

## **S+C Funding Availability and Match Requirements Homeless Alliance of Western New York**

The four components of the Shelter Plus Care (S+C) program are designed to give applicants flexibility in providing housing for homeless persons with disabilities, along with supportive services.

With the exception of the SRO component where participants must reside in SRO or efficiency units, assisted units may be of any type, ranging from group homes to apartments. Further flexibility is allowed in that the applicant may design a program that has participants living for a while in a group setting with intensive supportive services then move to another setting, such as a shared apartment, and retain the rental assistance during the term of the grant.

Under all components, supportive services must be available to meet the needs of participants. These may be provided by the applicant, funded by the applicant but provided by a third party, or both funded and provided by a third party.

### *Tenant-based Rental Assistance (TRA)*

Under the TRA component, an applicant may request funds to provide rental assistance on behalf of program participants who choose their own housing units. If a participant decides to move, he or she may take their rental assistance to the new housing unit.

Applicants may require participants to live in a particular structure for the first year of assistance and in a particular area for the remaining period of assistance, or may require participants to live in a particular area for the entire rental assistance period. Such a requirement may be implemented if it is necessary to facilitate the provision of supportive services.

### *Sponsor-based Rental Assistance (SRA)*

Under the SRA component, an applicant may request grant funds to provide rental assistance through a contract(s) with a nonprofit organization(s), called a sponsor. The nonprofit organization may be a private nonprofit organization or a community mental health center established as a public nonprofit organization. The units to be used must be owned or leased by the sponsor.

After a grant is awarded, the sponsor may change sites provided the sponsor continues to own or lease the property and the grantee continues to serve the overall number of persons indicated in its approved application. A site change may occur because the sponsor has found it necessary to change the type of housing provided (for example, to lease 6 one-bedroom units rather than one unit that accommodates 6 persons), changes in the availability of units, or other similar reasons.

### *Project-Based Rental Assistance (PRA)*

Under the PRA component, an applicant may request grant funds to provide rental assistance through a contract with a building owner(s). An applicant must enter into a contract with the building owner(s) for the full five- or ten-year period of assistance. The building owner must agree to accept eligible S+C participants for this time period. Participants must live in an assisted unit in a particular property.

Under the component, applicants may assist units that will be rehabilitated or existing units that do not need to be rehabilitated. If the units are rehabilitated, and the rehabilitation meets the requirements specified on page 9, the applicant may request 10 years of rental assistance. Otherwise, assistance will be for a period of five years.

### *SRO-based Rental Assistance (SRO)*

Under the SRO component, an applicant may request grant funds to provide rental assistance in an existing SRO setting. The units to be used must be in need of moderate rehabilitation. The rental assistance includes an allowance to pay for debt service to pay off the cost of the moderate rehabilitation over the ten-year grant period.

The component is designed to bring more standard SRO units into the local housing supply and to use those units to assist homeless persons with disabilities. The SRO units might be in a rundown hotel, a vacant motel, a Y, or even in a large, abandoned home. Applicants are encouraged to be creative in searching out suitable SRO dwelling units -- large or small structures.

A similar program, the Section 8 Moderate Rehabilitation SRO program, has been operating since 1987. The SRO component of the S+C program draws on that experience. While leaving many of the technical features the same, the SRO component improves on the original model in the following ways:

1. To ensure the provision of supportive services, an element vital to the residential stability of homeless persons with disabilities, the S+C program requires that supportive services be available to participants.
2. To ensure that the most needy segments of the homeless population are being served, the S+C program requires that participants be homeless persons with disabilities, particularly those with serious mental illness, substance abuse problems, and AIDS or related diseases.

### **Rental Assistance**

Grantees can help make housing affordable for program participants by using S+C grant funds to pay the difference between the actual rent for a unit and 30 percent of the participant's income.

Rental assistance can take several forms:

- Monthly rent payments;
- When necessary, a security deposit in an amount up to one month's rent; and
- One month's rent for housing units vacated by a program participant. The term "vacated" excludes brief periods of inpatient care (limited to 90 days for each occurrence).

Grant funds can also be used to help offset utility costs paid by the participant if utilities are not included in the rent. Where rent does not include utilities, the tenant's contribution is reduced to allow for a reasonable utility allowance.

