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1 Program Purpose

The purpose of the MFA Continuum of Care (CoC) Performance Program is to provide a funding incentive to agencies which receive HUD Continuum of Care funds, encouraging them to meet and exceed HUD performance measures. Overall, meeting these measures will increase the State of New Mexico's effectiveness in responding to homelessness, and will ensure that the state is as successful as possible in the national competition for HUD Continuum of Care funds. Currently, this competition provides over $8 million to New Mexico for housing and services.

The program is implemented through a partnership with the New Mexico Coalition to End Homelessness (NMCEH), which coordinates the state's two Continuums of Care, Albuquerque and Balance of State. NMCEH is responsible for ensuring all agencies' applications and renewals are submitted to HUD, and for preparing the overall application for each Continuum.

The program is funded by State Homeless funds, received annually from the State's Human Services Department.

2 Funding Description and Conditions

In order to be eligible for MFA's Continuum of Care Performance Program funds, agencies must meet the following requirements:

1. Has received Continuum of Care funds, and has completed at least one HUD Annual Progress Report (APR) on the funds
2. Has a current acceptable financial audit
3. Is current in its registration with the NM Attorney General
4. Is not debarred by MFA, the State or the Federal government
5. Performance measures will be implemented on the following timeline:
   - Funds for 2014-2015: Continuum goals will determine which agencies receive MFA Continuum of Care funding: agencies who do not achieve the goals will not receive funds.
   - Funds for 2015-2016: Continuum goals will be increased to HUD required goals, and will determine which agencies receive MFA Continuum of Care funding: agencies who do not achieve the goals will not receive funds.

2.1 Performance Measures

The MFA and NMCEH have agreed upon three sets of performance measures, for permanent housing, transitional housing, and supportive services only, which are the three categories of HUD Continuum of Care funds. These initial measures are based on HUD's national performance measures.

For the first year of the program, the measures have been stepped down from the HUD measures to allow agencies time to update their processes. The MFA and NMCEH will meet annually to set updated performance measures each year, which may also incorporate statewide goals.
1. **Permanent Supportive Housing**
   i. At least 65% of PSH clients served during the program year remained in the program for at least 6 months. Formula #1 is:

   \[
   \frac{\text{(Total # of client who exited who stayed at least 6 months} \,+\, \text{total # of clients who are still in the program who have been there at least 6 months)}}{\text{Total # of clients served throughout the year}}
   \]

   OR

   ii. If outcome (i) is not met then:
   1. At least 60% of PSH clients served during the program year remained in the program for at least 6 months. Formula is same as formula in #1.
   2. At least 85% of clients served throughout the program year are still in the program or exited to another type of permanent housing. Formula #2 is:

   \[
   \frac{\text{(Total # of clients who exited to permanent housing} \,+\, \text{total # of clients currently in the program)}}{\text{Total # of clients served throughout the year}}
   \]

   iii. HUD goal is 77%, using formula #1.

2. **Transitional Housing:**
   i. At least 60% of TH clients who exited the TH program during the program year moved into permanent housing.
   ii. HUD goal is 65%.

3. **Supportive Services Only:**
   i. If the SSO grant is tied to a TH or PSH project, then the program has to meet the TH or PSH goal above.
   ii. If the SSO is not tied to a TH or PSH project, then the proposed goal is:
       At least 10% of clients have transitional or permanent housing upon leaving the program during the program year.

       (HUD is concentrating funding on Permanent Housing Transitional Housing, while phasing out Supportive Services Only.)

3 **Funding Requirements**

3.1 **Program Regulations**

The Continuum of Care Performance Program funds can be used for a wide range of eligible activities associated with a currently operating Continuum of Care program administered by the recipient. All activities and expenses must have prior approval by the MFA through the contract budget.
The eligible activities allowed are those defined by HUD for the Continuum of Care Supportive Housing Program and Permanent Supportive Housing Program:

1. **Supportive Services**
   Services directly facilitating the movement of homeless participants to independent living are eligible for support, such as outreach, case management, childcare, job training/placement, health care, and transportation. Grantees are encouraged to augment the support received in this activity via mainstream resources like Medicaid or Supplemental Security Income (SSI).

