

SHP Funding Availability and Match Requirements Homeless Alliance of WNY

SHP funding is generally available to support seven activities in supportive housing projects including: 1.) acquisition; 2.) rehabilitation; 3.) new construction; 4.) leasing; 5.) supportive services; 6.) operations; and 7.) administrative costs. The only exception is for Supportive-Services-Only projects which may receive SHP funds for all of these activities except new construction and operating costs. However, SHP funds provide only a portion of project costs because all but one eligible activity has limitations and/or matching requirements prescribed by law.

Acquisition and Rehabilitation

SHP grants for acquisition may be used to pay a portion of the costs of purchasing a structure which will be used to provide supportive housing or supportive services. SHP acquisition grants may also be used for the repayment of outstanding debt on a loan made to purchase a structure which has not been previously used for supportive housing or supportive services.

In each project, the SHP grant for acquisition and rehabilitation is limited to between \$200,000 and \$400,000 per structure, depending on whether the project is in a high-cost area. A high-cost area is a locality that HUD has determined to have high acquisition and rehabilitation costs. Contact the HUD Field Offices for the limit applicable to a given locality.

Percentage	Limit
100-119%	\$200,000
120-139%	\$250,000
140-159%	\$300,000
160-174%	\$350,000
175% and Up	\$400,000

This limit applies to combined acquisition and rehabilitation activities. Projects receiving SHP grants for acquisition and rehabilitation must be operated for not less than 20 years for the purpose specified in the application.

New Construction

New construction costs are eligible under all program components except the supportive services only component. However, if grant funds are to be used for new construction, the applicant must demonstrate that the costs associated with new construction are substantially less than the costs associated with rehabilitation or that there is a lack of available units that could be rehabilitated at a cost less than new construction. (Demolition costs are not eligible under SHP.)

Grants for new construction are limited to \$400,000 per structure (regardless of where the project is located). If the applicant is also acquiring land in tandem with the new construction, the \$400,000 limit applies to both activities together. Therefore, an applicant would not apply for a new construction grant and a separate grant to acquire the land, but rather new construction to cover both the land and the structure.

Projects receiving SHP grants for new construction must be operated for not less than 20 years for the purpose specified in the application.

Match Requirement for Acquisition, Rehabilitation, and New construction

SHP funds provided for acquisition, rehabilitation, and new construction must be matched by the recipient with an equal amount of funds from other sources. The cash source may be the recipient, the federal government, state and local governments, or private resources.

Leasing

Leasing structures to provide supportive housing or supportive services, or to pay rent for individual units during the period covered by the grant is an eligible activity. A grantee may lease portions of a structure, the full structure, or multiple structures.

Housing Standards

For any assistance provided, the housing and services must be in compliance with all applicable State and local housing codes, licensing requirements, and any other requirements of the jurisdiction in which the project is located regarding the condition of the structure and the operation of the housing or services.

Supportive housing must meet the habitability standards described in the program regulations at (583.300(b)). Any variations from those standards proposed by the recipient must be approved by HUD.

Reasonable Rents

In leasing all or part of structures, the rent paid must be reasonable in relation to rents being charged in the area for comparable space. The rent may not exceed rents being charged by the same owner for comparable space.

In leasing individual units (houses or apartments), the rent paid may reflect only actual costs, and must be reasonable in relation to rents being charged for comparable units. In determining comparability, you should consider location, size, type, quality, amenities, facilities, and management services. If the owner has both assisted and unassisted housing units, rents for the assisted units may not exceed rents being charged for that owner's comparable unassisted units. The grantee should keep file documentation showing reasonableness.

The grant funds may also be used to pay the landlord for any damages to the leased units by homeless participants. Up to one month's rent may be used for this purpose. The portion of rents paid with grant funds may not exceed HUD-determined fair market rents (FMR). FMRs are published annually in the Federal Register, and should be used in estimating leasing costs. The listings are available on HUD's web site, at www.huduser.org/datasets/pdrdatas.html.

The published FMRs are gross rent estimates, and include shelter rent and the cost of utilities (except telephone).

Leasing vs. Operating Costs

In most instances, leasing a structure or individual unit(s) would not require additional operating costs because the cost of leasing would include the landlord's expenses for maintenance, repair and utilities. If such costs are anticipated, the amount and proposed use should be documented in the original project proposal.

Limitations on Leasing Assistance

If the grant funds are used for leasing assistance, the grantee may not request assistance for acquisition or new construction for the same property. If a leased unit requires rehabilitation, and grant funds will be used to rehabilitate the leased property, the project sponsor must have site control. You must be able to demonstrate that the rehabilitated property will serve the purpose specified in the application for at least 20 years.

If a family or individual has been assisted through leasing and remains in that housing without further assistance, the applicant may not request assistance for acquisition, rehabilitation or new construction for that property.

Leasing assistance is subject to the requirements of the Lead-Based Paint Poisoning Prevention Act. For residential structures constructed before 1978, there are requirements and procedures for addressing the hazards of lead-based paint. The requirements encompass both the residential unit, and non-dwelling portions of a structure that might be used by children under seven years of age, such as a day care center.

