
QUESTIONS AND ANSWERS

**A Supplement to the
2007 Continuum of Care
Homeless Assistance
NOFA and Application**

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

2007

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Questions and Answers
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To assist you in preparing your 2007 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 can be found on HUD's NOFA web site.

A. Major Changes for 2007:

There have been some modifications to the Continuum application submission.

- NEW THIS YEAR:
 - There has been a change in the hold harmless reallocation policy; new this year, CoCs who are in “hold harmless status” who seek to use the reallocation process to create new permanent housing units may do so without risk of losing the reallocated amount, as long as the CoC score is 65 or higher.
 - For Continuum of Care communities that are in hold harmless status, new Supportive Housing Program projects created with reallocated funds can be for grant terms of one, two, or three years.

Summary of Specific Changes in the Application

Exhibit 1 Changes of Note

- E: Governance chart – the format has changed
- H: Housing Services Chart – the same chart that was submitted in 2006 can be used.
- I: Housing Inventory Charts:
 - Changed HMIS participation codes
 - Make sure to add an asterisk* after the project name to indicate whether HUD-funded or not.
- K: Additional row for households without dependent children
- M (HMIS) – new information for Data Collection and Completeness
- N: On “baseline” column, added row for barriers, and:

- O: Discharge Planning Policy
An example was added, which emphasizes that an acceptable discharge plan does not discharge to homelessness, including McKinney-Vento funded beds or the streets or shelters.
- Q: Added a small check box to indicate whether first project is a #1 priority Samaritan Bonus project
- R: Hold Harmless Reallocation policy change (see Section J: Pro Rata Need and Need Scores)
- U: Use 2006 objectives and reporting on 2006 Achievements
- V: Added Operations/Development funding. This chart helps track reductions in chronic homelessness, and where funding comes from for new permanent housing beds.

EXHIBIT 2:

Exhibit 2 Instruction Changes

- Grant Term language clarification
- Reinstated “Total Costs” line for all budgets

Exhibit 2 Form Changes

Section I: Project Summary

Part A: General Project Information

- Check box for Samaritan Bonus Project

Part C. Point in Time Housing and Participants

- Reworded “Participants” category

Part G. Project Participation and Data Coverage in HMIS

- Revised to obtain whether or not client level data is regularly updated

Section II: Project Budgets

Parts I2, I3, I5 SHP Budgets

- Reinstated supportive services, operating and HMIS budgets to include a “Total Costs” line

Part J: Shelter Plus Care and Section 8 SRO Budgets Published FMRs

- October 1, 2006 – Final 2007 FMRs

FMRs for awarded projects

- Use final 2007 FMR’s published on October, 1, 2006.

- If you requested “100% of FMR” rents, they will be updated. Actual rents below (1 to 99%), and exception rents above (101 to 110%) published FMR do not get updated.
- If appropriate letters are not included for higher than “100% of FMR’s,” then the project will be awarded at “100% of FMR.”

Section III: New Project Narratives

Part L: Supportive Services the Participants Will Receive

- Changed format
- Better assessment of type and frequency for each service offered

Parts K, and M thru P remain the same

Applicant Certification

- Not attached to Exhibit 2 this year, but include in the Applicant Documentation.

Logic Model Items to Note

- Even though it refers to the broad goal of “Ending Chronic Homelessness,” this is shorthand for the HUD goal of “Ending Chronic Homelessness and Moving Homeless Families and Individuals to Permanent Housing.”
- Added more drop-down options to accommodate different types of programs
- Different pages for Year 1, Year 2, and Year 3 of your project
- See “Logic Model Helpful Hints,” posted online, for additional instructions

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 carefully read the application and the NOFA for further clarification, or contact your HUD field office. Common mistakes include:

CONTINUUM OF CARE 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;
- including Project Priority dollar amounts that differ from the exhibit project budget amounts.