   Some examples of eligible expenses include:
   - Salary of case manager or counselor for time spent providing services to participants;
   - Salary of case management supervisor when he/she is working with clients or working with a case manager on issues regarding clients;
   - Food, clothing and transportation;
   - Outpatient medical/dental or other healthcare for clients and assistance in obtaining benefits or medical assistance from other Federal, State or local sources;
   - First and last month's rent, security deposits and credit checks for participants moving from transitional housing to permanent housing;
   - Clothing, tools, and similar items needed by participants for jobs or job training;
   - Cellphones for outreach workers;
   - Mileage allowance for service workers to visit participants; and
   - Vehicle lease and operation (gas, insurance, maintenance) when used for transporting clients.
   - Drug testing of clients: funds *can be used* to pay for drug tests if the tests are part of a program of treatment. For example, drug tests are eligible if they are used to maintain compliance with rules in programs that have a substance abuse treatment component.

2. **Operating Costs**
   Operating costs are those costs associated with the day-to-day physical operation of transitional and permanent housing facilities. They also include the actual expense that a recipient incurs for conducting on-going assessments of the supportive services needed by residents and the availability of these services.

   Operating costs differ from supportive services costs in that operating costs support the function and the operation of the housing project while supportive services costs cover the actual costs of new or increased services.

   Funds may not be used for the cost of operating a supportive services only facility.

   The expense incurred by the grantee to operate a supportive housing facility is an eligible activity. Some examples include:
   - Maintenance and repair
   - Utilities
   - Equipment (Desks, computers, telephones used by staff involved in operating the housing; playground for resident children)
   - Supplies
   - Insurance
   - Furnishing
• Funds *can be used* to pay real estate taxes – but only for those projects that have to pay taxes. The legal fees would have to be spelled out and approved. For example, if the legal fees are incurred as part of evictions, then they would be acceptable operating costs. But if the legal fees are to keep an attorney on retainer, then they would not be allowed.

• Funds *can be used* for maintenance and repair costs, including hardscaping, walkways, and grading. Landscaping for beautification is not eligible.

• Purchase of a vehicle to move furniture, appliances, and maintenance equipment. To be considered an operating cost, the vehicle must be used to support the function and operation of the housing project. Purchase of a vehicle for supportive services (e.g. for outreach, and to transport participants) remains an eligible supportive services cost.

• Workers compensation and employers liability insurance: funds *can be used* to pay for insurance, which is a normal expenditure associated with management of a business with employees. The only issue would be whether the employees are 100% dedicated to the homeless project. If the proposed annual insurance cost covers staff not directly or only partially involved with the homeless grant, then grant funds should only pay the prorated portion of the annual expenditure.

Sometimes operations staff also carries out supportive services activities. To the extent a staff person does both, their costs must be split between the two categories. The grantee will need documentation, such as personnel activity reports or time and effort reports, to show how the costs were assigned. Grantees/project sponsors should note that any staff members mentioned above (case managers, counselors, etc) who work on multiple SHP-funded projects must track time spent on each project. Put differently, case managers who work on several SHP grants must track and record hours spent serving clients under each grant separately.

The following cost types are only available for those agencies whose Continuum of Care grants include these cost types:

3. **Leasing**

Grantees may lease structures to provide supportive housing or supportive services, or individual units. Rental assistance for individual participants may be provided in accordance with CoC program regulations. Deposits may be provided, up to 1 month’s rent.

Agencies may not use grant funds to pay leasing costs for a property that they own or a property that is owned by a parent or subsidiary organization. Leases must be at arm’s length and must include:

• Names of tenant and owner;
• Unit address;
• Rent amount;
• Term of the lease;
• Who supplies utilities; and
• Renewal provisions.

The rent paid must be an actual cost, must be reasonable in relation to rents being charged for comparable units, may not exceed rents currently charged by the same owner for comparable unassisted units and the amount paid with grant funds may not exceed HUD-determined fair market rents (FMRs). Fair Market Rents include the cost of utilities.
Leasing assistance is subject to the requirements of the Lead-Based Paint Poisoning Prevention Act (42 USC 4821-4846). For residential structures constructed before 1978, there are requirements and procedures for addressing the hazards of lead-based paint. See 24 CFR Subpart A 35.80.

