

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5409-N-01]

**Notice of Fiscal Year (FY) 2010 Opportunity to Register and Other Important Information
for Electronic Application Submission for Continuum of Care Homeless Assistance
Programs**

AGENCY: Office of Community Planning and Development, HUD

ACTION: Notice.

SUMMARY: This Notice provides instructions to potential Continuums of Care (CoCs) applying for the approximately \$1.68 billion of funding under HUD's Continuum of Care Homeless Assistance Competition in FY2010. The CoC competition uses an electronic system outside of grants.gov for CoC registration as well as for submission of the CoC application called *e-snaps*. Notification of the availability of the 2010 CoC application will be released via HUD's Homeless Assistance listserv. To join HUD's listserv, go to <http://www.hud.gov/subscribe/maillinglist.cfm> and click on "Homeless Assistance Program."

This Notice provides information to help applicants better understand the CoC registration and electronic application submission process through *e-snaps*, which is located at www.hud.gov/esnaps. Applicants for project funding are also required to register with Dun and Bradstreet, if they have not already done so, and complete or renew their registration in the Central Contractor Registration (CCR). More information on DUNS numbers and CCR registration can be found at <http://portal.hud.gov/portal/page/portal/HUD/topics/grants>. Notification of the availability of HUD's General Section to HUD's FY2010 NOFAs for Discretionary programs and the CoC NOFA will be released via HUD's Homeless Assistance listserv.

As in the 2009 CoC Competition, eligible Supportive Housing Program (SHP) and Shelter Plus Care (S+C) renewal projects will be conditionally awarded first. New projects will be awarded after the project threshold review and the scoring of the CoC application have been completed. A project application must be submitted for each project that is eligible for renewal in the 2010 competition in order for it to be considered for funding.

Projects are considered eligible for renewal in the 2010 competition if they expire during the period beginning January 1, 2011 and ending December 31, 2011 and have met all of the performance and capacity requirements that will be outlined in the 2010 CoC Notice of Funding Availability (NOFA). HUD reserves the right to reduce or reject any renewal project request for which the preceding grant has serious capacity issues, including performance and financial problems, or unresolved monitoring findings for which there is no evidence that the grantee is working towards appropriate resolution. CoCs and project applicants should read all sections of this Notice as well as the upcoming 2010 CoC NOFA to help identify these types of issues and work with their local field office to resolve the issues prior to the 2010 CoC Application due date. Grantees and project sponsors are responsible for keeping grant files and for knowing the beginning and ending dates of their grants. If a grantee fails to apply for a renewal project in the appropriate year, the project will not be eligible for renewal in the next funding competition.

PLEASE NOTE: Under the 2004 Appropriation Act and consistent with HUD policy, funds for all grants awarded in 2004 will be available for use until September 25, 2011. Projects that expired in 2010 were required to apply for renewal in the 2009 competition and, therefore, will not be eligible for renewal in the 2010 competition unless they were approved for an extension according to HUD SHP and S+C extension policies issued in 2009. Although the terms of all grants awarded in 2004 should have expired before September 30, 2011, HUD has discovered

that, due to delays in signing the grant agreements or extensions, there may be some grants that have an expiration date after September 30, 2011. Notwithstanding, for grants awarded in 2004 funds will not be available for expenditure after September 25, 2011 and the applicant must apply for renewal in 2010. See Section II for more detailed instructions for first time renewals.

As stated previously, HUD will rate and rank new project applications separately from renewal project submissions. The determination of leveraging and housing emphasis scores in Exhibit 1 will only be calculated using data from new project applications. For more information on this and other significant changes to the 2010 CoC competition, please see Section III of this Notice. HUD advises potential applicants to read this Notice in its entirety and complete the training offered at www.hudhre.info.

On May 20, 2009, President Obama signed into law the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The law amends the McKinney-Vento Homeless Assistance Act. HUD anticipates that the FY2011 CoC Competition will be administered and awarded under the McKinney-Vento Homeless Assistance Act as amended by HEARTH. To begin to prepare for the implementation of the amended McKinney-Vento Homeless Assistance Act, HUD has developed suggestions of items for CoCs and project applicants to begin considering as part of the 2010 CoC Competition to best prepare communities for full implementation in FY2011. See Section IV for more information.

FOR FURTHER INFORMATION CONTACT: CoCs may contact the HUD Field Office serving their area, at the telephone number shown at <http://portal.hud.gov/portal/page/portal/HUD/localoffices>. In addition, applicants are strongly encouraged to send questions regarding this Notice to HUD via the Virtual Help Desk at <http://www.hudhre.info/index.cfm?do=viewFaqs>.

