

Homelessness Prevention and Rapid Re-Housing Program (HPRP) Guide to RFP Development and Contracting Issues

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About this Tool

This document provides guidance to States, Urban Counties and Cities that are grantees under the HUD Homelessness Prevention and Rapid Re-Housing Program (HPRP) regarding the issues that grantees should consider in deciding how to select and contract with subgrantees to meet the objectives of the HPRP program. HPRP requirements referenced in this guide are based on the HPRP Notice published March 19, 2009 (Notice of Allocations, Application Procedures, and Requirements for the Homelessness Prevention and Rapid Re-Housing Program Grantees under the American Recovery and Reinvestment Act of 2009, FR-5307-N-01). This guide was prepared by Abt Associates Inc. under cooperative agreement MAMV-001-08.

SECTION ONE: METHODS FOR GRANTEEES TO SUBGRANT HPRP FUNDS

HUD will execute grant agreements with Homelessness Prevention and Rapid Re-Housing (HPRP) grantees, which will then be responsible for funding or providing homelessness prevention or rapid re-housing activities. This section explains various methods that grantees may want to consider to subgrant HPRP funds to other organizations.

Grantee Types

There are two kinds of direct grantees under the HPRP program: States and units of general local government that are designated as entitlement grantees for the program.

States: States are required to subgrant all HPRP funds, except an appropriate share of funds to offset administrative costs, to units of local government and/or non-profit service providers. They may not keep the funds to deliver services directly.

Local government: Urban Counties and Metropolitan Cities may either administer the program directly with city or county staff, subgrant to other units of local government and/or non-profit service providers, or decide to retain some functions in-house and subgrant the remainder.

Distribution Methods

The HPRP Notice does not prescribe a specific method of subgranting HPRP funds to other organizations, as long as the grantee follows its own procurement rules. Grantees can provide funds using existing contract vehicles or past RFP processes, or grantees can use new processes that are specifically designed to identify and select subgrantees. In both of these cases, a grantee can develop specific programmatic criteria or participant eligibility conditions related to the use of funds, or can leave program development decisions up to the subgrantee. Primary distribution methods include: competitive distribution, formula distribution, and a hybrid or blend of both.

- Competitive

A competitive process invites applications from potential program operators and uses pre-established criteria to select from among them. The advantage of a competitive process is that it provides control to the grantee—which can design a scoring system to reflect its programmatic priorities and standards for experience and capacity. The trade-off is the time required to design the competition and to evaluate and select the winning applicants.

It may be most appropriate for local government grantees to use a competitive process as the basis for subgranting HPRP funds, since a competitive process will allow them to compare applicant capacity and plans in light of identified local needs. On the other hand, States may be less likely to use a competitive process since they may feel too removed to make decisions about applicant qualifications and the appropriateness of the proposed use of funds within the context of local jurisdictions' needs and priorities.

- **Formula distribution**

States and larger local governments may want to use a formula to distribute funds. The formula can be as simple as designating a fixed amount per county or city, or can involve more complex analysis to compute each geography's share of the available funds. States are most likely to use to use a formula-based method to subgrant HPRP funds. The advantage of a formula distribution is its potential for simplicity and speed, and its capacity to satisfy a common political need to widely distribute available funds using a standardized methodology. However, the design of the formula can be time-consuming and contentious as jurisdictions debate the factors that should be used to establish award levels. A formula works best when there are clear options throughout the area of subgrantees with administrative capacity to administer the funds such as cities, counties, incorporated CoCs, or other agencies—like community action agencies—that together can offer full coverage of an entire state. With this system, since subgrantees are not typically selected on the basis of their experience delivering homeless prevention or assistance programs, the grantees may need to develop more explicit programmatic guidelines or other strategies to provide more intensive technical assistance and monitoring. Of course, grantees can also encourage or require subgrantees to distribute the funds to organizations within their jurisdictions who demonstrate capacity and experience to provide eligible HPRP activities.

- **Hybrid**

States can also develop a hybrid system under which they use a formula to specify an amount that they intend to distribute within different geographic areas of the state, and they can use a competition to select individual service providers within the geographic area. The competition might be managed and administered by the state grantee or by a regional entity such as a continuum of care or regional planning agency. The hybrid approach offers some of the advantages of both the formula and competitive methods of distribution but it can still be complex and time consuming to coordinate.

Deciding on a Method

States: The first basic decision for state grantees is whether they wish to distribute funds to units of local government or non-profit service providers or both. The second decision is the choice of the method they will use to select subgrantees. The State's past experience with homeless programs, its analysis of local government capacity to provide direct services and/or select and supervise non-profit service providers in a timely manner, and its analysis of its own capacity to directly select and monitor non-profit service providers are all factors the State should consider in making this first decision. Additional factors a state might consider in deciding how to select subgrantees might include:

- Whether the State has existing funding streams or mechanisms in place to distribute similar funding;
- Whether it is important for the State to control the selection of subgrantee and service providers;
- Which method best fits its existing staff and existing work loads;

- Whether the historic relationships between the State and its local governments or between the State and the network of non-profit service providers exist and have worked well, or whether HPRP provides an opportunity to continue or change these relationships; and
- Whether the State understands the needs, priorities and plans of communities well enough to select direct service providers or whether it is more appropriate to engage local partners in the selection of providers.