PROJECT EXHIBIT 2

- 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 2007;
- 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 FMRs (PHA letter missing for rents above FMR – 101% to 110%; or HUD letter for greater than 110%);
- missing or incorrect FMR jurisdiction;
- incorrect “Number of Months” given for project term;
- submitting incorrect DUNS number, especially for applicants from multi-tiered organizations;
- Samaritan projects that indicate they will serve populations other than chronically homeless, or that they will serve families.

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 after grant execution. 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.

7. The definition of a person who is chronically homeless indicates that the person must have been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. If the person has had four episodes of homelessness in the last three years but is currently in transitional housing, does he/she meet the definition of chronically homeless?

No. To be defined as chronically homeless, a person must be living on the street or in emergency shelter at the time of the count or eligibility determination. The definition does not include those currently in transitional housing.

8. What specific documentation is required to substantiate a homeless person's disability for any PH project?

Written documentation to substantiate that a homeless person's disability meets the program definition must come from a qualified source, such as a credentialed psychiatrist or other professional trained to make such a determination.

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 not 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 2007 HUD 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.

- 5. My project received funding through a two-year demonstration program (2005 Housing for People who are Homeless and Addicted to Alcohol) that had modified match requirements. What are the match requirements for this grant since the project is now eligible for renewal through the CoC competition?**

Upon renewal of this project, the SHP requirements for match will be in effect. These grants originally allowed leasing, housing search (a supportive service) and administration. Under the CoC competition, by law, the supportive services match requirement applies.

F. Application

- 1. Is there a page limit for the Continuum of Care: Exhibit 1?**

No. HUD has replaced most of the narratives with checkboxes.

- 2. What are the leveraging requirements in the application?**

The total leveraging amount must be included in Exhibit I, Chart S. 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.

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 agreements could include signed letters, memoranda of agreement, and other documented evidence of a commitment. The value of commitments of land, buildings and equipment are **one-time only** and cannot be claimed by more than one project in another year. For example, the value of donated land, buildings or equipment claimed in 2006 or before for a project cannot be claimed as leveraging by that project or any other project in subsequent competitions.

- 3. 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 and any project sponsor 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 Annual Progress Report (APR).

4. Are renewal projects required to submit the “Code of Conduct” again if they submitted their code in a previous competition?

Renewal applicants that submitted an application during the FY 2005 or FY 2006 competition, and included a copy of the code of conduct, are not required to submit another copy unless the information has been revised. Please check the HUD website at <http://www.hud.gov/offices/adm/grants/codeofconduct/cconduct.cfm> to verify HUD’s receipt of your code of conduct.

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) 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 Inventory Chart

- 1. What information can we use to complete the Housing Inventory Chart?**

A CoC must complete an annual survey of its emergency, transitional and permanent supportive housing inventory to complete the Housing Inventory Chart. The survey must be for a single point-in-time count of the inventory, and completed in the last seven days of January, 2007.

- 2. If a Continuum of Care has units that are funded by HUD and units that are funded from other (non-HUD) sources, should these units be included on the Housing Inventory chart?**

Yes. All beds and units in place or under development (funded but not yet serving homeless persons) in 2007 should be included for each provider/facility in the Housing Inventory Chart. Please note that Permanent Supportive Housing units should include only units funded by McKinney-Vento or units targeted for homeless persons.

- 3. In the Housing Inventory Chart, how does the Continuum determine the number of family units in programs with congregate living (e.g. dormitory-style)?**

The term “Family Unit” in the Housing Inventory Chart refers to the actual physical housing units for serving families. Programs providing congregate housing (e.g. barracks style) for families would not complete the Family Units column of the Housing Inventory Chart.

4. Some of the sections still aren’t clear to me. Can you please explain some of the columns and codes?

- **Number of Year-Round Beds in HMIS:** If a facility uses the same physical beds to provide shelter for different populations on an “as-needed” basis, report the bed numbers as they are being used at the time of the point in time count. Report any unoccupied beds by using the same proportion as the occupied beds. For example, if an agency provides 12 beds to both families and individuals on an “as-needed” basis, and during the point-in-time count four beds are occupied by persons in families, two beds are occupied by individuals, and six beds are unoccupied, then the agency would use these proportions to report a total of eight family beds and four individual beds.

