



**Homelessness 101:
Managing a HUD Continuum of Care
Homeless Assistance Grant
Under the Supportive Housing Program**

**A Handbook for
Executive Directors**



**Sponsored by the
U. S. Department of Housing and Urban Development
Office of Community Planning and Development
San Francisco Regional Office**

Prepared by HomeBase

U.S. Department of Housing and Urban Development, Office of Community Planning and Development, San Francisco Regional Office

The Office of Community Planning and Development (CPD) seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for homeless, low and moderate income persons.

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HomeBase is a San Francisco-based HUD Technical Assistance provider and nonprofit legal and policy firm supporting communities in their work toward ending homelessness. HomeBase's web site is www.homebaseccc.org.

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How to Use This Guide





This guide is designed for executive directors (EDs) of agencies receiving Supportive Housing Program (SHP) grant funds. The U.S. Department of Housing and Urban Development administers Continuum of Care Homeless Assistance grants, and the Supportive Housing Program (SHP) is one program of the Homeless Assistance grants. This guide will assist EDs in understanding the ED role and obligations related to their grant.

Grant recipients may expect a number of changes in grant administration and requirements as the U.S. Department of Housing and Urban Development (HUD) fully implements the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), a law modifying the governing program. HUD has not released regulations or detailed information about administering these grants under HEARTH as of this guide's printing in July 2011. This guide will provide guidance to grant recipients under the current requirements, which may change in the next year.

This guide does not stand alone.

This guide should be used with the *Homelessness 101: Managing HUD Continuum of Care Grant* training manual. This guide highlights and cross-references training manual content of particular import and interest to executive directors of agencies receiving SHP grant funds. *Homelessness 101* also contains a glossary that may be a helpful resource for new SHP participants.

We use symbols to organize information.

	Cross-references to the <i>Homelessness 101: Managing Continuum of Care Grants</i> training manual
	Careful! This symbol cautions you to pay attention to certain information.
	Ask! This symbol proposes questions you might ask of staff or yourself.
	This symbol highlights references to HEARTH, the 2009 Act which amends the McKinney-Vento Homeless Assistance Act.

It Makes a Difference: Which SHP “Project Type” Is Your Grant?

The Supportive Housing Program (SHP) has different project types:

- Permanent supportive housing for people who are disabled
- Safe havens
- Transitional housing
- Supportive services only
- Homeless Management Information Systems (HMIS)

Your agency’s grant agreement allows your agency to provide one of these project types, or possibly one project type plus HMIS, using a grant’s funds. A single grant agreement never covers a combination of any other two project types.

Requirements may differ depending on the project type your grant covers:


- Who you must or may serve
- What activities are eligible
- What you are required to do before the grant agreement is signed.

Your Agency’s Role Matters

Your agency may be an applicant/grantee, sponsor or subrecipient of HUD grant funds. Each has different responsibilities, so understanding your agency’s relationship to the grant is important for ensuring compliance. Make sure you know whether your agency is a grantee, a sponsor or a subrecipient of grant funds to use this guide most effectively.

- **Grantee (if there also is a project sponsor, the grantee is sometimes called the “lead agency”):**
 - Applies for funding as the “applicant” and signs the grant agreement with HUD
 - Draws down HUD grant funds directly from HUD
 - Processes funding requests of project sponsor (if different from grantee)
 - Has contractual responsibility for ensuring that the project described in the application and technical submission is successfully carried out
 - If there is no sponsor, carries out the project as described in the application and technical submission
 - Oversees and monitors every aspect of the project, including ensuring funds are expended only on eligible activities and persons
 - Contacts the local HUD field office regarding any project changes or issues
 - Submits annual reports and requests for program changes to HUD
- **Sponsor (one agency may be both grantee AND sponsor)**
 - Applies for funding as a project “sponsor”
 - Signs a subrecipient agreement with the grantee specifying goals and activities, record keeping and reporting responsibilities

- Contractually obliged to follow HUD statutes and regulations applicable to the project
 - Carries out the project as described in the application and technical submission
 - Makes requests for funds and receives grant funds indirectly through grantee
 - Submits annual reports and requests for any program changes to the grantee for consideration
 - Monitors grant compliance of itself and any subrecipients (e.g., subcontractors)
- **Subrecipient of grant funds as a contractor to grantee or sponsor**
 - Receives grant funds in payment for a service or product delivered to a grantee or sponsor
 - Signs a subrecipient agreement with the grantee or sponsor specifying activities, record-keeping and reporting responsibilities
 - Contractually obliged to follow HUD statutes and regulations applicable to the project

	Training Manual §
Brief Overview of SHP Project Types	Topic II(C)(1)
Responsibilities of Grantees and Project Sponsors	Topic VI(D)

History

The Supportive Housing Program (SHP), aimed at promoting development of supportive housing and services, is one of the original 15 programs within the McKinney-Vento Act of 1987. SHP's main goals are to assist homeless people in achieving residential stability, increasing skills or income, and obtaining more influence over decisions affecting their lives.

At the beginning of the Reagan Presidency, most programs to address problems associated with homelessness were created, funded and administered at the grass-roots level. In the view of the administration, states and local jurisdictions were best equipped to handle their own homeless problems, and not the federal government. A first federal task force on homelessness was created in 1983 to provide information to local governments and interested parties on how to obtain surplus federal property, Title V. Pressure was growing to address the problems of homelessness in a tangible way from the top down, with the federal government as an active participant in addressing the needs of homeless people. In 1986 the Congress passed a few small parts of the Homeless Persons' Survival Act. Later that same year, legislation containing Title I of the Homeless Persons' Survival Act - emergency relief provisions for shelter, food, mobile health care, and transitional housing - was introduced as the Urgent Relief for the Homeless Act. After an intensive advocacy campaign, the legislation was passed by large bipartisan majorities in both houses of Congress in 1987. After the death of its chief Republican sponsor, Representative Stewart B. McKinney of Connecticut, the act was renamed. It was signed into law by President Ronald Reagan on July 22, 1987.

