

**Continuum of Care
Allowable Costs
December 4, 2015**

HUD's definition of Project Administrative costs

578.59

Eligible costs are administrative costs related to planning and execution of CoC activities. Allowable Project Administrative costs are:

- General management, oversight and coordination are costs of overall program management, coordination, monitoring, and evaluation.
- Training on CoC requirements – this includes training for CoC requirements only and to attend HUD sponsored CoC trainings.
- Environmental review – costs to carry out the environmental review responsibilities under Section 578.31. For projects other than construction/renovation, the City of Columbus and Franklin County conduct environmental reviews so there most likely will not be any of these costs for most programs.

This **DOES NOT** include staff and overhead costs directly related to carrying out activities eligible under Section 578.43 through 578.57 (program activities) because those costs are eligible as part of those activities.

This means that costs and indirect costs that are directly related to the program activities are **UNALLOWABLE** under administrative costs.

HUD's definition of Indirect costs

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CoC funds may be used to pay indirect costs in accordance with 2 CFR 200.56

“Indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective, and can be readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved.”

Examples are depreciation, costs of operating and maintaining facilities, general administration and general expenses such as the salaries and expenses of executive officers, personnel administration, and accounting.

Applying Indirect Costs

In order to charge indirect costs to program costs or administrative costs, you **MUST** have an approved indirect cost rate from a federal agency.

The indirect cost rate can only be applied to costs that are included in the base you submitted with your indirect cost rate plan.

The indirect cost rate is to be applied to each budget line item.

You **MAY NOT** include direct charges on an invoice for any costs that are included in your indirect cost pool.

Charging joint costs directly to a program

If you do not have an approved indirect cost rate, joint costs, including depreciation, rental costs, operation and maintenance of facilities, telephone expenses, accounting, auditing, insurance, executive administration, human resources, can be prorated individually as direct costs to each program or activity using an allocation method appropriate to the particular cost being prorated. This is an allowable cost under that Budget Line Item.

Please note that fundraising and lobbying CANNOT be prorated directly to a program.

HUD supports and encourages the method of directly allocating general costs to each program.

Review of the difference between administrative costs and indirect costs

Administrative costs are costs incurred for general management, oversight, coordination, monitoring, and evaluation of a particular program.

Indirect costs are costs that cannot be readily identified with a particular program like facilities, personnel, accounting, executive administration, etc.

Indirect costs can be charged directly to a program using an appropriate proration method if you do not have an approved indirect cost rate.

Match requirements

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- 25% match requirement for all grant funds except leasing.
- Only costs eligible under the grant (Subpart D of the CoC rules and regulations) are allowable to be counted toward match.
- Cash sources can be other federal sources (except CoC), state, local, and private sources as long as the funds are not statutorily prohibited to be used as match.
- In-Kind contributions are allowable as long as the cost is eligible under the grant (Subpart D of the CoC rules and regulations) and is documented.

In-kind Match Documentation

- If in-kind services are used to fulfill part of the match, the recipient must keep a copy of the Memorandum of Understanding (MOU) executed between the agency and the third party that will provide the services.
- The agency must maintain documentation of the actual in-kind services provided to program participants and in-kind contributions to the project throughout the grant period. The records must evidence how the value placed on third-party in-kind contributions was derived.
- To the extent feasible, in-kind match represented by volunteer services must be documented using the same methods used by the agency to support the allocation of regular personnel costs. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the agency's organization. If employees of the agency do not perform similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.

Leverage

- 150% leverage, at the minimum, is required for all programs.
- Leverage is the non-match cash or non-match in-kind resources committed to making a CoC Program project fully operational.
- Leverage funds may be used for any program related costs, even if the costs are not budgeted or not eligible in the CoC Program.
- The same leverage funds cannot be used for multiple programs.
- Leverage must be verified as being part of the program and the availability of the funds must be documented.

Financial recordkeeping and documentation by Budget Line Item

Both the expenditure of grant funds and match funds must be documented.

CSB does not require detailed records be submitted with each invoice but will sample documentation of costs listed on the invoice disbursements journal for each draw/invoice.

Acceptable documentation includes actual invoices, leases, payroll reports, etc.

Leasing

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Grant funds may be used to pay for 100 percent of the costs of leasing a structure or structures, or portions thereof, to provide housing or supportive services to homeless persons for up to 3 years.

The rent paid must be reasonable in relation to rents being charged in the area for comparable space. In addition, the rent paid may not exceed rents currently being charged by the same owner for comparable unassisted space.

