

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5327-N-01]

**Notice of Fiscal Year (FY) 2009 Opportunity to Register and Other Important Information
for Electronic Application Submission for Continuum of Care Homeless Assistance
Programs**

AGENCY: Office of Community Planning and Development, HUD

ACTION: Notice.

SUMMARY: This notice provides instructions to potential Continuums of Care (CoCs) applying for the approximately \$1.43 billion of funding under HUD's Continuum of Care Homeless Assistance Competition in FY 2009. The CoC competition uses an electronic system outside of Grants.gov for CoC registration, as well as for submission of the CoC application, called *e-snaps*. Notification of the availability of the 2009 CoC application will be released via HUD's Homeless Assistance listserv. To join HUD's listserv, go to <http://www.hud.gov/subscribe/maillinglist.cfm> and click on "Homeless Assistance Program."

This notice provides information to help applicants better understand the CoC registration and electronic application submission process through *e-snaps*, which is located at www.hud.gov/esnaps. Applicants for project funding are also required to register with Dun and Bradstreet, if they have not already done so, and complete or renew their registration in the Central Contractor Registration (CCR). More information on this can be found in the General Section to HUD's FY 2009 NOFAs for Discretionary Programs published in the Federal Register December 29, 2008 (73 FR 79548), as amended April 16, 2009 (73 FR 17685). In an effort to streamline the renewal award process in 2009, HUD has modified the selection process. Eligible Supportive Housing Program (SHP) and Shelter Plus Care (S+C) renewal projects will be conditionally awarded as quickly as possible. New projects will be awarded after the project

threshold review and the scoring of the CoC application have been completed. A project application must be submitted for each project that is eligible for renewal in the 2009 competition, in order for it to be considered for funding,

Projects are considered eligible for renewal in the 2009 competition if they expire in Calendar Year 2010 and have met all of the performance and capacity requirements that will be outlined in the 2009 CoC Notice of Funding Availability (NOFA). HUD reserves the right to not renew grants where the grantee has exhibited serious capacity issues in prior grants, including performance and financial problems, or unresolved monitoring findings for which there is no evidence that the grantee is working toward appropriate resolution. CoCs and project applicants should read all sections of this notice, as well as the upcoming 2009 NOFA, to help identify these types of issues and work with their local field office to resolve the issues prior to the 2009 CoC Application due date. Grantees and project sponsors are responsible for keeping grant files and for knowing the beginning and ending dates of their grants. If a grantee fails to apply for a renewal project in the appropriate year, the project will not be eligible for renewal in the next funding competition. PLEASE NOTE: Under the 2002 and 2003 Appropriation Acts, funds for all grants awarded in those years will be available for use until September 30, 2009 and September 30, 2010 respectively. Projects that were awarded in 2002 and expire in 2009 were required to apply for renewal in the 2008 competition and, therefore, will not be eligible for renewal in the 2009 competition. Although the terms of all grants awarded in 2002 and 2003 should have expired before September 30, 2009, and September 30, 2010, respectively, HUD has discovered that, due to delays in signing the grant agreements or extensions, some grants have an expiration date in 2010 or later. Funds will not be available for expenditure after September 30, 2009, and September 30, 2010, respectively, for these grants. Recipients may not accelerate

their spending rate. Field offices will monitor draws for affected grants, to ensure that funds will be drawn only to reimburse the affected recipients for actual costs incurred in accordance with the project budget on, or before, funds are no longer available. Notwithstanding the expiration date of your SHP or S+C grant, if the grant was awarded in 2002 or 2003, but has an expiration date of 2010 or later, the applicant must apply for renewal in 2009.

As stated previously, HUD will rate new project applications separately from renewal project submissions. The determination of leveraging and housing emphasis scores in Exhibit 1 will be calculated only with data from new project applications. For more information on this and other significant changes to the 2009 CoC competition, please see Section III of this notice. HUD advises potential applicants to read this notice in its entirety and complete the training offered at www.hudhre.info.

FOR FURTHER INFORMATION CONTACT: CoCs may contact the HUD Field Office serving their area, at the telephone number shown in the General Section. In addition, applicants are strongly encouraged to send questions regarding this notice to the *e-snaps* Virtual Help Desk at www.hudhre.info/helpdesk.

