

CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

Municipal Building, Council Chambers, 201 West Gray, Norman, OK 73069
Tuesday, February 01, 2022 at 5:30 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, retaliation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

AGENDA ITEMS

1. DISCUSSION REGARDING THE CONTINUUM OF CARE COLLABORATIVE APPLICANT.
2. PRESENTATION ON PATTERN ZONING.

ADJOURNMENT



To: Darrel Pyle, City Manager

From: Lisa D. Krieg, CDBG Grants Manager

Date: January 27, 2022

Subject: Continuum of Care Collaborative Applicant

A reference document has been provided titled *Introductory Guide to the Continuum of Care Program* which consists of information contained from the Federal Register for the Interim Rule. This guide includes information pertaining to not only operating a CoC but the programs that are eligible activities for funding. In addition, a timeline has also been provided to detail the annual grant cycle of the activities of the Collaborative Applicant.

At its simplest, a Continuum of Care is established by representatives of relevant organizations within a geographic area to carry out the responsibilities set forth in the CoC Program Interim Rule.

HUD developed the concept of the CoC in 1995 through its annual competition or homelessness assistance grants. The CoC was envisioned as a local network that plans and coordinates funding for services and housing to assist homeless individuals and families. The HEARTH Act amendments to the McKinney-Vento Homeless Assistance Act codified in law the role and functions of the CoC; thus each community must establish a CoC in compliance with the new CoC Program interim rule. In some communities, very little will have to change to be in compliance with the requirements of the interim rule, but the rule gives CoCs more ability to formalize and change to better achieve the goals of the CoC Program. In other communities, more structure and formalization will need to be implemented to be in compliance with the program requirements. When establishing a CoC, communities must bear in mind that CoC's are designed to:

- Promote a community-wide commitment to the goal of ending homelessness
- Provide funding for efforts for rapidly re-housing homeless individuals and families
- Promote access to and effective use of mainstream programs
- Optimize self-sufficiency among individuals and families experiencing homelessness

The composition of each CoC is expected to be tailored to its unique community circumstances, to the extent possible involving all of the players required to further local efforts to end homelessness. The purpose of requiring stakeholder representation from a wide range of organizations within the CoC's geographic area is to ensure that all community stakeholders participate in developing and implementing a range of housing and services.

A CoC must designate an eligible applicant to serve as the collaborative applicant. If the CoC is an eligible applicant, it may designate itself to be the collaborative applicant. If the CoC chooses to apply for CoC planning funds, the collaborative applicant is also the only eligible applicant able to apply for these funds on behalf of the CoC. The collaborative applicant is the entity that submits the annual CoC Consolidated Application for funding on behalf of the CoC. In CoC's where the CoC does not also designate the collaborative applicant to apply to be a Unified Funding Agency, the annual CoC application may include requests for project funding from more than one eligible applicant. If more than one project is applying for funding, then the entity designated by the CoC as the collaborative applicant is charged with collecting and combining the application information from all applicants for all projects within the CoC's geographic area.

A Collaborative Applicant is an eligible applicant designated by the Continuum of Care:

- Instrumentality of state or local government
- Local government
- Nonprofit
- State
- Public Housing Authority (PHA)
- If the CoC is an eligible applicant, then it may designate itself

The responsibilities of the Collaborative Applicant include:

- Submits the Consolidated Application
- Applies for CoC planning funds on behalf of the COC
- Participates in the development of the governance charter with the CoC

The Collaborative Applicant Relationship to the Continuum of Care:

- Acts on behalf of the CoC when applying to HUD for grants
- All responsibilities assigned to the CA have to be documented in the CoC's Governance Charter
- The CoC retains its duties related to planning and prioritizing need
 - The authority to sign a grant agreement with HUD is designated to eligible applicants that can enter into a contractual agreement
 - CoC's are not required to be legal entities