4. **Acquisition and Rehabilitation**
Many applicants propose to purchase property that will be used to provide supportive housing to homeless persons. Consult the HUD Field Office to determine your area's acquisition and rehabilitation cost limits.

5. **New Construction**
Proposals to build structures in which homeless persons will reside are also funded under SHP. Demolition is not eligible.

The following expenses are not eligible:

6. **Ineligible Expenses**
- Mortgage payments
- Recruitment or on-going training of staff
- Depreciation
- Costs associated with the organization rather than the supportive housing project (fund raising efforts, pamphlets about organizations, etc.)
- Cable TV costs for participants
- A life skills program or other type of service program with a religious component
- Purchase of computers with internet connection to be placed in clients' rooms
- Criminal background checks of prospective clients
- Recreational activities
- Match for client savings in an individual savings account
- The purchase or repair of a car for a client in areas lacking public transportation

3.2 **Financial Regulations**
Tracking of CoC Performance Program funds must be done in accordance with uniform administrative requirements, as outlined in Office of Management and Budget (OMB) Circulars. Specific circulars have detailed information on allowable costs, tracking of costs and other financial management requirements.

Most subgrantees are subject to CFR 230 in tracking their contracts.

If the subgrantee is a unit of local government or a special purpose governmental agency, it is subject to CFR-225.

4 **Program Administration**

4.1 **Annual Funding**
Agencies apply for funds through the annual limited source procurement. MFA works with the NMCEH to determine which agencies have a current executed grant agreement with HUD's Continuum of Care Program. These agencies will receive an application for MFA Continuum of
Care Performance award with a check list of documents needed. The MFA reviews the information provided by the NMCEH along with the application package and issues awards to qualifying agencies. Awards are effective from July 1 to June 30.

4.2 Contract Procedures
Continuum of Care Performance Program funds are issued as individual separate contracts.

Contracts are issued following the announcement of awards as a result of the response to the announcement of the procurement process. Agencies must provide all contract information and required schedules to MFA prior to the execution of the contract.

Contracts are now issued via email. It is the responsibility of the agency to print two originals, sign them and return them to MFA. MFA will review the contract according the contract review checklist and will return 1 complete original contract to the agency.

4.3 Monthly Invoicing and Reporting Requirements
Funds are provided on a reimbursement basis. Invoices are due each month by the 10th of the month, should be complete and correct, and should be accompanied by monthly reporting information.

Subgrantees receiving assistance must collect and report data on the use of the funds awarded and persons served with this assistance in the Homeless Management Information System (HMIS). The recipient or subgrantee may use ESG funds to pay the costs of contributing data to the HMIS.

If the subgrantee is a victim services provider (DV), it may use ESG funds to establish and operate Osnium, a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.

Financial back up documentation is always required to be on file at the agency; copies of the grant based general ledgers and all backup invoices/receipts must be uploaded with each invoice.

All invoicing & reporting is submitted through the online invoicing system at http://local.housingnm.org/LoginPortal . The program manual for invoicing is online.

4.4 Monitoring Requirements
All subgrantees are monitored annually by MFA. This monitor may be a full site monitor, an inspection, a desk financial review, or periodic review of invoices and reports. Where facilities are funded, MFA performs a facilities inspection at least every three years.

5 Participant Eligibility
The CoC Performance Program does not impose specific income or rent limits; however, all participants served through the CoC Performance Program must meet all eligibility requirements for the agency’s HUD CoC program, which may include income and/or rent limits.
All participants must meet the HUD definition of homelessness, and for agencies with all CoC programs other than Supportive Services Only, there must be third party documentation in the file according to the following checklist:

<table>
<thead>
<tr>
<th>Who is your organization serving?</th>
<th>Then you need to...</th>
<th>This means...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons living on the street</td>
<td>Certify that the persons served reside on the street.</td>
<td>For those SHP projects providing services—such as outreach, food, health care, clothing—to persons who reside on the streets (but not in shelters or other places meant for human habitation), the outreach or service worker needs to sign and date a general certification that: 1) verifies that the services are going to homeless persons, and 2) indicates where the persons served reside.</td>
</tr>
<tr>
<td>Persons coming from living on the street (and into a place meant for human habitation)</td>
<td>Obtain information to indicate that the participant is coming from the street.</td>
<td>You must verify that an individual is coming from the street through: • organizations or outreach workers who have assisted him/her in the past; • determining where the resident receives assistance checks, if applicable; and/or • other information regarding the participant’s recent past activities. Document your verification efforts! Your staff should prepare a statement that is then signed and dated. As a last resort, if you are unable to verify in this manner that the person is coming from living on the street, the participant or a staff member may prepare a short written statement about the participant’s previous living place and have the participant sign the statement and date it.</td>
</tr>
<tr>
<td>Persons coming from an emergency shelter</td>
<td>Verify from the emergency shelter staff that the participant has been residing at the emergency shelter.</td>
<td>You need to obtain from the referring agency a written, signed, and dated verification that the individual has been a resident of the emergency shelter.</td>
</tr>
<tr>
<td>Persons coming from transitional housing for homeless persons</td>
<td>Verify with the transitional housing staff that: • the participant has been residing at the transitional housing; and • the participant was living on the streets or in an emergency shelter prior to living in the transitional housing facility or was discharged from an institution or evicted prior to living in the transitional housing and would have been homeless if not for the transitional housing.</td>
<td>You must obtain from the referring agency two written, signed, and dated verifications: 1) a signed statement from the transitional housing staff indicating that the individual had been a resident there; and 2) the referring agency’s written, signed, and dated verification as to the individual’s homeless status when he/she entered their program. If the referring agency did not verify the individual’s homeless status upon entry into their program, you will need to verify that status yourself. That is, in addition to the written, signed, and dated verification from the referring agency that the individual has been residing in the transitional housing, you need to verify their status upon entry into transitional housing and document that status according to the instructions here. (For example, if the person was living on the streets before moving into the transitional housing, you will need to obtain the documentation required under “Persons coming from living on the street” above).</td>
</tr>
<tr>
<td>Persons being evicted from a private dwelling</td>
<td>Have evidence of the eviction proceedings.</td>
<td>You need to obtain two types of information: 1) documentation of: • the income of the participant; • what efforts were made to obtain housing; and</td>
</tr>
<tr>
<td>Category</td>
<td>Action</td>
<td>Documentation Required</td>
</tr>
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<td>----------</td>
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</tr>
<tr>
<td>Persons from a short term stay (up to 30 consecutive days) in an institution who previously resided on the street or in an emergency shelter</td>
<td>Verify from the institution staff that the participant has been residing at the institution and was homeless before entering the institution.</td>
<td>You must obtain: 1) written verification from the institution’s staff that the participant has been residing in the institution for less than 31 days; and 2) information on the previous living situation. Preferably, this will be the institution’s written, signed, and dated verification on the individual’s homeless status when he/she entered the institution. If the institution’s staff did not verify the individual’s homeless status upon entry into the institution, you will need to verify that status yourself, according to the instructions above (i.e., if the person was living on the streets before moving into the institution, you will need to obtain the documentation required under “Persons coming from living on the street”).</td>
</tr>
<tr>
<td>Persons being discharged from a longer stay in an institution</td>
<td>Verify from the institution staff that the participant has been residing at the institution and will be homeless if not provided with assistance.</td>
<td>You need to obtain signed and dated: 1) evidence from the institution’s staff that the participant was being discharged within the week before receiving homeless assistance; and 2) documentation of the following: - the income of the participant; - what efforts were made to obtain housing; and - why, without the homeless assistance, the participant would be living on the street or in an emergency shelter.</td>
</tr>
<tr>
<td>Persons fleeing domestic violence</td>
<td>Verify that the participant is fleeing a domestic violence situation.</td>
<td>You must obtain written, signed, and dated verification from the participant that he/she is fleeing a domestic violence situation. If the participant is unable to prepare the verification, you may prepare a written statement about the participant’s previous living situation and have the participant sign and date it.</td>
</tr>
</tbody>
</table>

6 Risk Assessments

Risk assessments are completed annually on every agency to determine the type of monitor needed, using the general guidelines for risk assessments. Risk factors may include but are not limited to: amount of funding, varieties of funding, time since last on-site monitor, recent turnover of key staff, and financial audit findings.