Facility Target Population A:

Target Population A	Rule
SM, SF, SMF, YM, YF, & YMF	You cannot report family units or beds for projects with these codes. For these target populations, enter information in the cells for “Year-Round Individual,” “Seasonal,” and “Overflow/Voucher” only.
FC	You cannot report individual beds for this code. For this target population, enter information in the cells for “Year-Round Family Units,” “Year-Round Family Beds,” “Seasonal,” and “Overflow/Voucher” for families only. If you report family beds, you must report family units.
M	You can report “Individual Beds,” “Family” Beds and Units, “Seasonal,” and “Overflow/Voucher” beds for this code. If you report family beds, you must report family units.

- **Year-Round Family Units:** Enter the number of separate housing units (rooms or apartments) that are regularly available year-round for serving families. For example, a facility might have 10 distinct rooms in which they can house 10 separate families. In this example, “family units” would be recorded as “10.” If family units are reported, a number of family beds in those units must also be reported.
- **Year-Round Family Beds:** Enter the number of beds that are regularly available year-round for serving persons in families. This number should be greater than or equal to the number of year-round family units reported. For example, a facility might have 10 distinct units and 35 distinct beds to house family members in those 10

units. In this example, “family beds” would be recorded as “35.” Do not include cribs in the family bed inventory.

- **Overflow and Voucher Beds:** Count of distinct cots, mats, chairs, and persons housed by vouchers during the point-in-time count during the last seven days of January 2007. Each individual housed by the voucher should be counted as a separate bed. For example, if a single voucher is used to shelter three individuals, then the voucher should be reported as three overflow beds. If an administrative (i.e. non-service provider) entity distributes vouchers, please list that agency as the provider; do not list individual hotel/motel names.

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?

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. Prior to 2006, 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 will 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.

In Exhibit I, CoC Pro Rata Need Reallocation Chart R, CoCs choosing this option must 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 under-performing, 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 Reallocation Chart is part of the exhibit. Take special care to ensure that the total dollar amount of the reduced and/or eliminated project(s) is equal to the dollar amount requested 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 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.

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 (P/PRN): 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. HUD recognizes and accounts for the fact that while a significant portion of homeless need exists in urban areas, homeless need also exists in rural areas. 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 need (HHN): 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 will receive this higher amount, referred to as the CoC hold harmless amount. SHP grants eligible for renewal are those that expire between January 1, 2008 and December 31, 2008. 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 supportive housing projects. As in past years, CoCs who would like to create new permanent housing units may use the “hold harmless reallocation process” to do so. With this process, eligible CoCs can replace or reduce renewal projects with a new permanent housing project using the same funds. In the past, a CoC risked losing the funds that it had “reallocated” in this way if the CoC did not score above the full funding line. New this year, if a CoC in hold harmless status reallocates a portion of its pro rata need to an eligible new permanent housing project, the project will be funded, as long as it is in a CoC receiving at least 65 points. HUD is making this change to make it easier for CoCs to choose to fund new permanent housing units.

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 (P/PRN), 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 (20) percent of the bonus project request 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.
- Excess initial pro rata need can be added to a #1 Samaritan Bonus project if your CoC is under preliminary pro rata need (P/PRN) status. If your CoC is under hold harmless need (HHN) status, you **cannot** add reallocated funds to a new #1 Samaritan bonus project; these funds must be allocated to other new projects on your Project Priority list.

Step 4 -- Determining final pro rata need

Final pro rata need (F/PRN) amount is determined after steps 1, 2 and 3, as applicable, are completed. This amount will determine whether projects receive 40, 10 or 5 need points. 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 (F/PRN), 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. All projects will receive 0 points for Need, if the projects for the Continuum are not prioritized on a priority list.

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.

6. What impact, if any, will the amount of the renewal for grants funded under the Collaborative Initiative to End Chronic Homelessness, Ending Chronic Homelessness Through Employment and Housing, or Housing for People who are Homeless and Addicted to Alcohol competitions have on a CoC's pro rata need amount?

Please see Question 2, Step 2 – Determining CoC Hold Harmless Need-- of this section.