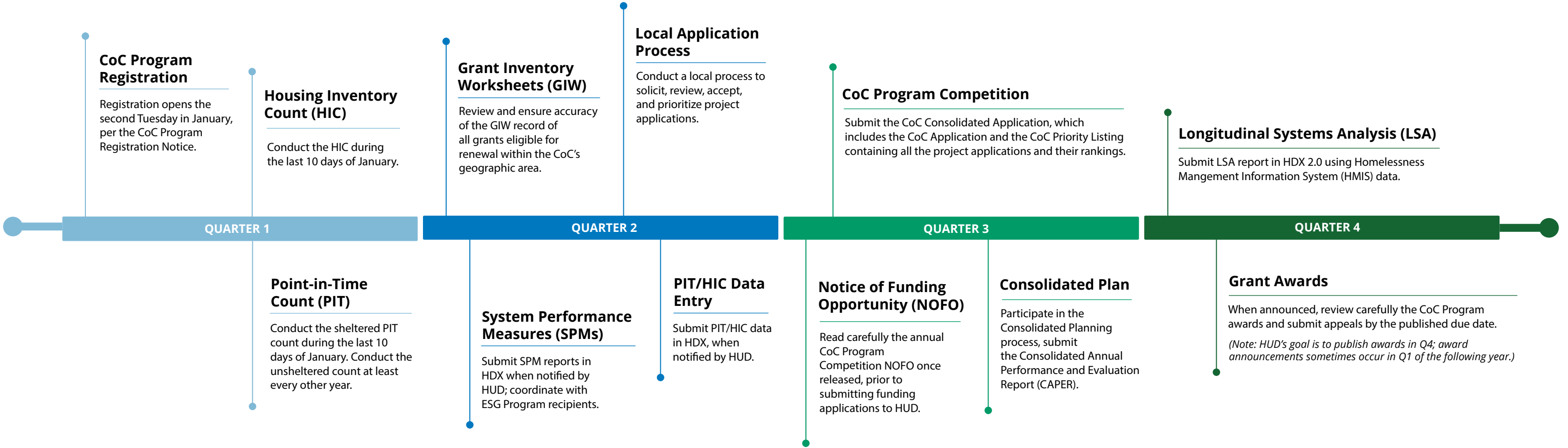
Since 1995, the City of Norman has been the Collaborative Applicant for the Norman/Cleveland County Continuum of Care (OK-504). The actual responsibilities of the Continuum of Care are outlined within the HEARTH Act and described within the attached document and separate and distinct from the responsibilities of the Collaborative, yet they are dependent upon each other for application and funding. As the HUD requirements have expanded for the CoC, the City of Norman as the CA has absorbed many of these duties. This was done simply because there was not enough capacity demonstrated within the CoC as a collaborative body to successfully coordinate them.

As provided for in the HEARTH Act, as the Collaborative Applicant, the City of Norman receives 3% of the Pro-Rata Need as established by HUD. The current year award is a total of \$12,415. These funds have been utilized for many purposes over the years which include training and education for COC members, offsetting the cost of staff salaries and currently is being utilized towards the contract cost of the Homeless Strategic Plan being conducted by HomeBase.

The following identify the current awards (2020 Application Cycle) for OK-504 Norman/Cleveland County Continuum of Care:

Entity	Award
Catholic Charities	\$67,550
Central Oklahoma Community Mental Health Center	\$27,651
HOPE Community Services, Inc.	\$136,497
Food and Shelter, Inc.	\$127,640
Thunderbird Clubhouse, Inc.	\$75,916
City of Norman (CA Planning Grant)	\$12,415
	<u>\$447,669</u>

HUD Annual Requirements: CoC Collaborative Applicant Activities



2012

Introductory Guide to the Continuum of Care (CoC) Program

Understanding the CoC Program and the requirements of
the CoC Program Interim Rule

Table of Contents

1. The Continuum of Care (CoC) Program	1
1.1 Overview of CoC Program User Guide Series	1
1.2 Citations within the Guides	2
2. Overview of the Continuum of Care Program Interim Rule	3
2.1 Purpose of the CoC Program.....	3
2.2 Key Changes for CoCs	3
2.3 Key Changes for Programs.....	3
3. Establishing and Operating the CoC	4
3.1 Establishing the CoC	4
3.2 CoC Responsibilities.....	5
Operating a CoC	5
Designating and Operating a Homeless Management Information System	5
CoC Planning	6
3.3 Application and Grant Award	6
3.4 New Funding for CoC Planning and Financial Activities	7
Planning Funds	7
Unified Funding Agency Costs	7
3.5 High-Performing Communities	8
4. Program Components and Eligible Costs.....	8
4.1 Program Components and Eligible Costs Overview	8
4.2 Definition of Homeless and Serving Category 3	9
4.3 Program Components.....	10
Permanent Housing.....	10
Transitional Housing.....	10
Supportive Services Only	10
Homeless Management Information System	10
Homelessness Prevention.....	11
Safe Havens	11
Section 8 Moderate Rehabilitation SRO	11
4.4 Eligible Costs.....	11
Acquisition.....	11
Rehabilitation	11
New Construction	11

Leasing Costs	12
Rental Assistance Costs	12
Supportive Services Costs	13
Operating Costs	13
HMIS Costs	14
Project Administration	14
5. Program Requirements	14
5.1 Highlights of Critical Changes	14
Match	14
Lease and Occupancy Agreement Requirements	15
Housing Quality Standards.....	15
5.2 Summary of Additional Program Requirements	15

1. THE CONTINUUM OF CARE (CoC) PROGRAM

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act. Among other changes, the HEARTH Act consolidated the three separate McKinney-Vento homeless assistance programs (Supportive Housing program, Shelter Plus Care program, and Section 8 Moderate Rehabilitation SRO program) into a single grant program known as the Continuum of Care (CoC) Program.

HUD will publish the [Continuum of Care Program interim rule](#) in the *Federal Register*. The rule was posted on HUD's web site and now governs the CoC Program.