FULL TEXT OF ANNOUNCEMENT

This notice is divided into three sections. Section I describes important information that CoCs and project applicants should be familiar with prior to applying for 2009 Homeless Assistance funding. This includes pertinent definitions and an overview of the necessary CoC planning process. Section II provides detailed information on completing the CoC registration process in *e-snaps*. Finally, Section III provides information about the major changes that HUD will make to the 2009 CoC Homeless Assistance competition. HUD hopes that this will assist CoCs in better planning their 2009 CoC application.

I. OVERVIEW INFORMATION

A. Program Description

Approximately \$1.43 billion is available for funding through the FY2009 CoC Homeless Assistance Competition. Carried over or recaptured funds from previous fiscal years, if available, may be added to this amount.

The purpose of the CoC Homeless Assistance Program is to reduce the incidence of homelessness in CoC communities by assisting homeless individuals and families move to self-sufficiency and permanent housing.

The 2009 CoC NOFA will be published separately in the Federal Register no earlier than August 15, 2009.

B. Definitions.

The definitions contained in this notice are only those that are necessary for CoCs to understand in order complete the 2009 CoC registration process. A complete list of definitions will be provided in the 2009 CoC NOFA.

1. *Annual Renewal Amount.* This is the maximum amount that an SHP grant can receive on an annual basis when renewed. It includes funds for only those eligible activities (operating, supportive services, leasing, Homeless Management Information System (HMIS), and administration) that were funded in the original grant (or the original grant as amended), less the nonrenewable activities (acquisition, new construction, and rehabilitation). It is used to calculate a CoC's "hold harmless" need amount.

To calculate the Annual Renewal Amount (ARA) for SHP grants, add up the amount of the renewable budget line items (i.e., operating, supportive services, leasing, HMIS, and administration) for all the years of the most recent grant, and divide by the number of years in

the grant term. Any funding for acquisition, rehabilitation, new construction—and any administration costs related to those activities—is not renewable and, therefore, should not be calculated in ARA. If the initial grant included these activities, administrative costs must be recalculated and must not exceed 5 percent of the total of leasing, operating, HMIS, and supportive services costs contained in the initial grant.

For example, if the initial 3-year grant was for \$472,500 (\$150,000 for new construction, \$150,000 for operating costs, \$150,000 for supportive services, and \$22,500 for administration), the new construction costs, and any administration costs associated with it, would not be eligible for renewal. Thus, the total renewable amount would be \$315,000 (\$150,000 for operating costs, \$150,000 for supportive services, and \$15,000 for administration) and the ARA is \$105,000 (\$315,000 divided by the 3-year grant term).

If the initial 3-year grant was \$315,000 and did not include acquisition, rehabilitation, or new construction costs, (\$150,000 for operating costs, \$150,000 for supportive services, and \$15,000 for administration), the ARA would be \$105,000 (\$315,000 divided by the 3-year grant term).

2. *Continuum of Care*. This is a collaborative funding and planning approach that helps communities plan for and provide, as necessary, a full range of emergency, transitional, and permanent housing and other service resources to address the various needs of homeless persons. HUD also refers to the group of service providers involved in the decision-making processes as the “Continuum of Care.”

3. *Continuum of Care Lead Agency*. This is the agency or organization designated by the CoC primary decision-making body to be the entity that submits the CoC application. The CoC lead agency should be responsible for the coordination and oversight of the CoC planning efforts, and

has the authority to certify and submit the CoC homeless assistance funding application. A state governmental entity is the only acceptable organization that may serve as the Lead Agency for multiple CoCs, due to the level of involvement and possible conflict of interest that comes with serving multiple CoCs. Under no other circumstance should one entity be identified as the Lead Agency for multiple CoCs.

4. *Continuum of Care Lead Agency Contact.* This is the person(s) with the authority to submit the Continuum of Care Homeless Assistance Grants Competition application on behalf of the CoC, usually the Executive Director or Chief Executive Officer (CEO) of the CoC Lead Agency.