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://www1.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 2007, it need only be extended for 2 months to carry the grant term into January 2008.

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. How do HUD's requirements for timely implementation of projects affect my project?

Recipients conditionally awarded funds in the 2007 CoC funding round must have a fully executed grant agreement or, in the case of the SRO Program, Annual Contributions Contract, by September 30, 2009. 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 the date of grant execution, except that SRO and S+C project based with rehabilitation 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 under Exhibit 2, when would a "New" project respond to Section III: New Project Narratives?

You would use the "new" section in the following situations:

- if you are 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.

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 identify their efforts toward implementing the requirements of that certification?**

Project applicants that are state or local governments awarded funds in previous competitions are asked in Exhibit 2 to verify, with a checkbox, that they have policies and protocols they have developed/implemented regarding discharges from publicly funded institutions.

- 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?**

Applicants for the Supportive Services Only component of the SHP must answer all appropriate items in Exhibit 2.

- 11. What submission requirements apply for Shelter Plus Care new and renewal and new SRO projects seeking rents above the published FMR applicable at the time of the application due date?**

A Shelter Plus Care or new SRO projects seeking exception rents up to 110 percent of the published FMR must submit a copy of the PHA's current confirmation statement that 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.

A Shelter Plus Care or new SRO project seeking exception rents from 110 percent – 120 percent of the published FMR must submit a copy of the Field Office approval letter for such rents. For exception rents exceeding 120 percent of the published FMRs, a copy of the HUD Headquarters approval letter must be submitted. In the case of an exception rent, an approval letter is valid until the published HUD FMR reaches the 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. The characteristics of permanent housing are: 1) the client has a valid lease in the client's name under local law; 2) the lease is for an identified unit of housing that is under the control of the client; and 3) the lease is for a minimum term of one year, is renewable by the tenant, and is only terminable by the landlord for cause.

13. What happens if our community's number one priority project seeking the Samaritan permanent housing bonus does not meet HUD's criteria for permanent housing or for exclusively serving the chronically homeless?

If the CoC requests a new Samaritan permanent housing project as the highest priority, and HUD determines that it is not a permanent housing project and/or is not exclusively serving chronically homeless individuals, 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.

14. If you want to convert a Safe Haven-TH or a Transitional Housing Project to PH, do you have to reallocate the funds and thus risk losing the projects?

No, you do not have to reallocate funds to convert a Safe Haven-TH or Transitional Housing project to a PH project. The way to convert projects is through the grant amendment process. If your project is in a continuum and there is no longer a need in the continuum for the Safe Haven project, then you may request a change in SHP component through the Field Office. The HUD Field Office will provide appropriate guidance and has the authority to approve or disapprove such a significant change.

15. Can a project sponsor for the Supportive Housing Program be a "for-profit" entity?

The project sponsor for a Supportive Housing Program project must meet the same eligibility requirements as the applicant, as noted in the "definitions" section of the NOFA. Therefore, the sponsor cannot be a for-profit entity.

16. Can SHP rehabilitation funds be used to rehab leased properties?

No. SHP projects awarded funding for acquisition, rehabilitation, and new construction are required by law to enter into a "restrictive use and repayment covenant." This covenant requires that a lien be placed on the property.

17. May a Supportive Services Only (SSO) Project convert to a TH or PH program?

No. By definition, the SSO program is not providing housing and the conversion to a housing program is an entirely new project requiring a new submission under

competitive rules so that the statutorily required quality of the project can be evaluated.

18. Requirements for Conditionally-Awarded Projects

The following two sections were removed from the 2007 Continuum of Care NOFA for the purpose of streamlining the NOFA. This information describes some of the requirements after a grantee has been awarded funding. Please see the NOFA for all requirements that conditionally awarded projects must meet.

Eligibility Information: Program Requirements

Coordination with Mainstream Resources. If your project is selected for funding as a result of the competition, you will be required to coordinate and integrate your homeless program with other mainstream (non-homeless targeted) health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funded through the Mental Health Block Grant and Substance Abuse Block Grant, Workforce Investment Act, Welfare-to-Work grant program and Veterans Health Care.