It has had various changes and reauthorizations since then, including most recently through the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH).



Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (“HEARTH”)

President Obama signed the HEARTH bill into law on May 20, 2009, reauthorizing the McKinney-Vento Homeless Assistance Act of 1987. HEARTH will modify the Homeless Assistance programs, including SHP, by combining the separate programs into one program, establishing a standardized match requirement, increasing administrative funds for the Continuum of Care and the grant recipients, and several other changes. HUD has not yet released regulations, but when they do, your responsibilities under this grant and the role of the CoC may change.

Every ED Should:

1. Understand the grant requirements.

What you will learn:

- Eligible Activities
- Cash Match Basics
- Keeping Up on Requirements

Overview

SHP grants are not for the faint of heart! The requirements for receiving and administering an SHP project are numerous. As ED, you need to understand the requirements and limitations of SHP funding in order to prepare a proposal that you can implement and allocate your staff and other resources accordingly.

So even before you apply to receive or renew CoC Homeless Assistance grants, ensure that your agency has read and can meet the grant requirements under the law, regulations and the Notice of Funding Availability.


ED Responsibilities

Know how you can and cannot spend SHP money.

SHP funding must be used for eligible activities. The SHP program allows agencies to apply to use funds for the following:

- Acquisition
- Rehabilitation
- New construction
- Leasing
- Operating costs
- Supportive services
- Homeless Management Information Systems (HMIS)
- Administration

HUD SHP-funded programs that are in place can only use funds for activities that HUD has approved for that project. Each use of funds has limitations on what is eligible.

	Training Manual §
What activities are eligible for funding?	Topic II(C)(3)
How can administrative funds be split between grantees and sponsors?	

Make certain your agency has secured appropriate, adequate cash match.

The SHP program requires cash match for the various activities. The required cash match is the total actual expenditures needed to carry out the approved project, minus the SHP grant funds. Match funds must be used to cover costs associated with eligible SHP activities. The following lists the **minimum** cash match required, although the actual match may be greater:

Activity	Cash Match
Acquisition, Rehabilitation, New Construction	100% cash match (\$1 match + \$1 SHP request = total budget)
Leasing and Administration	No match required
Supportive Services (only or with Housing) and Homeless Management Information System	20% cash match (\$1 match + \$4 SHP request = total budget)
Operating Costs in Supportive Housing (not allowed for support services only projects)	25% cash match (\$1 match + \$3 SHP request = total budget)

The cash source may be the grantee, the sponsor, program income, the Federal, state or local government, or private resources, as long as the source allows itself to be used as match.

H Remember: SHP will merge with the other CoC programs under HEARTH so the match requirements may change.



A few key points about match:

- Your agency will be required to repay grant funds expended on ineligible activities and grant funds for which appropriate match has not been provided.
- It is not enough to have expended the grant funds, program income, and cash match on eligible activities; you must be able to document the sources and uses of the funds.
- Program income (e.g., rent) received before grant closeout must be used before additional cash withdrawals are made from SHP grant funds.

- Program fees (i.e., fees collected for non-HUD-funded services) may not be used as a cash match.
- Cash match tracking should identify source (i.e., where did the match funds come from) and eligible activities (e.g., match received and expended on housing operations should be tracked separately from match received and expended on supportive services).
- Match funds must be spent on eligible activities.



Ask yourself!

- Are costs eligible for funding under the grant program?
- Can we document the commitment of cash match required for the first year of the grant?
- Does the source of our match allow for use with SHP?

Keep track of changes in program requirements.


The requirements for your program will change over the years. You should make sure you or someone at your agency is monitoring changes, particularly those that may occur as a result of HEARTH.

- You should read the Notice of Funding Availability (NOFA) that HUD publishes annually for this funding, as it often signals HUD policy changes.
- You should read each renewal grant agreement carefully.
- You should sign up for list-serves at:
<http://www.hudhre.info/index.cfm?do=viewJoin>



HEARTH streamlines program requirements, so watch out for new regulations from HUD.

For more information

	<i>Training Manual §</i>
Eligible Activities	Topic II(C)(3)
Match	Topics: II(C)(1), X(B)
Program Income	Topic VII(F)
Resident Rent*	Topic VII(E)

*Additional information about calculating resident rent is available on HomeBase’s website: http://www.homebaseccc.org/pages/Hot_Topics/HUD_TAmaterials.html

Every ED Should:

2. Participate in the local Continuum of Care (CoC)

What you will learn:

- How SHP funding is distributed
- CoC responsibilities

Overview

In each community that receives SHP funds, a regional planning body, called a Continuum of Care (CoC), meets year-round to create local homeless policy and apply for CoC funds. The planning body may serve one county or city, multiple counties or cities, or “the balance of the state.” A CoC is made up of representative stakeholders in the community’s work toward ending homelessness. The CoC coordinates the community’s policies, strategies and activities toward ending homelessness. Its work includes gathering and analyzing information in order to determine the local needs of people experiencing homelessness, implementing strategic responses and measuring results. As a grant recipient, your agency should participate in the Continuum of Care.



HEARTH increases administrative funds for the CoC. Watch for the release of new HUD regulations, which may change the CoC’s role.

ED Responsibilities

Ensure that your agency is participating in your Continuum of Care.

Your Continuum of Care creates local policy around homelessness, and as a homeless provider, you have a responsibility to participate in policy creation.

