

The following HUD publication, 'Shelter Plus Care Resource Manual' represents a cut and paste from over 50 HUD web locations as of August 28, 2007. This manual is to be used as a guide for general information only. By definition, some of the material contained herein is already out of date. If you have any questions regarding the specific operations of Maine's Shelter Plus Care program as administered by the Department of Health and Human Services, please contact Sheldon Wheeler at 207-287-4226 or Sheldon.Wheeler@Maine.gov

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Introduction: Purpose and Organization of the On-line Resource Manual

This resource manual is primarily designed to assist grantees, non-profit sponsors, and supportive service providers to administer the S+C program effectively. It presents the statutory requirements, Federal regulations, and other HUD policy guidance that local program operators must know to meet the requirements of their S+C grants and the needs of program participants.

The resource manual is organized as follows:

[Section 1 presents an overview of the Shelter Plus Care program, including the program's overall goals, the S+C components, and the roles of grantees, sponsors, and HUD in local program implementation.](#)

[Section 2 describes the eligible activities that can be funded with S+C grants and eligible participants who may be served in the program.](#)

[Section 3 reviews leasing requirements, including evaluating unit rents, determining participant incomes and rent contributions, and developing occupancy agreements for S+C participants.](#)

[Section 4 discusses the supportive services match requirement – what it is and how it should be documented.](#)

[Section 5 presents an overview of financial management requirements for S+C grants, including a brief description of HUD's LOCCS system for grant drawdowns.](#)

[Section 6 reviews Federal record-keeping requirements that govern S+C grants as well as HUD's reporting requirements.](#)

[Section 7 explains the processes for extending or renewing an S+C grant.](#)

[Section 8 describes S+C grant administration requirements and highlights other Federal regulations with which S+C grantees must comply.](#)

Appendices include key resource documents, such as the Federal Regulations governing S+C, the Annual Progress Report, and CPD notices. It also includes sample forms that may be useful to local program operators. The appendices are:

- Appendix A:** **Shelter Plus Care Regulations: 24 CFR 582**
- Appendix B:** Shelter Plus Care vs. Supportive Housing Program – Side-by-Side Comparison
- Shelter Plus Care/SRO vs. Section 8 SRO – Side-by-Side Comparison
- Appendix C:** Environmental Review Requirements: SNAPshots Policy Newsletter, Vol. 1, No. 1, REV-#2, November 17, 2000
- Appendix D:** Rent Reasonableness Checklist
- Appendix E:** Tenant Rent Calculations: Notice CPD-96-3
- Appendix F:** Supportive Service Match Tracking Form
- Appendix G:** Annual Progress Report (APR)
- Appendix H:** Lead-Based Paint Requirements

Section 1: Program overview

1.1 History and Goals of the Shelter Plus Care Program

1.2 Shelter Plus Care Program Components

1.3 Special Consideration for Projects Involving Property Acquisition and Rehabilitation

1.4 Roles of HUD Staff, Grantees, Sponsors, and Homeless Individuals in Local S+C Projects

1.5 Combining S+C with Other HUD Programs

Section 1.1: History and goals of the Shelter Plus Care program

The Shelter Plus Care (S+C) program is authorized under Subtitle F of the McKinney-Vento Homeless Assistance Act.

Since 1992, HUD has awarded Shelter Plus Care (S+C) funds to state and local governments and public housing agencies (PHAs) to serve a population that has been traditionally hard to reach – homeless persons with disabilities such as serious mental illness, chronic substance abuse, and/or AIDS and related diseases. The S+C program was built on the premise that housing and services need to be connected in order to ensure the stability of housing for this population. Consequently, S+C provides rental assistance that local grantees must match with an equal value of supportive services appropriate to the target population.

Local S+C projects are typically implemented through partnerships that include:

- a grantee;
- one or more nonprofit housing sponsors that own or coordinate leasing of housing for program participants; and
- a network of supportive services providers.

PROGRAM PURPOSE

The purpose of the program is to provide permanent housing in connection with supportive services to homeless people with disabilities and their families.

The primary target populations are homeless people who have:

- serious mental illness; and/or
- chronic problems with alcohol, drugs or both; and/or
- acquired immunodeficiency syndrome (AIDS) or related diseases.

The program provides rental assistance for a variety of housing choices, accompanied by a range of supportive services funded by other sources.

PROGRAM GOALS

The goals of the Shelter Plus Care Program are to assist homeless individuals and their families to:

- Increase their housing stability;
- Increase their skills and/or income; and
- Obtain greater self-sufficiency.

FUNDING PROCESS

Funding for new S+C projects is awarded competitively through HUD's Continuum of Care process to eligible applicants: States, units of local government and public housing authorities (PHAs). Successful applicants become "grantees" once the S+C grant agreement is fully executed.

HUD publishes an annual Notice of Funding Availability (NOFA) in the Federal Register announcing the combined competition for three homeless assistance programs: Shelter Plus Care, the Supportive Housing Program and the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program for Homeless Individuals. The total amount allocated to any one of these programs is not determined in advance but depends upon the type of applications received and the competitive ranking of the projects.

Following review of the Continuum of Care applications, HUD selects projects for funding based upon the criteria found in the NOFA. Successful applicants will receive a Letter of Conditional Award. The letter outlines any conditions the S+C applicant must meet before the grant can be executed and program activities can begin. The grant agreement must be signed by both the applicant and HUD. The term of the grant begins as of the date that HUD signs the agreement. (See Section 5.1 for more information on grant start dates.)

Note

For more information about the Continuum of Care funding process or these programs, please refer to the homepage for homeless assistance. The S+C regulations and helpful "Understanding..." booklets on each of the programs are available for downloading.

Section 1.2: Shelter Plus Care Program Components

Shelter Plus Care grants can be used to provide rental assistance in four ways. The S+C program components are:

1. TENANT-BASED RENTAL ASSISTANCE (TRA)

This component provides initial five-year grants for rental assistance. Participants choose their own housing and retain the rental assistance if they move.

Grantees may limit where participants may live if necessary to facilitate the coordination of supportive services. Grantees may require participants to live in a specific area for their entire period of participation, or in a specific structure for the first year and in a specific area for the remainder of the period of participation.

2. SPONSOR-BASED RENTAL ASSISTANCE (SRA)

The SRA component provides grants for rental assistance through contracts between the grant recipient and sponsor organizations.

A sponsor may be a private, nonprofit organization or a community mental health agency established as a public nonprofit organization.

Participants reside in housing – a single structure or scattered sites – owned or leased by the sponsor. The original term of the grant between HUD and the grant recipient for SRA is five years.

3. PROJECT-BASED RENTAL ASSISTANCE (PRA)

PRA provides grants for rental assistance to the owner of an **existing structure**, where the owner agrees to lease the subsidized units to participants.

Rental subsidies are provided to the owner for a period of either five or ten years. Participants do not keep the rental assistance if they move.

To qualify for ten years of rental subsidies, the owner must complete at least \$3,000 of eligible rehabilitation for each unit (including the unit's prorated share of work to be accomplished on common areas or systems) to make the structure decent, safe, and sanitary. This rehabilitation must be completed within 12 months of grant award.

4. MODERATE REHABILITATION FOR SINGLE ROOM OCCUPANCY DWELLINGS (SRO)

The SRO component provides grants for rental assistance for 10 years in connection with the moderate rehabilitation of single room occupancy housing units.

Resources to initially fund the cost of rehabilitating the dwellings must be obtained from sources other than the S+C grant. Once rehabilitation has been completed, the rental assistance covers operating expenses of the rehabilitated SRO units, including debt service to retire a portion of the eligible costs of the rehabilitation over a ten-year period.

SRO assistance may also be used for efficiency units selected for rehabilitation under this program, but the gross rent (contract rent plus any utility allowance) for those units can be no higher than for SRO units.

[Click here](#) for more information on how S+C differs from HUD's Supportive Housing Program. [Click here](#) for a side-by-side comparison of Shelter Plus Care and Section 8 Moderate Rehabilitation for SROs.