Full Text of Announcement

This Notice is divided into four sections. Section I describes important information that CoCs and project applicants should be familiar with prior to applying for 2010 Homeless Assistance funding. This includes pertinent definitions and an overview of the necessary CoC planning process. Section II provides detailed information on completing the CoC registration process in *e-snaps*. Section III provides information about the major changes that HUD will make to the 2010 CoC Homeless Assistance competition. HUD hopes that this will assist CoCs in better planning their 2010 CoC application. Finally, Section IV provides information regarding the suggestions that HUD has for CoCs to begin preparing for full implementation of the McKinney-Vento Homeless Assistance Act as amended by HEARTH.

I. Overview Information

A. Program Description

Approximately \$1.68 billion is available for funding through the FY2010 CoC Homeless Assistance Competition. Carried over or recaptured funds from previous fiscal years, if available, may be added to this amount.

The purpose of the CoC Homeless Assistance Program is to reduce the incidence of homelessness in CoC communities by assisting homeless individuals and families move to self-sufficiency and permanent housing.

The 2010 CoC NOFA will be published separately in the **Federal Register** no earlier than June 18, 2010 and posted to HUD's website.

B. Definitions. The definitions contained in this Notice are only those that are necessary for CoCs to understand in order complete the 2010 CoC registration process. A complete list of definitions will be provided in the 2010 CoC NOFA.

1. *Annual Renewal Amount.* The maximum amount that an SHP grant can receive on an annual basis when renewed. It includes funds for only those eligible activities (operating, supportive services, leasing, HMIS, and administration) that were funded in the original grant (or the original grant as amended), less the nonrenewable activities (acquisition, new construction, and rehabilitation). It is used to calculate a CoC's "hold harmless" need amount.

To calculate the Annual Renewal Amount (ARA) for SHP grants, add up the amount of the renewable budget line items (i.e., operating, supportive services, leasing, HMIS, and administration) for all the years of the most recent grant, and divide by the number of years in the grant term. Any funding for acquisition, rehabilitation, new construction—and any administration costs related to those activities—is not renewable and, therefore, should not be calculated in ARA. If the initial grant included these activities, administrative costs must be recalculated and must not exceed 5 percent of the total of leasing, operating, HMIS, and supportive services costs contained in the initial grant.

For example, if the initial three-year grant was for \$472,500 (\$150,000 for new construction, \$150,000 for operating costs, \$150,000 for supportive services, and \$22,500 for administration), the new construction costs, and any administration costs associated with it, would not be eligible for renewal. Thus, the total renewable amount would be \$315,000 (\$150,000 for operating costs, \$150,000 for supportive services, and \$15,000 for administration) and the ARA is \$105,000 (\$315,000 divided by the three-year grant term).

If the initial three-year grant was \$315,000 and did not include acquisition, rehabilitation, or new construction costs, (\$150,000 for operating costs, \$150,000 for supportive services, and \$15,000 for administration), the ARA would be \$105,000 (\$315,000 divided by the three-year grant term).

2. *Continuum of Care*. A collaborative funding and planning approach that helps communities plan for and provide, as necessary, a full range of emergency, transitional, and permanent housing and other service resources to address the various needs of homeless persons. HUD also refers to the group of service providers involved in the decision making processes as the “Continuum of Care.”

3. *Continuum of Care Lead Agency*. Agency or organization designated by the CoC primary decision making body to be the entity that submits the CoC application. The CoC lead agency should be responsible for the coordination and oversight of the CoC planning efforts, and has the authority to certify and submit the CoC homeless assistance funding application. A state governmental entity is the only acceptable organization that may serve as the Lead Agency for multiple CoCs, due to the level of involvement and possible conflict of interest that comes with serving multiple CoCs. Under no other circumstance should one entity be identified as the Lead Agency for multiple CoCs.

4. *Continuum of Care Lead Agency Contact*. Person(s) with the authority to submit the Continuum of Care Homeless Assistance Grants Competition application on behalf of the CoC, usually the Executive Director or CEO of the CoC Lead Agency.

