TO: Recipients of CoC Performance Program Funds
FROM: Natalie Michelback
DATE: June 20, 2014
SUBJECT: Update to CoC Performance Program Eligible Expenses

The CoC Program is designed to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability.

The Continuum of Care Performance Program funds can be spent on a wide range of eligible activities needed to support a currently operating Continuum of Care (CoC) program. The MFA approves all activities and expenses through the contract budget.

The eligible activities are:
1. Supportive Services
2. Operating Costs
3. Leasing
4. Acquisition and Rehabilitation
5. New Construction
6. Rental Assistance

Some activities are specifically ineligible; eligible and ineligible expenses for each activity are outlined below.

1. Supportive Services
Services directly facilitating the movement of homeless participants to independent living are eligible, such as:
• Case management
• Childcare
• Educational services
• Employment assistance and job training
• Food
• Housing search and counseling services
• Legal services
• Life skills training
• Mental health services
• Outreach services
• Transportation
• Healthcare & substance abuse treatment

Eligible expenses include staff expenses and participant assistance as detailed below.

a) Staff expenses:
* Salary of case manager or counselor for time spent providing services to participants
* Salary of case management supervisor when he/she is working with participants
* Mileage allowance for service workers to visit participants
* Workers compensation and employers liability insurance, when pro-rated to the portion involved for the CoC program staff
**b) General participant assistance:**
- Public transportation passes
- Clothing
- Agency vehicle purchase, lease and/or operation (gas, insurance, maintenance) when used for transporting clients
- Assistance in obtaining benefits or medical assistance from other Federal, State or local sources;
- For participants moving from transitional housing to permanent housing, first and last month’s rent, security deposit and credit check

**c) Participant employment assistance:**
- Classroom, online and computer instruction, on-the-job instruction and services that assist individuals in securing employment, acquiring learning skills and/or increasing earning potential
- Employment screening, assessment or testing
- Special training or tutoring including literacy training and prevocational training
- Referrals to community resources

**d) Participant treatment assistance:**
- Providing an analysis or assessment of an individual’s health problems and the development of a treatment plan
- Assisting individuals to understand their health needs
- Providing directly or assisting individuals to obtain and utilize appropriate medical treatment
- Provision of appropriate medication
- Providing follow up services and preventive dental care

2. Operating Costs
Operating costs are those costs associated with the day-to-day physical operation of supportive housing facilities and programs.

**a) Building expenses:**
- Maintenance and repair of housing
- Property taxes and insurance
- Scheduled payments to a reserve for the replacement of major systems of the housing
- Building security for a structure where more than 50% of the units or area are paid for with grant funds
- Utilities (gas, electric and water)
- Furniture and equipment

3. Leasing
Agencies may use CoC Performance funds to lease structures to provide housing or supportive services for homeless individuals for up to 3 years. Leasing funds may not be used to lease units or structures owned by the recipient, subrecipient, their parent organization or any other related organization.

**a) Requirements:**
- Rent used to pay for all or part of a structure must be reasonable to rent being charged for similar structures
- Rent used to pay individual housing units must be reasonable to rent being charged for similar housing units. In addition, the rents may not exceed rents currently being charged for comparable units and rent paid may not exceed HUD determined fair market rents
- If gas, electric and water are included in the rent, these utilities may be paid from leasing funds. If utilities are not provided by the landlord, these utility costs are an operating cost
- Recipients and subrecipients may use grants funds to pay security deposits in an amount not to exceed 2 months of actual rent
- Occupancy and sublease agreements are required a specified in § 578.77
- Occupancy charges and rent from program participants must be calculated as provided in § 578.77
- Occupancy charges and rent collected from program participants are program income and may be used as provided under § 578.97

Grant funds may be used to pay up to 100% 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 people.
4. Acquisition and Rehabilitation
Grant funds may be used to pay up to 100% of the costs of rehabilitation of structures to provide housing or supportive services to homeless people. Eligible costs include installation of cost effective energy measures and bringing an existing structure to state and local government health safety standards.

5. New Construction
Grant funds be used to pay up to 100% of the new construction, including the building of a new structure or building an addition to an existing structure that increases the floor area by 100% or more and the costs of land associated with that construction, for use as housing. If grants are used for new construction, the applicant must demonstrate that the costs of new construction are substantially less than the cost of rehabilitation or that there is a lack of available appropriate units that could be rehabilitated at a cost less than new construction. Grant funds may not be used for new construction on leased land.

6. Rental Assistance
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, living in a housing unit receiving rental assistance or operating through other federal, state or local sources.
   * Rental assistance may be short term, up to 3 month of rent; medium-term, for 3 to 24 months of rent; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum as set forth in § 578.7(a)(9) and this section
   * Rental assistance may be tenant based, project-based or sponsor-based, and may be for transition or permanent housing
   * Grant funds may be used for security deposit in an amount not to exceed 2 months of rent. An advance payment of the last month’s rent may be provided to the landlord, in addition to the security deposit and payment of the first month’s rent
   * Rental assistance must be administered by a State, unit of general local government, or a public housing agency