Cities and Counties: A city or county must first decide whether to provide HPRP eligible activities directly or in partnership with other local governmental agencies, as allowed under HPRP, distribute all of its program funds to non-profit subgrantees, or retain some functions at the government level and select subgrantees to perform remaining functions. Eligible activities include:

- Financial Assistance
- Housing relocation and stabilization services
- Data collection and evaluation
- Administration

The HUD HPRP Notice contains detailed descriptions of eligible activities under each category.

Different decisions may be made for each type of activity. For example, a local government may operate the local or regional HMIS and so may retain funds for that purpose and subgrant remaining funds for service delivery, or vice-versa. The grantee may retain a reasonable share of administrative funds (up to 5% of the total award) and subgrant the rest.

If the local government decides to subgrant for eligible activities, it will probably use a competitive process to select the providers of those activities. Or if local procurement rules allow, grantees may sole source or add funds to existing contracts with community-based agencies that provide existing prevention and/or rapid re-housing programs.

In deciding whether to use external partners to perform eligible HPRP activities, local government grantees might consider the following factors:

- Which delivery method(s) will be best able to meet client needs;
- Which method(s) will be more cost-effective; and
- Which method(s) will be able to be implemented within the mandatory time frames prescribed by HUD?
- Does the local government already provide key functions of the HPRP program itself in a way that can be built upon?

For example, a local government may currently operate a medium or long-term rental assistance program that has capacity to enter into contracts with landlords, inspect units and disburse financial assistance. In this case, the jurisdiction may elect to retain the financial assistance functions for the prevention and/or rapid re-housing components while subgranting funding for case management, housing location assistance and other services to one or more non-profit agencies.

If the local government decides to provide new services, it should consider whether it is able to implement new or expanded functions quickly. In many cities the process for hiring staff or shifting staff duties may make this approach challenging.

- Are there non-profit organizations in the community with relevant experience or capacity?

In some communities a wide array of non-profit organizations already operate programs that provide services similar to HPRP eligible activities, in some there may be only one or two non-profit providers with relevant but not direct experience, and in some communities there may be none.

A non-profit subgrantee that has staff it can deploy or is able to leverage its existing capacity to provide some services might be able to quickly start up a program and minimize the costs of service delivery. However, if in order to carry out the selected activities the agency must create an entirely new function or division, or hire multiple new staff, its cost-effectiveness and capacity to operate in a timely manner might diminish.

To determine which services or functions to retain in house or to seek proposals for, the grantee may want to assess where HPRP-required functions or critical activities are currently provided in the community. A chart is provided in Appendix A that can help grantees to assess which functions are currently provided by local government and non-profit agencies.

Considerations in Selecting Single versus Multiple Subgrantees

If the grantee determines that it will subgrant with an external partner to operate all or part of the HPRP program it will also need to determine how to package the HPRP program. That is, the grantee may want to select a single entity or collaborative with a single lead entity who can coordinate or provide all of the HPRP eligible activities within a coordinated framework. For instance, the grantee may want to subgrant with a single agency to operate a clearinghouse to receive and manage all requests for rental assistance. In contrast, the grantee may prefer to subgrant with a number of different providers who are responsible for different subpopulations, geographies, or types of activities. These decisions may depend on the size of the grantee's HPRP award and the capacity of potential providers. However, grantees should consider the pros and cons to selecting one agency versus multiple agencies.

Subgrantee Configuration	Potential Benefits	Potential Issues
Single agency	<p>Greater ease of contracting and compiling required reports</p> <p>Potential economies of scale of funding a single agency</p> <p>Easier to have consistent standards for service, single assessment method, etc.</p> <p>Potential for centralized client access to assistance</p>	<p>May be difficult to find one agency that provides all key functions (or has adequate capacity to expand)</p> <p>May be more difficult to cover geography in a way that's easily accessible to clients throughout the area</p> <p>May be difficult to find a single agency that makes all target population groups feel welcome (including cultural competency and language)</p>
Multiple agencies with individual contracts	<p>May allow for a greater array of services or more specialized services such as legal services to be made available</p> <p>May have better ability to cover geography in accessible locations</p>	<p>More challenging for grantee to administer, monitor, and report on multiple contracts</p> <p>Client households may have to contact multiples agencies to receive services</p> <p>Potential for clients to receive duplicate services</p> <p>No clear mechanism for collaboration and coordination between agencies</p>
Collaboration of agencies with a lead agency	<p>May provide benefit of access to multiple services through a coordinated entry point</p> <p>May leverage existing services more effectively</p> <p>May promote coordination between agencies offering complimentary services, resulting in greater access for clients</p>	<p>Subgrant agreements between non-profits may be challenging for lead non-profit agencies to administer</p> <p>Responsibility for monitoring performance of other agencies may fall onto lead non-profit agency</p>

Critical Dates/Time Frames

A key consideration in determining whether and how to select subgrantees is ensuring that they can meet the required timeframes that are set forth in the HUD HPRP Notice. The key dates are listed below.