The Continuum of Care also sets the local process for submitting, reviewing and prioritizing project applications for funding each year in the Continuum of Care Homeless Assistance Grants competition. HUD issues a Notice of Funding Availability and the CoC determines which applications to submit to HUD. Unless HUD finds that an applicant lacks capacity, HUD honors the CoC’s priorities. As a grant recipient, you will want to be involved in the priority setting and goal setting that occurs during each application process.

Respond to the needs of your Continuum of Care.


Your CoC takes on various responsibilities to respond to HUD requirements, including important data collection tasks like conducting a biennial homeless count and instituting

a Homeless Management Information System (HMIS). The CoC also writes and submits the community application for Continuum of Care Homeless Assistance Grants. As a grant recipient you should insure that your agency at least does the following:

- Assists with the homeless count (enumeration of the community’s homeless population is needed at least once every 2 years)
- Provides data to complete the annual homeless housing inventory
- Participates in HMIS (See page 39 below for more information.)
- Answers other questions and provides information to assist with the community’s CoC Grant application and policy creation

Your agency also may participate by contributing to workgroups, attending meetings, and otherwise assisting with community planning.

For more information

	<i>Training Manual §</i>
CoC Defined and Its Role in the Grant Cycle	Topic I
The Local CoC Process	Topic III

Every ED Should:

3. Write a Reasonable Application and Budget

What you will learn:

- Why accuracy is important
- Grant Amendments

Overview

SHP programs, once created, live on in that form for years. You can make amendments to the grant, but the process may be neither quick nor easy; you may find it easiest to write an application and budget you can live with at the beginning.

ED Responsibilities

Confirm that the project application package and technical submission are true and accurate, including that the agency can perform as promised.



An authorized representative of the agency, usually the executive director, affirms under penalty of perjury that the application materials and the technical submission contain true and accurate information. This information is submitted electronically along with other application and technical submission documents.

A few important notes:


- HUD prosecutes false claims and statements; conviction may result in criminal and/or civil penalties
- Inaccurate information can have financial consequences both for your agency and the Continuum of Care: current and future grant funds could be lost to the agency, it could be required to repay HUD even if the agency already has spent the funds, and the Continuum of Care could lose the ability to apply for those funds
- Certain grant funds come with the obligation to continue operating the project up to 20 years, even if the grant has expired (e.g., funds used for construction, rehabilitation and acquisition of property)

So **before you sign**, read what you are signing for completeness and accuracy.



Before Submitting the Application Package, ask yourself!

- Do the application materials accurately reflect the HUD-funded portion of the project, e.g., the number of people to be served and units of housing
- Have we asked for an amount we are entitled to receive under the NOFA?
- Do we have documentation supporting each item of claimed leverage?
- Are we participating, or prepared to participate, in our local CoC’s HMIS?
- Do we have a job description for each of the positions we say we will fund with the HUD grant?
- If the grantee and sponsor are different agencies, is there an agreement on how the administrative funds will be split?
- Do you and your staff understand the Federal fair housing and civil rights laws with which you’re certifying you will comply? Does your agency have written policies and procedures and staff trainings on them?

	Training Manual §
Splitting administrative funds	Topic II(C)(3)
Homeless Management Information Systems (HMIS)	Topic IX(A)
Federal fair housing and civil rights requirements	Section 5, Resources



Before Submitting the Technical Submission, ask yourself!


- Are we required to have an environmental review and if so, have we prepared to have this review conducted?
- Are we required to have site control and if so, will we obtain it in a timely manner?
- Is our project in compliance with applicable zoning laws?

- We certify we will follow Section 3 of the HUD Act of 1968, Lead-Based Paint, and the Uniform Relocation Act. Are any of these applicable to us? If so, are we compliant?

Understand when to amend a grant

Significant and minor changes are often necessary during an SHP grant’s life. The local HUD field office needs to be involved whenever changes are needed. Depending on the change’s significance, the HUD field office needs to be informed of or approve the change. Major changes likely require the agency to submit a grant amendment and HUD to approve it prior to making the change.

Changes are not permitted at all times, so it is important to think ahead about requesting a grant amendment.

	Training Manual §
Under what circumstances must an amendment to the grant agreement be made and how is an amendment obtained?	Topic VII(I)
Communications with HUD	Topic I(D) and (E)




Ask yourself!

Do we have a system in place to do the following:

- Assess circumstances under which we might need to seek a grant amendment?
- Inform the local HUD Field Office of program/budget changes?
- Ensure that assessment will occur at a time when we are allowed to seek a grant amendment?

For more information

	Training Manual §
Project Design	Topic II
Your Application	Topic IV
Technical Submissions & Other Pre-Grant Requirements	Topics V(B)(1)(a), V(B)(2)

Every ED Should: 4. Meet the HUD Deadlines.

What you will learn:

- Pre-grant requirements
- Site control
- Important dates

Overview


HUD sets a number of deadlines that are vitally important for your grant. The first is the application deadline. If the application is approved for funding, you will receive a conditional award letter. It includes a number of requirements (e.g., site control) that you need to return to HUD in a timely manner. Over the life of the grant, you need to submit Annual Performance Reports and renewal applications. At the end of the grant you will need to close it out.

ED Responsibilities

Prepare for pre-grant agreement activities like site control.

Before any HUD funds can be released to your program, there are several things that may need to occur, for example your program may need to prepare for:

- **Covenants:** Recipients of acquisition, rehabilitation, or construction funds must promise to operate their projects for 20 years as housing for people who are homeless. Compliance with this recording requirement must be documented before release of any HUD funds to the project.
- **Site Control:** Grantees must demonstrate site control within 12 months of HUD's conditional award letter.