The CoC Program is designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability. More broadly, the program is designed to promote community-wide planning and strategic use of resources to address homelessness; improve coordination and integration with mainstream resources and other programs targeted to people experiencing homelessness; improve data collection and performance measurement; and allow each community to tailor its program to the particular strengths and challenges within that community.

Each year, HUD awards CoC Program funding competitively to nonprofit organizations, States, and/or units of general purpose local governments, collectively known as **recipients**. In turn, recipients may contract or subgrant with other organizations or government entities, known as **subrecipients**, to carry out the grant's day-to-day program operations.

1.1 Overview of CoC Program User Guide Series

A series of user guides is being developed to help CoCs, recipients, and subrecipients administer CoC Program funds (see box on next page). Recipients and subrecipients are the primary audience for the user guide series. All user guides will be accessible on the [OneCPD Resource Exchange](#) when they are available.

This user guide provides an introduction to the CoC Program and the requirements found in the CoC Program interim rule.

Overview of Forthcoming CoC User Guide Series

Establishing and Operating a CoC: This user guide outlines how to create an effective and representative Continuum of Care in order to fulfill the roles and responsibilities set out in the CoC Program interim rule.

Introduction to Unified Funding Agencies (UFA): This user guide discusses the process for becoming a UFA and the roles and responsibilities that accompany it.

Determining and Documenting Homeless and At Risk Status, Income, and Disability: This user guide discusses the criteria used to define homelessness and at risk of homelessness, including income, disability, and associated recordkeeping requirements.

CoC Program Components and Eligible Costs: This user guide reviews the five CoC program components and the costs that recipients and subrecipients may incur in administering and operating CoC projects.

CoC Program Funding for Homeless Management Information System (HMIS): This user guide reviews the role of the HMIS within the CoC and the differences between eligible HMIS costs incurred by recipients as part of a project and eligible costs incurred by the HMIS lead in establishing, operating, and overseeing the use of the CoC's HMIS.

CoC Program's High-Performing Community: This user guide discusses how CoCs may become a high-performing community (HPC) and provide homelessness prevention assistance. It also outlines the populations that may be served, the specific activities that may be funded, and the additional requirements associated with administering the activities.

Project Administration and General Program Requirements: This user guide describes project administrative costs and general program requirements applicable to the CoC Program—regardless of which components are carried out—such as match, calculating rents and occupancy charges, timeliness standards, and terminations.

Grant Administration: This user guide reviews the standards for administering a CoC grant, including recordkeeping requirements and how to make project changes.

1.2 Citations within the Guides

Throughout this guide, you will see references to specific provisions of the McKinney-Vento Homeless Assistance Act as well as references to the Code of Federal Regulations (CFR). You may locate the relevant areas in the Act by visiting www.onecpd.info/resources/documents/HomelessAssistanceActAmendedbyHEARTH.pdf.

To locate particular regulations, visit ecfr.gpo.gov/ and select Title 24 for the HUD regulations. You may then select the particular part by number that you want to read.

2. OVERVIEW OF THE CONTINUUM OF CARE PROGRAM INTERIM RULE

2.1 Purpose of the CoC Program

The Continuum of Care program is designed to assist sheltered and unsheltered homeless people by providing the housing and/or services needed to help individuals move into transitional and permanent housing, with the goal of long-term stability.

Specifically, 24 CFR part 578.1 of the CoC Program interim rule states that the primary purpose of the CoC Program is to:

1. Promote community-wide commitment to the goal of ending homelessness
2. Provide funding for efforts by nonprofit providers, States, and local governments to re-house homeless individuals and families rapidly while minimizing the trauma and dislocation caused to homeless individuals, families, and communities as a consequence of homelessness
3. Promote access to and effective use of mainstream programs by homeless individuals and families
4. Optimize self-sufficiency among individuals and families experiencing homelessness

2.2 Key Changes for CoCs

The CoC Program interim rule expands and codifies into law the existing community-wide planning and application efforts of the Continuum of Care. Since 1995, HUD has requested that communities submit a single application for homeless assistance funding through a locally established CoC. Over the years, CoCs have been encouraged to undertake several additional planning and administrative tasks, but without codified definitions of the associated responsibilities. The CoC Program interim rule clearly defines the CoC's responsibilities and allows collaborative applicants to apply to HUD for planning funds on behalf of CoCs to support existing and new responsibilities. The interim rule also requires increased collaboration between recipients of Emergency Solutions Grant (ESG) funding and CoCs to ensure a community-wide coordinated plan for homeless housing and services and homelessness prevention assistance.

Further, the CoC Program interim rule seeks to promote some of the best practices that have emerged since passage of the HEARTH Act. It is important for CoCs, recipients, and subrecipients to understand and integrate into their work these practices related to centralized or coordinated intake, rapid re-housing, performance measurement, and increased access to mainstream services. The CoC Program interim rule defines these activities and the requirements for their implementation at the CoC and recipient/subrecipient levels. Section 3 of this user guide details these CoC responsibilities.