May 18, 2009: Eligible Grantees were supposed to have submitted a substantial amendment to their Consolidated Plan to HUD.

Not later than July 2, 2009: HUD is expected to complete its initial review and approve or disapprove substantial amendments.

- Jurisdictions with disapproved substantial amendments have 15 days from notification to resubmit.
- HUD will approve or disapprove the revised substantial amendment within 15 days of receiving the resubmission.

Not later than Sept. 1, 2009: HUD will execute Grant Agreements with Grantees (timeframe for grantee expenditures is based on the date HUD signs the grant agreement)

Sept. 30, 2009: Grantees must obligate all HPRP funds.

Not later than Sept. 1, 2011: Grantees must have expended at least 60% of grant funds (two-year clock begins when HUD signs grant agreement).

Not later than Sept. 1, 2012: Termination date for all HPRP grants (100% of funds must be spent as of the end of the three-year grant period that begins when HUD signs the grantee's grant agreement).

In addition, HUD will require all grantees to submit quarterly and annual performance reports according to the following schedule.

Report Type	Reporting Period
Initial Quarterly Performance Report Due 10/10/09	Date of Grant Agreement execution through 9/30/09
Quarterly Performance Reports Due 10 days after end of each quarter	October 1 to December 31 January 1 to March 31 April 1 to June 30 July 1 to September 30
Annual Performance Report Due 60 days after end of federal fiscal year	October 1 to September 30

Grantees must ensure that their method of allocating funds allows them to comply with the above requirements.

Tips:

- If the grantee is going to issue funds through a request for proposal (RFP), the grantee should work backward from the date of September 30, 2009 by which funds must be obligated to determine when it will need to issue its RFP and how much time applicants will be given to respond.
- While all funds must be obligated by September 30, 2009, grantees may shift or reallocate funds at a later date as long as funds are expended by the required deadlines. Grantees may wish to make subgrant agreements for three years with funding in later years conditional on performance in the first year, and reserve the right to reallocate funds during the period of program implementation. This may allow better targeting of funds to services or programs that have higher demand or greater effectiveness which may not be known at the time funds are initially awarded.
- Grantees will want to build annual expenditure deadlines into the agreements and monitor subgrantee spending patterns to ensure that they can meet statutory expenditure requirements.

- Grantees will be required to submit quarterly and annual reports to HUD on the schedule outlined above. Grantees should incorporate reporting requirements and deadlines into their subgrant agreements to allow them to consolidate subgrant reports in time to meet the grantee report deadline.

SECTION TWO: KEY ISSUES FOR GRANTEES TO CONSIDER IN DEVELOPING HPRP PROGRAM RFPS AND CONTRACTS

Grantees that have decided to issue a competitive Request for Proposal (RFP) for all or a portion of the HPRP program funds will need to address a number of key issues in designing their requirements and questions of RFP applicants. The details of what a grantee puts into its RFP will vary from community to community. For example, in one community a grantee may allow applicants to apply for any of the HPRP eligible activities, while in another the grantee may determine that only selected activities will be funded because other services are already available in the community, or because, in consultation with the Continuum of Care, certain activities have been prioritized. Some grantees may be very directive, mandating the use of a particular assessment tool or prescribing determined financial assistance amounts, while others may leave most program design decisions to the applicants. The HPRP Notice provides grantees with a significant amount of discretion in making these decisions.

There are some critical issues that grantees should take into consideration as they develop RFPs for the HPRP program. It is critical to identify early in the design process the goals, objectives, and desired outcomes of the grantee and how the programs it funds will support them. The RFP both articulates the grantee's goals and philosophy regarding the use of funds and outlines the eligible activities, which will ultimately guide the scope of work that is incorporated into subgrantee agreements.

This section discusses six key issue areas that grantees should examine as they develop their RFPs and prepare to enter into contracts/subgrantee agreements.

States may have different perspectives on the significance of these issues from local grantees, as they are generally dealing with broader geography and variation in the structure of homeless and housing services in different communities and regions. Nevertheless, it may be useful to also consider the issues listed here prior to developing an RFP.