5. *Continuum of Care Need Amounts*

a. *Continuum of Care Preliminary Pro Rata Need (PPRN)*. Amount of funds a CoC could receive based upon the geography that HUD approves as belonging to that CoC. To determine the homeless assistance need of a particular jurisdiction, HUD will use nationally available data, including the following factors as used in the Emergency Shelter Grants (ESG) program formula: data on poverty, housing overcrowding, population, age of housing, and growth lag. Applying those factors to a particular jurisdiction provides an estimate of the relative need index for that

jurisdiction compared to other jurisdictions applying for assistance under the 2010 CoC NOFA. Each year, HUD publishes the PPRN for each jurisdiction. A CoC's PPRN is determined by adding the published PPRN of each jurisdiction within the HUD-approved CoC.

b. *Continuum of Care Hold Harmless Need (HHN)*. The amount of funds a CoC is eligible to receive where the total ARA of all SHP grants expiring in that CoC during the period beginning January 1, 2011, and ending December 31, 2011. The HHN is the amount needed to fund the expiring renewal grants for one year.

c. *Continuum of Care Final Pro Rata Need (FPRN)*. The higher amount of: (1) PPRN or (2) HHN. In the case of CoCs that are eligible and approved by HUD for CoC Hold Harmless Merger, the FPRN will be based on the summation of the FPRN of each merging CoC. For more information see Section I.B.5.d.

d. *Continuum of Care Hold Harmless Merger*. A process whereby two or more CoCs that registered separately in the 2009 competition merge in the 2010 competition. At least one CoC must have a 2010 FPRN based on HHN and at least one other CoC must have an FPRN based on PPRN. Under this process, HUD will calculate the newly merged CoC's FPRN based on the higher FPRN for each CoC. This calculation is completed during CoC Registration. The newly merged CoC may use this process for calculating FPRN for the 2010 and 2011 competition only.

6. *Continuum of Care Primary Decision Making Group*. This group manages the overall planning effort for the CoC, including, but not limited to, the following types of activities: setting agendas for full Continuum of Care meetings, project monitoring, determining project priorities, and providing final approval for the CoC application submission. This body is also responsible for the implementation of the CoC's HMIS, either through direct oversight or through the

designation of an HMIS implementing agency. This group may be the CoC Lead Agency or may authorize another entity to be the CoC Lead Agency under its direction.

7. *Continuum of Care Registration.* The initial step in the electronic application process requires a CoC to claim geography, appoint a CoC Lead Agency that will be responsible for the submission of the electronic application to HUD, and attach its Grant Inventory Worksheet(s) that identifies the universe of SHP and S+C projects that are eligible for renewal in 2010. This process establishes the CoC's FPRN amount as well as the bonus amounts that CoCs are eligible to request.

8. *Funding Category.* A funding category is a project submission category subject to NOFA selection priorities. There are four funding categories in the 2010 competition:

- (1) The Shelter Plus Care Renewal Funding Category includes eligible S+C renewal projects approved and submitted by the CoC.
- (2) The Supportive Housing Program Renewal Funding Category includes eligible SHP renewals approved and submitted by the CoC.
- (3) The Permanent Housing Bonus Funding Category covers one or more new SHP, S+C, and Section 8 SRO projects that, in total, may be no more than 15 percent of a CoC's Preliminary Pro Rata Need.
- (4) The Final Pro Rata Need (FPRN) Funding Category covers new SHP, Section 8 SRO, and S+C projects submitted by CoCs that are in PPRN status and that have funds available in their FPRN. A CoC in PPRN status will only be able to submit new projects equal to the difference between the renewal amounts claimed in the SHP renewal funding category (2) above and these CoCs' FPRN.

Projects that are submitted in the Permanent Housing Bonus and Final Pro Rata Need Funding Categories that exceed the limits of the funding category in part will be reduced by HUD and projects that are totally outside the funding category limit will be automatically rejected. Any eligible renewal project (meaning grants that expire between the period beginning January 1, 2011 and ending December 31, 2011) that is rejected by its CoC or is outside FPRN is not eligible to apply in future competitions as a renewal or be used in calculating HHN.

9. *Grant Inventory Worksheet.* An inventory of all grants that are eligible for renewal in a particular year. In 2010, CoCs will be responsible for attaching the SHP and S+C grant inventory worksheets into *e-snaps* during the CoC registration process. HUD will use the grant inventories to determine the renewal projects that are eligible for award and the funding amount that they are eligible to receive. For SHP projects, the correct annual renewal amounts must be recorded. For S+C, the correct total number of units must be included. The budgets and units for these projects will be reduced as necessary by HUD during the 2010 CoC competition to match the budget and unit amounts on the Grant Inventory Worksheet(s) submitted by the CoC and finalized with the local HUD field office during the registration process. Therefore, CoCs must work with their local HUD field office to ensure that all eligible projects are included on the Grant Inventory Worksheet(s), as this is the information that HUD will use to establish the CoC's 2010 initial HHN amount and base the award for eligible renewal projects. Any changes made after the Grant Inventory Worksheet process that do not alter the amount of the award can be made during execution of the grant agreement.