	Training Manual §
Site Control	Topic V(B)(2)(c)

- **Construction:** Recipients of funds for construction and rehabilitation must begin construction within 18 months of the grant award letter, complete construction within 36 months of the grant award letter, and begin serving clients within 3 months after construction is complete

- Environmental Review: Before a contract is entered into with HUD and/or HUD or local funds are committed or expended, an environmental review must be conducted and HUD must approve a Request for Release of Funds and environmental certification from the “responsible entity.”

	Training Manual §
Environmental reviews	Topic V(B)(2)(a)



Ask yourself! Do we have a checklist of activities that must be completed before we are permitted to commence operation of the project and spend grant funds?

Create a system that reminds your staff about important dates.

Once the grant is operating, there are several dates that your staff need to remember, including these:

- Operating Start Date (OSD): The OSD indicates when the term of the grant begins (when the project started to serve homeless persons). This date starts the clock for submission of Annual Performance Reports. For many grants, the OSD is the first day of the month in which the grantee or project sponsor begins incurring eligible operating, supportive service, or leasing costs.
- Annual Performance Report (APR): A separate APR must be submitted for each HUD grant received and for each operating year in which HUD funding is provided. APRs need to be submitted 90 days after the end of each operating year. Grantees now need to submit their APR electronically in e-SNAPS.
- Renewal Applications: A renewal application (usually for one year of funding) will need to be submitted each year after the original 2- or 3-year grant term. Renewal applications need to be submitted with your community's Continuum of Care consolidated grant application, and the timing on due dates varies every year.

It probably makes sense to create a calendar or reminder system of important dates, including the date of the conditional award letter from HUD, the operating start date, the APR due date, and the date the APR was submitted to the local HUD office.


Here's an example to get you started, but make sure to add other important dates.

Important Event	Date
NOFA Released	

Application Due	
Conditional Award Letter Received	
Operating Start Date	
APR Due Date	
APR Submitted	

Your agency may be prohibited from drawing-down grant funds if the APR is not filed timely.

For more information

	Training Manual §
Timeliness Standards & Funding Terms - OSD	Topic VII(A)
APRs	Topic IX(B)
Renewal Applications	Topic II(C)(2)

Additional information about preparing APRs is available on HUD's Homelessness Resource Exchange at <http://www.hudhre.info/apr/>

Every ED Should: **5. Abide by your grant agreement.**

What you will learn:

- Grant agreement terms
- Eligible Participants
- Eligible Costs
- Cost documentation

Overview

Your grant agreement with HUD defines your project and grant obligations. HUD and the project grantee sign it. It includes the application, certifications, technical submission and SHP regulations. (The regulations current at the time the grant agreement is signed apply to the project during the grant's term, even if the regulations subsequently change.) The grant agreement cannot be changed unilaterally by the grantee except under limited circumstances, and even then HUD must be informed of the change. Your grant agreement also includes terms from the Notice of Funding Availability (NOFA) under which you submitted the application. New requirements present in the annual NOFAs may apply to your project as you submit renewal funding applications.

ED Responsibilities

Understand the terms of the grant agreement.

The grant agreement is your contract with HUD. Failure to perform under the grant agreement can result in civil and/or criminal penalties, and HUD can recapture grant funds (even if you have already spent them). It is imperative that you understand what your project commits to provide (e.g., what activities, services, and housing are to be provided to what population, what match obligations you have, how long the program must last). This includes understanding what any sponsors or subrecipients are obligated to provide.




Ask yourself!

- Have our program and financial management staff read the grant agreement and its attachments? Do they understand its terms?
- Do we monitor and make relevant staff aware of changing requirements in the annual NOFAs and renewal process?
- Do we have systems and a timeline in place to implement the project in compliance with the law?

Make sure your program is serving eligible people.

Grant funds can only be expended to serve or house eligible beneficiaries. To HUD, your clients are only eligible if you have the documentation to prove it. If, during a HUD audit, you were not able to prove that you were serving eligible clients, grant funds used to serve those clients would be subject to recapture by HUD. Thus, it is crucial that each agency expending grant funds have in place policies and procedures for screening, and for obtaining and maintaining appropriate documentation of client eligibility.

	Training Manual §
Who are eligible beneficiaries (clients): what is the definition of homelessness, chronic homelessness and disability?	Topic II(B)
What is acceptable documentation of eligibility?	Topic VII(B)
What do we do with the documentation of eligibility?	




Ask yourself!

- Is there a written policy that accurately informs our staff who is eligible to be served with the grant funds?
- Are there written instructions that accurately inform our staff how to document eligibility?
- Do we have a paper or electronic tool to assist our staff to track that all eligibility requirements have been met, including documentation?
- Have we periodically randomly reviewed client files to ensure that they document that the individuals or families were eligible prior to entry?

Ensure that grant funds, program income and required cash match are expended on eligible activities.

HUD funds must be used for eligible costs. Within each budget category (operations, supportive services, leasing, HMIS, and administration), HUD limits the expenses for which grant funds can be used. In addition, your grant funds are limited to line items listed in your approved budgets. Also, your HUD-funded program is required to have cash match as part of its budget. Your agency will be required to repay grant funds expended on ineligible activities and grant funds for which appropriate match has not been provided.

Other funds in your HUD project have restrictions in their use as well: match funds and client rent (if collected) must be expended on grant-eligible activities; program fees other than rent must be spent on activities not covered by grant or match funds.

	Training Manual §
Approved uses of project revenue	Topic VII(F)

Verify that adequate documentation of the source and use of the funds is being maintained.