Key Issues:

- System transformation objectives
- Regional/multi-grantee cooperation
- Targeting HPRP assistance
- Eligible activities to be funded
- Establishing parameters for subgrantees' use of funds
- Relationship between prevention and re-housing components

1. System Transformation Objectives

Homeless assistance systems across the country have largely grown up piece-meal and outside of the mainstream systems that provide services and support for low-income households. The HPRP program provides an opportunity for communities to transform their homeless assistance system to one that places greater emphasis on housing stability and integrates prevention and re-housing with both the existing homeless assistance system and with mainstream resources. (See the National Alliance to End Homelessness "HPRP: Opportunities for Systems Transformation and Sustainability" <http://www.endhomelessness.org/content/article/detail/2242>.)

The HPRP program has some built-in components that can lead to system transformation, including its flexibility, emphasis on coordination both with Continuums of Care and with other resources made available under the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the opportunities it provides for new structural arrangements to promote regional approaches to homelessness prevention and assistance.

Grantees must coordinate with the local Continuum(s) of Care (CoC) to ensure that HPRP activities are aligned with the CoC's strategies for preventing and ending homelessness. In addition, HUD strongly encourages grantees to coordinate with other local organizations that are planning and carrying out activities related to prevention and rapid re-housing. Such organizations include other CoCs, FEMA Boards, local agencies responsible for administering and implementing ten-year plans (and other plans) to end homelessness, and agencies that administer mainstream resources such as Temporary Assistance for Needy Families (TANF).

HUD also strongly encourages grantees to ensure that program participants are enrolled in all applicable mainstream resources. In particular, grantees should carefully assess how HPRP funds can be used in conjunction with other funds from the Recovery Act to expand the services and assistance provided to program clients so as to take additional steps to prevent homelessness and rapidly re-house homeless persons.

As the grantee develops its RFP, it should consider how the RFP and contracting process can be used to support other aspects of system transformation. A grantee may choose to include one or more of the following requirements in its RFP and/or in its contracts with community-based agencies that would encourage transformation of the homeless assistance system:

- Establishment of a single point of entry for shelter and/or prevention and re-housing services that provides a well-recognized place for all persons to go or call that experience a housing crisis.
- The requirement that all agencies receiving HPRP funds utilize a uniform process for evaluating eligibility and targeting assistance, including a common assessment tool.
- Requirements or incentives for HPRP subgrantees to coordinate services with other agencies and to pro-actively assist clients to access to mainstream services such as benefits, employment and training, child care and other resources.
- The establishment and tracking of uniform outcome measurements across all subgrantees.
- Requirements related to participation by subgrantees in a coordinating body or learning community to continue to develop and refine the prevention and re-housing strategies.

Grantees should include their expectations for system change clearly in the RFP document. If the grantee will require agencies to adopt policies or practices that are still in development (for example, use of a common assessment tool that has not yet been created) the RFP should make this clear and the contract should state that the subgrantee will be expected to adopt the change when it is ready for implementation.

Significant system changes are complicated and take time. Grantees may want to develop plans for system changes that include time for piloting a change with one agency or population before expanding it. This approach may affect how expectations or timetables are communicated in the RFP and the contract.

Developing Programs for Sustainability

As Grantees develop the criteria for their RFPs, they will also want to consider how the system or programs that are being designed will be sustained or modified after the HPRP program period is over.

Ensuring that HPRP programs are coordinated with other resources such as FEMA, TANF, as well as local, state and philanthropic funds for prevention and re-housing will make it much more likely that the programs, coordination, targeting methods, and approaches established during the HPRP program period will be effective and endure.

2. Regional/Multi-grantee Cooperation

HPRP funds have been awarded to more than 500 entitlement jurisdictions including cities, urban counties, territories and states. In many communities, the Continuum of Care area encompasses more than one HPRP entitlement jurisdiction. Two or more grantees may wish to collaborate or coordinate their efforts to achieve system transformation goals (such as those described above), achieve economies of scale, and reduce burden on providers that might otherwise need to submit multiple applications with differing requirements, among other reasons.

Ways that Grantees may Cooperate

Coordination of funding resources: Local government grantees may wish to pool their resources to cover a defined geography. HUD will allow local government grantees to enter into an “Alternative Grant Arrangement” with another local government that has greater capacity or because the grantee wants the program to be cooperatively carried out with another local government. One local government may be chosen to act as a fiscal agent on behalf of all the participating grantees, either carrying out the program or issuing the funds through an RFP to subgrantees on behalf of all of the cooperating jurisdictions.

Another way that grantees may wish to coordinate is by issuing a joint RFP for some or all services so that applicants need not apply separately to multiple grantees. Grantees may wish to do this for core services such as financial assistance, case management and housing location services, or for more specialized services such as legal assistance or targeted outreach to special populations. The participating grantees in this case will need to establish a method for each to independently contract with the selected providers and for subgrantees to separately bill the grantees for the services.

Alternatively, the two governments may agree to coordinate by funding discreet parts of a prevention or re-housing system, such as different programs (e.g., prevention vs. re-housing), or different system components (e.g., central intake and outreach components vs. direct client support), or different activities (e.g., financial services vs. supportive services), or different subpopulations, (e.g., individuals vs. families), etc.