5. *Continuum of Care Need Amounts*

a. *Continuum of Care Preliminary Pro Rata Need (PPRN).* This is the amount of funds a CoC could receive based upon the geography that HUD approves as belonging to that CoC. To determine the homeless assistance need of a particular jurisdiction, HUD will use nationally available data, including the following factors as used in the Emergency Shelter Grants (ESG) program formula: data on poverty, housing overcrowding, population, age of housing, and growth lag. Applying those factors to a particular jurisdiction provides an estimate of the relative need index for that jurisdiction compared to other jurisdictions applying for assistance under the 2009 CoC NOFA. Each year, HUD publishes the PPRN for each jurisdiction. A CoC's PPRN is determined by adding the published PPRN of each jurisdiction within the HUD-approved CoC.

b. *Continuum of Care Hold Harmless Need (HHN).* This is the amount of funds a CoC is eligible to receive where the total ARA of all SHP grants expiring in that CoC during the period beginning January 1, 2010, and ending December 31, 2010, exceeds the PPRN for that CoC. The HHN is the amount needed to fund the expiring renewal grants for one year.

c. *Continuum of Care Final Pro Rata Need (FPRN)*. This is the higher amount of: (1) the PPRN or (2) the HHN. In the case of CoCs that are eligible and approved by HUD for CoC Hold Harmless Merger, the FPRN will be based on the summation of the FPRN of each merging CoC. For more information, see Section I.B.5.d.

d. *Continuum of Care Hold Harmless Merger*. This is the a process where two or more CoCs that registered separately in the 2008 competition, at least one of which has a 2009 FPRN based on the HHN and another of which has a 2009 FPRN based on the PPRN, register together in the 2009 competition. Under this process, HUD will calculate the newly merged CoC's FPRN based on the higher FPRN for each CoC. This calculation is completed during CoC registration. The newly merged CoC may use this process for calculating FPRN for the 2009 competition only.

6. *Continuum of Care Primary Decision-Making Group*. This group manages the overall planning effort for the CoC, including, but not limited to, the following types of activities: setting agendas for full Continuum of Care meetings, project monitoring, determining project priorities, and providing final approval for the CoC application submission. This body is also responsible for the implementation of the CoC's HMIS, either through direct oversight or through the designation of an HMIS-implementing agency. This group may be the CoC Lead Agency or may authorize another entity to be the CoC Lead Agency under its direction.

7. *Continuum of Care Registration*. The initial step in the electronic application process requires a CoC to claim geography and appoint a CoC Lead Agency that will be responsible for the submission of the electronic application to HUD. This process establishes the CoC's FPRN amount, as well as the bonus amounts that CoCs are eligible to request.

8. *Funding Category.* A funding category is a project submission category subject to NOFA selection priorities. There are four funding categories in the 2009 competition:

(1) The Shelter Plus Care Renewal Funding Category includes eligible S+C renewal projects.

(2) The Supportive Housing Program Renewal Funding Category includes eligible SHP renewals approved by the CoC.

(3) The Permanent Housing Bonus Funding Category covers one or more new SHP, S+C, and Section 8 SRO projects that, in total, may be no more than 15 percent of a CoC's Preliminary Pro Rata Need.

(4) The FPRN Funding Category covers new SHP, Section 8 SRO, and S+C projects submitted by CoCs that are in PPRN status and that have funds available in their FPRN. A CoC in PPRN status will only be able to submit new projects equal to the difference between the renewal amounts claimed in the SHP renewal funding category (2) above and these CoCs' FPRN.

Projects that are submitted in the Permanent Housing Bonus and FPRN Funding Categories that exceed the limits of the funding category in part will be reduced by HUD and projects that are totally outside the funding category limit will be automatically rejected.