In 2010, first-time S+C renewals that are requesting an increase in units from the original grant agreement must provide, to their local HUD field office, copies of all executed leases at the time of completion of Grant Inventory Worksheet to support the number of units being

requested. On the Grant Inventory Worksheets, CoCs will be asked to provide, at a minimum, the following information for each of its renewal projects:

- Name of Project
- Project Number
- Grant Term
- Expiration Date
- Component Type
- Previously approved budget amounts by activity/ Unit Distribution (S+C)
- Annual Renewal Amount (SHP)/Total Number of Units (S+C)

Providing accurate information on the Grant Inventory Worksheet(s) for all projects in the CoC assists HUD in reviewing and awarding SHP and S+C renewals quickly.

C. CoC Planning Process. HUD will evaluate CoCs on the following criteria:

- CoC Housing, Services, and Structure;
- Homeless Needs and Data Collection;
- CoC Strategic Planning;
- CoC Performance; and
- Housing Emphasis.

CoCs are encouraged to continue planning for the 2010 CoC Homeless Assistance competition in the same manner that they have in past years. This includes:

1. A CoC planning system is developed through a community-wide or region-wide process involving the coordination of nonprofit organizations (including those representing persons with disabilities), state and local government agencies, public housing agencies, community and faith-based organizations, other homeless providers, service providers, housing developers, private

health care associations, law enforcement and corrections agencies, school systems, private funding providers, and homeless or formerly homeless persons to successfully address the complex and interrelated problems related to homelessness. As in the past, this year HUD emphasizes its determination to integrate and align plans, including jurisdictional, state, and city ten-year plans (jurisdictional ten-year plans) encouraged by the U.S. Interagency Council on Homelessness and Consolidated Plans, into the CoC plans. These plans serve as a vehicle for a community to comprehensively identify all of its needs and to coordinate its approach for addressing them.

A CoC should address the specific needs of each homeless subpopulation: those experiencing chronic homelessness, veterans, persons with serious mental illnesses, persons with substance abuse issues, persons with HIV/AIDS, persons with co-occurring diagnoses (these may include diagnoses of multiple physical disabilities or multiple mental disabilities or a combination of these two types), victims of domestic violence, unaccompanied youth, households with dependent children, and any others. To ensure that the CoC system addresses the needs of homeless veterans, it is particularly important that CoCs involve veteran service organizations with specific experience in serving homeless veterans.

Through the 2009 American Recovery and Reinvestment Act, Congress designated \$1.5 billion for HUD's Homelessness Prevention and Rapid Re-housing Program (HPRP). HPRP funds for prevention activities and rapid re-housing of individuals and families were made available to eligible grantees including states, territories, metropolitan cities, and urban counties. HPRP Grantees are required to coordinate with CoCs in the development of HPRP program and activities, including HMIS. CoCs will be required to describe the level of coordination between HPRP grantees and CoC leadership and/or members.

2. *CoC Geographic Area.* In deciding what geographic area a CoC will cover as part of its CoC strategy, CoCs should be aware that a key factor in being awarded funding will be the strength of a CoC process when measured against the CoC rating factors described in the 2010 CoC NOFA. When a CoC determines what jurisdictions to include in its CoC strategy area, it should include only those jurisdictions that are fully involved in the development and implementation of the CoC strategy.

The more jurisdictions a CoC includes in the CoC, the larger the pro rata need share that will be allocated to the strategy area. If a CoC is located in a rural county, it may wish to consider working with larger groups of contiguous counties to develop a regional or multi-county CoC strategy covering the combined service areas of these counties. The boundaries of identified CoC areas may not overlap.

HUD has determined that the merger of one or more existing CoCs into a new larger CoC can result in improved coordination of services, effective HMIS implementation, more efficient resource allocation and planning, and improved competitiveness for new resources. Merging smaller CoCs into a larger CoC also reduces the administrative burden of applying for funding at the local level and reviewing funding applications at the national level. HUD strongly encourages CoCs to merge where it is appropriate.

In recognition of these advantages, HUD has adopted a new CoC Hold Harmless Merger policy for calculating Final Pro Rata Need (FPRN) that ensures CoCs will not lose FPRN by merging. Please note, where two or more CoCs that are in the same need status (i.e., both in Hold Harmless Need status or both in Preliminary Pro Rata Need status) decide to merge, their FPRN will be calculated on the sum of the FPRN for all.