Coordination of targeting, eligibility and assessment tools and/or outcomes: Another way that grantees may wish to coordinate is through ensuring that the services offered within their jurisdictions are similar to those offered in neighboring jurisdictions and that they are using the same targeting, assessment tools and/or outcome measures. This kind of coordination may reduce the incentives for clients to “shop” for services, may reduce burden for providers operating in more than one jurisdiction, and may facilitate sharing of information and comparison of outcomes. Particularly in regions where the HMIS and CoC system cover multiple HPRP entitlement jurisdictions this kind of collaboration may be important for reducing duplication and improving the effectiveness of the system. It may also be important for accessing or coordinating with other resources, such as TANF funding which may cover a wider area than a single HPRP grantee jurisdiction.

3. Targeting HPRP Assistance

The HPRP Notice emphasizes that HPRP funds are to provide temporary financial assistance and housing relocation and stabilization services to individual and families who are homeless or would be homeless but for this assistance.

HUD requires that households assisted must at minimum:

- Have an initial consultation with a case manager or another authorized representative who can determine the appropriate type of assistance to meet their needs;
- The household must be at or below 50 percent of the Area Median Income (AMI); and
- The household must be either homeless or at risk of losing its housing and meet both of the following circumstances: (1) no appropriate subsequent housing options have been identified; AND (2) the household lacks the financial resources and support networks needed to obtain immediate housing or remain in its existing housing.

However, HUD strongly encourages communities to consider more factors when designing their local program and determining a household level of need for receiving assistance through HPRP. Grantees may choose to establish additional local targeting and eligibility criteria and make these part of their RFP process and contracts with subgrantees.

HUD has provided a list of risk factors that grantees or subgrantees (with grantee permission) may use in targeting outreach efforts and providing services to those most likely to become homeless or remain homeless without HPRP program assistance. These risk factors do not automatically establish eligibility—they are indicators that a family or individual could be at risk of homelessness or prolonged homelessness. The complete list of HUD suggested risk factors appears on pages 24-25 of the HUD HPRP notice.

Grantees are not restricted to using factors on the list provided in the HPRP Notice and may choose other factors that may be reasonably considered to indicate that a household is likely to become homeless or remain homeless but for this assistance. Grantees may wish to analyze data from their biannual homeless count, HMIS or another source to learn about the common entry ways into homelessness, and the factors that are present for people who enter the homeless assistance system.

Grantees may use additional risk factors in a number of ways. They may select specific risk factors to use as additional eligibility criteria for receiving HPRP service, or they may wish to mandate the use of an assessment tool in which the presence of a greater number of risk factors is considered to be indicative of a need for greater assistance and qualifies the applicant household for higher levels of assistance.

Not every eligible household is appropriate for HPRP assistance. The program is for individuals and families who can stabilize their housing situation with the short or medium term assistance HPRP provides. Chronically homeless persons or individuals and families with multiple problems may not be a good fit for the HPRP program unless the program focuses on transitioning HPRP participants into permanent housing relatively quickly and linking HPRP program participants to ongoing long term support beyond the allowable timeframe of the HPRP program. Grantees should require applicants to describe the target population for the program, including both eligibility criteria and any additional risk factors to be used, the basis for additional risk factors, and how and how the proposed services are designed to meet the needs of the target population and result in housing stability.

A Word about Special Populations

Certain population groups that are at high-risk of homelessness may not be as well-served by a broad based approach or by agencies that serve a wide-range of homeless or at-risk households. Grantees may wish to specify certain target population groups that are considered at high risk of homelessness that will benefit from being specifically targeted or served through culturally-appropriate programs. Examples might include youth exiting the foster care system or survivors of domestic violence. Grantees may also wish to include in their RFP the opportunity for applicants to target services to a specific hidden or hard to reach “special population” that requires additional services or outreach.

4. Eligible Activities to be Funded

HPRP funds may be used for a variety of services and activities, including temporary financial assistance, housing relocation and stabilization services, data collection and evaluation, and administration. Total administrative funds are capped at 5% of the total grant award and the grantee must allocate a reasonable proportion of this total to subgrantees. The grantee thus must establish in its RFP and within its contracts the share of the administrative cap available to subgrantees.

HPRP guidance provides a detailed description of what is allowed and what is not allowed under each of the four categories on pages 12-20 of the HPRP Notice.

Grantees may elect to allow applicants to apply for all of the eligible activities, may prioritize specific activities, or may determine that certain activities are already covered through other sources in the community that can be leveraged by HPRP funds. For example, in some communities motel vouchers or utility arrears are eligible to be covered through philanthropic funds or other funding streams. A grantee may decide that the existing funding can cover the need for this type of financial assistance and that HPRP funds will be focused on other activities such as short and medium-term rental assistance and utility deposits. Or, a grantee may determine that legal services, housing location or credit repair services will be funded through another source.