SOME CONSIDERATIONS in CHOOSING among S+C COMPONENTS

The four S+C components offer a range of housing options to suit the priorities of local project grantees and sponsors and to provide choices to participants. Each component offers opportunities, but may pose challenges, to local homeless assistance providers. Some of the potential trade-offs among components include:

- Tenant-based rental assistance (TRA) may broaden S+C participants' housing choices, but you need to consider how the location of the housing participants choose will affect service delivery. Also, grantees with TRA projects need to consider the availability of private housing in their local housing market and the willingness of landlords to lease to S+C participants.
- The sponsor-based rental assistance (SRA) component can provide valuable housing resources to nonprofit supportive service providers working with clients who are homeless and disabled. However, it is important to make sure that staff responsible for case management are not also charged with potentially conflicting responsibilities for lease enforcement.
- A Single Room Occupancy (SRO) or Project-based Rental Assistance (PRA) with rehabilitation grant can help a community preserve or upgrade affordable housing for homeless people with disabilities. In the SRO component, a key challenge is securing the up-front financing for the rehabilitation, since S+C funds cannot be used for this purpose. In the case of a PRA with rehabilitation, a willing property owner with a suitable property must be identified.

Section 1.3: Special Considerations for Projects Involving Property Acquisition and Rehabilitation

DAVIS-BACON WAGE REQUIREMENTS

Davis-Bacon Wage Requirements apply only to SRO component projects with nine or more assisted housing units. These requirements establish the prevailing wages to be paid and the documentation to be maintained for contractors and subcontractors working on Federally-assisted construction projects.

Davis-Bacon applies to these S+C/SRO projects even though the grant funds are used only after completion of the rehabilitation, because the S+C/SRO funding is seen as enabling the project to occur. Of course, the use of other Federal resources such as HOME or CDBG in the rehabilitation would likely by themselves trigger the Davis-Bacon requirements.

RELOCATION

The S+C program is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 – see Section 582.335 of the S+C regulations. Federal relocation requirements state that any person who moves as a direct result of acquisition, rehabilitation or demolition for a Federally-assisted project (whether or not HUD funded the acquisition, rehabilitation or demolition) is entitled to relocation assistance.

HUD encourages S+C grantees to minimize displacement of individuals, families, businesses, or non-profit organizations as a result of rental assistance provided under the S+C program. Relocation of residents from a property to be used for a S+C project can be costly and time-consuming. Any grantee considering a property that would require relocation should carefully assess the expense associated with this undertaking, prior to application submission. The costs associated with relocation cannot be paid for with the S+C grant money.

S+C units must be vacant in order to receive rental assistance, but do not have to be vacant at the time of application.

It is important to provide occupants of units that are being proposed for acquisition, rehabilitation, or demolition as part of the S+C application with timely informational notices regarding their relocation rights, including a general information notice to be sent at the time the grant application is submitted to HUD.

ENVIRONMENTAL REVIEW

All of HUD's competitive homeless assistance programs, including S+C, are subject to the National Environmental Policy Act (NEPA). S+C grant recipients must have an environmental review completed and approved by HUD before spending S+C funds.

Complete environmental reviews are required for all S+C projects involving acquisition, rehabilitation or new construction – typically PRA with rehabilitation and SRO projects. *Limited* environmental reviews are required for "leasing only" projects. The exception is tenant-based rental assistance where no environmental review is required since TRA projects are not subject to environmental assessments and are not subject to the related Federal laws and authorities. (See 24 CFR Part 58 "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.")

Note

For more information on environmental reviews for leasing activities, refer to Appendix C: SNAPShots newsletter Vol. 1, No. 1.

ENVIRONMENTAL REQUIREMENTS

For existing residential properties proposed for use in a S+C program, the environmental finding must document that the property to be leased meets the following standards:

1. It is not located within coastal barrier resources designated under the Coastal Barriers Resources Act;
2. It is not located within a coastal high hazard area unless the building is designed for location in a coastal high hazard area (see 24 CFR 55.1(c)(3));
3. It is free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances where a hazard could affect the health and safety of proposed occupants; and
4. It is not located within the floodplain.

DOCUMENTING COMPLIANCE

There are two options for documenting environmental review compliance: a programmatic review which is performed once for the entire program or an individual review which assesses each identified property prior to its selection for the S+C program. These are described in detail in Appendix C.

Note

WHO CONDUCTS the REVIEW

The reviews are to be completed by either: 1) a "responsible entity" (as described in 24 CFR part 58); or 2) the HUD field office CPD Director under 24 CFR part 50.

1. Generally, environmental reviews have to be performed by responsible entities (either the unit of general local government where the S+C project is operating or the State) whether or not the grantee itself is a unit of general local government or a State.
2. If a responsible entity, other than a recipient, is either unwilling or unable to perform an environmental review for grantees who are nonprofit organizations or public housing authorities, HUD may designate another responsible entity to conduct the review or may conduct the review itself.

A statutory change occurred in February 2001 that changed the definition of "responsible entity" in charge of environmental reviews. PHA applicants may now use non-recipient States or units of general local government to perform the environmental review.¹ References in S+C program regulations to 24 CFR part 50: Protection and Enhancement of Environmental Quality are no longer effective.

¹ Memo dated February 21, 2001 from Richard H. Broun, Office of Community Viability, DVP. "Applicability of 24 CFR part 58 to grants for Supportive Housing, Shelter Plus Care, and Housing Opportunities for People with AIDS."

Section 1.4: Roles of HUD Staff, Grantees, Sponsors, and Homeless Individuals in Local S+C Projects

HUD STAFF

HUD Field Office staff are responsible for executing the S+C grant, providing information and support during program implementation, monitoring performance, and assisting grantees with changes to the local project that require waivers, grant extensions, or amendments.

GRANTEES, SPONSORS and SUPPORTIVE SERVICE PROVIDERS

At the local level, S+C projects typically involve a partnership among a grantee agency, one or more housing sponsors, and a network of supportive services providers.

- Grantees are ultimately responsible for the S+C grant, but may either administer the local project directly or delegate project responsibilities to one or more sponsors. Grantees must be a unit of local government, a public housing authority, or a state.
- Sponsors are usually nonprofit organizations that provide housing to homeless people with disabilities. Grantees may delegate responsibility for rental assistance administration to one or more sponsors. Sponsors may also provide supportive services.
- Supportive services providers enable participants to maintain stable housing, address their social service and treatment needs, build skills, and enhance their ability to make decisions about their lives.

PARTICIPANTS

The S+C statute requires that grantees provide opportunities for at least one current or formerly homeless individual to participate in a board of directors or other policy-making entity to advise on decisions affecting S+C housing.

This requirement may be waived if the grantee is unable to comply and provides HUD with an alternate plan for consulting with homeless people about the local project. [24 CFR 582.300]

Section 1.5: Combining S+C with other HUD programs

It is not uncommon for other HUD programs to be used in conjunction with S+C.

For example, funds from HUD's HOME program may be used to pay costs of developing units to be used in the SRA, PRA, and SRO components of the S+C program. S+C funds can then be used to pay the rental assistance for these units. Like S+C, HOME funds cannot be used for supportive services.

CDBG funds may also be used in conjunction with S+C for housing rehabilitation. Even if a local government grantee does not receive CDBG funds directly, the funds can be requested from the State for this purpose.

Supportive Housing Program (SHP) funds can be used to provide appropriate supportive services to S+C participants. Even though this is also a McKinney-Vento Act authorized program, SHP funds can count toward meeting the S+C supportive service match requirement, as explained in Section 4.

Section 2: Eligible activities and participants

This section describes who may participate in the Shelter Plus Care program and what costs are covered by Shelter Plus Care grants. The section also includes requirements regarding documenting disability and homelessness for Shelter Plus Care participants.

2.1 Eligible Activities

2.2 Eligible Participants

2.3 Other Eligibility Issues

2.4 Test Your Knowledge of Eligible Activities and Participants

Section 2.1: Eligible Activities

The statute that created the Shelter Plus Care program strictly limits the kinds of activities that may be funded through S+C grants. The eligible activities are restricted to *rental assistance* for program participants and *administrative costs* associated with administering the rental assistance.

RENTAL ASSISTANCE

Grantees help make housing affordable for program participants by using S+C grant funds to pay the difference between the actual rent for a unit and 30 percent of the participant's income. (See Section 3 for more information on determining allowable rent levels and calculating tenant rent payments.)

