



Overview of the Continuum of Care Grant Programs and Planning Processes *(Potential Sources for Capital, Operating, and/or Services Financing)*

Note: This document represents the Corporation for Supportive Housing's best interpretation of the programs, policies, and regulations described, but interested individuals and organizations should consult with the appropriate administrative agencies and regulatory information, including resources identified at the end of this document.

The Continuum of Care (CoC) grant programs administered by the U.S. Department of Housing and Urban Development (HUD) under the McKinney-Vento Homeless Assistance Act, remain important sources of financing for permanent supportive housing. HUD's Continuum of Care programs (sometimes referred to as HUD McKinney funding, the McKinney-Vento programs, and/or Targeted Homeless Assistance Programs) include the following:¹

- Shelter Plus Care Program (S+C)
- Supportive Housing Program (SHP)
- Section 8 Moderate Rehabilitation SRO Program (SRO)

Almost all of HUD's competitive grant programs, including the Continuum of Care funding programs, are announced through HUD's multi-program Notice of Funding Availability, known as the SuperNOFA, a coordinated announcement of approximately 20 HUD funding sources, each with separate purposes, application processes, and deadlines. The SuperNOFA is typically released in late winter or early spring, and funding announcements are typically made by the end of the year or early the following year.² The SuperNOFA and other information regarding funds available through HUD can be accessed via <http://www.hud.gov/offices/adm/grants/fundsavail.cfm>. HUD administers the CoC programs under a statutory directive that 30% of all of the HUD funds nationally must support permanent supportive housing projects.

CONTINUUM OF CARE (COC) PLANNING REQUIREMENTS

For a local jurisdiction to be eligible to access CoC funding, HUD requires the establishment of a community-based planning body, usually referred to as the Continuum of Care Board or Council. The CoC Board establishes a planning structure (usually through the creation of a set of subcommittees) and a schedule of activities in order to produce and submit to HUD an annual CoC Plan. The Continuum of Care planning processes include two key components: (1) a strategic planning process to identify and coordinate strategies for addressing homelessness in a community; and (2) a process for screening, selecting, and prioritizing applications for the three CoC funding sources, and the submission of a consolidated, jurisdiction-wide application for new and renewal funding through the Continuum of Care funding program.

HUD requires the planning process to be as inclusive as possible, including representation of nonprofit organizations serving homeless persons, as well as homeless persons themselves. The elements of the

¹ More details regarding each of these funding programs is provided in CSH's Supportive Housing Financing Guide, available at www.csh.org/financing.

² In 2007, the SuperNOFA was issued on March 23, 2007. The initial application deadline for the Continuum of Care programs was June 8, 2007, but was extended to June 15, 2007 due to a technical correction made by HUD.

CoC Plan include: a description of the planning process; goals, strategies and specific action steps for ending homelessness (with a particular emphasis on chronic homelessness); an analysis of the existing housing and service resources in the community; an analysis of the gaps in the system; a discussion of how the community is using mainstream resources to support homeless housing and services; and discussion of the community's priorities for the use of CoC funds.

DETERMINATION OF CoC FUNDING LEVELS

Initial and Hold Harmless Pro Rata Need Funding Levels: For each jurisdiction, HUD calculates a potential funding amount referred to as the "pro rata need." Each CoC is eligible to receive the greater of their "initial pro-rata need" or their "hold harmless pro rata need," which is calculated as the total one-year amount of all of a CoC's SHP projects eligible for a renewal in that year.

Should a jurisdiction determine that one or more renewal projects will be eliminated, or that one or more renewal project's funding requests will be reduced, the one-year funding amounts that these projects represented will still be counted as part of the hold harmless amount and the savings from the eliminations/reductions may be reallocated to create a new permanent housing project.