It is not enough to have expended the grant funds, program income, and cash match on eligible activities; you must be also able to document the sources and uses of the funds. If use of grant funds on eligible activities is not documented, funds may be subject to recapture by HUD. If grant funds are used for staff salaries and benefits, appropriate documentation includes accurate time and activity reports prepared by each staff member accounting for time expended on eligible activities.

Cash match tracking should identify source (where did the match funds come from) and also eligible activities (e.g., match received and expended on housing operations should be tracked separately from match received and expended on supportive services). Program income tracking needs to identify the source and expenditure on eligible activities in a similar manner.



Ask yourself! Do we have a system to regularly monitor the following:

- Grant funds, program income and match funds are being used for eligible activities as specified in the grant agreement?
- Required amount of cash match is being expended?
- Sources of cash match are appropriate?
- Time and activity reports are being prepared and are accurate?

Comply with the terms of the grant agreement and seek amendments when appropriate.

The grant agreement you have with HUD lays out what the project has committed to do, in terms of providing housing, services, and serving a specified number of people. The project should strive to meet these commitments.

The supportive services being provided (including type of services and level of service) must be consistent with those described in the approved application and appropriate and adequate to meet the needs of the client. Recipients must conduct on-going

assessments of the participants' supportive services needs, the availability of such services, and make adjustments as appropriate.


Obligations of Programs that Provide Housing

There are several requirements for recipients providing housing:

- Each recipient of HUD funding must ensure compliance with habitability standards. Inspections for habitability should occur before a client moves into a unit, when there is a change in tenancy, and at least annually.
- Housing units must be appropriately accessible for the disability of the tenant.
- If grant funds are used to provide transitional housing, homeless individuals and families may reside in the transitional housing for up to 24 months. However, if permanent housing for the individual or family has not been located or if the individual or family requires additional time to prepare for independent living, they may remain for a period longer than 24 months. Assistance may be discontinued for a transitional housing project if more than half of the homeless persons remain in the project longer than 24 months.

If you find that you are unable to provide the housing or services contemplated in the Grant Agreement, contact HUD. You may need to amend your grant.

For more information

	Training Manual §
Grant Agreements	Topic VI(A)
Serving Eligible People	Topics: II(B), VII(B)
Eligible Activities	Topic II(C)(3)
Project Budget Controls	Topic VIII(A)(1)
Match	Topics: II(C)(1), X(B)
Housing Quality Standards	Topic VII(D)
Fair Market Rents	Topic VII(D)(3)
Project Monitoring	Topic X(C)

Every ED Should: **6. Keep agency policies to manage grants.**

What you will learn:

- Required Policies & Procedures (P&Ps)
- Sharing P&Ps
- Maintaining P&Ps

Overview

Policies and Procedures allow you to fulfill your grant requirements, and inform all of your staff about their responsibilities with regard to the grant. They make your job easier!

ED Responsibilities

Write policies and procedures.

The overall goal for any policy or procedure document is for the design to be *simple, consistent, and easy to use*. The policies and procedures need to be understandable. Procedures should be written so that what needs to be done can be easily followed by all users. Some guidelines for effective policies and procedures include:

- Use clear, concise, simple language.
- Don't include information that may be quickly outdated (e.g., names).
- If you use an acronym, spell it out the first time you use it.
- Include step-by-step instructions.
- Don't be too technical— keep it simple enough to be understood by a new employee.

Policies and procedures should cover everything in your grant agreement:

Eligibility (discussed above at page 24)

- a. Documenting homeless status
- b. Documenting chronic homeless status
- c. Documenting disability

Housing and Services

- d. Supportive services (discussed above at page 26)
- e. Housing-related requirements (discussed above at page 19)
- f. Client payments (discussed below at page 36)
- g. Use of program income and cash match (discussed above at page 24)

Clients

- h. Client participation in a "policy-making function" in the recipient agency
- i. Client participation in the day-to-day operations of the recipient agency
- j. Program rules and regulations for program clients
- k. Program client grievance procedures
- l. Educational assurances (for programs serving children)

Staff and Board

- m. Staff rules and regulations
- n. Emergency safety and evacuation procedures
- o. Confidentiality and privacy restrictions
- p. Non-discrimination and equal opportunity
- q. Freedom from religious influences
- r. Conflict of interest
- s. Anti-lobbying
- t. Drug-free workplace

Fiscal Management (discussed below at page 30)

- u. Internal controls
- v. Budget
- w. Cash management
- x. Accounting controls
- y. Procurement
- z. Property asset controls
- aa. Audits


Publicize policies and procedures.


Most importantly, the policies and procedures need to be publicized. Policies and procedures need to be readily available to staff and clients, as appropriate. Staff should understand their authority and importance.

Maintain P&Ps annually.

Once Policies and Procedures are created, they need to be reviewed at least annually and updated as necessary.

For more information

	Training Manual §
Serving Eligible People	Topics: II(B), VII(B)
Supportive Services	Topic II(C)(3)

	Training Manual §
Housing Related Requirements	Topic VII(D)
Client Payments	Topics VII(E)
Use of Program Income & Cash Match	Topic VII(F)
Required Policies & Procedures	Topics: VII(G), (H)
Fiscal Management	Topic VIII

Every ED Should:

7. Use grant funds appropriately.

What you will learn:

- Financial Tracking
- Grant Expenditure
- Audits

Overview

HUD requires tracking and policies about use of grant funds so that HUD can see that the agency uses funds for their intended purpose. Grantees, sponsors and subrecipients must use the program funds and match funds as originally planned and for eligible activities. Funds may not be used for activities other than those authorized in the regulations and the grant agreement. Each grant recipient must have internal controls:

- To control that grant funds are being used appropriately,
- To control against waste, theft, inefficiency,
- For accuracy and reliability of financial information, and
- To encourage compliance with policies.