Rental assistance can take several forms:

- monthly rent payments;
- when necessary, a security deposit in an amount up to one month's rent; and
- one month's rent for housing units vacated by a program participant. The term "vacated" excludes brief periods of inpatient care (limited to 90 days for each occurrence). (See 582.105(d))

Grant funds can also be used to help offset utility costs paid by the participant if utilities are not included in the rent. Where rent does not include utilities, the tenant's contribution is reduced to allow for a reasonable utility allowance.

- Grantees may obtain a utility allowance schedule from their local Public Housing Agency. (See CPD Notice 96-3)
- If the reasonable utility allowance is more than the tenant rent contribution, the tenant must be reimbursed for the difference from S+C grant funds.

ADMINISTRATIVE COSTS

Note

Eligible administrative costs include only those related to the administration of the housing assistance, NOT costs associated with the administration of the grant or the supportive services

Grantees may use up to 8 percent of the S+C grant for certain administrative costs associated with the program. (Section 582.105).

The allowable uses include:

- Receiving new participants into the program;
- Providing housing information and search assistance;
- Determining participant income and rent contributions;
- Inspecting units for compliance with Housing Quality Standards (See Section 3); and
- Processing rental payments to landlords.

Here's how the funds available for administrative costs are determined. By statute, the amount of the S+C grant award is based on:

(Number of units to be assisted) x (HUD's Fair Market Rent in effect at the time the application is approved for the unit sizes the grantee expects to lease) x (the number of months of rental assistance to be provided)

In most cases, the actual costs of rental assistance are lower than the amount used to calculate the grant. This happens for several reasons. First, most participants contribute something to their rent, so they do not need the full FMR subsidy. In addition, in many communities sponsors are able to find units to lease that are less than the local FMRs.

As a result, grantees generally have excess funds to help cover the costs of administering the rental assistance. However, if making rental subsidy payments for the number of Shelter Plus Care participants specified in the grant agreement leaves less than 8 percent of the grant remaining, then the amount set aside out of the S+C grant for administrative costs cannot exceed that lower percentage. The grantee must pay for any administrative costs in excess of this cap with funds from some other source.

DISTRIBUTION of the ADMINISTRATIVE COSTS

As discussed in Section 1, many local S+C projects involve a grantee and one or more sponsors, among whom program responsibilities are shared. In the SRO component, a local PHA must administer the rental assistance, but in the other components, rental assistance administration may be shared by grantee and sponsor(s) or handled exclusively by one or more sponsors.

HUD does not specify who can be reimbursed for administrative costs, only that these costs may not be more than 8 percent of the grant. Thus, grantees can apportion the funds according to which agency performs the eligible administrative tasks. For example, a PHA who handles the HQS inspections and tenant rent calculations may receive most if not all of the available administrative funds from the grantee as reimbursement for these eligible activities.

INELIGIBLE ADMINISTRATIVE COSTS

HUD recognizes that there are other administrative costs necessary to running a local Shelter Plus Care project. But, by statute, administrative costs other than those described above cannot be covered by S+C grant funds.

Administrative costs that are **not** covered include:

- Costs of administering the grant;
- Costs of preparing reports to HUD; and
- Costs associated with conducting audits of the grant.

ALLOWABLE USES for GRANT SAVINGS

"Grant savings" may occur for two reasons:

1. Actual rents for units occupied by S+C participants are lower than the FMR used to calculate the grant award; and/or
2. S+C tenant rent contributions reduce the amount of grant funds required for rental assistance.

Grant savings may be used for the following:

- to pay administrative costs as described above (up to 8 percent);
- to repair damage to the units (up to one month's rent);
- to cover rent increases up to locally determined reasonable rents (See Section 3); and
- to serve a greater number of participants.

None of these uses requires HUD pre-approval.

Section 2.2: Eligible Participants

To be eligible for the S+C program, a person must be both homeless and disabled. In the case of a homeless household, at least one **adult** member must meet the program definition of disabled.

Specific targeted disabilities for the S+C program are people with serious mental illnesses, those with chronic substance abuse problems, and those with AIDS and related diseases.

- The S+C statute states that, to the extent possible, not less than 50 percent of S+C funds be reserved for homeless individuals who are seriously mentally ill or have chronic problems with alcohol, drugs, or both.
- Grantees may establish a preference for one or more of the disability categories although housing referrals must be made available in the community for eligible persons in other disability categories seeking assistance.

A description of the local S+C project's target population must be included in the grantee's application for funding. In the S+C funding application, prospective grantees must complete a table (reproduced on the next page) to indicate the targeted disabilities and the number of persons they plan to serve. Successful applicants are expected to serve the types and numbers of persons with disabilities shown on this chart. Changing the target population is considered a significant program change that must be approved by HUD. By regulation, the grantee must serve *at least as many participants as shown in the application*. No program change is permitted in this regard since the amount of funds originally awarded was based upon this number.

[Click here to access "Section D. Targeted Disabilities"](#) from a sample of the grantee's application for funding.

DEFINITION and DOCUMENTATION of DISABILITY

The definition of disabled [24 CFR 582.5] that is used as the basis for determining eligibility in the S+C program is the same as that used in the Section 811 (Supportive Housing for Persons with Disabilities) program. Persons with disabilities are defined as:

"Persons with disabilities" – a household composed of one or more persons at least one of whom is an adult who has a disability.

1. A person shall be considered to have a disability if such person has a physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such nature that such ability could be improved by more suitable housing conditions.

2. A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that –

(i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;

(ii) Is manifested before the person attains age 22;

(iii) Is likely to continue indefinitely;

(iv) Results in substantial functional limitations in three or more of the following areas of major life activity;

(A) Self-care

(B) Receptive and expressive language;

(C) Learning;

(D) Mobility;

(E) Self-direction;

(F) Capacity for independent living; and

(G) Economic self-sufficiency; and

(v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.

Key to the definition is determining that the impairment is of long-continued and indefinite duration AND **substantially impedes** the person's ability to live independently. For example, drug or alcohol abuse or an HIV/AIDS condition that does not substantially impede a person's ability to live independently **does not** qualify as a disability in the S+C Program. Written documentation that a person's disability meets the program definition must come from a credentialed psychiatric or medical professional trained to make such a determination. The possession of a title such as case manager or substance abuse counselor does not by itself qualify a person to make that determination. "Self-certification" is also unacceptable.

Grantees and/or sponsors must have written documentation in their project files that qualifies each participant as having met the program definition of "disabled."

A Note on Care-givers: The term, "person with disabilities" may include, except in the case of the SRO component, a care-giver determined to be important to the care or well-being of a disabled person. However, following the death of the disabled person, the caregiver's right to rental assistance under the Shelter Plus Care Program will end at the end of the grant period or when the caregiver leaves the S+C assisted housing unit, whichever comes first.

DEFINITION and DOCUMENTATION of HOMELESSNESS

Note

As a part of the application

In general, a person is considered homeless if, without HUD assistance, he or she would have to spend the night in a homeless shelter or in a place not meant for human habitation.

More specifically, an individual is considered homeless if he or she is:

- sleeping in an emergency shelter;
- sleeping in places not meant for human habitation, such as cars, parks, sidewalks, or abandoned or condemned buildings;
- spending a short time (30 consecutive days or less) in a hospital or other institution, but ordinarily sleeping in the types of places mentioned above;
- living in transitional/supportive housing but having come from streets or emergency shelters;
- being evicted within a week from a private dwelling unit and having no subsequent residence identified and lacking the resources and support networks needed to obtain access to housing; or
- being discharged from an institution and having no subsequent residence identified and lacking the resources and support networks needed to obtain access to housing.

process for all State and local government applicants, a "Discharge Policy" certification must be signed and submitted. This form certifies that if the S+C project receives funding, the government entity will develop and implement policies to prevent persons discharged from publicly funded institutions from becoming homeless.

If your state has a policy requiring housing as part of a discharge plan, HUD does not consider those persons homeless since they will be placed in housing arranged by the State. Contact your State Department of Mental Health or similar State agency for information on its discharge policy. If your State does not require housing as part of discharge planning, then those persons being discharged may be served as long as they will meet the homeless definition.

S+C grantees are required to document how it was determined that participants did not have the resources or support network needed to obtain housing. Exhibit 2-1 shows examples of appropriate documentation of homelessness for S+C participants under various scenarios. This documentation must be kept in the participants' files.

