

Understanding the Considerations and Eligible Costs Under the Special NOFO to Address Unsheltered and Rural Homelessness

The purpose of this document is to provide a high-level overview of participant eligibility criteria and outline all eligible activities and program costs across the categories of Unsheltered Homelessness Set Aside and the Rural Set Aside, as specified under the Special Notice of Funding Opportunity (Special NOFO) to Address Unsheltered and Rural Homelessness (FR-6500-N-25S).

The policy priorities of this Special NOFO are (§II.A of the Special NOFO):

1. Addressing unsheltered homelessness
2. Addressing unsheltered homelessness and individuals and families experiencing homelessness with severe service needs in rural areas
3. Providing assistance on tribal lands
4. Involving a broad array of stakeholders in the CoCs efforts to reduce homelessness
5. Advancing equity
6. Use a housing first approach

The sections of this document are:

- Project Grant Terms
- Program Participant Eligibility
- Program Components
- Eligible Costs by Program Component
- Eligible Costs

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Project Grant Terms

Project Grant Terms are either 3 years or 3-5 years depending on the set aside funding received and the activities the project(s) will undertake.

	Unsheltered Homelessness Set Aside	Rural Set Aside	Notes and Applicable Laws, Regulations, and Federal Register Notices Included
<p>Project Grant Term</p>	<p>3 Years</p>	<p>3-5 Years</p>	<p>The grants term for projects awarded funding for acquisition, new construction, or rehabilitation are 3-5 years. These grants will provide up to 2 years to complete the acquisition, new construction, or rehabilitation activities, and upon completion of the acquisition, new construction, or rehabilitation, will require the remaining grant activities to serve program participants for 3 years.</p> <p>For projects awarded without funding for acquisition, new construction, or rehabilitation, grant terms are 3 years.</p> <p>For more details on grant terms, see § V.B.3.c of this NOFO.</p>

Program Participant Eligibility

Unsheltered Homelessness Set Aside and Rural Set Aside projects funding through this NOFO must:

- Serve program participants within specific homelessness categories;
- Participate in coordinated entry (participants must be prioritized through coordinated entry and all referrals must be received through coordinated entry); and
- Meet any additional eligibility criteria established in the CoC’s Plan for Serving Individuals and Families Experiencing Homelessness with Severe Service Needs.

	Unsheltered Homelessness Set Aside	Rural Homelessness Set Aside	Notes and Applicable Laws, Regulations, and Federal Register Notices
Definition of Homelessness – Categories Eligible for Assistance	Category 1 and 4 ONLY	Categories 1,2, & 4	See § II.B.4.a of this NOFO for more information on the homelessness eligibility criteria for program participants under the Unsheltered Homelessness Set Aside. See § II.B.4.b of this NOFO for more information on the homelessness eligibility criteria for program participants under the Rural Set Aside.
Coordinated Entry Participation is Required	✓	✓	As outlined in § II.B.4.c of this NOFO.
Plan for Serving Individuals and Families with Severe Service Needs	✓	✓	As part of its Plan for Serving Individuals and Families with Severe Service Needs required in Section VII.B.4, CoCs must describe how they will prioritize households experiencing or with histories of unsheltered homelessness for the resources awarded under this Special NOFO. CoCs must also describe how the CoC will adopt program eligibility and coordinated entry processes that reduce unsheltered homelessness. All projects must be consistent with the CoC's Plan as outlined in Section VII.B.4 of this NOFO.

Program Components

Under this Special NOFO (as outlined in §III.H of this NOFO), HUD will fund projects in these components:

	Unsheltered Homelessness Set Aside	Rural Set Aside	Notes and Applicable Laws, Regulations, and Federal Register Notices
Permanent Supportive Housing (PH:PSH)	✓	✓	24 CFR §578.37(a)(1)(i) Permanent supportive housing (PH:PSH)
Rapid Rehousing (PH:RRH)	✓	✓	24 CFR 578.37(a)(1)(ii) Rapid rehousing (PH:RRH)
Supportive Services Only (SSO)	✓	✓	24 CFR 578.37(a)(3) Supportive Services Only, including: <ul style="list-style-type: none"> • SSO-Street Outreach • SSO-Coordinated Entry • SSO-Other
HMIS	✓	✓	24 CFR §578.37(a)(4) All CoCs must have an HMIS that has the capacity to collect unduplicated counts of individuals and families experiencing homelessness and provide information to project subrecipients and applicants for needs analysis and funding priorities. Additionally, recipients must participate in the local HMIS; unless a recipient is a victim service provider or legal service provider, in which case it must use a comparable database and provide de-identified information to the CoC, as outlined in § II.B.5 of this NOFO.
Joint Transitional Housing and Rapid Rehousing (TH-RRH)	✓	✓	Special NOFO pp. 23 §V.C.3. If funded, HUD will limit eligible costs as follows, in addition to other limitations found in 24 CFR part 578: (1) leasing of a structure or units, and operating costs to provide transitional housing; (2) short- or medium-term tenant-based rental assistance on behalf of program participants to pay for the rapid rehousing portion of the project; (3) supportive services; (4) HMIS; and (5) project administrative costs.

Eligible Costs by Program Component

The following chart summarizes which eligible costs are allowed under each program component of this Special NOFO.

Eligible Costs	PSH	RRH	SSO	HMIS	TH-RRH
Acquisition (Rural Set Aside Only)	✓		✓		
Rehabilitation (Rural Set Aside Only)	✓		✓		
New Construction (Rural Set Aside Only)	✓				
Leasing	✓		✓		✓
Rental Assistance	✓	✓*			✓*
Supportive Services	✓	✓	✓		✓
Operating Costs	✓				✓
HMIS	✓	✓	✓	✓	✓
Project Administration	✓	✓	✓	✓	✓

*In PH:RRH (as a stand alone project or as part of a Joint Transitional Housing Rapid Rehousing project) the only form of allowable rental assistance is Tenant-Based Rental Assistance.

Under the Unsheltered Set Aside, Continuums were also allowed to apply for CoC Planning Grants and/or Unified Funding Agency (UFA) Grants. Eligible costs under the CoC Planning Grant are outlined in [24 CFR §578.39\(b\)](#) of the CoC Program Interim Rule and [§ V.B.3.c.1](#) of the Special NOFO. A CoC that is a UFA were also allowed to apply for funds through the Special NOFO. See [§ V.B.3.c.2](#) of the Special NOFO for more information on UFA costs.

Eligible Costs

For the Unsheltered Homelessness Set Aside, 24 CFR §578.39 through §578.63 identify the eligible costs, except for acquisition, rehabilitation, and new construction. For the Rural Set Aside, costs from 24 CFR §578.39 through §578.63 and certain activities under section 491 are eligible. All eligible costs for each set aside are described in detail below.

	Unsheltered Homelessness Set Aside	Rural Set Aside	Notes and Applicable Laws, Regulations, and Federal Register Notices Included
Acquisition		✓	24 CFR §578.43 Grant funds may be used to pay up to 100 percent of the cost of acquisition of real property selected by the recipient or subrecipient for use in the provision of housing or supportive services for homeless persons
Rehabilitation		✓	24 CFR §578.45 (a-b) Grant funds may be used to pay up to 100 percent of the cost of rehabilitation of structures to provide housing or supportive services to homeless persons. Eligible rehabilitation costs include installing cost-effective energy measures and bringing an existing structure to State and local government health and safety standards.
New construction		✓	24 CFR §578.47(a) Pay up to 100 percent of the cost of new construction, including the building of a new structure or building an addition to an existing structure that increases the floor area by 100 percent or more, and the cost of land associated with that construction, for use as housing.
Rental assistance	✓	✓	24 CFR §578.51(a) Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.
Leasing	✓	✓	24 CFR §578.49(a) Where the recipient or subrecipient is leasing the structure, or portions thereof, grant funds may be used to pay for 100 percent of the costs of leasing a structure or structures, or portions thereof, to provide housing or supportive services to homeless persons for up to 3 years.

