 - **Not required**
 - If applied, must calculate the maximum charge allowable by following the CoC Interim Rule: 578.77(b) BUT **may charge less** than the maximum.
 - **Program fees** other than occupancy charges (e.g., fees for cleaning services, laundry, transportation, etc.) **may NOT be charged.**

HOUSING COSTS: LEASING

- CoC Program funds may be used to provide rental assistance (RA) under TH to pay a portion of the rent.
 - Length of assistance: Short-term (up to 3 mos.) or medium-term (4-24 mos.)
- Three types of Rental Assistance: Tenant Based (TBRA), Sponsor Based (SBRA), or Project Based (PBRA)
- Rental Assistance **CANNOT** be combined in a single structure or housing unit with CoC program funds used for: leasing; operating; or acquisition, rehabilitation or new construction if TBRA
- As of April 2016, nonprofit organizations have permanent authority to administer CoC program RA for PH only. **TH projects are still required to have a state or local government or PHA administer the RA.**
 - While nonprofit organizations may not directly administer rental assistance for transitional housing projects, they may enter into a contract or subrecipient agreement with an eligible entity to administer the rental assistance.
- <https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Rental-Assistance.pdf>

HOUSING COSTS: RENTAL ASSISTANCE

- Rent payments:
 - The total rent paid for a unit (including the subsidy and the tenant share) must meet **rent reasonableness** criteria.
 - Grant amount is based on the Fair Market Rent (FMR) BUT can pay more than the FMR if the rent is reasonable and project budget allows.
- In addition to rent, recipients and subrecipients may use rental assistance funds to pay for:
 - **Property damages** (limited to 1 month's rent, 1 time per participant when they exit)
 - **Vacancies** (30 to 90 days depending upon the circumstances)
 - **Security deposits** and first and last month's rent
 - **Staff costs** directly related to carrying out eligible activities including conducting Housing Quality Standards (HQS), paying landlords, etc.
- If utilities are not included in the rent, must follow HUD guidance to calculate utility allowance.

HOUSING COSTS: RENTAL ASSISTANCE

Project-based rental assistance (PBRA):

- Recipient/subrecipient contracts specific units/properties where the landlord agrees to provide housing to participants
- Participants enter into leases with the landlords of those units/properties
- If a participant moves, the PBRA remains with the unit to serve a new participant
- In project-based rental assistance, a recipient or subrecipient is not explicitly prohibited from being the owner of the building.

HOUSING COSTS: RENTAL ASSISTANCE

Tenant-based rental assistance (TBRA):

- The lease is between the participant and the landlord.
- Participants choose their own housing in the private rental market.
- Can require participants to live in a specific structure only for the first year and/or a specific area for the remainder of participation **only if** it is necessary to facilitate the coordination of supportive services.
 - After the initial lease ends, participants can choose to use TBRA in a different unit.
- Recipient/subrecipient may provide rental assistance to participant that chooses a unit the recipient/subrecipient owns.
 - Cannot **exclusively direct** a program participant to a unit it owns and must provide documentation that the program participant had a choice of other units.

HOUSING COSTS: RENTAL ASSISTANCE

Sponsor-based rental assistance (SBRA):

- Sponsor agencies rent units in the private market that they sublease to participants.
- **SBRA stays with the sponsor.** If the participant moves, the sponsor may sublease to a different participant **OR** use the SBRA in a different unit with the current participant.
- Sponsors: private nonprofit organizations or community mental health agencies established as nonprofit organizations.
- **The sponsor must be independent from the recipient or subrecipient,** meaning that the sponsor must not be the recipient or subrecipient or have a connection with or influence over the recipient or subrecipient.

HOUSING COSTS: RENTAL ASSISTANCE

SUPPORTIVE SERVICES IN THE COC INTERIM RULE

The CoC Interim Rule lists Supportive Services eligible activities/costs as follows:

- annual assessment of service needs,
- assistance with moving costs,
- case management,
- childcare,
- education services,
- employment assistance and job training,
- food,
- housing search and counseling services,
- legal services,
- life skills training,
- mental health services,
- outpatient health services,
- outreach services,
- substance abuse treatment services,
- transportation,
- utility deposits, and
- costs related to direct provision of services

Anything not stated as allowed in the CoC Interim Rule is NOT an eligible cost.

24 CFR 578.53: <https://www.ecfr.gov/current/title-24/section-578.53>
<https://files.hudexchange.info/resources/documents/Virtual-Binders-At-A-Glance-Supportive-Services.pdf>