The new CoC Hold Harmless Merger procedure is only applicable when two or more CoCs registered in 2009 and whose 2010 FPRN separate calculation results in at least one CoC's FPRN being based upon Preliminary Pro Rata Need (PPRN) and at least one CoCs FPRN being based upon Hold Harmless Need (HHN). The following tables illustrate how FPRN would be calculated for four CoCs merging before and after the introduction of the new CoC Hold Harmless Merger policy. The new calculation method would provide the newly merged CoCs with additional funds in their FPRN to create new projects. As a further incentive to merging, HUD will permit CoCs using the Hold Harmless Merger process to use HHN Reallocation.

TABLE A			
Pre-2009 CoC Consolidation Calculation (FPRN= the greater of: (1) the CoC's combined PPRN or (2) the CoC's combined HHN)			
Individual Continuums	2010 Hold Harmless Need Amount	2010 Preliminary Program Rata Need Amount	
I	100,000	150,000	
II	50,000	200,000	
III	350,000	150,000	
IV	750,000	250,000	
Merged CoC Total (I-II-III-IV)	\$1,250,000	\$750,000	
Step 1: Total all of the original CoC's 2010 HHN Amounts			
Step 2: Total all of the original CoC's 2010 PPRN Amounts			
Step 3: The higher amount from Step 1 and Step 2 becomes the FPRN for the Merged CoC			
TABLE B			
2010 Hold Harmless Merger Calculation (FPRN=the combined CoC's FPRN amounts)			
Individual Continuums	2010 Hold Harmless Need Amount	2010 Preliminary Pro Rata Need Amount	2010 Final Pro Rata Need Amount
I	100,000	150,000	150,000
II	50,000	200,000	200,000
III	350,000	150,000	350,000
IV	750,000	250,000	750,000
Merged CoC Total (I-II-III-IV)	\$1,250,000	\$750,000	\$1,450,000
Step 1: Identify the original CoC's FPRN (the greater of PPRN or HHN)			
Step 2: Total the original CoC's FPRNs			
Step 3: The total of the original CoC's FPRNs becomes the FPRN for the Merged CoC			

To determine whether CoCs may benefit from merging under this option, HUD will make available a Worksheet and Guidance on CoC Hold Harmless Merger eligibility and procedures.

This guidance will be posted at www.hudhre.info.

3. *CoC Components*. A CoC system typically consists of five basic elements, as follows:

- a. A system of outreach, engagement, and assessment for determining the needs and conditions of individuals or families who are homeless, and necessary support to identify, prioritize, and respond to persons who are chronically homeless;
- b. Emergency shelters with appropriate supportive services to help ensure that homeless individuals and families receive adequate emergency shelter and referral to necessary service providers or housing search counselors;
- c. Transitional housing with appropriate supportive services to help homeless individuals and families prepare to make the transition to permanent housing and independent living;
- d. Permanent housing, or permanent supportive housing, to help meet the long-term needs of homeless individuals and families; and,
- e. Prevention strategies, which play an integral role in a community's plan to eliminate homelessness by effectively intervening for persons at risk of homelessness or those being discharged from public systems—e.g., corrections, foster care, mental health, and other institutions—so that they do not enter the homeless system. By law, prevention activities are ineligible activities in the three programs included in this Notice but are eligible for funding under the Emergency Shelter Grants (ESG) program, the Homelessness Prevention and Rapid Re-Housing Program (HPRP), and other programs.

4. *CoC Lead Person.* Regardless of the CoC structure and planning process, the 2010 electronic registration/application process will require that each CoC select two persons, from the CoC Lead Agency, who are authorized to submit the CoC application and the project applications to HUD.

5. *CoC Award.* In recognition of the need to announce and process renewal awards as quickly as possible to avoid hardship to grantees, HUD has implemented a two-step, modified selection process. Under the modified selection process the CoC will receive its renewal funding for all eligible renewal projects first. CoC scores will determine the new project applications to be selected for award next.

II. Completing the Registration Process for CoCs. In order to be eligible to submit an application in the FY2010 Homeless Assistance competition, CoCs must register in the electronic database, *e-snaps*, prior to the beginning of the 2010 CoC competition. CoCs that applied for funds in 2009 will only need to update registration information in *e-snaps*. The CoC registration process will begin no earlier than April 20, 2010, and close no earlier than June 4, 2010, at 11:59 p.m. ET. Please keep in mind assistance from HUD's Virtual Help Desk will not be available after 5:00 p.m. ET. HUD will inform and remind potential applicants of the registration opening and closing dates via the HUD Homeless Assistance listserv and through its web sites located at www.hud.gov and <http://www.hudhre.info>. During the registration phase, CoCs will be asked to identify the CoC lead agency, contact information for lead agency staff, the geography that the CoC is claiming, and the CoCs HHN Amount. CoCs will also be required to attach their 2010 SHP and S+C grant inventory worksheets. This process will not be part of www.grants.gov. CoCs will receive confirmation from HUD concerning claimed geography,

PPRN and HHN Amounts. The CoC Lead Agency Contact may access *e-snaps* no earlier than April 20, 2010, at www.hud.gov/esnaps.