2.3 Key Changes for Programs

The CoC Program interim rule consolidates the Supportive Housing Program (SHP) and the Shelter Plus Care (S+C) program and the Section 8 Moderate Rehabilitation SRO program into a single program, the CoC Program. HUD expects that the change will streamline administration of the programs, thereby increasing the efficiency and effectiveness with which clients are housed and receive services.

To accomplish CoC Program goals, funds may support activities under five primary **program components**: permanent housing (permanent supportive housing and rapid re-housing), transitional housing, supportive services only, HMIS and, for HUD-designated high-performing communities, homelessness prevention. These five program components are briefly described in section 4.3 of this user guide.

While implementing the CoC Program interim rule, HUD intends to ensure existing housing for homeless persons is maintained to the extent desired by the CoC and that program participants do not become homeless because funding is withdrawn. All current SHP and S+C recipients and subrecipients are eligible for renewal under the CoC Program as long as recipients are compliant with grant requirements and conditions and maintain the same scope as the current grant. More guidance will be provided in the CoC Program NOFA and related application materials.

3. ESTABLISHING AND OPERATING THE CoC

In 1995, HUD established the competitive CoC funding application process to provide resources to communities to implement community-wide, coordinated efforts for assessing and addressing the housing and service needs of individuals and families that were homeless or at risk of homelessness. The CoC is the group that takes on coordination of homeless services and homelessness prevention activities across a specified geographic area. Through the CoC application process, communities were able to submit to HUD a consolidated application to fund homelessness assistance programs.

Since the CoC application's inception, CoCs have operated under guidance published each year in HUD's annual Notice of Funding Availability. The CoC Program interim rule provides formal regulations to guide the establishment and operation of CoCs.

3.1 Establishing the CoC

To carry out the primary purpose of the CoC Program, HUD requires representatives of relevant organizations¹ (e.g., nonprofit organizations, victim services providers, local governments) to form a Continuum of Care to serve a specific geographic area.

In addition, each CoC must establish a board to act on its behalf, and the CoC may appoint additional committees or workgroups to fulfill its responsibilities. The CoC must develop a governance charter to document all groups created to support the CoC and each group's relative responsibilities.

CoCs have two years from the effective date of the CoC Program interim rule to establish a board, which is required to meet the governance requirements detailed in the regulations.

¹ The CoC Program interim rule states that the organizations include nonprofit homeless providers, victim services providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, and organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless individuals.

The CoC Program interim rule requires that CoC boards must:

- Include at least one homeless or formerly homeless individual
- Represent the relevant organizations and projects serving homeless subpopulations (such as persons with substance use disorders; persons with HIV/AIDS; veterans; the chronically homeless; families with children; unaccompanied youth; the seriously mentally ill; and victims of domestic violence, dating violence, sexual assault, and stalking) within the CoC's geographic area.

Many CoCs may already have satisfied the CoC Program interim rule's requirements; however all CoCs need to review their current structure, membership, and representation to ensure that that every aspect of the CoC and the CoC board complies with each regulatory condition outlined by HUD.

3.2 CoC Responsibilities

A CoC's three primary responsibilities under the CoC Program interim rule include the following:

1. Operating the CoC
2. Designating and operating an HMIS
3. CoC planning

A brief summary of each responsibility is presented below.

Operating a CoC

To operate successfully, a CoC must fulfill the following responsibilities specified in the CoC Program interim rule:

- Conduct semi-annual meetings of the full membership
- Issue a public invitation for new members, at least annually
- Adopt and follow a written process to select a board
- Appoint additional committees, subcommittees, or work groups
- Develop and follow a governance charter detailing the responsibilities of all parties
- Consult with recipients and subrecipients to establish performance targets appropriate for population and program type, monitor the performance of recipients and subrecipients, evaluate outcomes, and take action against poor performers
- Evaluate and report to HUD outcomes of ESG and CoC projects
- Establish and operate a centralized or coordinated assessment system
- Establish and follow written standards for providing CoC assistance

Designating and Operating a Homeless Management Information System

While most communities have operated an HMIS for several years, the CoC Program interim rule defines the responsibilities of the CoC with respect to operation of the HMIS. A community may already be fulfilling many responsibilities associated with its HMIS, but the

CoC Program interim rule places greater emphasis on the CoC's role in monitoring HMIS implementation and compliance with applicable HMIS regulations and Notices. The CoC HMIS must:

- Designate a single HMIS
- Select an eligible applicant to manage the CoC's HMIS
- Monitor recipient and subrecipient participation in the HMIS
- Review and approve privacy, security, and data quality plans

CoC Planning

With respect to planning responsibilities, the CoC must:

- Coordinate the implementation of a housing and service system within its geographic area
- Conduct a Point-in-Time count of homeless persons, at least biennially
- Conduct an annual gaps analysis
- Provide information required to complete the Consolidated Plan(s)
- Consult with ESG recipients regarding the allocation of ESG funds and the evaluation of the performance of ESG recipients and subrecipients

3.3 Application and Grant Award

CoCs are responsible for reviewing and approving the funding application and response to HUD's annual CoC Program NOFA for homelessness assistance resources.