9. *Grant Inventory Worksheet.* This is an inventory of all grants that are eligible for renewal in a particular year. In 2009, CoCs will be responsible for attaching the SHP and S+C grant inventory worksheets into *e-snaps* during the CoC registration process. HUD will use the grant inventories to determine the renewal projects that are eligible for award and the funding amount that they are eligible to receive. Therefore, CoCs must work with their local HUD field office to ensure that all eligible projects are included on these lists. For SHP projects, the correct annual

renewal amounts must be recorded. For S+C, the correct total number of units must be included. CoCs will be asked to provide, at a minimum, the following information for each of its renewal projects:

- Name of Project
- Project Number
- Grant Term
- Expiration Date
- Component Type
- Previously approved budget amounts by activity/Unit Distribution (S+C)
- Annual Renewal Amount (SHP)/Total Number of Units (S+C)

C. CoC Planning Process. HUD will evaluate CoCs on the following criteria:

- CoC Housing, Services, and Structure;
- Homeless Needs and Data Collection;
- CoC Strategic Planning;
- CoC Performance; and
- Housing Emphasis.

There are several significant changes to these evaluation criteria from prior years. These changes are outlined in this Notice and will be discussed in detail in the 2009 NOFA. CoCs are encouraged to continue planning for the 2009 CoC Homeless Assistance competition in the same manner that they have in past years. This includes:

1. A CoC planning system is developed through a community-wide or region-wide process involving the coordination of nonprofit organizations (including those representing persons with disabilities), state and local government agencies, public housing agencies, community and faith-

based organizations, other homeless providers, service providers, housing developers, private health care associations, law enforcement and corrections agencies, school systems, private funding providers, and homeless or formerly homeless persons, to successfully address the complex and interrelated problems related to homelessness. As in the past, this year HUD emphasizes its determination to integrate and align plans, including jurisdictional, state, and city 10-year plans (jurisdictional 10-year plans) encouraged by the U.S. Interagency Council on Homelessness, as well as, Consolidated Plans, into the CoC plans. These plans serve as a vehicle for a community to comprehensively identify all of its needs and to coordinate a plan for addressing them.

A CoC should address the specific needs of each homeless subpopulation: those experiencing chronic homelessness, veterans, persons with serious mental illnesses, persons with substance abuse issues, persons with HIV/AIDS, persons with co-occurring diagnoses (these may include diagnoses of multiple physical disabilities or multiple mental disabilities or a combination of these two types), victims of domestic violence, youth, and any others. To ensure that the CoC system addresses the needs of homeless veterans, it is particularly important that CoCs involve veteran service organizations with specific experience in serving homeless veterans.

Through the American Recovery and Reinvestment Act, Congress designated \$1.5 billion for HUD's Homelessness Prevention and Rapid Re-housing Program (HPRP). Through this new program, funds for prevention activities and rapid re-housing of individuals and families have been made available to eligible grantees, including states, territories, metropolitan cities, and urban counties. HPRP Grantees are required to coordinate with CoCs in the development of

HPRP program and activities, including HMIS. CoCs will be required to describe the level of coordination between HPRP grantees and CoC leadership and/or members.

2. *CoC Geographic Area.* In deciding what geographic area a CoC will cover as part of its CoC strategy, CoCs should be aware that a key factor in being awarded funding will be the strength of a CoC process, when measured against the CoC rating factors described in the 2009 CoC NOFA. When a CoC determines what jurisdictions to include in its CoC strategy area, it should include only those jurisdictions that are fully involved in the development and implementation of the CoC strategy.

The more jurisdictions a CoC includes in the CoC, the larger the pro-rata need share that will be allocated to the strategy area. If a CoC is located in a rural county, it may wish to consider working with larger groups of contiguous counties to develop a regional or multi-county CoC strategy covering the combined service areas of these counties. The boundaries of identified CoC areas may not overlap.

HUD has determined that the merger of one or more existing CoCs into a new larger CoC can result in improved coordination of services, effective HMIS implementation, more efficient resource allocation and planning, and improved competitiveness for new resources. Merging smaller CoCs into a larger CoC also reduces the administrative burden of applying for funding at the local level and reviewing funding applications at the national level. HUD strongly encourages CoCs to merge where it is appropriate.

In recognition of these advantages, HUD has adopted a new CoC Hold Harmless Merger policy for calculating Final Pro Rata Need (FPRN) that ensures CoCs will not lose FPRN by merging. Please note, where two or more CoCs that are in the same need status (i.e., both in

Hold Harmless Need status or both in Preliminary Pro Rata Need status) decide to merge, their FPRN will be calculated on the sum of the FPRN for all.