Prevention Strategies and Discharge Policies. In addition, as a condition for award, any governmental entity serving as an applicant must agree to develop and implement, to the maximum extent practical 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 such persons entering the homeless system. While the state or local governmental entity having jurisdiction in the area of the Continuum's application has the formal responsibility to enact the discharge policy, the Continuum is expected to actively involve itself in the planning and implementation of the discharge policy. This condition for award 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 homeless assistance funds to assist such persons in lieu of state and local resources. HUD emphasizes the integration of state and local jurisdictional ten-year plan goals related to discharge with the CoC plan.

Award Administration Information: Reporting

The APR for HUD's competitive homeless programs provides information to HUD necessary for program monitoring and evaluation. A key element that has been recently added to the APR is measuring the incidence of chronic homelessness and your Continuum's progress in moving individuals into permanent housing. The process of gathering and analyzing the information needed to complete the APR also assists local projects with their own program evaluation. The APR is the mechanism

used by HUD Headquarters and Field Offices to review the performance of funding recipients on an annual basis. The reports permit HUD to understand what types of clients are being served in its homeless assistance programs and what the programs' success rate is in helping homeless families and individuals achieve residential stability and increase their skills and/or incomes. For the SHP and S+C programs, the APR also reports to HUD the amount of local match that has been provided to fulfill statutory and regulatory requirements.

The Department has used the reports to monitor grant execution and to evaluate the eligibility of the population being served and housed, as well as the supportive services offered to the participants. The APR helps identify how effective the grantee has been in helping program participants achieve residential stability, greater self-determination, and increase skills or income, which are our program goals and objectives. This also allows the grantee to revise or set goals for the next year.

M. Housing Requirements

National Funding Priorities

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

The FY 2007 HUD 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: (1) new non-permanent housing SHP projects in the following order (all new Supportive Service Only (SSO) projects, then all new SHP HMIS dedicated projects, then all new SHP Transitional Housing projects, then all new Safe Haven-TH projects), (2) non-permanent renewal housing SHP projects (all renewal Supportive Service Only (SSO) projects, then all renewal SHP HMIS dedicated projects, then all renewal SHP Transitional Housing projects, then all renewal Safe Haven-TH projects).

In skipping over new non-permanent housing projects, HUD will begin with the lowest rated (eligible) fundable new non-permanent project (in the order described above) 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 Requirement?

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.

Samaritan Initiative

5. Residents served in projects under Priority #1 Samaritan Initiative must all be chronically homeless. Could these units be in a building with other non-chronically homeless units?

Yes. Units for the chronically homeless may be located in a building with units for non-chronically homeless persons.

6. Does the 20% case management limitation apply to permanent supportive housing projects, as well as Samaritan projects?

No more than 20 % of the bonus requested amount for the Samaritan Housing Initiative #1 project priority bonus funds can be used for case management. There is no similar limitation on case management in non-Samaritan housing projects requesting funding under the SHP permanent supportive housing component. Please note that if the Samaritan Bonus project exceeds the 15% of the initial pro rata need, the case management cap remains 20% of the initial 15% Samaritan Bonus amount. For example:

- a CoC which has an initial PRN of \$100 has a maximum Samaritan Bonus of 15%, or \$15.
- The cap on their case management request that can be considered part of the Samaritan bonus is 20% of \$15, or \$3, regardless of the size of the final Samaritan Bonus project request.
- If a CoC creates a Samaritan Housing project that is less than the 15% of the initial pro rata need, the cap on the case management will be 20% of the lesser requested amount.
- Excess initial pro rata need can be added to a #1 Samaritan Bonus project if your CoC is under preliminary pro rata need (P/PRN) status. If your CoC is under hold harmless need (HHN) status, you **cannot** add reallocated funds to a new #1 Samaritan bonus project; these funds must be allocated to other new projects on your Project Priority list.

