

GRANT TIMELINESS STANDARDS

RESOURCES

CONSULT THE CoC RULE

CoC Program Interim Rule

– **578.85 Timeliness standards:**

<https://www.govinfo.gov/content/pkg/CFR-2017-title24-vol3/xml/CFR-2017-title24-vol3-part578.xml#seqnum578>

CODE OF FEDERAL REGULATIONS UNIFORM GUIDANCE

Code of Federal Regulations (CFR)

Uniform Guidance – 2 CFR Part 200:

<https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200>

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SUMMARY

HUD has established specific timeliness standards to initiate each type of CoC Program activity as well as to expend and disburse funds. Once a CoC grant agreement is fully executed, recipients and subrecipients must adhere to these standards.

PROJECT START REQUIREMENTS

Recipients and subrecipients must initiate CoC project activities promptly after a grant agreement has been executed. Specifically, they must follow these timeliness standards:

Projects that do not incorporate new construction, acquisition, or rehabilitation as CoC Program activities:

- Begin nonconstruction activities within 12 months of signing the grant agreement.

Acquisition, rehabilitation, and new construction CoC Program activities (new projects):

- Begin construction activities within 9 months and complete them within 24 months;
- Activities that cannot begin until construction is completed must begin within three months of the date that construction activities are completed (e.g., operating costs, supportive services).

If recipients do not comply, HUD may require all of the CoC Program funds to be returned, or be deobligated. Recipients should inform HUD as soon as they suspect they may have difficulty meeting timeliness standards to determine if there are other strategies to address the delay.

GRANT EXPENDITURE REQUIREMENTS

HUD expects recipients and subrecipients to draw down and expend awarded funding in a timely manner. Once eligible activities begin, recipients **must draw down funds at least once per quarter** during the program year, after eligible activities begin.

DISBURSEMENT OF PAYMENTS TO SUBRECIPIENTS

There are two ways recipients can use HUD funds to make payments to subrecipients:

Cash Advance: Recipients are allowed, but not required, to disburse payments to subrecipients in advance of actual expenditures. Recipients may reimburse subrecipients for actual costs incurred. If recipients choose to disburse funds in advance, the recipient must ensure that both agencies' financial systems can meet the applicable standards in 2 CFR 200 for financial management (the Office of Management and Budget has established the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*).

Cash advances to a subrecipient must be limited to the minimum amount needed and cannot be a fixed portion of the contracted award

amount each month. They must be in accordance with the actual immediate cash requirements of the organization in carrying out the approved activities of the project.

Recipients are not expected to advance their own funds to subrecipients, but rather may draw funds from the Line of Credit Control System (e-LOCCS) and advance those funds to the subrecipient. The recipient is responsible for reconciling cash advances with expenses.

Cost Reimbursement: In cost reimbursement scenarios, a recipient must distribute funds to the subrecipient within **45 days of receiving an approvable request**, which would include supporting documentation.

GRANT OPERATING YEAR

The Operating Start Date (OSD) indicates when the grant term begins and when the project begins to serve people experiencing homelessness. The OSD for projects is as follows:

- **NEW non-construction projects** – first day of the month in which the recipient/subrecipient begins incurring eligible operating, supportive service, leasing, or rental assistance costs;
- **NEW projects with acquisition/rehabilitation/construction costs** – first day of the month following purchase of the property, *or* completion of construction activities (date the recipient receives Certificate of Occupancy), *or* the date the NOFA established as the deadline to begin operating the project (whichever comes first); and
- **RENEWAL projects** – the day after the end of the previous grant term; in essence, the project maintains the same cycle (e.g., May 1 – April 30).

The OSD also sets the beginning of the 12-month program year for spending and reporting.

- **Important:** Recipients and CoCs should keep track of operating start date(s) and operating year(s) for all CoC projects in order to monitor compliance (e.g., HUD due dates, eligibility for project renewal, APR due dates).
- **Annual Performance Reports (APRs):** Must be submitted electronically to HUD within 90 days of the end of the operating year. Recipients that do not submit the APR may have their Line of Credit Control System (e-LOCCS) payments suspended until the submission of a complete, accurate APR.

The operating year is set on a project-by-project basis. Projects within the CoC may all have different operating years. The recipient must enter the project's operating start date in the e-LOCCS when it begins to draw project non-construction funds.