- Grantees may obtain a utility allowance schedule from their local Public Housing Agency.
- If the reasonable utility allowance is more than the tenant rent contribution, the tenant must be reimbursed for the difference from S+C grant funds.

### **Administrative Costs**

Grantees may use up to 8 percent of the S+C grant for certain administrative costs associated with the program.

The allowable uses include:

- Receiving new participants into the program;
- Providing housing information and search assistance;
- Determining participant income and rent contributions;
- Inspecting units for compliance with Housing Quality Standards; and
- Processing rental payments to landlords.

Eligible administrative costs include only those related to the administration of the housing assistance, NOT costs associated with the administration of the grant or the supportive services

Here's how the funds available for administrative costs are determined. By statute, the amount of the S+C grant award is based on:

*(Number of units to be assisted) x (HUD's Fair Market Rent in effect at the time the application is approved for the unit sizes the grantee expects to lease) x (the number of months of rental assistance to be provided)*

In most cases, the actual costs of rental assistance are lower than the amount used to calculate the grant. This happens for several reasons. First, most participants contribute something to their rent, so they do not need the full FMR subsidy. In addition, in many communities sponsors are able to find units to lease that are less than the local FMRs.

As a result, grantees generally have excess funds to help cover the costs of administering the rental assistance. However, if making rental subsidy payments for the number of Shelter Plus Care participants specified in the grant agreement leaves less than 8 percent of the grant remaining, then the amount set aside out of the S+C grant for administrative costs cannot exceed that lower percentage. The grantee must pay for any administrative costs in excess of this cap with funds from some other source.

### **Distribution of Administration Costs**

Many local S+C projects involve a grantee and one or more sponsors, among whom program responsibilities are shared. In the SRO component, a local PHA must administer the rental assistance, but in the other components, rental assistance administration may be shared by grantee and sponsor(s) or handled exclusively by one or more sponsors.

HUD does not specify who can be reimbursed for administrative costs. HUD only specifies that these costs may not be more than 8 percent of the grant. Thus, grantees can apportion the funds according to which agency performs the eligible administrative tasks. For example, a PHA who handles the inspections and tenant rent calculations may receive most if not all of the available administrative funds from the grantee as reimbursement for these eligible activities.

### **Ineligible Administrative Costs**

HUD recognizes that there are other administrative costs necessary to running a local Shelter Plus Care project. But, by statute, administrative costs other than those described above cannot be covered by S+C grant funds.

Administrative costs that are not covered include:

- Costs of administering the grant;
- Costs of preparing reports to HUD; and
- Costs associated with conducting audits of the grant.

### **Allowable uses for Grant Savings**

"Grant savings" may occur for two reasons:

1. Actual rents for units occupied by S+C participants are lower than the FMR used to calculate the grant award; and/or
2. S+C tenant rent contributions reduce the amount of grant funds required for rental assistance.

Grant savings may be used for the following:

- Administrative costs as described above (up to 8 percent);
- Repairs for damage to the units (up to one month's rent);

- Covering rent increases up to locally determined reasonable rent; and
- Serving a greater number of participants.

Note that none of these uses requires HUD pre-approval.

### **S+C Match Requirement**

Applicants must match the aggregate amount of S+C rental assistance with supportive services. This ensures that appropriate and timely services will be available to meet the needs of individual participants.

Match is characterized by the following:

- Each participant need not receive the same amount of services as rental assistance
- Match is not component-by-component or year-by-year but overall on both counts

Examples of Match Include:

- Salaries paid to grantee staff to provide supportive services to participants
- Value of supportive services provided to participants by other organizations or by professionals volunteering their service
- Supportive service provided by other volunteers (\$10 per hour)
- Prorated value of any lease on a building used for supportive services for program participants
- Cost of outreach activities

The supportive services may be existing ones that the S+C participants will use or new services created for S+C participants. The S+C program assumes that the provision of supportive services will vary according to the needs of the participants. Since the supportive services will vary, the value of the services may be higher or lower than the value of rental assistance for any given year.

Grant recipients will be required to submit an annual progress report (APR) which provides information on the value of services rendered during the year. This will be used to provide a measure of whether participants are receiving services.