The new CoC Hold Harmless Merger procedure is applicable only when two or more CoCs registered in 2008 and whose 2009 FPRN separate calculation results in at least one CoC's FPRN being based upon Preliminary Pro Rata Need (PPRN) and at least one CoCs FPRN being based upon Hold Harmless Need (HHN). The following tables illustrate how FPRN would be calculated for four CoCs merging before and after the introduction of the new CoC Hold Harmless Merger policy. The new calculation method would provide the newly merged CoCs with additional funds in their FPRN to create new projects.

TABLE A			
CoC Consolidation WITHOUT Hold Harmless Merger Concept (FPRN= the greater of: (1) the CoC's combined PPRN or (2) the CoC's combined HHN)			
Individual Continuums	2009 Hold Harmless Need Amount	2009 Preliminary Program Rata Need Amount	
I	\$100,000	\$150,000	
II	\$ 50,000	\$200,000	
III	\$350,000	\$150,000	
IV	\$750,000	\$250,000	
Merged CoC Total (I-II-III-IV)	\$1,250,000	\$750,000	
Step 1: Total all of the original CoC's 2009 HHN Amounts			
Step 2: Total all of the original CoC's 2009 PPRN Amounts			
Step 3: The higher amount from Step 1 and Step 2 becomes the FPRN for the Merged CoC			
TABLE B			
CoC Consolidation WITH Hold Harmless Merger Concept (FPRN=the combined CoC's FPRN amounts)			
Individual Continuums	2009 Hold Harmless Need Amount	2009 Preliminary Pro Rata Need Amount	2009 Final Pro Rata Need Amount
I	\$100,000	\$150,000	\$150,000
II	\$ 50,000	\$200,000	\$200,000
III	\$350,000	\$150,000	\$350,000
IV	\$750,000	\$250,000	\$750,000
Merged CoC Total (I-II-III-IV)	\$1,250,000	\$750,000	\$1,450,000
Step 1: Identify the original CoC's FPRN (the greater of PPRN or HHN)			

Step 2: Total the original CoC's FPRNs

Step 3: The total of the original CoC's FPRNs becomes the FPRN for the Merged CoC

To determine whether CoCs may benefit from merging under this option, HUD will make available a Worksheet and Guidance on CoC Hold Harmless Merger eligibility and procedures.

This guidance will be posted at www.hudhre.info.

3. *CoC Components*. A CoC system typically consists of five basic elements, as follows:

a. A system of outreach, engagement, and assessment for determining the needs and conditions of individuals or families who are homeless, and necessary support to identify, prioritize, and respond to persons who are chronically homeless;

b. Emergency shelters with appropriate supportive services to help ensure that homeless individuals and families receive adequate emergency shelter and referral to necessary service providers or housing search counselors;

c. Transitional housing with appropriate supportive services to help homeless individuals and families prepare to make the transition to permanent housing and independent living;

d. Permanent housing, or permanent supportive housing, to help meet the long-term needs of homeless individuals and families; and,

e. Prevention strategies, which play an integral role in a community's plan to eliminate homelessness by effectively intervening for persons at risk of homelessness or those being discharged from public systems—e.g., corrections, foster care, mental health, and other institutions—so that they do not enter the homeless system. By law, prevention activities are ineligible activities in the three programs included in this notice, but are eligible for funding under the Emergency Shelter Grants (ESG) program, the new Homelessness Prevention and Rapid Re-Housing Program, and other programs.

4. *CoC Lead Person.* Regardless of the CoC structure and planning process, the 2009 electronic registration/application process will require that each CoC select two persons from the CoC Lead Agency who are authorized to submit the CoC application and the project applications to HUD.
5. *CoC Award.* In recognition of the need to announce and process renewal awards as quickly as possible to avoid hardship to grantees, HUD will implement a modified selection process. Under the modified selection process, the CoC will receive its renewal funding for all eligible renewal projects shortly after the CoC application has been submitted to HUD in a two-step process. CoC scores will determine the new project applications to be selected for award. The sum of funds awarded to a CoC renewal and new projects is the total amount of monies awarded to a CoC's eligible projects.