[Click here to access Exhibit 2-1: Homelessness Eligibility and Documentation Guide.](#)

Section 2.3: Other Eligibility Issues

ASSISTANCE to NON-CITIZENS

HUD offers the language below as guidance to grantees:

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 imposes restrictions on eligibility for receipt of public benefits. Governmental entities should consult with their legal counsel for interpretation. Nonprofit charitable organizations are not required to, but may, verify an applicant's citizenship or immigration status. If a nonprofit elects to do so, they should also consult with legal counsel, as they must follow the procedures required by the Act.

For the SRO component only

The SRO component of S+C does have specific requirements for non-citizens. These are detailed in 24 CFR Part 5, Subpart E. Citizenship or eligible immigration status must be demonstrated in order for a participant to receive S+C rental assistance under this component.

Citizenship or eligible immigration status can be proven with one or more of the following documents.

For U.S. citizens or US nationals:

- Signed declaration of US citizenship or US nationality; and
- Verification of this through presentation of a passport may be requested.

For non-citizens 62 years of age or older:

- Signed declaration of eligible immigration status; and
- Proof of age document.

For all other non-citizens:

- A signed declaration of eligible immigration status;
- The appropriate INS document; and
- A signed consent form authorizing verification of status.

NON-DISCRIMINATION LAWS

The S+C program is designed to serve eligible homeless persons with disabilities and is therefore not bound by certain constraints regarding nondiscrimination. Grantees can

target persons with specific disabilities, as described in their application, so long as they can show that:

- (1) there are enough eligible participants within that target population;
- (2) there is no discrimination among protected classes (i.e., race, color, religion, sex, age, creed, familial status or national origin) in selecting persons for assistance within that target disability population; and
- (3) referrals to other housing are made available for otherwise eligible homeless persons not in the target disability population.

This allows grantees to focus on the necessary supportive services to meet the specific needs of their target population.

Preferences for Target Populations

- Grantees are allowed to establish a preference for one or more of the S+C targeted populations (seriously mentally ill, alcohol or substance abusers, or persons with HIV/AIDS). However, grantee organizations must take care not to discriminate among protected classes within the targeted group(s). (Section 582.330)
- All other prohibitions against discrimination against disabled individuals also apply. (See Section 504 of the Rehabilitation Act of 1973, which prohibits programs receiving federal funding from discriminating against people with disabilities.)

Affirmative Outreach

- HUD requires grantees to ensure that program marketing efforts will reach as many eligible individuals as possible. If people of a particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for assistance are unlikely to be reached, the grantee must identify ways to reach those interested persons through alternative outreach efforts.
- The requirement to Affirmatively Further Fair Housing, including submission of a plan that addresses the elimination of impediments to fair housing identified in a community's Analysis of Impediments, does not apply to S+C or other Continuum of Care homeless assistance programs.

Additional information regarding nondiscrimination in programs serving a designated special needs population may be found in the Corporation for Supportive Housing report "*Between the Lines, Chapter Four: Serving Designated Populations*". The entire report is available through the CSH website: www.csh.org.

Section 2.4: Test your knowledge of eligible activities and participants

This is an opportunity to review what you know about eligible activities and participants under the Shelter Plus Care program. Answer True or False after each question.

Question 1: Eligible S+C activities are restricted to rental assistance for program participants and the administrative costs associated with administering the rental assistance.

True/False

Question 2: Providing a security deposit of up to one month's rent is an eligible use for S+C rental assistance funds.

True/False

Question 3: Providing housing information and search assistance is an eligible administrative cost.

True/False

Question 4: If administrative costs exceed 8 percent of the total S+C grant, a S+C grantee may draw down additional funds for eligible administrative costs if funds from grant savings are available.

True/False

Question 5: The cost of preparing reports to HUD is not an eligible administrative cost.

True/False

Question 6: In order for a homeless household to receive rental assistance through the S+C program, all adults in the household must meet the S+C program definition of disabled.

True/False

Question 7: An individual is considered homeless if he or she is spending a short time in a hospital or other institution, but is otherwise homeless.

True/False

Question 8: Grantees may NOT establish a preference for a targeted population in the S+C program. (Targeted populations include people with serious mental illness; chronic problems with alcohol, drugs, or both; and persons with HIV/AIDS).

True/False

Section 3: Leasing requirements

This section describes the leasing requirements under the Shelter Plus Care program. The section also includes requirements for unit inspections and tenant rent calculations.

3.1 Locating Units and Developing Relationships with Landlords

3.2 Housing Quality Standards

3.3 Unit Rents

3.4 Calculating Tenant Rent Payments

3.5 Occupancy Agreements

3.6 Test Your Knowledge of Leasing Requirements

Section 3.1: Locating Units and Developing Relationships with Landlords

S+C housing can take several forms: scattered-site rental units, clustered units within a building or development, or an entire building that houses only S+C clients.

Most S+C components require that grantees or sponsors establish relationships with landlords who are willing to lease units to S+C participants.

Conducting outreach to landlords and explaining the purpose of the program is very important as many landlords have little experience with formerly homeless and disabled tenants. Grantees must demonstrate the benefits offered to landlords and participants alike, including:

- Certainty of payment;
- Assurance that participants will receive the supportive services they need; and
- Support from the sponsor if any problems arise.

Section 3.2: Housing Quality Standards

Housing Quality Standards (HQS) set acceptable conditions for interior living space, building exterior, heating and plumbing systems, and general health and safety. Before any rental assistance may be provided, the grantee, or another qualified entity acting on the grantee's behalf (but not the entity providing the housing), must physically inspect each S+C unit to ensure that it meets HQS. [582.305(a)]

Any housing quality problems must be corrected within 30 days from the start of the lease, and the grantee must verify that all problems have been corrected.

Grantees, or the entity acting on their behalf, must make physical inspections of all units at least annually to ensure that the units continue to meet HQS.

Section 3.3: Unit Rents

Rents for units leased with S+C assistance must meet a "rent reasonableness" test. This section describes this standard for rents and how a reasonable rent is documented.

UNDERSTANDING "REASONABLE RENT"

For TRA, SRA, PRA, and SRO components, S+C program operators must determine whether the rent being charged for an assisted unit is both:

- reasonable in relation to rents being charged for comparable unassisted units with similar features and amenities; **and**
- not more than rents currently being charged by the same owner for comparable unassisted units. [See Section 582.305(b)]

A sample form showing a suggested rent reasonableness certification and checklist to document a rent reasonableness determination is included in Appendix D. You are not required to use this form, but some form of documentation must be kept in project files for the full period S+C assistance is provided.

While S+C regulations do not specify how often a rent reasonableness survey should be performed, an annual review would be appropriate. Also, in order to keep the administrative burden to a minimum, a rent reasonableness determination does not have to be made on a unit by unit basis but may be performed for all units within a certain geographic area.

The rent for a S+C assisted unit may not exceed the reasonable rent for that area. But while the rents for SRA, TRA, or PRA units may be set at the reasonable rent level even if it is higher than the HUD Fair Market Rent limits, the rent allowed under the SRO component may not exceed the HUD FMR limit for that area even if the reasonable rent is found to be higher.

Keep in mind that leasing SRA, TRA, and PRA units at rents higher than the FMR may cause problems down the line since the original Shelter Plus Care grant amounts are calculated by multiplying the number of units to be assisted by the FMR, not the "reasonable rent." Administrative costs, damage payments and rent increases can only be covered if the total grant amount exceeds the actual costs of serving the number of people proposed to be served in the S+C application.

Section 3.4: Calculating Tenant Rent Payments

To determine the appropriate rent payment for an S+C participant, program operators need to follow these steps:

1. Calculate 10 percent of monthly gross income.
2. Calculate 30 percent of monthly adjusted income.
3. Determine whether a welfare rent may apply, and, if so, determine the amount.
4. Determine which of these three rent amounts is the highest.
5. Set the participant's monthly rent contribution at this amount.

The definitions of annual gross income, adjusted income, and welfare rent and the allowable deductions and adjustments to income are described in detail in CPD Notice 96-3 and can also be found in regulation at 24 CFR Part 5 Subpart F. A few things to keep in mind when making these calculations are:

- Types of income that must be included are employment income, social security, welfare assistance, unemployment benefits, and disability or worker's compensation.
- Some income may be eligible for exclusion. Examples include income earned by children under age 18, payment received for the care of foster children or adults, and reimbursement for the cost of medical expenses. These amounts are subtracted from household income before the rent contribution is calculated.
- The "disallowance of increase in annual income" provision in 24 CFR 5.617 does not apply to the S+C program.

