



Continuum of Care (CoC) Program Eligible Costs

The CoC Program interim rule sets forth the costs eligible for each program component in § 578.37(a). Not all costs are eligible in each program component, and in some cases, certain costs cannot be combined in a single unit or structure. The eligible costs for contributing data to the HMIS designated by the Continuum of Care are also eligible under all components. The eligible costs are summarized below:

- **Acquisition**

Acquisition of real property is an eligible cost category under the PH, TH, and SSO program components. Grant funds may be used for up to 100 percent of the cost of purchasing property for the purpose of providing permanent housing, transitional housing, and supportive services only activities.

- **Rehabilitation**

Rehabilitation of structures is an eligible cost category under the PH, TH, and SSO program components. Eligible rehabilitation costs include installing cost-saving energy measures and bringing a structure up to health and safety standards. Rehabilitation on leased properties is ineligible.

- **New Construction**

New construction of structures is eligible under the PH and TH program components. New construction may include building entirely new facilities, constructing an addition to an existing structure that increases the floor area by 100 percent or more, and the cost of land for construction. Projects must demonstrate that construction is more cost-effective than rehabilitation. Unlike the previous regulations, the CoC Program interim rule establishes no maximum grant limits for rehabilitation or new construction. CoC Program funds may be used for up to 100 percent of costs as long as the match requirement is met through other resources. New construction on leased properties is ineligible.

- **Leasing Costs**

Leasing is an eligible cost category under the PH, TH, SSO, and HMIS program components. Funds may be used to lease individual units or all or part of structures. Rents must be reasonable and, in the case of individual units, the rent paid may not exceed HUD-determined Fair Market Rents. Leasing funds may not be used for units or structures owned by the recipient, subrecipient, their parent organization(s), any other related organization(s), or organizations that are members of a partnership where the partnership owns the structure without a HUD-authorized exception. When leasing funds are used to pay rent on units, the lease must be between the recipient or the subrecipient and the landowner, with a sublease or occupancy agreement with the program participant. The recipient may, but is not required to, charge the program participant an occupancy charge, consistent with the parameters specified in the interim rule.

- **Rental Assistance Costs**

Rental assistance is an eligible cost category under the PH and TH program components and may be tenant-based (TBRA), sponsor-based (SBRA), or project-based (PBRA), depending upon the component type.

Rental assistance may be short-term for up to 3 months; medium-term for 3 to 24 months; or long-term for more than 24 months. The length of assistance depends upon the component type under which the cost is funded. Recipients must serve as many program participants as identified in their funding application to HUD, but, if the amount reserved for the term of the grant exceeds the amount needed to pay actual costs, the excess funds may be used to cover property damage, rent increases, or the rental needs of a greater number of program participants.

- **TBRA.** Program participants select any appropriately sized unit within the CoC's geographic area, although recipients or subrecipients may restrict the location under certain circumstances to ensure the availability of the appropriate supportive services. Except for victims of domestic violence, program participants may not retain their rental assistance if they relocate to a unit outside the CoC's geographic area.

- **SBRA.** Program participants must reside in housing owned or leased by a sponsor organization and arranged through a contract between the recipient and the sponsor organization.
- **PBRA.** Program participants must reside in housing provided through a contract with the owner of an existing structure whereby the owner agrees to lease subsidized units to program participants. Program participants may not retain their rental assistance if they relocate to a unit outside the project.

When rental assistance funds are used to pay rent on units, the lease must be between the program participant and the landowner. Each program participant, on whose behalf rental assistance payments are made, must pay a contribution toward rent consistent with the requirements of the interim rule.

- **Supportive Services Costs**

Supportive services are eligible costs under the PH, TH, and SSO program components. The CoC Program interim rule specifies all eligible services and clarifies that any cost not listed in the rule is ineligible. As in the past, services must be offered to residents of PSH and TH for the full period of their residence. RRH programs must require program participants to meet with a case manager at least monthly.

Services may be provided to formerly homeless individuals for up to six months after their exit from homelessness, including the six months following exit from a transitional housing project. Recipients and subrecipients are required to perform an annual assessment of the service needs of their program participants and to adjust services accordingly. Eligible costs include the cost of providing services, the salary and benefits of staff providing services, and materials and supplies used in providing services.

- **Operating Costs**

Operating costs are eligible under the PH, TH, and HMIS program components. Funds may be used to pay the day-to-day operating costs in a single structure or individual housing units, including maintenance (such as scheduled replacement of major systems), repair, building security (when CoC Program funds pay for more than 50 percent of the facility by unit or area), electricity, gas, water, furniture, equipment, property insurance, and taxes. These costs may not be combined with rental assistance costs within the same unit or structure, and operating costs are not eligible under the SSO program component.

- **HMIS Costs**

Costs related to contributing client data to or maintaining data in the CoC's HMIS or a comparable database for victim services providers or legal services providers are eligible costs under the PH, TH, SSO, and HMIS program components. Eligible HMIS costs include hardware, equipment and software costs; training and overhead; and staffing costs associated with contributing data to the HMIS designated by the CoC for its geographic area.

- **Project Administration**

Recipients and subrecipients may use up to 10 percent of any grant, excluding the amount for CoC planning and Unified Funding Agency (UFA) costs, established through the CoC Program NOFA for project administrative costs. These costs include expenses related to the overall administration of the grant (24 CFR part 578.59), such as management, coordination, monitoring, and evaluation activities and environmental review.