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 2007 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 2008. The following are eligible:

- a. SHP projects, including those renewed before, that are expiring in 2008;
- b. S+C projects expiring in 2008 that will have insufficient funds to continue operating throughout 2008, or S+C projects having been previously extended but which are projected to run out of funds in 2008.
- c. Projects awarded under the 2004 “Collaborative Initiative to Help End Chronic Homelessness” and “Ending Chronic Homelessness Through Employment and Housing Initiative” and the 2006 “Housing for People Who are Homeless and Addicted to Alcohol” that have an expiration date in 2008.

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.

Supportive Housing Program Grants

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 2 should be submitted requesting the renewal of the existing project and another Exhibit 2 should be submitted requesting funding for only the

additional new or expanded activities. In addition, both projects should be listed as separate priorities on the Project Priorities chart in Exhibit 1.

5. How do I determine if my project is eligible for SHP renewal?

To be eligible for an SHP renewal, your current HUD grant must expire during calendar year 2008. A grant is expiring in calendar year 2008 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, HMIS, 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 2005 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. May I shift funds among eligible activities (leasing, operating costs, supportive services) in a SHP renewal application.

Yes, you may shift up to 10 percent of the grant among eligible activities on renewals. Any change greater than 10 percent requires a Field Office review and approval prior to submission.

8. 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.

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

Yes. If you are a 2007 applicant, and **actual rents** have increased substantially from the time of the initial application to the time of the first renewal, the grantee may need – and is allowed – to reduce the number of units that can be supported by the project since the overall level of SHP funding cannot be increased. If grantees reduce the number of units (reflected in the application under Part C: Point in Time Housing and Participants Chart), they will be required to document this change at the Technical Submission phase. Grantees that propose to reduce the number of units leased, once awarded, must include a written summary that provides the number of units currently leased using the current fair market rates, the reduced number of units to be leased using the fair market rates, and a proposed revised budget reflecting the associated cost reductions, if applicable. Keep in mind that grantees may be able to maintain the same number of units if they are able to rent units below the fair market rent. Grantees should note that a reduction in the number of participants might result in a corresponding decrease in the other funded budget categories. Grantees may proportionately reduce or eliminate any other 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.

10. Can a CoC that is in preliminary pro rata need (P/PRN) status 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. These projects are subject to normal competitive rules

11. 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.

Shelter Plus Care Grants

12. Are Shelter Plus Care renewal projects a part of the 2007 CoC Competitive Process?

Under the 2007 HUD Appropriations Act, eligible Shelter Plus Care Program grants whose terms are expiring in FY 2008 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 2008 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. Shelter Plus Care renewals are submitted as part of a Continuum of Care submission and are included in the Shelter Plus Care section of 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.)

A renewal project may include no more than one component [i.e., TRA, SRA, PRA, and SRO] and may be carried out by no more than one project sponsor.

13. 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 2008 is eligible for renewal. (In addition, S+C grants that received a 5-year extension previously but which are projected to run out of funds in 2008 are also eligible.) The effective date of the grant is the date used to determine whether the grant (including all of its TRA, PRA, SRA, and SRO component projects) is expiring.

If your grant term is expiring in 2008 but you do not expect to run out of funds during that year, you may apply to your HUD field office for an extension. 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.

14. What are the standards for the first renewal of a Shelter Plus Care Project?

For TRA, SRA, PRA, and SRO 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 (FMR as published in the Federal Register on October 1, 2006.) *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.

For the S+C/SRO component, use the same FMR method as other renewing S+C project components, the FMR is 75 percent of the 0-bedroom rate. 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.

15. What are the standards for second renewal and subsequent renewal of Shelter Plus Care projects?

For Shelter Plus Care grants having been awarded one-year of renewal funding in 2006, the number of units requested for renewal in 2007 may not exceed the number of units funded in 2006. (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, 2006 FR Notice.)

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.

16. How does a S+C project change the 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. *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. Please Note: Project Based (PRA) or Single Room Occupancy (SRO) components may not change the unit configuration.

17. 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.

18. In the NOFA Continuum of Care application announcement under Threshold Requirements states that S+C non-competitive renewals must meet minimum threshold requirements, which include performance standards. What are these performance standards, or where does it state what the minimum performance standards are?