ED Responsibilities

Oversee internal controls.

You need to have internal controls in place to ensure your program is using funds correctly. Internal controls refer to the combination of policies, procedures, defined responsibilities, personnel and records that allow an organization (or an agency) to maintain adequate oversight and control of its finances. As such, internal controls reflect the overall financial management system of an organization or agency. Budget controls, cash management, accounting controls, procurement, property controls and audits are sub-parts of the overall financial system.

When reviewing internal controls, Federal funders like HUD seek to ensure that effective control and accountability are maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must also adequately safeguard all such property and assure that it is solely used for authorized purposes.

Spend your grant!

You need to spend the grant funds during the term of the grant and draw them down within 90 days of the expiration of the grant; if you don't, that funding is returned to HUD and lost to your agency and Continuum of Care. So, make sure to have systems in place to ensure all your funds are being spent!

Ensure that grant funds are being drawn down using HUD's LOCCS system in a timely manner.

Your grant agreement provides that you will make at least quarterly drawdowns from your grant.

Grantees draw down funds from HUD's Line of Credit Control System (LOCCS) to reimburse for expenses incurred. Executive Directors of grantees authorize those within the agency who are permitted access to LOCCS and certify under penalty of perjury that the information on the line of credit withdrawal vouchers is accurate. The LOCCS draws should be made regularly (e.g., once a month) and the drawdown rate should be consistent with the projected point-in-time expenditures for the project's grant term and approved budget.

Sponsors and subrecipients bill grantees for eligible expenses incurred and paid. Executive Directors of those agencies certify that the reimbursement requested is legally permitted.

A few notes about drawing down using HUD's LOCCS system:

- Only expenses already incurred can be reimbursed through LOCCS.
- If the LOCCS system is not used for 60 days, the user's password will be suspended and access will be denied.
- If the password or user-id becomes inactive, the user must complete a new LOCCS Voice Response Access Authorization form.
- The authorizing official must hold a higher position than the user.

If required, make sure you complete an annual audit.

Agencies that expend more than \$500,000 of Federal funds during the year are required to complete an independent audit consistent with OMB Circular A-133. Audits are due within 9 months of the end of the fiscal year.


If you do not have an audit completed as required or you do not address any audit findings in a timely manner, your agency may be found ineligible for renewal grant funding through HUD's threshold capacity review of the application.

So, ensure that the financial audit has been timely prepared, meets the requirements of the regulations and that any findings have been addressed by the agency.

Spend program income first

Any income that your program makes as a result of the grant, like rent, must be spent before you draw down Treasury funds.

For more information

	Training Manual §
Internal Financial Controls	Topic VIII(A)
LOCCS	Topic VIII(C)
Audits	Topic VIII(A)(6)
Rent Paid to Landlords & Property Owners	Topic VII(D)(3)
Resident Rent	Topic VII(E)(1)

Every ED Should:
8. Pay rent and collect rent correctly.

What you will learn:

- Paying rent
- Collecting rent

Overview

As the name implies, much of the Supportive Housing Program focuses on housing. Each program that receives funding to house clients must address the issue of clients paying rent, and each program that leases units for tenants must address the issue of what to pay in rent. These requirements are detailed and will require staff attention.

ED Responsibilities

Make certain that landlords are being paid the correct rent amount.

The lease amount paid to rent a unit with SHP funds cannot exceed the lower of (1) the fair market rent (FMR) amount for a unit of that size in your area (called the “contract rent” on renewal applications), which HUD determines annually; or (2) the “reasonable” rent for the unit. Rent reasonableness is determined by comparing the rent being charged for the unit receiving rental assistance in relation to rents being charged for comparable unassisted units. Any difference between the two must be reasonable in light of relevant facts and circumstances. You will need to document rent reasonableness in your files.

In addition:

- If grant funds are used to pay rent, the property owner cannot be the grantee or project sponsor, or either’s parent, subsidiary or affiliated organization.
- If grant funds are used to pay rent, the rent paid (1) must be an actual cost, (2) must be reasonable in relation to rents being charged for comparable units, (3) may not exceed rents currently charged by the same owner for comparable unassisted units, and (4) the amount paid with grant funds may not exceed HUD-determined fair market rents (FMRs).



Ask yourself! For projects using leasing funds:

- In reviewing records showing the amounts of monthly/yearly rent against documentation showing comparable rents in the area, are the rents charged reasonable and are they documented for each lease?
- Are the funds being used inappropriately to lease units or structures owned by the project sponsor, the grantee, or their parent organization?

Confirm tenants are paying rent in an appropriate amount.

SHP projects may, but are not required to, charge tenants rent. If rent is charged, it must be charged to all clients, and it cannot exceed the highest of these:


- 30% of monthly adjusted income (specifically, 1/12th of annual adjusted income)
- 10% of monthly gross income
- welfare rent (see the *Homelessness 101* Glossary for a definition)

Tenant rental amounts must be reviewed: (1) at least annually; and (2) anytime a tenant requests a recalculation due to a change in income.