Each year, HUD releases a CoC Program NOFA for its homeless assistance programs. According to the CoC Program interim rule, in response the CoC must:

- Design, operate, and follow a collaborative process for developing applications and approving the submission of applications
- Establish priorities for funding projects in its geographic area
- Determine if one application for funding will be submitted for all projects within the geographic area or if more than one application will be submitted for the projects within the geographic area
 - If more than one application will be submitted, designate an eligible applicant to be the collaborative applicant that will collect and combine the required application information from all applicants and for all projects within the geographic area that the Continuum has selected funding. The collaborative applicant will also apply for Continuum of Care planning activities. If the Continuum is an eligible applicant, it may designate itself.
 - If only one application will be submitted, that applicant will be the collaborative applicant and will collect and combine the required application information from all projects within the geographic area that the Continuum has selected for funding and apply for Continuum of Care planning activities.

The collaborative applicant is the *only* applicant permitted to apply for CoC planning funds.

It is important to note that, regardless of the number of applications submitted or the entity designated as the collaborative applicant, the CoC remains the entity accountable for approval

of the CoC Program application and for fulfilling the responsibilities listed in Section 3.2 of this guide.

3.4 New Funding for CoC Planning and Financial Activities

The CoC Program interim rule allows for funding for collaborative applicants to carry out the CoC's planning responsibilities. For collaborative applicants that are designated Unified Funding Agencies (UFA), additional funding is allowed to carry out financial activities.

Planning Funds

The collaborative applicant, and only the collaborative applicant, may apply for up to 3 percent of the CoC's Final Pro Rata Need (FPRN) amount or the maximum amount established by the CoC Program NOFA, whichever is less, to fund CoC planning activities.

Only the collaborative applicant may apply for and receive planning funds, which may be used for:

- Designing and carrying out the collaborative process for the application to HUD
- Preparing and submitting the CoC's application for CoC Program funds
- Determining the geographic area the CoC will serve
- Evaluating outcomes of projects funded through CoC and ESG program grants within the geographic area
- Participating in the Consolidated Plan(s) process of the jurisdictions within the geographic area
- Developing a CoC system
- Conducting sheltered and unsheltered Point-in-Time counts
- Monitoring recipients and subrecipients and enforcing compliance with program requirements

Unified Funding Agency Costs

UFAs are a new aspect of the CoC Program. A collaborative applicant that submits one funding application to HUD on behalf of the CoC may request UFA designation. If approved, the UFA may then apply for the CoC planning funds as well as additional UFA costs. Like CoC planning costs, UFA costs may be up to 3 percent of the CoC's FPRN or the maximum amount established through the CoC Program NOFA. These costs are intended to support the additional responsibilities associated with centrally administering the CoC grant.

To qualify, an applicant must have the capacity to carry out the duties delegated to a UFA by HUD listed in 24 CFR part 578.11 of the CoC Program interim rule. If HUD approves a UFA, then that UFA becomes the responsible organization and may use funds for UFA costs, including:

- Arranging for an annual survey, audit, or evaluation of the financial records of each project
- Monitoring all subrecipients
- Establishing fiscal control and accounting procedures to ensure the proper dispersal of and accounting for Federal funds awarded to recipients

3.5 High-Performing Communities

Each year, HUD will specify in the CoC Program NOFA whether and how CoCs may apply for designation as a high-performing community (HPC), which will provide the designated CoCs with flexibility to use CoC funds to support homelessness prevention costs. HUD will select up to 10 HPCs based on their ability to meet specified performance criteria. If selected, the HPC designation lasts only for that specific year and CoCs will have to reapply to be considered an HPC in subsequent years.

HUD anticipates providing additional guidance before designating any HPCs.

4. PROGRAM COMPONENTS AND ELIGIBLE COSTS

4.1 Program Components and Eligible Costs Overview

The program components and eligible costs under SHP and S+C have undergone revision as part of their consolidation into the CoC Program. Activities that were eligible under the Section 8 Moderate Rehabilitation SRO program are eligible under the CoC Program (rental assistance and rehabilitation). An overview of changes to eligible components and related costs is provided in Exhibit 1 below.

