



Leasing Challenges

Guidance and options in addressing challenges under the CoC PSH Program

April 25, 2025

Office of Housing and Community Development

OVERVIEW

This guidance is published to provide clarity to Continuum of Care (CoC) Permanent Supportive Housing (PSH) subrecipients relative to challenges they may experience in finding appropriate units needed to operate a CoC PSH project. The following information is taken from the U.S. Department of Housing and Urban Development (HUD) website:

Does HUD permit CoC PSH projects to lease housing outside of their own CoC?

Generally, HUD (U.S. Department of Housing and Urban Development) expects Continuum of Care (CoC) Permanent Supportive Housing (PSH) projects to operate within the geographic boundaries of their own CoC, because the funding is intended to address homelessness within that specific community.

However, exceptions can be made under certain circumstances, particularly when:

1. The housing is close to the CoC boundary, and
2. It better meets the needs of the client, such as access to medical care, family support, or other services.
3. The CoC and recipient can justify how housing outside the CoC still supports the overall goals of reducing homelessness in their area.

In these cases, HUD requires clear justification and prior approval, particularly if the arrangement is long-term or involves a significant portion of the program. Regardless, this is considered a significant change to the project and must be handled through a formal process. *(Changing this requires a grant amendment and approval from HUD—PSH projects cannot unilaterally make this change).*

As grantee, the City of New Bedford's OHCD would *first* have to approve of a change requesting lease of unit/s outside of MA-505 prior to submission to HUD. As part of the OHCD's due diligence, its consideration would include a review of the need/demand for the change that a subrecipient proposes and the subrecipient's rationale for doing so. Assuming the OHCD approves of the request to HUD, the OHCD as grantee would then send the formal request to the HUD Field Office.

Valid justification for an exception would require detailed documentation showing that:

- Efforts were made to locate units within the CoC that meet both Fair Market Rent (FMR) and Housing Quality Standards (HQS).
- There is a lack of landlord willingness to lease to PSH participants within the CoC.

- The units outside the CoC meet program requirements, are still accessible to participants' support services, and are in the best interest of the clients.

If the Subrecipient intends to submit such a request to the OHCD, the Subrecipient should:

- Keep records of outreach to landlords within the CoC (emails, logs, responses).
- Document unit shortages (e.g., via search logs, vacancy listings).
- Describe how the housing outside the CoC still aligns with participant needs and the CoC's goals.

See Attachment A for guidance.

Does HUD permit a PSH project to change its target population to be served?

Yes, HUD does permit a CoC Permanent Supportive Housing (PSH) project to change its target population¹, but only with prior HUD approval. This is considered a significant change to the project and must be handled through a formal process. *(Changing this requires a grant amendment and approval from HUD—PSH projects cannot unilaterally make this change).*

As grantee, the City of New Bedford's OHCD would *first* have to approve of a target population change prior to submitting such a request to HUD. As part of the OHCD's due diligence, its consideration would include the need/demand for the kind of housing that a subrecipient wishes to change and their rationale for doing so. Assuming the OHCD approves of the request to HUD, it would send the formal request to the HUD Field Office.

Subrecipients must demonstrate to the OHCD/Grantee why the change is necessary, how it benefits the local homeless system and provide an assurance that there will be no reduction in service quality or housing stability for the new population. Additionally, subrecipients must show *how* the proposed change aligns with:

- Local needs (as documented in the CoC's planning and data),
- The CoC's current priorities and strategic plan,
- And HUD's priorities, such as serving people with the most severe needs.

See Attachment B for guidance.

¹ Target population refers to the specific subpopulation the project is designed to serve (e.g., individuals with chronic homelessness, families, youth, veterans, etc.).

SUBMISSION TEMPLATE REQUESTING USE OF UNITS OUTSIDE THE COC

We are writing to request an exception to lease Permanent Supportive Housing (PSH) units for our Project, [Project Name] grant # _____ outside the boundaries of our Continuum of Care (MA-505).

Despite exhaustive efforts, our project has encountered significant barriers to securing compliant units within our CoC's geographic area due to:

- ☐ **Landlord Refusals:** Multiple property owners have declined to lease to our program participants, despite extensive outreach and engagement efforts.
- ☐ **FMR/HQS Challenges:** Available units that meet Housing Quality Standards (HQS) are consistently priced above HUD's established Fair Market Rent (FMR) limits for our CoC. This has limited our ability to lease units that are both safe and affordable for program participants.

We have identified suitable units just outside our CoC's boundaries, within [identify area]. These units:

- ☐ Meet both FMR and HQS requirements;
- ☐ Are within reasonable proximity to essential supportive services and public transit;
- ☐ Will allow us to house participants in a timely and stable manner; and
- ☐ Represent the most appropriate option to meet the needs of our program participants at this time.

We respectfully request the OHCD's approval to lease [number] units in [location] under the [Project Name] PSH project.

Attached to this request are supporting materials including:

- ☐ A log of landlord outreach efforts within our CoC;
- ☐ Documentation of available units and rental prices (e.g. search logs, vacancy listings etc.);
- ☐ Description of how the housing outside the MA-505 CoC still aligns with participant needs and CoC goals.
- ☐ A map showing proximity to services and participant access points;

We are committed to maintaining close coordination with [Neighboring CoC, if involved] and ensuring compliance with all applicable CoC Program regulations and performance standards.

AGENCY CONTACT NAME: _____

SIGNATURE OF AUTHORIZED CONTACT ON AGENCY'S BEHALF: _____

AGENCY CONTACT EMAIL: _____

SUBMISSION DATE TO OHCD: _____

SUBMISSION TEMPLATE REQUESTING CHANGE OF TARGET POPULATION TO BE SERVED

We are writing to request approval to change the target population served by our Permanent Supportive Housing (PSH) units for our Project, [Project Name], grant # _____ within our Continuum of Care (MA-505).

Currently, our project is designated to serve [Current Target Population, e.g., individuals experiencing chronic homelessness]. We are requesting to amend this designation to serve [Proposed Target Population, e.g., families with children experiencing homelessness].

This proposed change is based on the following considerations:

- ☐ A documented shift in local need, as reflected in recent Point-in-Time counts and CoC planning data.
- ☐ Alignment with the strategic direction of the CoC, which prioritizes housing for [insert justification].
- ☐ Our agency's capacity and experience to effectively serve the proposed population without disruption to service quality or housing stability.

Attached to this request are supporting materials including:

- ☐ Demonstration as to why the change is necessary,
- ☐ How it benefits the local homeless system and
- ☐ An assurance that there will be no reduction in service quality or housing stability for the new population.
- ☐ Demonstration showing how the proposed change aligns with:
 - Local needs (as documented in the CoC's planning and data),
 - The CoC's current priorities and strategic plan,
 - And HUD's priorities, such as serving people with the most severe needs.

We have consulted with the CoC's Executive Board, and they are in support of this change.

We believe this amendment will allow us to more effectively respond to the needs of people experiencing homelessness in our region.

AGENCY CONTACT NAME: _____

SIGNATURE OF AUTHORIZED CONTACT ON AGENCY'S BEHALF: _____

AGENCY CONTACT EMAIL: _____

SUBMISSION DATE TO OHCD: _____