Caution:

- Grant funds paid to landlords for rent in excess of what is permitted is subject to recapture and repayment to HUD.
- Client rental payments paid in excess of what is permitted must be repaid to tenants.
- Rent payments from tenants are “program income” and need to be documented and accounted for accordingly

	Training Manual §
How much of the grant funds can we pay to a landlord to rent a unit?	Topic VII(D)(3)
Are we required to charge rent to tenants?	Topic VII(E)(1)
How much rent can be charged to tenants and how is that amount calculated?	
What’s the difference between rent and a program fee?	Topic VII(E)(2)

For more information

	Training Manual §
Rent Paid to Landlords & Property Owners	Topic VII(D)(3)
Resident Rent	Topic VII(E)(1)

Every ED Should:

9. Engage in Tracking, Record Keeping and Reporting.

What you will learn:

- Data Requirements
- Records
- Reporting

Overview

Data collection and reporting are essential to improve service, track outcomes and cost-efficiencies, assess them, and strategically plan for your project and local Continuum of Care. They also are key HUD requirements. Grant recipients must collect data on clients served through a Homeless Management Information System (HMIS). Grantees and sponsors will report data on clients served, outcomes achieved and expenditure of grant and match funds to HUD through Annual Performance Reports (APRs). It is important to regularly monitor that the programmatic and financial information required to be reported in HMIS and the APR are being collected.

ED Responsibilities

Abide by Homeless Management Information System (HMIS) Requirements

HMISs are locally-administered, community-wide software programs that are designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness. HUD has defined the universal and program-specific “data” elements that must be collected (and these are consistent with data required to be tracked for the Annual Performance Report). In addition, many CoCs have decided to collect additional data. Each program receiving Homeless Assistance Grant funding must participate in its CoC's HMIS, unless it is a domestic violence program and is subject to different requirements. In addition, the Continuum of Care may score locally your agency's application for renewal funds based on its HMIS participation.

HUD's rules regarding data entry requirements change from time to time. For example, HUD released revised data standards in March 2010. Find current information at <http://www.hmis.info>.


Keep Records

You need to maintain records that demonstrate you completed your obligations for every policy, procedure, and eligibility determination you have. This includes everything from rent reasonableness to chronic homeless determinations to drug-free workplace policy implementation and everything in between. In order to accomplish this requirement, you need to assign recordkeeping responsibilities to all agency staff.

Verify that required reports are accurate and made on time.

The Annual Performance Report (APR) tracks program progress and accomplishments in HUD’s competitive homeless assistance programs. HUD measures how each project has helped participants achieve increased residential stability, increased skill level and/or income and greater self-determination. Your agency’s application for renewal funds may be scored locally by the Continuum of Care based on its outcome data in the APR.

Updated APR information (e.g., electronic filing requirements) is available on HUD’s Homelessness Resource Exchange: <http://www.hudhre.info/apr/>.


	Training Manual §
What are HUD’s performance measures?	Topic I(C)
Why is performance measurement important?	Topics: IX(B) III(D)
What is a Homeless Management Information System (HMIS)?	Topic IX(A)
What is an APR, when is it due, what information does it contain?	Topic IX(B)
What are the common errors made in APRs?	
Under what circumstances and how often must an audit be transmitted to HUD; what is being audited?	Topic VIII(A)(6)
How can I prepare our auditor to conduct an appropriate audit and what do we do if there are findings?	Topics: VIII(A)(6) X(C)



Ask yourself! Recordkeeping

- Is the data we are collecting on clients served and on client outcomes sufficient to meet our reporting obligations for HMIS and the APR?
- Is the data being collected and entered into HMIS in a timely and accurate manner? Can our HMIS administrator give us feedback on our agency's HMIS performance?
- Are our clients meeting the outcome objectives we set, and if not, what changes should we make?
- Are we collecting and accurately reporting the financial information required by the APR?
- Has the information in the APR been double-checked using the list of common errors?

For more information

	Training Manual §
HMIS	Topic IX(A)
APRs	Topic IX(B)
Record Keeping	Topics: X(A), X(B), VII(B)
Audits	Topic VIII(A)(6)

Every ED Should: **10. Monitor.**

What you will learn:

- Monitoring Your Agency
- Monitoring Subrecipients
- What to do with monitoring results

Overview

Monitoring is an ongoing process that assesses the quality of a grant recipient's (grantee, sponsor or subrecipient) performance over a period of time. Monitoring provides critical information about grant recipients and the participants that they serve for making informed judgments about program effectiveness and management efficiency.

Each agency receiving Homeless Assistance Grant funds (whether a grantee, sponsor or subrecipient) should have a system in place to monitor itself for grant compliance. In addition, each grantee is obliged to monitor the performance of any of its sponsors/subrecipients.

HUD-CPD will monitor grantees and sponsors to do the following:

- Ensure that programs and technical areas are carried out efficiently, effectively, and in compliance with applicable laws and regulations
- Assist grantees in improving their performance, developing or increasing capacity, and augmenting their management and technical skills
- Stay abreast of the efficacy of CPD-administered programs and technical areas within the communities these programs serve

ED Responsibilities

Ensure performance of grant obligations, including the condition of housing.

Grant recipients will be monitored (by grantees and, perhaps, by HUD) and should self-monitor for compliance. Compliance with all terms of the Grant Agreement is monitored. Monitoring in this context also includes ensuring that housing supported by grant funds is regularly inspected, at least once a year, for habitability.

Monitor your agency.

To ensure that, if audited by HUD your program would pass with flying colors, your agency should regularly monitor itself and keep records about the findings. This includes monitoring all aspects of the grant agreement:

- a. Eligibility (discussed above at page 24)
 1. Documenting homeless status
 2. Documenting chronic homeless status
 3. Documenting disability
- b. Supportive services (discussed above at page 26)
- c. Housing-related requirements (discussed above at page 19)
- d. Client payments (discussed above at page 36)
- e. Use of program income and cash match (discussed above at page 25)
- f. Policies pertaining to:
 1. Client participation in a "policy-making function" in the recipient agency
 2. Client participation in the day-to-day operations of the recipient agency
 3. Program rules and regulations for program clients
 4. Program client grievance procedures
 5. Termination of assistance
 6. Staff rules and regulations
 7. Emergency safety and evacuation procedures
 8. Confidentiality and privacy restrictions
 9. Non-discrimination and equal opportunity
 10. Religious influences
 11. Conflict of interest
 12. Anti-lobbying
 13. Discharge planning
 14. Drug-free workplace
 15. Educational assurances
- g. Fiscal Management (discussed below at page 31)
 1. Internal controls
 2. Budget
 3. Cash management
 4. Accounting controls
 5. Procurement
 6. Property asset controls
 7. Audits

HUD-CPD Monitoring Handbooks are available on-line, and can provide a starting place for developing your own system of oversight:

<http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm#13>

Monitor subrecipients.