	Unsheltered Homelessness Set Aside	Rural Set Aside	Notes and Applicable Laws, Regulations, and Federal Register Notices Included
Supportive services	✓	✓	<p><u>24 CFR §578.53(e)</u> Eligible costs include the services listed below. Eligible costs also include operating a supportive services facility or a facility in which supportive services will be provided.</p> <ul style="list-style-type: none"> • Annual Assessment of Service Needs • Assistance with moving costs • Case management • Childcare • Education services • Employment assistance and job training • Food • Housing search and counseling services • Legal services • Life skills training • Mental health services • Outpatient health services • Outreach services • Substance abuse treatment services • Transportation • Utility deposits • Direct provision of services
Homeless Management Information System	✓	✓	<p><u>24 CFR 578.57</u> The recipient or subrecipient may use Continuum of Care program funds to pay the costs of contributing data to the HMIS designated by the Continuum of Care as outlined in the Interim Rule.</p>
Project administrative costs	✓	✓	<p><u>24 CFR 578.59</u> Funds may be used for the payment of project administrative costs related to the planning and execution of Continuum of Care activities.</p>
Relocation costs	✓	✓	<p><u>24 CFR 578.61</u> Eligible costs are costs to provide relocation payments and other assistance to persons displaced by a project assisted with grant funds in accordance with § 578.83.</p>

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Operating Costs	✓	✓	<p><u>24 CFR § 578.55 (a-b)(1-7)</u> Grant funds may be used to pay the costs of the day-to-day operation of transitional and permanent housing in a single structure or individual housing units.</p> <p>(1) The maintenance and repair of housing; (2) Property taxes and insurance; (3) Scheduled payments to a reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost); (4) Building security for a structure where more than 50 percent of the units or area is paid for with grant funds; (5) Electricity, gas, and water; (6) Furniture; and (7) Equipment.</p>
Indirect costs	✓	✓	<p><u>24 CFR 578.63; Special NOFO pp. 22 § V.B.3.f</u> Continuum of Care funds may be used to pay indirect costs in accordance with <u>2 CFR part 200, subpart E.</u></p>
Rent or Utility Assistance		✓	<p><u>Special NOFO pp. 21 § V.B.3.e.2.b.i</u> Rent or utility assistance after 2 months of nonpayment of rent or utilities to prevent eviction or loss of utility service. Funds may be used to pay rent or utility arrear payments for up to 6 months on behalf of program participants residing in permanent housing.</p>
Emergency Lodging		✓	<p><u>Special NOFO pp. 21 § V.B.3.e.2.b.ii</u> Short-term emergency lodging in motels or shelters, either directly or through vouchers. Eligible costs include lodging costs in motels or hotels for program participants; pro-rata share of sheltering program participants in existing shelters so long as the costs are actual costs of creating new and temporary beds in emergency shelters and not to permanently increase the capacity of the shelter. No funds may be used to shelter program participants in existing shelter beds.</p>

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Repairs		✓	<u>Special NOFO pp. 21 § V.B.3.e.2.b.iii</u> Repairs, (such as insulation, window repair, door repair, roof repair, and repairs) that are necessary to make housing habitable to be used for transitional or permanent housing by people experiencing homelessness. The total cost of repairs may not exceed \$10,000 per structure.
Capacity Building		✓	<u>Special NOFO pp. 21 § V.B.3.e.2.b.iv</u> Capacity building activities are those activities that maintain or improve the skills of recipients. Eligible capacity building activities include employee education, job training, staff retention activities such as financial incentives to staff, paying for continuing education opportunities, cross training within an organization, staff training and professional licensing or certification, and other professional development activities. Recipient could use up to 20% of funds requested as part of the project, including project administrative costs, for capacity building activities.
Emergency Food and Clothing Assistance		✓	<u>Special NOFO pp. 22 § V.B.3.e.2.b.v</u> The cost of providing meals or groceries and clothing to program participants are eligible costs.
Costs Associated with Making Use of Federal Inventory Property Programs To House Homeless Individuals and Families		✓	<u>Special NOFO pp. 22 § V.B.3.e.2.b.vi</u> Federal Inventory property programs means the Use of Federal Real Property to Assist the Homeless program authorized by title V of the Act, and implemented by 24 CFR part 581, and the Single-Family Property Disposition Program authorized by section 204(g) of the National Housing Act (12. U.S.C. 1710(g) and implemented at 24 CFR part 291 Eligible costs are: preparing and submitting applications to obtain ownership of the real property; transfer taxes; recording fees; closing costs; building permit and zoning fees; attorney's fees; rehabilitation of buildings and structures on the property necessary to bring them into compliance with local building codes and to convert them to the intended homeless assistance use; water, sanitation, sewer and utility hook-up fees and deposits and bringing lines to the property; wells; septic systems; and improving access to the real property from public roads.