INCOME RECERTIFICATION REQUIREMENTS

As required by statute, S+C program operators must reexamine participants' income at least annually and make any needed adjustments to the participants' rent contribution amount.

The S+C participant may request an interim reexamination if there is a change in family composition (such as the birth of a child) or a decrease in household income.

Participants whose income increases during the year do not have to have their rent increased until the next scheduled (annual) reexamination.

DOCUMENTING RENTAL INCOME

- Program operators need to document the amounts of rental income collected from S+C participants and the method used to determine these amounts.
- If a worksheet is used, it should clearly document how the rent contribution for each participant was determined.

- Documentation of participants' sources of income should also be kept in the files.

Section 3.5: Occupancy Agreements

While the statutory purpose of S+C is to provide long-term housing connected to appropriate supportive services, S+C participants may be wary of entering a long-term housing arrangement and equally mistrustful of engaging in supportive services.

The S+C program regulations allow you considerable flexibility in developing occupancy agreements that may help ease participants' transition to the long-term housing and services offered by the local S+C project.

Similarly, HUD encourages program operators to work with participants to avoid circumstances that might lead to termination of rental assistance.

ELEMENTS of an OCCUPANCY AGREEMENT

- Participants are not required to enter a long-term lease but must sign an initial occupancy agreement for a term of at least one month. This agreement is automatically renewable upon expiration, except on prior notice by either the tenant or the landlord.
- At the discretion of the grantee or housing sponsor, participants *may* be required to take advantage of supportive services as a condition for obtaining the rental assistance. The requirements may be included in the lease or as a separate attachment.

TERMINATION of ASSISTANCE

- Rental assistance *may* be terminated if a participant violates conditions of occupancy.
- Program regulations recommend, however, that grantees exercise judgment and take into consideration extenuating circumstances so that participants are only terminated for the most serious rule violations.
- If termination is necessary, principles of due process must be followed. At a minimum, this process must include:
 - Written notice to the participant containing a clear statement of the reason for the termination;
 - A review of the decision, during which the participant has the opportunity to present written or verbal objections before someone other than the person (or a subordinate of the person) who made or approved the termination decision; and
 - Prompt written notice of the final decision to the participant.

The S+C Program permits grantees to resume assistance to persons or families whose assistance was previously terminated.

Section 3.6: Test your knowledge of leasing requirements

These questions will test your knowledge of leasing requirements under the Shelter Plus Care program. Answer True or False after each question.

Question 1: Physical inspections of a unit receiving S+C rental assistance must be made only before the unit is occupied.

True
False

Question 2: The definition of "reasonable rent" means a rent that is no greater than the HUD Fair Market Rent (FMR).

True
False

Question 3: Using CPD Notice 96-3 to calculate tenant rent payments, the rent amount can be set at up to 50 percent of the household's monthly gross income.

True
False

Question 4: When a participant's income increases during the year, his or her rent must increase at the same time.

True
False

Question 5: S+C grantees may require that all S+C participants take advantage of the supportive services offered as a condition for obtaining the rental assistance.

True
False

Question 6: Grantees may resume rental assistance to persons or families whose assistance was previously terminated.

True
False

Section 4: Supportive Services Match

This section addresses the role of supportive services within the S+C program, including service provision requirements, the types of services likely to be appropriate to the target S+C participants, and how to best coordinate with service providers. It also discusses the supportive service match requirement and how to document the match appropriately. Full details on the S+C regulations governing supportive services and match requirements can be found in 24 CFR 582.110.

As the name of the program indicates, a key goal of the Shelter Plus Care program is to connect housing and services. Appropriate supportive services are essential to helping individuals and families remain in a stable housing environment. In order to ensure that grantees provide needed services, the law requires grantees to match rental assistance with an equal amount of supportive services from other sources.

4.1 Service Provision Requirements

4.2 Providing Appropriate Services

4.3 Providing Services To Dispersed Clients

4.4 Managing Partnerships With Service Providers

4.5 Documenting The Match

4.6 Test Your Knowledge Of Supportive Services Match

Section 4.1: Service provision requirements

The statute states that supportive services must be offered to S+C participants in an amount equal to or greater than the total rental assistance through the S+C grant.

The statute does not exclude any source of funding for the purposes of meeting the supportive services match requirement, except that S+C grant funds cannot be used for supportive services in any event. The sources may be Federal, State, local, or private. Of course, supportive services must be an eligible use of the source program's funds. For example, the HOME Program cannot be used to meet the S+C match requirement since supportive services are not an allowable use of HOME funds. The services may be created specifically for the S+C program or already be in operation.

Supportive service may be provided by a variety of entities including S+C sponsors, the grantee, or social service agencies in the community. The services may be offered by paid staff or by volunteers.

Service plans need to be developed and tailored to each participant's needs, both at program entry and over time. You must perform ongoing assessments of participants' service needs and make adjustments to service plans as needed. (See 24 CFR 582.300 b-c.) This is essential so that tenants are not made to receive specific services for which there may no longer be a need.

Section 4.2: Providing appropriate services

Appropriate services should be offered to S+C participants, and should be tailored to meet the needs of each individual participant.

APPROPRIATE ELIGIBLE SERVICES

In general, and as the definition of "supportive service" in the S+C regulation (section 582.5) indicates, a supportive service qualifies as a matching resource when it addresses the "special needs" of the individual.

Examples of supportive services that might be provided by you or one of your sponsors include:

- Health care
- Mental health treatment
- Alcohol and other substance abuse services
- Childcare services
- Case management
- Counseling
- Education and/or job training
- Other services essential for achieving and maintaining independent living, such as courses on household budgeting

Among the types of services that are not eligible to count toward the supportive service match requirement is inpatient acute hospital care.

OUTREACH

S+C grantees must make an ongoing effort to ensure that eligible hard-to-reach persons are identified and served by the program. Outreach activities to identify eligible homeless people are considered a supportive service, and the value of outreach activities that occur after the execution of the grant agreement counts toward meeting the match requirement.

Section 4.3: Providing services to dispersed clients

Especially for the TRA component, housing units may be scattered throughout a neighborhood or city. Connecting participants to services in this situation can be particularly challenging. You should carefully consider how to structure service provision to make sure that participants will be able to access much needed services. For example, where S+C participants live in scattered housing units, a case manager may be assigned to make regularly scheduled visits to each participant's home.

Section 4.4: Managing partnerships with service providers

Few S+C grantee agencies have the capacity to implement all aspects of a local project. More commonly, responsibilities for housing and service provision are shared among several organizations. Grantees will need to structure agreements with these partner organizations so that roles and responsibilities are clear and accountability is ensured.

Some tips and tools to consider in developing and managing these partnerships are discussed below.

MEMORANDUM of UNDERSTANDING

When the grant has been awarded, the preliminary agreements made at the time the S+C application was prepared should be reviewed and solidified. Many grantees develop a Memorandum of Understanding (MOU) with their housing sponsors and supportive service providers. An MOU should include the following:

- A management plan outlining responsibilities;
- Tenant selection criteria;
- Scope of services to be provided;
- Agreements about record-keeping and reporting; and
- Term of the MOU.

These MOUs establish a clear understanding of each agency's responsibilities. Grantees can then use MOUs as a monitoring tool to ensure appropriate services are offered as agreed.

Section 4.5: Documenting the match

DOCUMENTATION RESPONSIBILITIES

Given the importance of the match requirement, it is especially critical that service providers understand their responsibilities in tracking and documenting services offered to S+C participants. Grantees and their partners need to develop procedures and reporting formats to collect and compile this information.

Because the service needs of S+C participants are high, it is likely that the value of supportive services provided to them far exceeds the value of the S+C rental assistance. However, in order to get credit for having met the statutory match requirement, these supportive services must be adequately documented. This section provides guidance and suggestions for documenting the match.

WHAT COUNTS as MATCH?