As the grantee with HUD, the lead agency is responsible for its sub-recipients. Lead agencies need to monitor sub-recipients to ensure that they are in compliance with all terms of the Grant Agreement. In order to effectively monitor, lead agencies should have a system for tracking and monitoring their project sponsors' grants; it is recommended that they maintain up-to-date and thorough information on the projects.

Utilize monitoring results to improve program performance.

If you find issues in the course of your monitoring activities, you should address them as soon as possible. This might require additional staff training or amending your grant with HUD.


As a result of HUD monitoring, HUD may reach one or more conclusions:

- Performance was adequate or exemplary
- There were significant achievements
- There were concerns that need to be brought to the attention of the program
- Technical assistance was provided or is needed
- There were findings that require corrective actions

Where deficiencies are identified, the result could be a finding or a concern. Where an identified deficiency results in a finding, the finding will include the condition, criteria, cause, effect, and *required* corrective action. Monitoring concerns brought to the program participant's attention should include the condition, cause, and effect. The HUD reviewer will suggest or recommend actions that the program can take to address a concern, based on sound management principles or other guidelines. However, corrective actions are *not required* for concerns.

Monitoring concerns or findings should be addressed completely and expeditiously. Ask HUD or your CoC for technical assistance if you need it. Unresolved findings may result in grant funds being returned to HUD and affect the agency's success in garnering future Homeless Assistance Grants (new or renewal).

Following a monitoring visit, the grantee needs to track violations or deficiencies and insert documentation into the project's monitoring file.


	Training Manual §
What are the components of a model monitoring system?	Topics: X(A) X(C)
What should we be monitoring for?	
What should we do if we or HUD finds a violation during monitoring?	Topic X(C)
What are the housing quality standards and how often must inspections be made? Who can conduct the inspections?	Topic VII(D)



Ask yourself!

- What is our management system for overseeing grant compliance?
- What is our method for monitoring assigned sponsor/subrecipient deadlines for accomplishing major project milestones?
- Do we have a method of determining the need for sponsor/subrecipient on- site or remote monitoring reviews?
- Is there documentation reflecting that we take appropriate and necessary follow-up actions to address sponsor/subrecipient monitoring conclusions and findings?

For more information

	Training Manual §
Serving Eligible People	Topics: II(B), VII(B)
Supportive Services	Topic II(C)(3)
Housing Related Requirements	Topic VII(D)
Client Payments	Topics VII(E)
Use of Program Income & Cash Match	Topic VII(F)
Required Policies & Procedures	Topic VII(G)
Fiscal Management	Topic VIII



Every ED Should:

- 1 Understand the grant requirements.**
 - Know how you can and cannot spend SHP money.
 - Make certain your agency has secured appropriate, adequate cash match.
 - Keep track of changes in program requirements.
- 2 Participate in the local Continuum of Care (CoC).**
 - Ensure that your agency is participating in your Continuum of Care.
 - Respond to the needs of your Continuum of Care.
- 3 Write a reasonable application and budget.**
 - Confirm that the project application package and technical submission are true and accurate, including that the agency can perform as promised.
 - Understand when to amend a grant.
- 4 Meet the HUD deadlines.**
 - Prepare for pre-grant agreement activities like site control.
 - Create a system that reminds your staff about important dates.
- 5 Abide by your grant agreement.**
 - Understand the terms of the grant agreement.
 - Make sure your program is serving eligible people.
 - Ensure that grant funds, program income and required cash match are expended on eligible activities.
 - Verify that adequate documentation of the source and use of the funds is being maintained.
 - Comply with the terms of the grant agreement and seek amendments when appropriate.
- 6 Keep agency policies to manage grants.**
 - Write policies and procedures.
 - Publicize policies and procedures.
 - Maintain P&Ps annually.
- 7 Use grant funds appropriately.**
 - Oversee internal controls.
 - Spend your grant!
 - Ensure that grant funds are being drawn down using HUD's LOCCS system in a timely manner.
 - If required, make sure you complete an annual audit.
 - Spend program income first.
- 8 Pay rent and collect rent correctly.**
 - Make certain that landlords are being paid the correct rent amount.
 - Confirm tenants are paying rent in an appropriate amount.
- 9 Engage in tracking, record keeping and reporting.**
 - Abide by Homeless Management Information System (HMIS) requirements
 - Keep records
 - Verify that required reports are accurate and made on time.
- 10 Monitor.**
 - Ensure performance of grant obligations, including the condition of housing.
 - Monitor your agency.
 - Monitor subrecipients.
 - Utilize monitoring results to improve program performance.

Even MORE Resources...

- www.hudhre.info
- www.homebaseccc.org
- Your Continuum of Care
- Other grant recipients
- Your HUD representative

Top Things to Remember

- Understand what is required by your grant agreement.
- Spend grant, match and program income resources on eligible activities only.
- Keep good records – document, document, document!
- Get audited.
- Expend your grant on time.
- Monitor compliance.
- When in doubt, ask the project grantee, HUD or a HUD technical assistance provider.