Exhibit 1: CoC Program Components and Costs and HUD's Legacy Homeless Programs			
	CoC Program	SHP	S+C
Eligible Components	<ul style="list-style-type: none"> • Permanent housing <ul style="list-style-type: none"> ➢ Permanent supportive housing (PSH) ➢ Rapid re-housing (RRH) • Transitional housing • Supportive services only • HMIS • Prevention (limited to HPCs) 	<ul style="list-style-type: none"> • Permanent housing (PSH only) • Transitional housing • Supportive services only • Safe havens • Innovative supportive housing • HMIS 	<ul style="list-style-type: none"> • Permanent housing (PSH only) <ul style="list-style-type: none"> ➢ Tenant-based ➢ Sponsor-based ➢ Project-based ➢ SRO-based
Eligible Costs	<ul style="list-style-type: none"> • CoC planning costs • UFA costs • Acquisition • Rehabilitation • New construction • Leasing • Rental assistance <ul style="list-style-type: none"> ➢ Type <ul style="list-style-type: none"> • Tenant-based • Sponsor-based • Project-based ➢ Length <ul style="list-style-type: none"> • Short-term • Medium-term • Long-term • Operating • Supportive services • HMIS • Project administration 	<ul style="list-style-type: none"> • Acquisition • Rehabilitation • New construction • Leasing • Operating • Supportive services • HMIS • Project administration 	<ul style="list-style-type: none"> • Rental assistance <ul style="list-style-type: none"> ➢ Type <ul style="list-style-type: none"> • Tenant-based • Sponsor-based • Project-based • SRO ➢ Length <ul style="list-style-type: none"> • Long-term

4.2 Definition of Homeless and Serving Category 3

The definition from the [Final Rule on the Definition of Homeless](#) that went into effect on January 4, 2012, was incorporated into the CoC Program interim rule.

CoC projects may serve unaccompanied youth and families with children defined as **homeless under other Federal laws** (Category 3 of the homeless definition) only if the CoC applies to its appropriate HUD Field Office to serve such populations and HUD approves the request. If the request is approved, no more than 10 percent of the total amount of funds awarded to all recipients within a CoC may be used to serve the Category 3 population (unless the rate of homelessness, as calculated in the most recent Point-in-Time count, is less than one-tenth of 1 percent of the total population).

CoC funds cannot be used to assist persons who are at risk of homelessness, unless the CoC is designated as an HPC and is therefore approved to fund homelessness prevention.

4.3 Program Components

Five program components can be funded through the CoC Program.

Permanent Housing

Permanent housing (PH) is defined as community-based housing without a designated length of stay in which formerly homeless individuals and families live as independently as possible. The CoC Program may fund two types of permanent housing: (1) permanent supportive housing (PSH), which is permanent housing with indefinite leasing or rental assistance paired with services to help homeless people with disabilities achieve housing stability; and (b) rapid re-housing (RRH), a model that emphasizes housing search and relocation services and short- and medium-term rental assistance to move homeless people as rapidly as possible into permanent housing (see Exhibit 2).

Transitional Housing

The transitional housing (TH) project component may be used to cover the costs of up to 24 months of housing with accompanying support services, providing a period of stability to enable homeless people to transition successfully to and maintain permanent housing within 24 months of program entry. Program participants must have a lease or occupancy agreement in place when residing in transitional housing. The provisions of the CoC Program's TH program component have not changed significantly from the TH provisions under SHP.

Supportive Services Only

The supportive services only (SSO) program component is limited to recipients and subrecipients providing services to individuals and families not residing in housing operated by the recipient. SSO recipients and subrecipients may use the funds to conduct outreach to sheltered and unsheltered homeless persons, link clients with housing or other necessary services, and provide ongoing support. SSO projects may be offered in a structure or structures at one central site, or in multiple buildings at scattered sites where services are delivered. Projects may also be operated independent of a building (e.g., street outreach) and in a variety of community-based settings, including in homeless programs operated by other agencies.

Homeless Management Information System

Funds under this component may be used only by HMIS leads for leasing a structure in which the HMIS operates, for operating the structure in which the HMIS is housed, and/or for covering other costs related to establishing, operating, and customizing a CoC's HMIS. Other recipients and subrecipients may not apply for funds under the HMIS program component, but may include costs associated with contributing data to the CoC's HMIS within their project under another program component (PH, TH, SSO, or HP).

Homelessness Prevention

Programs within CoCs that have applied for and been designated by HUD as an HPC may use CoC funds to fund homelessness prevention (HP) assistance for individuals and families at risk of homelessness. The services under this component may include housing relocation and stabilization services as well as short- and medium-term rental assistance to prevent an individual or family from becoming homeless. Through this component, recipients and subrecipients may help individuals and families at-risk of homelessness to maintain their existing housing or transition to new permanent housing. Homelessness prevention must be administered in accordance with 24 CFR part 576.

Safe Havens

The Safe Haven program component is no longer eligible under the CoC Program. No **new** Safe Haven projects will be funded, but the CoC Program interim rule explicitly states that all projects eligible under the McKinney-Vento Act before passage of the HEARTH Act, including Safe Havens, may be renewed in order to continue ongoing leasing, operations, supportive services, rental assistance, HMIS operation, and administrative functions beyond the initial funding period. The CoC Program NOFA will provide additional details.

Section 8 Moderate Rehabilitation SRO

The Section 8 Moderate Rehabilitation SRO program component is no longer eligible under the CoC Program. No **new** SRO projects will be funded. Current SRO projects will continue to be renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997.