Through the CoC Registration process, CoCs will use the SHP and S+C grant inventory worksheets to establish those projects that are eligible for renewal in 2010. Projects will be considered eligible for renewal in the 2010 CoC competition if they expire in calendar year 2011 (January 1 – December 31, 2011) and if they meet all other HUD requirements in regards to performance and capacity. It will be at HUD's discretion to reduce or reject any renewal project that has any significant capacity issues related to performance and/or financial problems or has unresolved monitoring findings.

For the 2010 CoC Competition, CoCs are required to verify that all renewals are correctly included on the grant inventory worksheet, and will be required to add missing projects as needed before final submission of the CoC's Registration. It is critical for CoCs to pay close attention to any grants that were originally awarded in 2004 that have not yet been renewed. As stated previously, the funds associated with these grants will only be available for use until September 25, 2011. After that date, these funds will automatically be returned to the U.S. Treasury and will no longer be available for expenditure, even if the end date established in the grant agreement is later. More specific instructions will be provided to local HUD field offices for the following situations:

- 2004 grant expires in 2010 but did not renew in 2009 competition and did not extend into 2011 or later–The grant will not be renewed.
- 2004 grant expires in, or has been extended to, 2011 or beyond–Renewal must be requested in 2010. The grantee must operate the grant on alternate funds where term goes past September 25, 2011.

It is imperative that grantees adhere to the time limitation on the funds contained in the law. No extensions will be approved beyond the statutory availability of the funds for the grant.

In 2010, CoCs that are in PPRN status will be limited to request one year of funding for SHP renewal projects up to the maximum amount of available pro rata need.

HUD has posted a satellite broadcast regarding the CoC registration process.

This broadcast may be viewed at <http://www.hud.gov/webcasts>. On-line training for CoC Registration may be accessed at www.hudhre.info.

HUD will post the HUD-defined CoC names and numbers as well as a list of each geographical area with its Preliminary Pro-Rata Need amount on www.hud.gov and <http://www.hudhre.info/index.cfm?do=viewCoCGrantMaterials>. Existing and proposed CoCs must register their HUD-defined CoC and claimed geography with HUD through *e-snaps*. If a CoC does not have a HUD-defined name, it should contact the HUD Field Office serving its area.

In the instance that one or more CoC planning bodies claim one or more of the same geographies, HUD shall determine which CoC has the best claim for the geography based upon past experience as well as the participation and desires of the predominant number of homeless service providers in the disputed geography. The HUD decision on allocating geography is final and competing CoCs shall be notified of HUD's determination. If a CoC omits geography, HUD will not add it back in.

III. Highlights for 2010 CoC NOFA. The following is a list of major changes to the 2010 CoC NOFA:

1. New this year, applicants for SHP renewal funds are limited to requesting one year of funding. Requests for multiple years of funding will be reduced to one year amounts.

2. New this year, applicants awarded new S+C projects in the 2010 CoC Competition may request no more than the number of units awarded in the 2010 Competition when they apply for their first renewal.
3. Applicants with first time S+C renewals of Tenant Based (TRA) and Sponsor Based (SRA) components may continue to request up to the amount determined by multiplying the number of units leased at the time of the submission of the grant inventory worksheet to HUD by the applicable 2010 Fair Market Rent(s) by 12 months. This year, applicants for first time S+C renewals that are requesting more units than approved in the original application must provide their local HUD field office with copies of all executed leases at the time of Grant Inventory Worksheet(s) submission to support the number of units requested. HUD will consider the number of units under lease at the time of Grant Inventory Worksheet submission the maximum amount that can be renewed in FY2010.
4. In 2010 there will be a Permanent Housing Bonus. The bonus amount will be 15 percent of a CoCs PPRN or \$6 million, whichever is less. CoCs will be able to use funds for homeless disabled individuals and families or chronically homeless individuals. As creating new permanent housing beds for disabled veterans is a HUD priority, HUD strongly encourages CoCs to use at least a portion of available bonus funds to create a project that will serve disabled veterans. Additionally, creating new permanent housing beds for chronically homeless individuals remains a HUD priority; therefore, HUD strongly encourages CoCs to use at least a portion of available bonus funds to create a project that will serve the chronically homeless.
5. As a reminder, up to 8 percent of a S+C grant may be used for eligible incurred administrative costs associated with administration of housing assistance. These must be drawn down at least quarterly. Draws must be for eligible expenses already incurred in the period immediately

preceding the draw or to be incurred during the period immediately following the draw. HUD will recapture all unspent funds at the end of the grant term. If administrative costs exceed 8 percent, recipients must pay for these costs from another source.