In some cases, grantees may want to restrict the use of HPRP funds for specific populations to certain eligible activities, based on other available resources. For example, where TANF funds will be able to provide short-term assistance to TANF eligible households, HPRP grantees may wish to encourage or require that subgrantees access TANF funds for eligible family households before utilizing HPRP funds.

Specific Requirements for Providing Financial Assistance

HUD has established certain requirements that grantees will need to ensure their subgrantees are able to comply with if they are delivering financial assistance. Some key requirements to incorporate include the following; however, grantees should consult with the Notice to fully understand all requirements associated with the HPRP funds. (In some cases, additional clarification on these requirements is provided in the HPRP Frequently Asked Questions database on the www.hudhre.info site.)

- All program participants must have an initial consultation with a case manager or other authorized representative who can determine the appropriate type of assistance.
- Grantees and subgrantees must certify eligibility at least once every 3 months for all program participants receiving medium-term assistance (4-18 months).
- All payments must be made to third parties on behalf of program clients; none can be made directly to the client. An assisted property may not be owned by the grantee, subgrantee or the parent, subsidiary or affiliated organization of the subgrantee without a waiver from HUD.
- Rental assistance payments may not be made on behalf of eligible individuals or families for the same period of time and for the same cost types that are being provided under another federal, state or local housing subsidy program.
- Organizations providing rental assistance will be required to conduct initial and any appropriate follow-up habitability inspections of housing units into which a program participant will be moving.
- Organizations providing rental assistance must be able to assess for the potential presence of lead-based paint in all units assisted.

- Grantees may terminate assistance to a program participant who violates program requirements but must provide a formal process for termination of assistance.
- Funds cannot be used to pay mortgage payments or provide foreclosure counseling.

An RFP for these services should include questions about how the applicant plans to comply with these requirements, including whether it intends to contract for any of the required functions, such as inspections. The grantee may also want to either ask about or require that the applicant have the ability to verify ownership of assisted properties through, for example, access to a database of county records.

The HPRP Notice contains more specific information about these requirements including the minimum habitability standards and references for lead-based paint requirements. These requirements should be stated clearly in the RFP and included in the contract language between the grantee and the subgrantee.

Leveraging Other Funds or Services

HPRP services can be strengthened and funds stretched to cover additional eligible households by the use of other sources to supplement eligible activities and/or cover activities that are not eligible under HPRP. Leveraging could include:

- Documenting additional financial resources, especially those available under other parts of the Recovery Act, that the applicant can provide to clients. For example, the applicant may also receive FEMA funds that it can use to provide financial assistance to eligible households in lieu of HPRP funds, or a relationship with the TANF agency that will cover short-term assistance costs for eligible households.
- Demonstrating the commitment of financial or in-kind support to reduce the costs to the HPRP program of delivering services and financial assistance. For example, an applicant may have other funding sources which will cover case management costs or housing locator services without requiring HPRP funds to pay for them.
- Having priority referral relationships or dedicated slots for services that are not funded by HPRP, such as employment, child care or other services that assist in achieving HPRP objectives and support client households to retain housing.

Grantees may wish to emphasize the importance of an applicant's ability to leverage other funding or resources by making ability to leverage one of the evaluation criteria in their competitive process. Any leveraged funds or services that an applicant proposes to use with its HPRP program should be included as a requirement in the subgrantee agreement/ contract.

5. Establishing Parameters for Subgrantees' Use of Funds

Grantees will need to consider whether they will establish requirements for how subgrantees can budget and utilize funding for eligible activities. Examples of parameters a grantee may set include limitations or expectations on the way financial assistance is budgeted and provided, as well as parameters for services such as caseload expectations.

Ways to Allocate Financial Assistance: Maximums, Fixed Amounts and Targets

Under HPRP, HUD has established certain ceilings for financial assistance. For example:

- Grantees may provide a maximum of 18 months of rental assistance. Rental assistance may not exceed the actual rental cost, and rents must meet the HUD standard of rent reasonableness.
- Grantees may provide a maximum of 18 months utility assistance.
- Grantees may provide a maximum of 30 days motel and hotel vouchers, and only if no shelter beds are available and subsequent housing has been identified
- Grantees may provide a maximum of 6 months of rent arrears or utility arrears; assistance with arrears counts against the 18 month maximum term of rental or utility assistance.

Grantees may provide flexibility to subgrantees within the financial assistance category or they may wish to establish additional requirements for how subgrantees may utilize financial assistance funding. Establishing parameters for how financial assistance funds may be used will provide the grantee with a better estimate of the number of households that will be served over the program period. There are many methods by which a grantee may set requirements or provide guidance to subgrantees in order to better control and/or project costs of financial assistance.