II. COMPLETING THE REGISTRATION PROCESS FOR CoCS.

In order to be eligible to submit an application in the FY 2009 Homeless Assistance competition, CoCs must register in the electronic database, *e-snaps*, prior to the beginning of the 2009 CoC competition. CoCs that applied for funds in 2008 will merely have to update registration information in *e-snaps*. The CoC registration process will begin no earlier than July 21, 2009, and close no earlier than August 31, 2009, at 4:00 p.m. ET. HUD will notify potential applicants of the exact registration opening and closing dates via the HUD Homeless Assistance listserv and through its websites located at www.hud.gov and <http://www.hudhre.info>. During the registration phase, CoCs will be asked to identify the CoC lead agency, contact information for lead agency staff, and the geography that the CoC is claiming. CoCs will also be required to attach their SHP and S+C grant inventory worksheets. This process will not be part of www.Grants.gov. CoCs will receive confirmation from HUD concerning claimed geography, and PPRN and HHN amounts.

Through the CoC Registration process, CoCs will use the SHP and S+C grant inventory worksheets to establish those projects that are eligible for renewal in 2009. Projects will be considered eligible for renewal in the 2009 CoC competition if they expire in Calendar Year 2010 and if they meet all other HUD requirements regarding to performance and capacity. It will be at HUD's discretion to award or not award any renewal project that has any significant capacity issues related to performance and/or financial problems or has unresolved monitoring findings.

In 2009, CoCs will be required to verify that all renewals are correctly included on the grant inventory worksheet, and will be required to add missing projects as needed. In 2009, it will be critical for CoCs to pay close attention to any grants that were originally awarded in 2002 or 2003 that have not yet been renewed. As stated previously, the funds associated with these grants will be available only for use through the end of Federal Fiscal Years (FFY) 2009 and 2010, respectively. After that date, these funds will automatically be returned to the U.S. Treasury and will no longer be available for expenditure, even if the end date established in the grant agreement is later. More specific instructions will be provided to local HUD field offices for the following situations:

- 2002 grant expires in 2009 but did not renew in 2008 competition and did not extend into 2010 or later—The grant will not be renewed.
- 2002 grant expires in, or has been extended to, 2010 or beyond—Renewal must be requested in 2009. To be eligible for renewal in this year's competition, recipient must operate the grant into 2010 using their own funds, until the renewal grant agreement is signed. Renewal grant agreements must be signed no later than March 31, 2010, or the renewal award will be deselected. The renewal grant will authorize reimbursement of the

recipient's expenditures for eligible costs incurred between September 30, 2009, and the date the renewal grant agreement is signed. The Operating Start Date in LOCCS for each of these renewal grant agreements will be adjusted to October 1, 2009.

- 2003 grant expires in, or has been extended to, 2010 or beyond–Renewal must be requested in 2009. Renewal grant agreements must be signed no later than September 30, 2010 or the renewal award will be deselected. The Operating Start Date in LOCCS for each of these renewal grant agreements will be adjusted to October 1, 2010.

It is imperative that grantees adhere to the time limitation on the funds contained in the law. No extensions will be approved beyond the statutory availability of the funds for the grant.

In 2009, CoCs that are in PPRN status will be permitted to request one, 2, or 3 years of funding for SHP renewal projects, up to the maximum amount of available pro rata need. HUD reserves the right to not allow multi-year grant term requests for renewal projects in future competitions; therefore, CoCs may want to consider moving to one-year renewals, to maximize funding.

HUD will hold a satellite broadcast regarding the CoC registration process on July 15, 2009, from 2 p.m. to 4 p.m. Eastern Time. This broadcast may be viewed at <http://www.hud.gov/webcasts>. This broadcast will also be archived on this website. On-line training for CoC Registration may be accessed at www.hudhre.info.

HUD will post the HUD-defined CoC names and numbers as well as a list of each geographical area with its Preliminary Pro-Rata Need amount on www.hud.gov and <http://www.hudhre.info/index.cfm?do=viewCoCGrantMaterials>. Existing and proposed CoCs must register their HUD-defined CoC and claimed geography with HUD through *e-snaps*. If a

CoC does not have a HUD-defined name, it should contact the HUD Field Office serving its area.