6. As a reminder, HUD will assess, as part of the project review process, applicant and project sponsor eligibility, capacity and quality. This review also considers an applicant's spending history on current homeless assistance grants, if applicable. HUD expects that grantees should be making draw-downs at least quarterly. HUD will be looking at this for both new project applications and as a condition of renewal awards.

7. HUD will require the following educational assurances as part of the FY2010 CoC NOFA:

- The CoC will be required to demonstrate that it is collaborating with local education agencies to assist in the identification of homeless families as well as informing these homeless families and youth of their eligibility for McKinney-Vento education services;
- The CoC will be required to demonstrate that it is considering the educational needs of children when families are placed in emergency or transitional shelter and is, to the maximum extent practicable, placing families with children as close to possible to their school of origin so as not to disrupt the children's education.
- Project applicants must demonstrate that their programs are establishing policies and practices that are consistent with, and do not restrict the exercise of rights provided by the education subtitle of the McKinney-Vento Act, and other laws relating to the provision of educational and related services to individuals and families experiencing homelessness; and,
- Project applicants must demonstrate that programs that provide housing or services to families are designating a staff person to ensure that children are enrolled in school and

connected to the appropriate services within the community, including early childhood programs such as Head Start, Part C of the Individuals with Disabilities Education Act, and McKinney-Vento education services.

8. HUD has determined that the merger of one or more existing CoCs into a newly merged, larger CoC can result in effective and efficient planning, program delivery, Homeless Management Information System (HMIS) implementation and CoC competitiveness. In recognition of these advantages, in 2009 HUD adopted a new CoC Hold Harmless Merger policy for calculating FPRN that ensures CoCs will not lose FPRN by merging (see Section II of this Notice). HUD will allow CoCs to use the Hold Harmless Merger process for calculating FPRN in 2010.

9. In 2010, HUD is reintroducing the Hold Harmless Need (HHN) Reallocation process. CoCs in Hold Harmless Need (HHN) status, and those CoCs that used the Hold Harmless Merger process, will be able to reallocate funds to new projects. CoCs that are in HHN status may seek to use the reallocation process to create new dedicated Homeless Management Information System (HMIS) projects and new Permanent Housing (PH) projects.

10. New this year, CoCs will submit their 2010 Housing Inventory data and Point-in-Time Data, previously submitted in Exhibit 1, directly into a new HUD Homelessness Data Exchange (HDX) web site. The HDX is an expansion of the current AHAR Exchange web site and is expected to be available by May 1, 2010. CoCs will be required to enter their data one month after the website becomes available, or by May 31, whichever is later. The HDX will be pre-populated with the data CoCs submitted in their 2009 application.

11. In 2010, changes were made in the jurisdictions used in the PPRN calculations from 2009. It is important for CoCs to ensure that all jurisdictions served by the CoC are claimed during the

CoC Registration. The areas added from the PPRN calculation in 2009 are Indio City, Riverside County, CA; Lodi, San Joaquin County, CA; Perris City, Riverside County, CA; Johns Creek, Fulton County, GA; Broomfield City & County, CO; Marion County, IN; East Baton Rouge Parish, LA; Lafayette Parish, LA; Hammonton, Atlantic County, NJ; and Grapevine, Tarrant County, TX. The jurisdictions removed from the PPRN calculation in 2009 are: Fairbanks, Fairbanks North Star Borough, AK; Broomfield County, CO; Ann Arbor, Washtenaw County, MI; and Grand Haven City, Ottawa County, MI.

12. As in 2009, housing emphasis and leveraging will be calculated on eligible new projects only.

13. As in the 2009 CoC competition, HUD will award eligible SHP and S+C renewal projects first. New projects will be reviewed and awarded next, after the project threshold review of the new project submissions and the scoring of the CoC applications have been completed. A project application will be required for new and renewal projects; however, for renewal projects, applicants will only be verifying basic project and budget information, selecting the one-year grant term request, and certifying the request for renewal (see Section II of this Notice for information about eligible renewals). CoCs will not have to rank renewal projects in *e-snaps* in 2010.