If electricity, gas, and water are included in the rent, these utilities may be paid from leasing funds. If not provided by the landlord, the costs are an operating cost.

Grant funds may be used to pay security deposits, in an amount not to exceed 2 months of actual rent.

The sub-recipient must hold the lease in the sub-recipient's name.

Leasing funds may be used to pay the cost of HQS and lead-based paint inspections. However, an organization cannot inspect a unit they own.

Leasing (continued)

578.49

- Occupancy agreements and subleases are required as specified in Section 578.77(a).
- Rent paid must be reasonable and inline with other rents being charged in the area for a comparable unit. And most importantly, rent cannot exceed the rent charged by the owner for like units.
- Occupancy charges and rent from program participants must be calculated as provided in Section 578.77(b) and is considered program income

Leasing (continued)

578.49

Documentation for this Budget Line Item includes:

- Copy of lease between landlord and sub-recipient
- Copy of sublease or agreement between sub-recipient and program participant
- Records showing rent reasonableness, at or below Fair Market Rent
- Housing inspections
- Client eligibility and documentation of continued eligibility (annual assessment).

Rental assistance

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- Grant funds may be used for rental assistance for homeless individuals and families.
- The rental assistance may be TBRA, PBRA, or SBRA, and may be for transitional or permanent housing.
- Grant funds may be used for security deposits in an amount not to exceed 2 months of rent.
- Rental assistance is administered by Columbus Metropolitan Housing Authority.
- Grant funds may be used in an amount not to exceed one month's rent to pay for any damage to housing, one-time cost per participant.

Rental assistance (documentation)

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- Documentation for this Budget Line Item includes:
 - Copy of leases
 - Records showing rent reasonableness at or below Fair Market Rent with some exceptions.
 - Housing inspections
 - Client eligibility and documentation of continued eligibility (annual assessment)

Supportive services

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- Grant funds may be used to pay the eligible costs of supportive services that address the special needs of the program participants.
- Services should assist participants obtain and maintain housing.
- An annual assessment of the service needs of the program participants must be conducted and services adjusted accordingly.

Supportive services (continued)

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- Transitional housing projects - supportive services must be made available throughout participants' stay.
- Services may also be provided by transitional housing projects to former residents of transitional housing and current residents of permanent housing to assist with their adjustment to independent living.
- Permanent supportive housing projects - must enable residents to live as independently as is practicable throughout their stay.
- Rapid rehousing projects must require the program participant to meet with a case manager not less than once per month as set forth in 578.37(a)(1)(ii)(F), to assist the program participant in maintaining long-term housing stability.

Supportive services – Eligible Costs

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- Eligible costs include the following:
 - The costs of the Annual Assessment of Service Needs
 - Reasonable one-time moving costs including truck rental and hiring a moving company
 - For case management, the costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant(s).

Supportive services – Case Management

Case Management services and activities consist of:

- Counseling;
- Developing, securing, and coordinating services;
- Using CPoA;
- Obtaining federal, State, and local benefits;
- Monitoring and evaluating program participant progress;
- Providing information and referrals to other providers;
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and
- Developing an individualized housing and service plan (IHSP).

Supportive services – Child Care

The costs of establishing and operating child care, and providing child-care vouchers. The following criteria must be followed:

- The children must be under the age of 13, unless they are disabled children.
- Disabled children must be under the age of 18.
- The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

Supportive Services - Education

The costs of education services to improve knowledge and basic educational skills. Education services include:

- Instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED).

Component services or activities are screening, assessment and testing; individual or group instruction; tutoring; provision of books, supplies, and instructional material; counseling; and referral to community resources.

Supportive Services - Employment

The costs of employment assistance and job training programs. The cost of providing reasonable stipends to program participants in employment assistance and job training programs.

- Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates.
- Services that assist individuals in securing employment consist of:
 - Employment screening, assessment, or testing;
 - Structured job skills and job-seeking skills;
 - Special training and tutoring, including literacy training and pre-vocational training;
 - Books and instructional material;
 - Counseling or job coaching; and
 - Referral to community resources.

Supportive Services - Housing

- Housing search and counseling services includes costs of assisting eligible program participants to locate, obtain, and retain suitable housing.
- Services or activities are tenant counseling; assisting individuals and families to understand leases; securing utilities; and making moving arrangements.
- Other eligible costs are:
 - Mediation with property owners and landlords on behalf of eligible program participants;
 - Credit counseling, accessing a free personal credit report, and resolving personal credit issues; and
 - The payment of rental application fees.