Grantees may not give funds directly to participants to pay the leasing costs, but must pay individual landlords directly.

The project sponsor may not lease property that it already owns to itself, a parent, or a subsidiary organization. The funds designated for leasing may only be used for the actual costs of leasing a structure/unit. They may not be used to pay a project sponsor's mortgage or other costs of building operations.

Documentation of Leasing Costs

Applicants conditionally selected will include information about leasing in their technical submission that corresponds to the activities submitted in their original application. The technical submission should cover:

- leasing costs for supportive housing and/or supportive service facilities documented with fair market rent information from the applicable Federal Register, or;
- comparable cost data, as appropriate, to show that the SHP request is within these limits.

The Annual Performance Report (APR) is the vehicle for reporting leasing activities and documenting shared costs.

Supportive Services

SHP funds can be used to pay for the actual costs of supportive services to homeless persons in a new project or for the actual costs of increasing supportive services to homeless persons in an existing homeless project. Supportive services are important in a project since they assist homeless participants in the transition from the streets or shelters to permanent or permanent supportive housing.

Eligible Supportive Services

Almost any services aimed at moving homeless participants to independence are eligible for SHP support. The following are examples of services which may be paid for with supportive service grant funds:

- Outreach
- Child care
- Job training/placement
- Case management
- Health care
- Transportation
- Employment assistance
- Education
- Vocational opportunities
- Life skills
- Counseling
- Housing search assistance
- Substance abuse treatment
- Parenting skills
- Rent deposits
- Psychiatric care
- Mental health care
- Home furnishings
- Budgeting

Eligible Supportive Service Costs

- Salary of a case manager, counselor, therapist, etc.
- Salary of case management supervisors s/he is working with clients or working with a case manager on issues regarding clients
- Desks, computers used by clients and their trainer in employment training
- Medical/dental care for clients

- First and last month's rent, security deposits, credit checks for participant's moving from transitional housing to permanent housing
- Vehicle purchase and operation (gas, insurance, maintenance) when used for transporting clients
- Mileage allowance for service workers to visit participants at home if participants reside in scattered site housing
- Food, clothing, transportation for use by clients

Participants in Transitional Housing, Permanent Housing, Supportive Service Only, and Safe Havens projects may receive supportive services throughout the time they are part of the project. A transitional housing participant who is graduating from a project may also receive follow-up services paid for with SHP funds for an additional six months. This is done so that the participant is assisted in adjusting to independent living.

Match Requirement for Supportive Services

SHP grantees must share in the costs of supportive services. The requirement is an 80-20 split of supportive services costs between SHP and the grantee.

Operations

Operating costs are those costs associated with the physical day-to-day operation of supportive housing facility and for which cash payment is needed. Operating costs differ from supportive services cost in that operating costs support the function and the operation of the housing project. Only operating cost for a new project or the expanded portion of an existing project are eligible for SHP funding. Also, SHP funds may not be used for the cost of operating a supportive services only facility.

Eligible Operational Costs

Expenses incurred by grantee to operate supportive housing are eligible SHP activity.

Some examples include:

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| • Maintenance | • Supplies |
| • Repair | • Insurance |
| • Operations Staff | • Food |
| • Utilities | • Relocation |
| • Equipment | • Furnishings |

In some cases, operational staff may also carry out supportive services activities. To the extent a staff person does both supportive service and operations activities, their expenses must be split between the two categories. The grantee will need documentation, such as time sheets, to show how the expenses were split.

Operational Costs vs. Mortgage Payments

Because SHP allows grantees to repay outstanding debt on a loan to purchase the structure under the acquisition activity, grantees may not consider mortgage payments as an operational cost. This means that when the operating budget is calculated, mortgage payments may not be included.

Examples of eligible and ineligible operational costs are:

- Salaries of staff not delivering services, such as project manager, security guard
- Utilities costs: gas, heat, electric, etc.
- Desks, computers, telephones used by staff
- Furnishings (beds, chairs, dressers, etc) for participants
- Equipment (refrigerators, ranges, etc.)
- Food

Match Requirement for Operations

SHP grantees are responsible for matching the operational cost of supportive housing. SHP funds can be used to pay up to 75% of operating cost in each year of grant term. The match requirement is the difference between the total operating costs and the amount of the SHP operating funds.

Administrative Costs

Up to five percent of any grant awarded under SHP may be used for the purpose of paying costs of administering the assistance. Applicants and project sponsors must work together to determine the plan for distributing administrative funds between applicant and project sponsor (if different).

Administrative costs include the costs associated with accounting for the use of grant funds, preparing reports for submission to HUD, obtaining program audits, similar costs related to administering the grant after the award, and staff salaries associated with these administrative costs. They do not include the costs of carrying out acquisition, rehabilitation, new construction, leasing, supportive services or operating costs.

Examples of eligible and ineligible administrative costs are:

Eligible Administrative Costs

- Preparation of Annual Progress Report
- Audit of Supportive Housing Program
- Staff time spent reviewing/verifying invoices for grant funds
- Drawing money from Treasury
- Maintaining records of the use of those funds
- Field office training on managing the grant