In the instance that one or more CoC planning bodies claim one or more of the same geographies, HUD shall determine which CoC has the best claim for the geography, based upon past experience, as well as the participation and desires of the predominant number of homeless service providers in the disputed geography. The HUD decision on allocating geography is final, and competing CoCs shall be notified of HUD's determination. If a CoC omits geography, HUD will not add it back in.

III. CHANGES FOR 2009 CoC NOFA.

The following is a list of major changes to the 2009 CoC NOFA:

1. In an effort to streamline the renewal award process in 2009, HUD has modified the selection process so that eligible SHP and S+C renewal projects will be awarded as quickly as possible. New projects will be awarded, after the completion of project threshold review and the scoring of the project and the CoC applications. A project application will be required for new and renewal projects. However, for renewal projects, applicants will only be verifying basic project and budget information, selecting grant term request, and certifying request of renewal.
2. In 2009, CoCs in HHN status will not be able to reallocate funds to new projects. New project applications to be submitted must be either new projects within FPRN for CoCs in PPRN status or projects that will be funded with permanent housing bonus funds. HUD reserves the right to allow HHN Reallocation in future competitions (see Section I.B.5.d of this notice for a detailed explanation).
3. HUD has determined that the merger of one or more existing CoCs into a new merged, larger CoC can result in effective and efficient planning, program delivery, HMIS implementation, and

CoC competitiveness. In recognition of these advantages, HUD has adopted a new CoC Hold Harmless Merger policy for calculating FPRN that ensures CoCs will not lose FPRN by merging (see Section I.B.5.d of this notice).

4. The Certification of Consistency with the Consolidated Plan is a statutory form that must be submitted as part of the application. Previously, project applicants were responsible for submitting the associated Consolidated Plan certification along with their project application. New this year, CoCs will be responsible for attaching the certification for all projects, new and renewal, that are requesting funding to the CoC portion of the application. CoCs will attach a signed form for each jurisdiction that includes the list of all associated new and renewal projects.
5. HUD encourages all projects to utilize Neighborhood Stabilization Program (NSP) and any HUD-managed American Recovery and Reinvestment Act (ARRA) programs, i.e., Community Development Block Grant-Recovery (CDBG-R), Tax Credit Assistance Program (TCAP), NSP1, NSP2, etc., as a source of leveraging. CoCs that identify coordination with NSP and any HUD-managed ARRA programs may receive extra points during the CoC application review process.
6. As part of the CoC application, CoCs will be required to address how they are participating in the newHPRP, as indicated in the substantial amendment to the Consolidated Plan.
7. As a reminder, HUD will assess, as part of the project review process, applicant eligibility, capacity, and quality. This review also considers an applicant's spending history on current homeless assistance grants, if applicable. HUD expects that grantees should be making draw-downs at least quarterly. HUD will be looking at this for both new project applications and as a condition of renewal awards.
8. Also as a reminder, up to 8 percent of an S+C grant may be used for eligible incurred administrative costs associated with administration of housing assistance. These funds must be

drawn down at least quarterly. Draws must be for eligible expenses already incurred in the period immediately preceding the draw or to be incurred during the period immediately following the draw. HUD will recapture all unspent funds at the end of the grant term. If administrative costs exceed 8 percent, recipients must pay for these costs from another source.

9. Beginning in 2009, applicants for the S+C program will be permitted to apply only for 100 percent of the Fair Market Rent (FMR) and will no longer be permitted to request any amount that is greater or less than the local FMR.

10. The calculation of housing emphasis and leveraging for the CoC score will be calculated using only new project requests.

11. For 2009, the Samaritan Bonus Initiative will be replaced with a Permanent Housing Bonus. CoCs will be able to use funds for homeless disabled individuals and families or for chronically homeless individuals. As creating new permanent housing beds for chronically homeless individuals is still a HUD priority, HUD strongly encourages CoCs to use at least a portion of available bonus funds to create a project that will exclusively serve the chronically homeless.

Dated: _____

Mercedes Márquez
Assistant Secretary for Community Planning
and Development

[FR-5327-N-01]