If you or the project sponsor is a current or past recipient of assistance under a HUD McKinney-Vento Act program, there should be no serious unresolved HUD monitoring findings, and no outstanding audit finding of a material nature regarding the administration of the program. S+C non-competitive renewals will be funded for one year provided that they are determined to be needed by the CoC as evidenced by their inclusion on the Project Priority Chart.

19. Since we may consolidate S+C grants from the 2006 round, how should they be listed for the 2007 round?

If the 2006 S+C grants have already been consolidated prior to the application deadline, they should be listed as the one consolidated grant for 2007. HUD encourages the consolidation of appropriate S+C renewal grants when the grants are under the same grantee, same component and expire in the same year. However, renewal requests for expiring S+C grants that have not been consolidated should still be listed individually on the CoC priority list and will be awarded as individual renewal grants. Where the grantee wishes to consolidate the renewal grants, this action may be subsequently accomplished by the field office at the point of renewal grant agreement execution. The field office received instructions for this process in the S+C Operating Procedures guidance for 2006 awards.

Chronic Initiatives

- 20. My project was initially awarded funds through a separate competition (e.g. the Collaborative Initiative to End Chronic Homelessness, Ending Chronic Homelessness Through Employment and Housing, or Housing for People who are Homeless and Addicted to Alcohol) and is now eligible (i.e. expires in 2008) for renewal through the Continuum of Care process. How will the CoC determine the priority of this project for renewal?**

The need for the continuation of any previously funded project - whether funded initially through the CoC competition or a special initiative – is determined by the localities through its CoC planning process. The CoC should review each project at the time it seeks renewal to determine if the project is performing satisfactorily and if it still meets the needs of the chronically homeless persons it proposed to serve. Placement of the project on the CoC Project Priority list is based on the local jurisdictions' planning/prioritization process.

- 21. Under the Housing for People who are Homeless and Addicted to Alcohol competition, supportive services costs could be no more than 5% of the grant. Does this limit still apply, or can I ask for additional supportive services for the participants in my permanent supportive housing project?**

In this instance, the supportive services costs for the renewal project should be no more than 5% of the grant. Any changes to this amount will need to be negotiated through the HUD Field Office after the renewal is conditionally awarded funds.

- 22. If my project was funded under a special initiative, how much money can I request for a renewal?**

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. These grants originally allowed leasing, housing search (supportive service) and administration. Upon renewal of this project, the SHP requirements for match will be in effect. Under the CoC competition, supportive services match requirement apply.

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. 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 Exhibit 2.

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 Exhibit 2.

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 Exhibit 2.

11. Who is responsible for implementing the HMIS? Is it the Continuum of Care (CoC), HMIS administering agency or the applicant/sponsor of a SHP Dedicated HMIS project grant?

The CoC is at the core of planning and service delivery for homeless individuals and families within any given community or geographic area. Each CoC is responsible for HMIS implementation, including planning, software selection, setting up and managing the database according to HUD standards.

The HMIS administering agency and/or the applicant /sponsor of a SHP Dedicated HMIS project grant are agents of the CoC, manage HMIS operations on behalf of the CoC and provide HMIS administration functions at the direction of the CoC. Through the experience of successful HMIS implementations, we have learned that active participation by CoC members, either through Committee/sub-committee structure or other meetings, in the management of the HMIS process, including establishing policies, procedures and protocols for privacy, data sharing protocols, data analysis, reporting, data integrity/validity, etc. are essential to the viability and success of the HMIS.

12. Who is responsible for implementing the HMIS, is it the Continuum of Care (CoC), the HMIS administering agency or the applicant/sponsor of a SHP Dedicated HMIS project grant?

The CoC is at the core of planning and service delivery for homeless individuals and families within any given community or geographic area. Each CoC is responsible for HMIS implementation, including planning, software selection, setting up and managing the database according to HUD standards.