The following items count toward the supportive service match requirement:

- Salaries paid to grantee staff to provide supportive services to participants;
- The value of supportive services provided to participants by other organizations or by professionals volunteering their professional services;
- Supportive services provided by other volunteers (at the rate of \$10 per hour);
- The prorated value of any lease on a building used for supportive services to program participants; and
- The cost of outreach activities after the grant agreement has been signed.

REQUIREMENTS for CALCULATING MATCH

As a S+C grantee, you must match the total value of S+C rental assistance provided through the grant with an equal value of supportive services. Grant funds spent on eligible administrative costs are not subject to the match requirement.

The match is an overall grant wide requirement, not year-by-year, component-by-component or participant-by-participant. Since HUD assumes that the provision of supportive services will vary according to the needs of the participants, any given participant is not required to receive the same amount of services as rental assistance. As a result, the value of the services provided may be higher or lower than the value of rental assistance for any given year.

Keep in mind that the match must be reported annually in the Annual Progress Report (APR); therefore, the grantee should request information on supportive services from providers at regular intervals – at least yearly – and preferably more often. Good

management practice would dictate that a standard reporting format be developed and made available to each service provider **before** they begin providing services.

A sample format and instructions will help support service providers to provide accurate documentation for the match:	
<ol style="list-style-type: none"> 1. Pull the clinical records on all S+C clients. 2. Check the client record against the activities listed on the Supportive Services match tracking form (see example in Appendix F.) 3. Check YES if the service or referral for each service took place. 4. In HOURS column, indicate how much time was spent on each service or referral. 5. In RATE column, indicate hourly rate for staff providing service. 6. In MATCH \$ column, calculate the dollar amount of service or referral provided. 7. Sign and date the verification at the bottom of the page. This form remains part of the Federal records. 8. Return completed form to grantee. 	

Instructions should accompany the reporting format that includes a listing of what qualifies as match under the program. However, it is the responsibility of the grantee to check that the match claimed is eligible and verify the match dollars claimed.

Determining the amount spent on matching services might look like this:

Example: The prorated salary paid to a case manager who works with eligible S+C participants may be counted as match. If the service provider, who earns \$30,000 a year, spends 50% of her time providing eligible services to S+C participants, then half of her salary and benefits may be counted as match.	
50% of case manager salary (at \$30,000 a year)	=\$15,000
+ 50% of benefits paid by employer (estimated at 30% of salary or \$9,000 a year)	=\$4,500
= \$19,500 that may be counted as supportive service match under S+C	

Section 4.6: Test your knowledge of supportive services match

Question 1: The amount of supportive services provided under a S+C grant must be equal to or greater than the amount of the S+C rental assistance provided each year.

True

False

Question 2: Salaries paid to grantee staff to track and document the supportive service match do NOT count toward the supportive service match requirement.

True

False

Question 3: Inpatient acute hospital care is an eligible supportive service under the S+C program.

True

False

Section 5: Financial management

This section covers some essential aspects of financial management for S+C grantees. It presents a brief explanation of how grantees must use the Line of Credit Control System (LOCCS) to draw down S+C grant funds. Also in this section is an overview of the audit requirements for S+C grantees.

5.1 Using the Line of Credit Control System (LOCCS)

5.2 Audit Requirements

Section 5.1: Using the Line of Credit Control System (LOCCS)

The LOCCS system is the accounting and grantee reimbursement system used by HUD.

Attached to the grant agreement for all new grants should be the following:

- One copy of the Grantee Financial Instructions;
- Three copies of the LOCCS/Voice Response System (VRS) Access Authorization Form (HUD 27054) and instructions for its completion;
- Copies of the LOCCS/VRS Shelter Plus Care Request Voucher for Grant payment; and
- One Direct Deposit Form.

When a new project is approved for funding, a line of credit is established with HUD. This allows the grantee to be paid through the Federal Reserve to the grantee's financial institution via direct deposit. The HUD Field Office provides all the necessary paperwork (as described above) to initiate the reimbursement process, which should be completed and returned to the appropriate HUD offices.

The process for reimbursement is as follows:

- The grantee should prepare the S+C Request Voucher.
- A call should then be made to HUD's LOCCS Voice Response System.
- LOCCS will prompt the caller to enter information about the type and number of units and tenants being assisted with this drawdown of funds.
- The caller will then enter the amount of funds to be drawn down for each grant type and program component.
- LOCCS will confirm the total voucher amount with the caller before submitting the request for payment.
- Funds will be wired to the grantee's bank account within 48 hours of approvable telephone requests.

The LOCCS REPORT

A LOCCS status of funds report is similar to a bank statement. It is a monthly report listing all of a grantee's sponsors by grant and S+C component, including funds spent-to-date and remaining balances. The authorized grant amount is listed in the first column under Authorized. The second and third columns show the amount spent-to-date under Disbursed and Disbursement in Process. The last column shows the remaining balance of funds available under the grant.

Grantees should carefully monitor these reports, paying particular attention to the balance and the end date of the grant to ensure that the program is on track to spend its funds within the grant term.

DRAWDOWNS

Grantees should draw down S+C funds regularly, preferably on a monthly basis, to reimburse their costs. The Field Office's ability to track expenditures and monitor grants accordingly is hindered when grantees do not regularly use the LOCCS system to draw down funds. The management of the grant may be called in to question if a grantee delays reimbursement.

Eligible expenses that can be drawn down from the LOCCS for the S+C program include:

- Rental assistance payments; and
- Eligible administrative costs (see Section 2).

UNDERSTANDING "EFFECTIVE DATE" and "OPERATION START DATE"

All S+C grant terms begin on the effective date and, depending upon the component and whether the grant is a renewal, terminate 1, 5, or 10 years from that date. A new S+C grant is effective and the operating year begins on the date the grant agreement is signed by HUD and the grantee. This is known as the *effective date* on the LOCCS Status of Funds report. A renewal S+C grant is effective the date immediately following termination of the prior grant period. For S+C renewals, the operating start date in LOCCS will be the same as the effective date. Note that for S+C renewals, the effective date may be prior to, or following, the date the renewal grant agreement is signed and executed.

Note

Grantees may be prevented from drawing down funds if no APR has been submitted within 110 days of the APR due date. (For more information about APR reporting requirements, see Section 7).

The *operation start date* is a term used mostly in conjunction with the Supportive Housing Program. For the S+C program, the operating start date always coincides with the effective date. The operating start date is used primarily to set the beginning and end of the operating year for a S+C grant.

ACCOUNTING for ADMINISTRATIVE FEE in LOCCS

Within the LOCCS system, there is no line item for administrative costs. It appears on the LOCCS report as rental assistance. However, once funds are drawn down for administrative costs, they are shown in the disbursed column of the LOCCS report.

Remember that the administrative costs may not exceed 8 percent of the total S+C grant and may only pay for eligible administrative costs. It is the responsibility of the grantee to track administrative drawdowns. As these costs are incurred, the grantee should draw down funds from LOCCS.

PARTIALLY FUNDED GRANTS

Requests for budget amendments may be made only in cases of partial funding. Some S+C conditional awardees may receive partial funding because HUD has limited funds available for a particular jurisdiction or for some other reason connected to the competition. For these grants, the original application and budget will need to be adjusted to reflect the funded amount before a grant agreement is executed.

To obtain full funding of the grant, a Request for Budget Adjustment will be sent to the grantee along with a request for a revision of the number of participants and the budget. This information should be submitted as quickly as possible so the Field Office staff can review it and a grant agreement can be completed.

Section 5.2: Audit requirements

An audit allows a S+C grantee to obtain an independent opinion regarding the sufficiency of the organization's financial management system.

All non-profit organizations, as well as state and local government agencies that receive \$300,000 or more of Federal funding in a single year, are subject to the revised OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. (See 24 CFR 84.26 (a))

A S+C grantee or sponsor that spends \$300,000 or more in Federal awards in one year must have either a program audit or a single audit for that year.

- *A program audit* is an audit of one Federal program. A program-specific audit is allowed when the grantee expends Federal awards under only one Federal program and the Federal program's laws, regulations or grant agreements do not require an overall financial statement of the audited organization.
- *A single audit* is an audit for the entire organization. It includes audits of both the entity's overall financial statements and its Federal awards (from all applicable Federal programs).

Agencies that receive less than \$300,000 a year in Federal awards are exempt from the OMB A-133 audit requirement. However, they must still make records available for review or audit by appropriate Federal agency officials, the grantee, and the General Accounting Office.