14. HUD encourages all projects to utilize the Neighborhood Stabilization Program (NSP), HUD-VASH and any HUD-managed American Recovery and Reinvestment Act (ARRA) programs, i.e., Community Development Block Grant-Recovery (CBDG-R), Tax Credit Assistance Program (TCAP), HPRP, NSP2, etc., as a source of leveraging. CoCs that demonstrate coordination with NSP and any HUD-managed ARRA programs may receive extra points during the CoC application review process.

15. As in 2009, as part of the CoC application, CoCs will be required to address how they are participating in the Homelessness Prevention and Rapid Re-Housing Program (HPRP), as indicated in the substantial amendment to the Consolidated Plan 2008 Action Plan.

16. HUD has committed to moving at least 16,000 veterans per year out of homelessness into permanent housing over the next two and a half years as part of a joint effort with the Department of Veterans Affairs to end homelessness among veterans. In 2010, HUD is asking grantees to redouble their efforts to reach out to homeless veterans, engage them in needed services and move them toward permanent housing as rapidly as possible.

Section IV: Preparing for FY2011 Implementation of McKinney-Vento Homeless

Assistance Act as amended by the HEARTH Act. On May 20, 2009, President Obama signed into law the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The law amends the McKinney-Vento Homeless Assistance Act. HUD anticipates that the FY2011 CoC Competition will be awarded under the McKinney-Vento Act as amended by HEARTH. To begin to prepare for the implementation of the amended McKinney-Vento Act, HUD suggests that CoCs begin considering the following requirements in 2010 to prepare communities for full implementation of the HEARTH amendments to the McKinney-Vento Act:

1. The McKinney-Vento Act, as amended by HEARTH requires that all communities have an HMIS that has the capacity of collecting unduplicated counts of individuals and families experiencing homelessness and providing information to project sponsors and applicants for needs analyses and funding priorities. Additionally, all Emergency Solutions Grant fund recipients must participate in the local HMIS. For many communities this will mean an increase in users that the HMIS must be able to accommodate. The HMIS lead agency should also begin

to consider any unique needs that the HMIS may need to develop to accommodate these emergency shelter, street outreach, and homeless prevention programs.

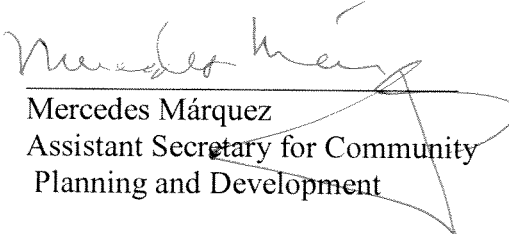
2. The McKinney-Vento Act, as amended by HEARTH has a focus on performance and outcomes, including measures that have not been reviewed by HUD under the current McKinney-Vento programs. HUD encourages CoC to review the performance measures, which can be found at <http://www.hudhre.info/hearth>, and begin to strategize about how the outcomes will be collected at the local level. HUD strongly encourages communities to consider HMIS capacity in collecting the information necessary to report on the defined selection criteria that will be applied in future competitions.

3. With the increased focus on performance, HUD strongly encourages CoCs that have not been competitively funded in the past to consider merging. HUD has determined that merging can result in improved coordination of services, effective HMIS implementation, more efficient resource allocation and planning, and improved effectiveness for new resources. Merging also reduces the administrative burden of applying for funding at the local level. These advantages will help CoCs better prepare for the implementation of the McKinney-Vento Act, as amended by HEARTH. CoCs should review the Hold Harmless Merger Process and determine if the benefits would apply in any merger being considered.

4. Finally, HUD strongly encourages all applicants currently receiving funding through the McKinney-Vento programs to carefully read the McKinney-Vento Act, as amended by HEARTH, as well as any publications by HUD pertaining to the HEARTH Act, including the publication of the proposed rule, to begin to prepare for the system-wide changes that will be required as part of the implementation process. Up to date information regarding the HEARTH Act, including a copy of the McKinney-Act amended by the HEARTH Act, can be found on the

HUD HRE at <http://www.hudhre.info/hearth/>. Notification of the availability of information regarding the McKinney-Vento Act amended by HEARTH will be released via HUD's Homeless Assistance listserv. To join HUD's listserv, go to <http://www.hud.gov/subscribe/maillinglist.cfm> and click on "Homeless Assistance Program."

Date: APR 20 2010


Mercedes Márquez
Assistant Secretary for Community
Planning and Development

[FR-5409-N-01]