Supportive Services - Legal

- Eligible legal services costs are the fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys.
- Eligible subject matters are child support; guardianship; paternity; emancipation; legal separation; orders of protection and other civil remedies; appeal of veterans and public benefit claim denials; landlord tenant disputes; and the resolution of outstanding criminal warrants.
- Services or activities may include receiving and preparing cases for trial, provision of legal advice, representation at hearings, and counseling.
- Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible.

Supportive Services – Life Skills

- Life skills training including the costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance abuse, and homelessness.
- These services must be necessary to assist the program participant to function independently in the community.
- Life skills training are the budgeting of resources and money management, household management, conflict management, shopping for food and other needed items, nutrition, the use of public transportation, and parent training.

Supportive Services – Mental Health & Substance Abuse

- Eligible mental health services costs are the direct outpatient treatment of mental health conditions that are provided by licensed professionals.
- Services are crisis interventions; counseling; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.
- Substance abuse treatment services costs includes costs of program participant intake and assessment, outpatient treatment, group and individual counseling, and drug testing.

Supportive Services – Outpatient Health

Eligible outpatient health services costs are the direct outpatient treatment of medical conditions when provided by licensed medical professionals including:

- Providing an analysis or assessment of an individual's health problems and the development of a treatment plan;
- Assisting individuals to understand their health needs;
- Providing directly or assisting individuals to obtain and utilize appropriate medical treatment;
- Preventive medical care and health maintenance services, including in-home health services and emergency medical services;
- Provision of appropriate medication;
- Providing follow-up services; and
- Preventive and non-cosmetic dental care.

Supportive Services – Outreach

Outreach services include the costs of activities to engage persons for the purpose of providing immediate support and intervention, as well as identifying potential program participants. Eligible costs include:

- The outreach worker's transportation costs and a cell phone.
- Services consist of: initial assessment; crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries; actively connecting and providing people with information and referrals to homeless and mainstream programs; and publicizing the availability of the housing and/or services provided within the geographic area covered by the Continuum of Care.

Supportive Services - Transportation

Transportation costs are eligible under the following circumstances:

- The costs of program participant's travel on public transportation or in a vehicle provided by the sub-recipient to and from medical care, employment, child care, or other services eligible under this section.
- Mileage allowance for service workers to visit program participants and to carry out housing quality inspections;
- The cost of purchasing or leasing a vehicle in which staff transports program participants and/or staff serving program participants;
- The cost of gas, insurance, taxes, and maintenance for the vehicle;
- The costs of staff to accompany or assist program participants to utilize public transportation

Supportive Services – Transportation (continued)

If public transportation options are not sufficient within the area, the recipient may make a one-time payment on behalf of a program participant needing car repairs or maintenance required to operate a personal vehicle, subject to the following:

- Payments for car repairs or maintenance on behalf of the program participant may not exceed 10 percent of the Blue Book value of the vehicle;
- Payments for car repairs or maintenance must be paid directly to the third party that repairs or maintains the car; and
- The program participants may be required to share in the cost of car repairs or maintenance as a condition of receiving assistance with car repairs or maintenance.

Eligible Supportive Services Costs

Direct provision of services as outlined in prior slides that is directly delivered by the sub-recipient, include the following costs for those services:

- The costs of labor or supplies, and materials incurred by the sub-recipient in directly providing supportive services to program participants; and
- The salary and benefit packages of the sub-recipient staff who directly deliver the services.

Ineligible Supportive Services Costs

Any cost that is not described as an eligible cost under this Section 578.53 is not an eligible cost of providing supportive services using Continuum of Care program funds.

- Staff training and the costs of obtaining professional licenses or certifications needed to provide supportive services are not eligible costs.
- Legal services for immigration and citizenship matters and issues related to mortgages and homeownership are ineligible.
- Retainer fee arrangements and contingency fee arrangements are ineligible.
- Inpatient detoxification and other inpatient drug or alcohol treatment are ineligible.
- Legal services and costs of the sub-grantee.

Supportive Services Documentation

Documentation for this Budget Line Item includes:

- Evidence that supportive services are made available to residents throughout the duration of their residence in the project. **This documentation consists of case notes, IHSP, and if applicable, termination notes.** In the case of medical services, a list of service dates verified by the service provider is acceptable.
- Client eligibility and documentation of continued eligibility (**annual assessment**).
- Invoices for services and related costs.
- For moving costs, invoices (including client numbers) and documentation in the case notes as to the need for moving assistance and that it is a one-time cost.
- For child care, invoices and payroll records to operate a childcare facility or an invoice from an outside childcare facility. A list of clients that were provided the childcare and documentation that the child is under 13 (age 18, if disabled) and that the childcare facility is licensed.