The financial management systems used by S+C governmental and PHA grantees must conform to the audit requirements outlined in 24 CFR Part 85. Private nonprofit organizations that are sub-grantees or sponsors must have financial systems that also conform to 24 CFR part 84 requirements.

Section 6: Record-keeping and reporting

This section briefly reviews Federal record-keeping requirements governing S+C grants and reviews HUD's reporting requirements for the program.

6.1 Record-Keeping Requirements

6.2 Completing the Annual Progress Report (APR)

Section 6.1: Record-keeping requirements

HUD requires that Shelter Plus Care grantees retain and provide access to program records as outlined in 24 CFR (85.42). Program records include all financial and programmatic records, supporting documents, and statistical records.

In most cases, the records must be kept for three years after the last expenditure report is submitted. If there is pending litigation, an audit, or other action at the end of the three years, grantees must retain the records until the issues are resolved.

The Federal Freedom of Information Act (5 USC 552) does not apply to S+C program records. Unless required by other Federal, State or local law, grantees are not required to permit public access to their records.

Section 6.2: Completing the Annual Progress Report (APR)

PURPOSE of the APR

HUD uses the APR to review the progress of your S+C project annually. Performance of your project is tracked using the following three outcomes:

- Increased residential stability;
- Increased skill level and/or income; and
- Greater self-sufficiency.

Grantees can also use the APR as a tool for evaluating performance and setting future program goals.

REPORTING REQUIREMENTS

Grantees must submit an Annual Progress Report (APR) for Competitive Homeless Assistance Programs (HUD Form 40118) within 90 days of the end of each operating year. The report should be submitted to the CPD Division Director for the local HUD office responsible for managing the grant.

Note that the APR is used for reporting not only on S+C grants, but also on HUD's other competitive homeless programs – the Supportive Housing Program and Section 8 Moderate Rehabilitation for SROs. Some sections of the report do not apply to S+C grants. Grantees should read the APR instructions carefully to make sure they complete the report appropriately for S+C grants.

It is important to complete the report accurately and submit it on time. The reports are a valuable source of information that HUD Headquarters uses to respond to inquiries about the program from Congress and others, including justifications for program funding requests during the annual appropriations process.

TIPS for COMPLETING the APR

The APR documents project enrollments and departures, participants' demographic characteristics, and outcomes including participants' length of stay in housing, changes in skills and income, and changes in levels of self-sufficiency.

As discussed in Section 4, grantees must also document the S+C match by reporting the value of supportive services received by S+C participants during the year. You are advised to develop a standard form for supportive service providers to use to report

services received by S+C participants. This information must be collected and summarized at least annually for inclusion in the APR.

Collecting and compiling the information for the APR requires close cooperation between the grantee and local project sponsors. Grantees will need to develop and implement systems and procedures for collecting this information **before** the S+C grant program begins operating!

The APR form includes a worksheet for collecting information on participant characteristics. Until a form-fillable version is made available to you on the Web, it will be very useful for you to create an electronic version of this worksheet, and as many other parts of the APR as possible, to more efficiently collect and tabulate the information.

Section 7: Renewals and Extensions

This section describes the circumstances under which renewals and extensions may be granted and the requirements for obtaining a renewal or extension. Important information on renewals and extensions is contained in the annual Continuum of Care NOFA and accompanying application kit, so it is important to review those resources carefully before preparing a funding application.

7.1 Renewals

7.2 Extensions

Section 7.1: Renewals

New S+C grants are for periods of either five years or ten years, depending on the component (see Section 1). Since 2000, S+C renewals have been for one-year terms. In the year prior to your Shelter Plus Care grant expiration date, you must make a critical decision based upon the balance remaining in your grant. Do you have enough funds remaining to continue operating into the calendar year following your grant expiration date? If you do, you should seek a grant term extension. Alternatively, if you estimate that you will run out of funds in the year in which your grant is expiring, you must submit an application for renewal of your grant if you wish to continue operating.

Grantees need to treat each component of multi-component grants (i.e., grants approved in the 1990s with some combination of SRA, TRA, PRA and SRO components) separately when determining whether to request either an extension or renewal of an individual component. It may be, for example, that sufficient funds remain to operate the TRA component into the year following grant expiration while a PRA project under the same grant is running out of funds. In such a case, the TRA project would be proposed for a term extension while the PRA project would be submitted for renewal.

Each sponsor under a grant's SRA component must be considered separately as well when deciding whether to submit a renewal application as part of the community's annual Continuum of Care submission or seek a term extension.

The annual HUD Appropriation Act has in recent years contained requirements that, among other things, have affected the renewal of Shelter Plus Care grants.

For example, in the HUD Appropriation Act of 2001, Congress established a separate fund for renewing S+C grants expiring in 2001 and 2002. These renewal grants were to be noncompetitive and for a term of one year. It is expected that Congress will continue to support noncompetitive, one-year terms for S+C renewals but this cannot be stated with any certainty. The Notice of Funding Availability (NOFA) announcing the annual McKinney-Vento funding round will explain future changes, if any, in the renewal process. As the requirements currently stand:

- For grants that have not been renewed previously, the grant amount is calculated by multiplying the number of units under lease at the time of the renewal application by the FMR by 12 months.
- For renewals of one-year grants awarded in the 2000 competition and every year thereafter, the subsequent renewal may not exceed the number of units funded in the previous year.
- Upon renewal, the unobligated funds from the previous grant period are recaptured.
- 1-year renewal grants may not be extended.

The effective date of a renewal can be:

- On the date the renewal grant agreement is signed by HUD (if the grant being renewed has been extended beyond the original 5 or 10 year term and you will spend all funds before the expiration date of the extension); *or*
- At the end of the previous grant if that previous grant has not been extended; *or*
- A specific date, agreed to between HUD and the grantee, which is after the termination date of the original grant.

Note

These procedures may change in future funding rounds due to Congressional action so check the NOFA or contact a local HUD office for updated guidance on the renewal process.

Section 7.2: Extensions

Extensions allow grantees with unspent funds at the end of a grant period to continue operating for an additional five years, or until grant funds are spent².

Your HUD Field Office has standard amendment formats for extending your grant. Grants comprising several components or more than one sponsor will use one format while those with only one component or a single sponsor will use the other.

Extensions are generally granted, but are not automatic. Since approval is subject to satisfactory performance under the grant, you should work with the local HUD office to document the reasons, including those that may be beyond your control, for the expenditure delay and to justify the continuing need for the project.

Section 8: General Grant administration

This section covers general information about S+C grant administration, including specific information about new grants, the importance of timely grant implementation, requirements for making program changes, and how deobligation of funds can occur.

8.1 Grant Administration

Section 8.1: GRANT Documentation and Implementation

NEW GRANTS

Once a funding decision is made by HUD, the grant recipient is sent a letter of conditional approval. The following documentation should be included with the letter:

- Three copies of the grant agreement;
- A copy of 24 CFR 582, the S+C program regulations;
- A copy of the Grantee Financial Instructions;
- Drawdown instructions and application forms for the Line of Credit Control System (LOCCS);
- A copy of the Sponsor Tax Identification Form (if there is an SRA component);
- HUD –7015.15 – Request for Release of Funds and Certification; and
- "Standard Issues and Conditions for Shelter Plus Care Grants" (if appropriate).

GRANT IMPLEMENTATION

Along with the letter of conditional approval for a S+C grant, the grantee may receive a description of specific issues and/or conditions that apply to the grant. Issues are features of the grant that HUD identifies as items of concern for Field Office monitoring. Conditions require a response by the grantee prior to grant execution. The grantee must address any identified conditions in order to execute the grant agreement and begin implementing the program.

START up CONFERENCE

The HUD Field Office usually holds a start up conference for new S+C grantees. Sponsors that will be actively involved in implementing the program should attend the start up conference as well. But, keep in mind that it is the grantee that HUD will look to as the responsible party if difficulties arise with the grant.

TIMELINESS of IMPLEMENTATION

Timely implementation of a S+C project is important to ensure that the S+C funds are spent within the grant period.

Within one year of grant award announcement by HUD³:

- For TRA, SRA, and PRA without rehabilitation components, rental assistance must begin.
- For the PRA with rehabilitation component, rehabilitation must be completed.