Under the FY 2006 SuperNOFA, a CoC risked losing the reallocated funds if the CoC did not score above the "full funding line" that made the CoC eligible for funding for any new projects (in 2006, that threshold was a score of above 86 points). In 2007, HUD significantly changed the hold harmless requirements to provide greater flexibility to CoCs, and to facilitate a greater emphasis on permanent housing, by allowing a CoC to eliminate or reduce renewal SHP projects in order to fund new permanent housing projects with minimized risk to the CoC of losing any funding. Under the FY 2007 SuperNOFA, HUD will fund a new permanent housing project under the "hold harmless reallocation process" (even if it is a lower-rated project) as long as the overall Continuum of Care application score is at least 65 points. This 65 point threshold is significantly below the 2006 full funding cut-off line (a score of above 86 points), so under these new provisions, a CoC could likely still receive funding for the new project using the reallocated funds even if the CoC's application does not score enough points to qualify for other new projects or new funding.

Samaritan Initiative Funding: Since 1997, HUD has also made available bonus CoC funding for new projects providing permanent supportive housing for chronically homeless persons renamed the Samaritan Housing Initiative in 2005.³ In 2007, policies regarding the awarding of these bonus funds included:

- CoCs seeking Samaritan Initiative funds must rank the proposed project #1 on its priority list.
- The project could apply under the SHP, S+C, or Section 8 Moderate Rehab program, but had to be a permanent housing project that would serve people meeting HUD's definition of chronic homelessness.
- While bonus funding could only be used to serve the chronically homeless, this funding could be used as part of a larger project or building that serves other populations as well; however, other funding would be needed for costs associated with units serving people who are not chronically homeless.
- The amount of bonus funding available to each CoC under this Initiative was up to 15% of its

³ HUD defines a chronically homeless person as an "Unaccompanied individual who is homeless; and, has been homeless continuously for at least 1 year or has had at least 4 episodes of homelessness in the last 3 years; and, has a disabling condition (defined as a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions); and, sleeping in a place not meant for human habitation (e.g., living on the streets) or in an emergency homeless shelter."

preliminary pro-rata share, with a cap of \$6 million for the largest CoCs.

- Only housing activities counted toward the Samaritan Initiative bonus funding, but SHP projects seeking this funding could use up to 20% of the bonus funding for case-management costs.

CoC APPLICATION PROCESSES

In response to the issuance of HUD's SuperNOFA, the CoC Board invites organizations from the jurisdiction to apply for new or renewal funding under the SHP, S+C and SRO programs. Each Board establishes its own application process, and the proposals received are evaluated and ranked, based on criteria and priorities set forth in the Continuum of Care Plan. The individual program proposals are then typically submitted to HUD as a package along with CoC Plan.

Having received the applications, HUD then reviews and scores each community's CoC Plan to determine eligibility for grant awards. HUD also evaluates each individual proposal to ensure it meets threshold quality criteria, but does not score or rank the individual project proposals. Instead, if the CoC Plan scores adequately, HUD typically accepts the community's ranking and awards funding to projects in the order listed in the CoC application, up to the predetermined "pro rata need" amount for that community, as described above.

After HUD grant awards are made, the CoC Board typically has no direct role in the administration of the funds. Under the SHP and SRO Mod Rehab programs, individual agencies typically enter into grant agreements directly with HUD, but under the S+C program, individual agencies are more typically subgrantees under a grant agreement between the local Public Housing Authority and HUD.

IMPORTANT CONSIDERATIONS

Potential applicants for CoC grant funding must participate in their jurisdiction's CoC planning processes and should communicate their interest in applying for funding early in the process. Competition for funds is very tight in many communities, with the vast majority of funding in many communities going to the renewal of existing grants – funding a new program could require de-funding an existing program or reducing funding for several programs. As CoCs increasingly emphasize the creation of permanent supportive housing opportunities, some CoCs are willing to de-fund or reduce funding for other programs (including those that are not reporting good performance measures) in order to fund new permanent supportive housing projects.

ADDITIONAL RESOURCES

HUD makes available a wide variety of resources regarding the Continuum of Care programs and planning processes via its website at <http://www.hud.gov/offices/cpd/homeless/programs/cont/>, including the following:

- [Guide to Continuum of Care Planning and Implementation](#) and [Trainer Guide to Continuum of Care Planning and Implementation](#)
- [Continuum of Care Maps and Reports](#)
- [CoC Award info](#) for prior years starting in 2002.

Note: This document is included within CSH's Financing Supportive Housing Guide, which is available at www.csh.org/financing