- A grantee may establish an average amount per household per assistance type. For example, a grantee may suggest that one-time prevention assistance costs should average no more than \$1,500 and that medium term rental assistance should average no more than \$5,000, but provide latitude to a subgrantee to go under or over that on a case by case basis.
- A grantee may establish maximums for different types of assistance. For example, a grantee may establish that one-time prevention assistance may not exceed \$2,000 per household, or that medium term rental assistance may not exceed \$15,000.
- A grantee may establish that rental assistance must be provided as a “shallow” or flat rate subsidy where a household is eligible to receive a flat rate based on their income, or rent or other determinant. For example, a grantee may determine that households with incomes above \$600 a month will receive a maximum monthly subsidy of \$400 or the actual monthly rental cost, whichever is less, independent of the extent to which rental costs exceed this maximum.
- A grantee may establish that for medium term rental assistance (4-18 months) the subsidy provided shall be on a declining basis. For example, an eligible household may receive support for 100% of the rent for the first three months, then 50% of the rent for an additional 6 months and then 30% of the rent for up to an additional 9 months.
- A grantee may establish a minimum number of households that the subgrantee needs to serve in a year or over the contract period, but provide subgrantees with the flexibility to determine how much financial assistance to provide to any given household. (Note that in practice the subgrantee will likely need to establish averages or ranges of assistance to ensure they meet the targets.)
- A grantee may establish target numbers or ratios for different kinds of financial assistance. For example, a grantee may decide that not less than 60% of financial assistance grants will be for one-time financial assistance or short-term rental assistance and that up to 40% will be available for medium-term rental assistance.

The more specific the requirements grantees impose upon the terms of financial assistance, the greater the control the grantee will exert and the more the grantee will have advance knowledge of the numbers of households anticipated to be assisted. However, many of the jurisdictions that have made significant strides in developing effective prevention and rapid re-housing programs have done so by giving providers latitude in allocating assistance while holding them accountable for meeting certain targets in terms of households served and outcomes achieved.

Use of an average target amount for assistance with flexibility may create an incentive for agencies to provide the minimum assistance necessary so they can save the difference and invest it in a higher-need household or serve more households than they projected. Use of a maximum, especially if there is no flexibility to increase households served, may encourage agencies to expend the maximum on most households.

Whatever budgeting parameters the grantee requires in its RFP, it will want to ensure that the contracts/subgrant agreements with subgrantees reflect those budget requirements. Grantees may wish to establish some parameters at the outset of the program and refine them during the program period. In this case, contracts should reflect that the grantee may provide future guidance to subgrantees regarding the use of financial assistance funds.

Service Caseloads, Budgeting Over Time, and Ensuring Geographic Coverage

Another way that grantees may impact how subgrantees budget funds is in establishing targets to be served either by time frame or by staff. In some communities case management caseloads may have already been established as part of standards that have been established by the CoC. A grantee may establish caseload maximums specifically for this program in order to ensure comparable caseloads across agencies to assure reasonable caseload sizes based on knowledge of similar effective programs.

Grantees may also want to consider whether their HPRP funds should be expended as quickly as possible and allowed to run out, or whether funds should be budgeted so as to ensure funds are available within specific periods of time, such as each month, quarter or year. Although start up time can make it difficult to serve large numbers of households right away, the intent of the HPRP is to assist households in immediate need as a result of the current economic crisis. Grantees may wish to allow subgrantees to use the funds as quickly as possible. In communities where the demand is anticipated to be extremely high, however, grantees may desire subgrantees to budget funds by month, quarter or year. [Note that where HPRP funds are anticipated to leverage other funding it may be important to know what the budget time frames for other resources are.]

Finally, grantees, especially States and very large cities or counties may wish to ensure a proportional spread of funds by establishing maximum grant levels per program, or by geography. Ensuring that prevention and re-housing services are available throughout a city or region may be a high priority; however, spreading funds too thinly over multiple agencies or programs may reduce the benefit to households in need and impact in communities or neighborhoods with higher levels of poverty and housing instability.

6. Relationship Between Prevention and Re-Housing Components

HPRP funds may be used for either prevention or rapid re-housing activities. The budget that grantees submitted with their substantial amendment divides the funds into these two types of expenditures. In practice, however, the distinction between prevention assistance and rapid re-housing is based only on the target population for the services- distinguishing between those who have not yet lost housing and may be prevented from doing so, and those households that have become homeless and must be assisted to be rapidly re-housed.

The functions of prevention and rapid-re-housing programs may be very similar, however. Both must have staff capable of conducting assessments and eligibility determinations, assisting households with a variety of housing-related needs and connecting households to other appropriate services, including mainstream services and benefits. Both must also have the ability to negotiate with landlords and to issue checks to landlords and/or utility companies. However, the intensity and length of the service may vary for the two groups, since those who are already homeless are generally expected to need more assistance to achieve housing stability.