Different rules govern the SRO component. For this component, the rehabilitation work must be completed and the Housing Assistance Payments contract must be executed within one year of the public housing authority's execution of the Annual Contributions Contract.

Grantees should regularly – preferably on a monthly basis – request reimbursement for all rental assistance payments. In addition, grantees should regularly draw down funds for eligible S+C administrative activities. However, under no circumstances should more than three months pass without a drawdown. The Congress and HUD pay close attention to spend-out rates for all programs, and low spend-out rates will call into question the need for continued funding of a particular program.

PLANNING for ACQUISITION and REHABILITATION in ADVANCE

Under the PRA and SRO components, S+C grantees must locate property and finance rehabilitation efforts prior to leasing up units. Keep in mind that S+C funds should not be used as "seed money" for property rehabilitation or new construction that cannot be completed within 12 months of grant announcement by HUD. Therefore, it is important that grantees select a property and secure the upfront rehabilitation or construction funding even before receiving approval for their S+C application. Of course, these initial acquisition and rehabilitation costs must be paid for with funds other than S+C.

Note

For more information on property acquisition and financing, refer to Chapter 3 of HUD's guide, "Enhancing Shelter Plus Care Program Operations."

PROGRAM CHANGES

Occasionally, after an S+C program is underway, it may be necessary to alter the program to accommodate unanticipated changes.

When the change is significant, the S+C grantee must get written approval from HUD. Some examples of significant changes include:

- A change in sponsor;
- A change in project site for the SRO or PRA with rehabilitation component projects; or
- A change in the target population to be served.

Other program modifications, such as increasing the number of participants served, do not require HUD approval. However, these changes should be documented and kept on file.

Whenever a grantee wishes to alter its S+C project, it should contact the HUD Field Office to make sure all parties understand what changes are being made and what documentation is necessary.

The HUD Field Office is also responsible for handling extensions of S+C grants. But it is the grantee who has primary responsibility for determining whether it needs to request an extension and for submitting the request well in advance of the grant expiration date. More information about this may be found in Section 7.

DEOBLIGATION of FUNDS

It is HUD's responsibility to enforce the obligations outlined in the grant agreement and to recapture S+C funds awarded to a grantee, if necessary.

Some occasions when HUD may consider deobligating all or part of a grantee's S+C funds include:

- If the grantee does not meet timeliness standards as described in this section. An exception can be made when HUD determines that the delay was due to "factors beyond the control of the grantee."
- If the housing proposed in the application is not provided in accordance with the approved application or HUD regulations.
- If the proposed supportive services are not provided in accordance with the approved application or HUD regulations.

Note

Details of the deobligation of funds are outlined in 24 CFR 582.410 of the S+C regulations.

WAIVERS

At HUD's discretion, some activities required under the S+C regulations may be waived for "good cause." Examples of this include:

- *Participation of homeless individuals in policy and decision-making.* If waived, a plan must be submitted to, and approved by, HUD to ensure that efforts will be made to consult with homeless or formerly homeless individuals whenever possible in decision-making.
- *Capping administrative costs at 8 percent of grant.* During an extension period following expiration of the initial 5- or 10-year grant term, HUD will consider requests to waive the 8 percent limit and raise it proportionately to reflect the additional time necessary to expend the rental assistance.

REGULATIONS GOVERNING RELIGIOUS ORGANIZATIONS

While HUD programs in general and homeless assistance programs in particular have been very successful in partnering with faith-based organizations, certain cross-cutting safeguards exist in order to ensure that these programs meet constitutional or legal

requirements. Consequently, a grantee must provide the housing and services in a manner that is free from religious influences and will not:

- Discriminate against an employee or applicant for employment or give preference on the basis of religion.
- Discriminate against any person applying for housing or supportive services or give preference on the basis of religion.
- Provide religious counseling or instruction, conduct religious worship or services, engage in religious proselytizing, or exert religious influence in the provision of housing and supportive services.

Provided the above rules are followed, a grantee funded by HUD can contract with a primarily religious organization, or a secular organization established by a primarily religious organization, to provide housing and supportive services to S+C participants.

A full description of rules governing religious organizations is detailed in 24 CFR Part 582.115.

OTHER OMB REQUIREMENTS

The following OMB Circulars apply to the S+C program:

- A-87 (Cost Principles for State, Local Governments) - Provides principles and standards for establishing a uniform approach to determining allowable costs and promoting effective program delivery for Federal Awards.
- A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations) - Provides standards for obtaining consistency and uniformity among Federal agencies in the administration of grants and agreements.
- A-122 (Cost Principles for Nonprofit Organizations) - Clarifies the breakdown of indirect costs, and defines the cost principles for non-profits.
- A-133 (Audits of States, Local Governments, and Non-Profit Organizations) - Describes the standards for obtaining consistency among Federal agencies for the audit of States, local governments, and non-profits receiving Federal awards.

Note

Copies of OMB Circulars may be found on the HUD Clips website at: www.hudclips.org. Click on "OMB Circulars," then search according to circular number.

Information regarding the additional regulations listed below can be found in the sections indicated:

- Lead-based paint rules (Appendix H)
- Davis-Bacon Wage Requirements (Section 1.3)

- Relocation (Section 1.3)
- Housing Quality Standards (Section 3.2)
- Environmental Reviews (Section 2.2)

³*The phrase 'Initial announcement of the grant award' refers to the date of the initial award notification letter from HUD Headquarters which coincides with the date of the formal public announcement.*

Glossary

Assisted unit – a housing unit for an eligible person that receives rental assistance under the S+C program.

Components – Grantees may provide rental assistance to eligible participants through four possible housing arrangements or components. They are: sponsor-based, tenant-based, project-based (with or without rehabilitation), and SRO. (See Section 1.2)

Eligible person – a homeless person with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases) and, if also homeless, the family of such person. To be eligible for assistance, persons must be very low income.

Grantee – the prime recipient of the S+C grant funds.

Homeless or homeless individual – someone who is sleeping in places not meant for human habitation, such as cars, parks, sidewalks, and abandoned or condemned building; or is sleeping in an emergency shelter. This may include a person who ordinarily sleeps in one of the above places but is spending a short time (30 days or less) in a hospital or other institution. (See Section 2.2)

Participants - an eligible person who has been selected to participate in S+C.

Persons with disabilities – Those who have a disability that is expected to be of long-continued and indefinite duration; substantially impedes his or her ability to live independently; and is of such a nature that the disability could be improved by more stable conditions. Disabilities primarily targeted by the S+C program are: serious mental illness, chronic alcohol and/or other drug abuse; and AIDS or related diseases. (See Section 2.2)

Service provider – a person or organization licensed or otherwise qualified to provide supportive services, either for profit or not for profit.

Single Room Occupancy (SRO) – a unit for occupancy by one person, which need not but may contain food preparation or sanitary facilities, or both.

Sponsor – a nonprofit organization which owns or leases dwelling units for use by S+C participants.

Supportive services match – S+C has a requirement that rental assistance funds must be matched with an equal amount of supportive services funded through sources other than S+C. (See Section 4.3)

Appendices

Appendices include key resource documents, such as:

- Federal Regulations governing S+C,
- Annual Progress Report, and
- CPD notices.

It also includes sample forms that may be useful to local program operators.

The appendices are: ***See Next Page For Appendices in Adobe Acrobat***

Appendix A:	Shelter Plus Care Regulations: 24 CFR 582
Appendix B:	Shelter Plus Care vs. Supportive Housing Program – Side-by-Side Comparison Shelter Plus Care/SRO vs. Section 8 SRO – Side-by-Side Comparison
Appendix C:	Environmental Review Requirements: SNAPshots Policy Newsletter, Vol. 1, No. 1, REV-#2, November 17, 2000
Appendix D:	Rent Reasonableness Checklist
Appendix E:	Tenant Rent Calculations: Notice CPD-96-3
Appendix F:	Supportive Service Match Tracking Form
Appendix G:	Annual Progress Report (APR)
Appendix H:	Lead-Based Paint Requirements



Appendix A CFR 582



Appendix B SPC vs.
SHP



Appendix C
Environmental Review



Appendix D Rent
Reasonableness



Appendix E Tenant
Rent Calc



Appendix F
Supportive Services



Appendix G APR



Appendix H Lead
Based Paint