



Department of Housing and Urban Development (HUD): Supportive Housing Program (SHP) *(Potential Source 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.

OVERVIEW

The Supportive Housing Program (SHP) is one of three grant programs collectively known as the Continuum of Care funding - the other two are the Shelter Plus Care (S+C) Program and the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program.¹ HUD makes the Continuum of Care funding available under the annual SuperNOFA process, and applications for this competitive grant program are administered through local Continuum of Care (CoC) councils, which determine priorities and application evaluation processes, in compliance with HUD regulations and policies.

For more information regarding the Continuum of Care planning processes and requirements, please see the document *Overview of the Continuum of Care Grant Programs and Planning Processes*, included in CSH's Supportive Housing Financing Guide available at www.csh.org/financing.

ELIGIBLE ACTIVITIES AND USES

- **SHP Program Components and Goals:** HUD SHP funds can be used to support five approaches to helping homeless people achieve independence: (1) Transitional Housing; (2) Permanent Supportive Housing; (3) Supportive Services Only; (4) Safe Havens; and (5) Innovative Supportive Housing. SHP has three goals under which providers must produce results. These goals are: (1) achieving residential stability; (2) improving skill levels and or incomes; (3) obtaining greater self determination. In their applications for SHP, providers must set performance measures under these goals by which HUD will evaluate each provider's accomplishments.
- **Eligible Costs:** Depending upon the specific program component, SHP funds can be used to cover acquisition, rehabilitation, construction, leasing, supportive services (the only eligible cost for Supportive Services Only grants), operating, and administration. HUD recognizes child care, employment counseling, health care, case management, nutrition, security, housing counseling, and assistance coordination as eligible supportive services. HUD caps its subsidy for operating costs at 75% of total costs. SHP grants for acquisition, rehabilitation and construction costs are limited to between \$200,000 and \$400,000, per structure, depending on whether the project is in a high cost area. When SHP and Shelter Plus Care are both used in the same project, the SHP funds may not be applied towards operating expenses (only services and/or capital expenses).
- **Eligible Participants:** Only homeless persons may receive assistance from SHP-funded projects. The definition of homelessness that HUD uses for the SHP program may be found here: <http://www.hud.gov/offices/cpd/homeless/library/shp/understandingshp/eligibleapplicants.cfm>

¹ These programs are also often referred to as HUD McKinney funding, McKinney-Vento programs, and/or Targeted Homeless Assistance Programs.

GRANT AND LOAN TERMS

- **Application Process:** Sponsors must apply for funding through their local Continuum of Care process, and contact information for every jurisdiction's Continuum of Care can be found via the HUD website at <http://www.hud.gov/offices/cpd/homeless/local/index.cfm>. For more information regarding the Continuum of Care processes and requirements, please see the document *Overview of the Continuum of Care Grant Programs and Planning Processes*, included in CSH's Supportive Housing Financing Guide available at www.csh.org/financing. Applicants eligible to request funds through the local CoC process and receive an award from HUD include: non-profit organizations; community mental health organizations that are public or non-profit organizations; states, local governments; and other governmental entities, including Housing Authorities.
- **Term of Awards:** Initial awards for operating, services, and/or leasing may be one, two, or three year terms. The terms of renewal grants are determined by the CoC, based upon available funding, but at this time most CoCs only allow renewal grants to request one-year renewal terms. Funding amounts that are for capital costs are not renewable.
- **Matching Requirements:** It is important to note that use of leveraged resources is among the criteria used to score the overall CoC plan. Therefore, CoCs are strongly encouraged to seek out mainstream resources to support activities within their housing and service system, and projects that can exceed the minimum match requirements may be evaluated more favorably by CoCs.
 - **Acquisition, Rehabilitation, and New Construction:** SHP funds must be matched by the recipient with an equal amount of funds from other sources. The cash source may be the recipient, the Federal Government, State and local governments, or private resources.
 - **Operating:** SHP funds can be used to pay up to 75% of the operating cost in each year of the grant term.
 - **Supportive Services:** SHP funds can be used to pay for up to 80% of the costs.

IMPORTANT CONSIDERATIONS

Due to the per structure funding limits described above, SHP grants are not a significant source of capital financing in most housing markets, but SHP funds are widely used for the provision of services and operating expenses. Projects using SHP capital funds are required to enter into a 20-year legal agreement to provide housing for homeless persons. This requirement is recorded on the property's title, so that even if the building is sold or foreclosed on, the next owner must comply with this restriction.

Once a sponsor applies for an initial amount of leasing, operating, and service dollars, that amount cannot increase in subsequent applications, unless the sponsor is proposing to expand its activities to serve additional clients, in which case the expanded activities would be treated as a new proposal.

Potential applicants for SHP 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, reducing funding for several programs, or applying for funding under the Samaritan Initiative Funding, as described in the document *Overview of the Continuum of Care Grant Programs and Planning Processes*, included in CSH's Supportive Housing Financing Guide available at www.csh.org/financing. 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.

REGULATORY INFORMATION

- **Administrative Agency:** Department of Housing and Urban Development, Office of Community Planning and Development, Office of Special Needs Assistance Program (SNAPS), (202) 708-0614 ext. 4473. <http://www.hud.gov/offices/cpd/homeless/programs/cont/index.cfm>
- **Authorizing Legislation:** McKinney-Vento Homeless Assistance Act of 1987, Title IV, Subtitle C, as amended.
- **CFDA Code:** 14.235
- **Regulations / Guidelines:** 24 CFR Part 583, http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr583_04.html

ADDITIONAL RESOURCES

- **Continuum of Care Information:** 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
 - [Local Continuum of Care Contacts](#)
- **Supportive Housing Program:** HUD makes available a wide variety of resources regarding the Supportive Housing Program via its website at <http://www.hud.gov/offices/cpd/homeless/programs/shp/>, including the following:
 - [SHP Desk Guide](#)
 - [Understanding SHP](#)
 - [SHP Training](#)
 - [HUD SHP 'Quick Facts'](#)
- **NOFA:** The 2007 Continuum of Care NOFA is available at <http://www.hud.gov/library/bookshelf12/supernofa/nofa07/cocsec.pdf> and NOFAs from prior years can be accessed via <http://www.hud.gov/library/bookshelf12/supernofa/>.

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