In some communities, prevention assistance may be delivered by community-based agencies with a history of providing emergency or short-term assistance to low-income households, while rapid re-housing may be provided by agencies such as shelters or transitional housing providers or their service partners that have traditionally worked with homeless households. In other communities, the functions may be provided by the same provider through a housing assistance center or agency that works with both those who are homeless and those at risk. Grantees will need to think about whether dividing re-housing and prevention functions is appropriate for their particular locality and Continuum of Care. In considering whether to fund singular or distinct program types grantees may wish to consider:

- Are the entry points for the two types of populations served well established and distinct, or is a single entry point in place or feasible?
- With limited resources, does it make sense to have functions such as case management, money management, mediation, housing location services, financial assistance management duplicated in more than one program?
- In particular, if the functions or programs are to be divided, how will the grantee work to ensure that mediation and housing location services do not place programs in competition with one another for relationships with the same landlord and do not create a significant amount of duplication of effort.

Grantees considering funding emergency shelter operators to rapidly re-house their own clients may want to consider whether rapid re-housing is compatible or in conflict with the shelter's interests and practices. A shelter provider will have existing relationships with their clients, and may have case management or other services that it can leverage to provide more robust services to clients. On the other hand, some shelters may rely heavily on reimbursement for occupied beds or have a "housing readiness" approach that conflicts with moving clients quickly into housing. Grantees may wish to include questions in their RFP regarding these issues to better assess whether a shelter's capacity and approach are aligned with the objectives of rapid re-housing.

CONCLUSION

To close, the primary considerations discussed in this document are summarized below.

- The HPRP program offers States and local communities an opportunity to transform their homeless services delivery system to emphasize housing stability and integration with mainstream resources. Grantees should consider and, if at all possible, develop objectives for system transformation, regional cooperation, targeting, leveraging, and program design before issuing RFPs.
- All requirements from the HPRP notice that must be met by the subgrantee should be clearly stated or referenced in the RFP, and in all contracts/subgrant agreements.
- If a grantee (or a group of grantees working together) has established additional objectives or requirements, such as specific targeting criteria or budgeting parameters, these should be included in the RFP. If these are under development at the time the RFP is issued, the grantee

will want to reference that certain additional requirements may or will be incorporated at a later date.

- Implementation of HPRP is an opportunity for communities to learn what works and refine their approaches.
 - Grantees may wish to make changes over the three year program period, such as allocating funds differently in the second or third year, or revising targeting criteria based on experience. The RFP and contract should reflect the grantee's intention to review performance or to pilot and test certain tools or practices during the program period and amend contracts as needed.
 - Subgrantees who have proposed programmatic approaches may wish to make changes over the program period. Contracts with subgrantees should be clear about the process for amending contracts during the program period.

Additional guidance for grantees and subgrantees regarding program design, targeting, outcome measures and other aspects of HPRP will be available from the HUD Homeless Resource Exchange: <http://www.hudhre.info/HPRP/>. Grantees are encouraged to check regularly for information and tools that will be useful in planning for and implementing their programs.

Appendix A: Chart of Key Activities/Functions for HPRP Program

Local government grantees have the option of retaining HPRP funds and providing services directly, and/or subcontracting to another governmental or non-profit entity to provide services. States may chose to contract with local governments, non-profit providers, or both. This chart can be used to determine which activities are currently provided in the community and by what type of agency in order to assist grantees to make a determination about which activities to include in an RFP.

Function/Activity	Grantee currently provides	Another local government agency provides	Non-Profit(s) provides	None provide	N/A (not an activity/function that will be needed)
Financial Assistance					
Administers short-term rental assistance					
Administers medium-term rental assistance					
Administers utility and/or utility deposit assistance					
Administers security deposit assistance					
Administers moving cost assistance					
Administers hotel or motel vouchers					
Inspects housing units for habitability					
Inspects housing units for lead-based paint					
Other: _____					
Other: _____					
Housing Relocation and Stabilization Services					
Assesses housing needs and barriers					
Verifies household eligibility					

Function/Activity	Grantee currently provides	Another local government agency provides	Non-Profit(s) provides	None provide	N/A (not an activity/function that will be needed)
Develops, secures and coordinates services					
Develops individualized housing and services plans					
Provides outreach and engagement services					
Provides tenant counseling					
Assist households to understand leases					
Assists households to secure utilities					
Function/Activity					
Makes moving arrangements					
Provides representative payee services					
Provides mediation and outreach to property owners					
Provides legal services to help people stay in their homes					
Assists households with credit repair					
Other: _____					
Other: _____					
Data Collection and Evaluation					
Operates HMIS on behalf of a CoC					
Provides training for HMIS users					

Function/Activity	Grantee currently provides	Another local government agency provides	Non-Profit(s) provides	None provide	N/A (not an activity/function that will be needed)
Enters participant data into HMIS					

Administration is also an allowable activity of the HPRP program. Administrative funds are capped at 5% of the total grant award and the grantee must allocate a reasonable proportion of this total to subgrantees. Determining what functions subgrantees will carry out and which the grantee will assume may influence how the grantee will allocate administrative funds between itself and subgrantees.