4.4 Eligible Costs

CoC Program funding can only be used to support eligible costs, illustrated in Exhibit 1. Not all costs are eligible in each program component, and in some cases, certain costs cannot be combined in a structure. The eligible costs are summarized below.

Acquisition

Acquisition of real property is an eligible cost category under the PH, TH, and SSO program components. Grant funds may be used for up to 100 percent of the cost of purchasing property for the purpose of providing permanent Housing, transitional housing, and supportive services only activities.

Rehabilitation

Rehabilitation of structures is an eligible cost category under the PH, TH, and SSO program components. Eligible rehabilitation costs include installing cost-saving energy measures and bringing a structure up to health and safety standards. Rehabilitation on leased properties is ineligible.

New Construction

New construction of structures is eligible under the PH and TH program components. New construction may include building entirely new facilities, constructing an addition to an existing structure that increases the floor area by 100 percent or more, and the cost of land for construction.

Projects must demonstrate that construction is more cost-effective than rehabilitation. Unlike the previous regulations, the CoC Program interim rule establishes no maximum grant limits for rehabilitation or new construction, and grant funds may be used for up to 100 percent of costs (as long as the match requirement is met through other means (see Section 5.1 of this guide). New construction on leased properties is ineligible.

Leasing Costs

Leasing is an eligible cost category under the PH, TH, SSO, and HMIS program components. Funds may be used to lease individual units or all or part of structures. Rents must be reasonable and, in the case of individual units, the rent paid may not exceed HUD-determined fair market rents. Leasing funds may not be used for units or structures owned by the recipient, subrecipient, their parent organization(s), any other related organization(s), or organizations that are members of a partnership where the partnership owns the structure without a HUD-authorized exception. When leasing funds are used to pay rent on units, the lease must be between the recipient or the subrecipient and the landowner, with a sublease or occupancy agreement with the program participant. The recipient may, but is not required to, charge the program participant an occupancy charge, consistent with the parameters specified in the interim rule.

Rental Assistance Costs

Rental assistance is an eligible cost category under the PH and TH program components and may be tenant-based (TBRA), sponsor-based (SBRA), or project-based (PBRA), depending upon the component type.

Rental assistance may be short-term for up to 3 months; medium-term for 4 to 24 months; or long-term for more than 24 months. The length of assistance depends upon the component type under which the cost is funded. Recipients must serve as many program participants as shown in their funding application to HUD, but, if the amount reserved for the term of the grant exceeds the amount needed to pay actual costs, the excess funds may be used to cover property damage, rent increases, or the rental needs of a greater number of program participants.

- **TBRA.** Tenants select any appropriately sized unit within the CoC's geographic area, although recipients or subrecipients may restrict the location under certain circumstances to ensure the availability of the appropriate supportive services. Except for victims of domestic violence, program participants may not retain their rental assistance if they relocate to a unit outside the CoC's geographic area.
- **SBRA.** Tenants must reside in housing owned or leased by a sponsor organization and arranged through a contract between the recipient and the sponsor organization.
- **PBRA.** Tenants must reside in housing provided through a contract with the owner of an existing structure whereby the owner agrees to lease subsidized units to program participants. Tenants may not retain their rental assistance if they relocate to a unit outside the project.

Rental assistance for a unit vacated by a program participant before the end of the lease may continue for a maximum of 30 days from the end of the month in which the unit was vacated. No additional rental assistance may be paid until the unit is occupied by another eligible person. Property damage costs may be provided only once per program participant per unit and only at exit from a housing unit (i.e., not during tenancy).

When rental assistance funds are used to pay rent on units, the lease must be between the program participant and the landowner. Each program participant, on whose behalf rental assistance payments are made, must pay a contribution toward rent consistent with the requirements of the interim rule.

Supportive Services Costs

Supportive services are eligible costs under the PH, TH, and SSO program components. The CoC Program interim rule specifies all eligible services (listed in the box below) and clarifies that any cost not listed in the rule is ineligible. As in the past, services must be offered to residents of PSH and TH for the full period of their residence. RRH programs must require program participants to meet with a case manager at least monthly.

Services may be provided to formerly homeless individuals for up to six months after their exit from homelessness, including the six months following exit from a transitional housing project. Recipients and subrecipients continue to be required to perform an annual assessment of the service needs of their program participants and to adjust services accordingly. Eligible costs include the cost of providing services, the salary and benefits of staff providing services, and materials and supplies used in providing services.