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P. Performance

- 1. Do those Supportive Services Only (SSO) projects that are exempted from Question 11 in the APR have to be included in the Exhibit 1, Chart X: Mainstream Programs and Employment Chart?**

No, SSO outreach, hotline, transportation, medical, dental, and other **single, short duration services projects** do not need to be included in the Exhibit 1, Mainstream Programs and Employment Chart. On page 3-4 of the APR under “Special Instruction for Supportive Service Only Projects,” these types of SSOs are allowed to skip APR question 11. For these types of SSOs it is expected to have no data (zeros) in all parts of question 11 and therefore these zeros would have no effect to the totals in the Mainstream Programs and Employment Chart. Many SSO projects, however, may collect these numbers, and report on this question in the APR.

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

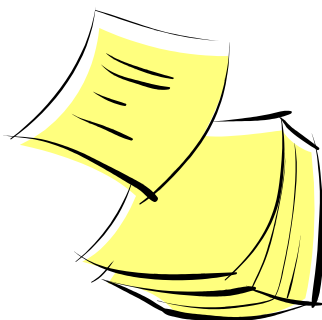
Yes. These renewal projects can use their HMIS database or other project information available to respond to the performance section.

Q. CoC Chronic Homeless Progress Chart

- 1. The chart in the application asks us to identify the costs of the new beds for chronic homeless persons (Chart V: CoC Chronic Homeless (CH) Progress Chart). The chart also identifies the funding sources for these beds. Is there a worksheet that can help us do these calculations?**

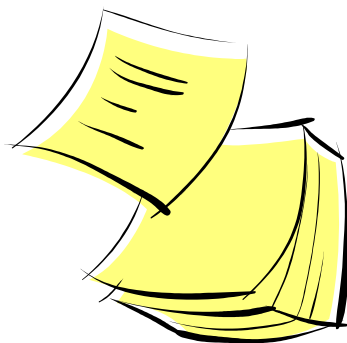
Yes. An Excel worksheet with instructions will be included shortly on the SuperNOFA website. This worksheet **should not** be included in your application, but can be used to compile the numbers that are used to complete **Chart V: CoC Chronic Homeless (CH) Progress Chart**. For future reference, we encourage CoC’s to maintain this worksheet in their 2007 competition files.

R. 2007 CoC Application Assembly Order Checklist



Section I – Exhibit 1 Documentation

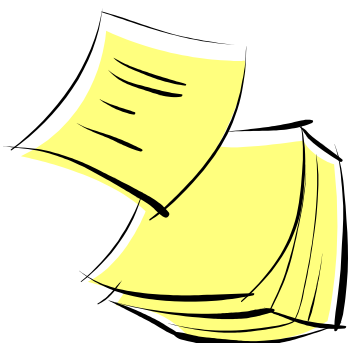
- Exhibit 1** (HUD-40090-1) – Charts A through Z, AA, and AB (including Project Priority Chart, Leveraging, etc.)
- America’s Affordable Communities Initiative/Removal of Regulatory Barriers** - (HUD-27300) Part A OR B
- Acknowledgement of Application Receipt** (HUD-2993)
- You Are Our Client! Grant Applicant Survey** (HUD-2994) – Optional



Section II – Applicant Documentation

For each applicant, provide one of each of the following:

- SF-424** – MUST include a DUNS number
- Attach a **list of the applicant’s projects** – Place projects in order as they appear on the priority list.
- Applicant Certifications** (HUD-40090-4)
- Applicant/Recipient Disclosure/Update Report** (HUD-2880)
- Survey on Ensuring Equal Opportunity for Applicants** (HUD-424 SUPP) – For non-profits only
- Documentation of Applicant Eligibility** (501(c)(3) or certification) – if applicable
- Disclosure of Lobbying Activities** (SF-LLL) – if applicable
- Applicant Code of Conduct** – Submit if not already posted on HUD’s website



Section III – Exhibit 2 Documentation

For each project, provide one of each of the following:

- Exhibit 2** – Project Application
- Sponsor Eligibility Documentation** (501(c)(3) or certification) – if applicable
- Logic Model** (HUD-96010)
- Certification of Consistency with the Consolidated Plan** (HUD-2991)