Supportive Services Documentation (continued)

- Invoices for costs to provide education services including invoices for books, supplies, and instructional material.
- Invoices for costs to provide employment assistance and job training, including classroom, online and/or computer instruction, on-the-job instruction, and stipends.
- Invoices for costs to provide housing search and counseling services, tenant counseling, mediation services credit counseling.
- Records showing rental application fees.
- Invoices for legal services costs including client numbers and the eligible legal service that were provided.
- Invoices for life skills training including client numbers. The client files should document the need for such training.

Supportive Services Documentation (continued)

- Invoices for mental health services costs including client numbers. The client files should document the dates of service.
- Invoices for direct outpatient treatment of medical conditions, and substance abuse treatment, including client numbers and evidence that services are provided by a licensed professional. The client files should document the dates of service.
- Invoices for transportation costs that includes documentation as to the need for transportation assistance.
- Invoices documenting utility deposits including client numbers.
- **When services are provided by the sub-recipient, employee timesheets showing activities and hours by day. Timesheets must be after the fact and not based on an estimated percentage. Timesheets must be signed (or approved electronically) by the employee and supervisor.**
- Invoices for the cost of supplies, materials, and space for the sub-recipient to provide supportive services to program participants

Operating Costs

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Eligible costs includes:

- The maintenance and repair of housing;
- Property taxes and insurance;
- Scheduled payments to a reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost);
- Building security for a structure where more than 50 percent of the units or area is paid for with grant funds;
- Electricity, gas, and water (if not included in leasing costs);
- Furniture that is attached to the unit and not the tenant; and
- Equipment.

Operating Costs (continued)

578.55

Program funds may not be used for:

- Rental assistance and operating costs in the same project
- Operating costs of emergency shelter- and supportive service-only facilities.
- Maintenance and repair of housing where the costs of maintaining and repairing the housing are included in the lease.

Procurement Methods

- Small purchases (this method is further defined as micro and small purchases in the 2 CFR 200)
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)
- 2 CFR 200 contains further details

Invoicing – Submission of Reimbursement Request

- Agencies must fully complete the invoice form and disbursements journal.
- The disbursements journal should list each disbursement separately.
- Each disbursement line item will list the date, transaction type, the name of the payee, a short but full description of the item, and the dollar amount under the correct budget line item.
- Agencies must have documentation for all items listed on the disbursements journal and willing to submit the documentation to CSB, if requested. Any agency that is not willing to send CSB the documentation should not include the expense on the disbursement journal. Documentation such as interagency billing is not acceptable documentation.
- Matching expenses are to be listed in the same manner as expenses being submitted for reimbursement. If an expense is not allowable for reimbursement, it is not allowable as match.

Invoicing – Processing of Reimbursement Requests

- CSB staff will conduct an initial review of requests for reimbursement to verify mathematical accuracy, correctness of budget/program categories, consistency with prior invoices, and allowable costs.
- The initial review will include comparison of the items listed on the disbursements journal to the agency's submitted CoC application budget to ensure the expenses were included in the original budget. Items will also be reviewed to ensure the expense is allowable per the CoC HEARTH regulations for each budget line item.
- If any expense requires further explanation, CSB will contact the agency. If the expense is determined to be unallowable, the agency will be asked to remove the expense and resubmit the invoice.
- If no problems are detected, the invoice will be processed for payment in accordance with the ACH procedures established by CSB.

Invoicing – Reviewing Reimbursement Requests

- CSB will test transactions included in the reimbursement request by requesting support for line items appearing on the disbursement journal as follows:
 - CSB will select at least 10% of the annual transactions (inclusive of match).
 - Where applicable, at least two weeks of payroll/timesheets will be selected every three months.
 - Targeted selection of certain items based on the type or size of the costs
 - Annually will attempt to select at least five transactions in each budget category, including matching funds.

Resources

FY2013 & FY2014 NOFA - <https://www.hudexchange.info/e-snaps/fy-2013-coc-program-nofa-coc-program-competition/>

CoC Interim Rule -

<https://www.hudexchange.info/resources/documents/CoCProgramInterimRuleFormattedVersion.pdf>

COFAR - <http://www.gpo.gov/>, Title 2, Part 200 – Office of Management and Budget Guidance

CSB website – <http://www.csb.org/>

Questions?