Supportive Services: Eligible Types of Services

- Annual assessment of service needs
- Assistance with moving costs
- Case management
- Child care operations or vouchers
- Education services
- Employment assistance and job training
- Food (meals or groceries for program participants)
- Housing search and counseling
- Legal services
- Life skills training
- Outpatient mental health services
- Outpatient health services
- Outreach services
- Outpatient substance abuse treatment services
- Transportation
- Utility deposits

Operating Costs

Operating costs are eligible under the PH, TH, and HMIS program components. Funds may be used to pay the day-to-day operating costs in a single structure or individual housing units, including maintenance (such as scheduled replacement of major systems), repair, building security (when CoC Program funds pay for more than 50 percent of the facility by unit or area), electricity, gas, water, furniture, equipment, property insurance, and taxes. These costs may not be combined with rental assistance costs within the same structure, and operating costs are not eligible under the SSO program component.

HMIS Costs

Costs related to contributing client data to or maintaining data in the CoC's HMIS or a comparable database for victim services providers or legal services providers are eligible costs under the PH, TH, SSO, and HMIS program components. Eligible HMIS costs include hardware, equipment and software costs; training and overhead; and staffing costs associated with contributing data to the HMIS designated by the CoC for its geographic area.

Project Administration

Recipients and subrecipient may use up to 10 percent of any grant, excluding the amount for CoC planning and UFA costs established through the CoC Program NOFA for project administrative costs. These costs include expenses related to the overall administration of the grant (24 CFR part 578.59), such as management, coordination, monitoring, and evaluation activities and environmental review. Costs for staff and other overhead expenses directly associated with carrying out activities under any of the five CoC program components are not considered administrative costs. Instead, they are considered eligible costs under the applicable CoC program component. Recipients that are not UFAs must share at least 50 percent of project administrative funds with subrecipients. UFAs that carry out projects may keep up to 10 percent of their project amount, and must share all remaining project administration funds with subrecipients.

Match Requirements

All eligible funding costs except leasing must be matched with no less than a 25 percent cash or in-kind match.

Project administration must be matched.

5. PROGRAM REQUIREMENTS

5.1 Highlights of Critical Changes

The sections below summarize critical changes from the SHP and the S+C programs.

Match

The match requirements under the CoC Program interim rule are simplified from the SHP and the S+C program. All eligible funding costs, except leasing, must be matched with no less than a **25 percent cash or in-kind contribution**. No match is required for leasing. The match requirements apply to project administration funds, CoC planning costs, and UFA costs, along with the traditional expenses—operations, rental assistance, supportive services, and HMIS. Match must be met on an annual basis.

For an in-kind match, the recipient or subrecipient may use the value of property, equipment, goods, or services contributed to the project, provided that, if the recipient or subrecipient had to pay for such items with grant funds, the costs would have been eligible. If third-party services are to be used as a match, the recipient or subrecipient and the third-party service provider that will deliver the services must enter into a memorandum of understanding (MOU)—**before the grant is executed**—documenting that the third party will provide such services and value towards the project.

Lease and Occupancy Agreement Requirements

Under the CoC Program interim rule, recipients and subrecipients must sign occupancy agreements or leases (or subleases) with all program participants residing in housing, including TH. For permanent housing, program participants must enter into a lease agreement for a term of at least one year, which is terminable for cause. The lease must be automatically renewable upon expiration for a minimum term of one month.

Program participants in transitional housing must enter into an agreement for a term of at least one month. The agreement must be automatically renewable upon expiration, except on prior notice by either party, for up to 24 months.

Housing Quality Standards

All housing leased with CoC Program funds or where rental assistance payments are made with CoC Program funds must meet applicable Housing Quality Standards.

5.2 Summary of Additional Program Requirements

In addition to the CoC Program requirements described above, the following program requirements should be noted:

Additional Program Requirements	
Supportive Services Agreement	<p>In housing programs, recipients and subrecipients may require program participants to take part in supportive services provided through the project as a condition of continued program participation, as long as the services are not disability-related (e.g., mental health, outpatient health services).</p> <p>Only projects whose primary purpose is to provide substance abuse treatment services may require program participants to take part in substance abuse treatment services as a condition of continued program participation.</p>
Program Fees	<p>Programs are no longer permitted to impose program fees on program participants.</p>
Timeliness	<p>Construction must begin within 9 months of signing the grant agreement and must be completed within 24 months of signing the agreement; activities in the facility must begin within 3 months of completing construction.</p> <p>Recipients must distribute funds to subrecipients (in advance) no later than 45 days after a request and draw down funds at least once per quarter.</p>

Additional Program Requirements	
Termination	Termination is expected to be limited to only the most severe cases. Projects providing PSH to “hard-to-house” populations should exercise judgment and examine all extenuating circumstances when determining if violations are serious enough to warrant termination.
Retention of Assistance	Non-disabled household members of a qualifying (i.e., disabled) PSH resident may retain assistance until the end of the lease term in the event of the qualifying resident’s death, long-term incarceration, or long-term institutionalization.
Recordkeeping	The CoC Program interim rule requires recordkeeping by the CoC to demonstrate compliance with the CoC Program interim rule. The documentation and recordkeeping requirements are specified for each CoC responsibility. In addition, the CoC Program interim rule specifies client and project records that have long been required for monitoring.