

- Under section 441(e) of the McKinney-Vento Act and 24 CFR 882.805(d)(1), HUD publishes the SRO per unit rehabilitation cost limit each year to take into account changes in construction costs. This cost limitation applies to rehabilitation that is compensated for in a Housing Assistance Payments Contract. For purposes of Fiscal Year 2003 funding, the cost limitation is raised from \$18,500 to \$19,000 per unit to take into account increases in construction costs during the past 12-month period.

- The SRO Program is subject to the Federal labor standards provisions at 24 CFR part 882, subpart H.

- Individuals assisted through the SRO Program must meet the definition of homeless individual found at section 103 of the McKinney-Vento Act.

(2) *Shelter Plus Care/ SRO Component.* With regard to the SRO component of the Shelter Plus Care program, if you are a State or a unit of general local government, you must subcontract with a Public Housing Authority to administer the Shelter Plus Care assistance. Also with regard to this component, no single project may contain more than 100 units.

(3) *Supportive Housing Program.* Please be advised that where an applicant for Supportive Housing Program funding is a State or unit of general local government that utilizes one or more nonprofit organizations to administer the homeless assistance project(s), administrative funds provided as part of the SHP grant must be passed on to the nonprofit organization(s) in proportion to the administrative burden borne by them for the SHP project(s). HUD will consider States or units of general local government that pass on at least 50 percent of the administrative funds made available under the grant as having met this requirement. This requirement does not apply to either the SRO Program, since no administrative funds are provided as part of the grant, or to the S+C Program, since paying the costs associated with the administration of these grants is ineligible by regulation.

(4) *HUD will require recordation of a HUD-approved use and repayment covenant* (a form may be obtained from your field office) for all grants of funds for acquisition, rehabilitation or new construction. The covenant will enforce the use and repayment requirements found at section 423(b)(1) and (c) of the McKinney Act.

(C) *Match.* You must match Supportive Housing Program funds provided for acquisition, rehabilitation, and new construction with an equal

amount of funds from other sources. For operating costs, since by law SHP can pay no more than 75% of the total operating budget for supportive housing, you must provide at least 25% of the total annual operating costs. In addition, for all SHP funding for supportive services and Homeless Management Information Systems (HMIS) you must provide a 25% cash match. The cash source may be you, the Federal Government, State and local governments, or private resources. You must match rental assistance provided through the Shelter Plus Care Program in the aggregate with supportive services.

(D) *Timeliness Standards.* As an applicant, you are expected to initiate your approved projects promptly in accordance with Section II of this NOFA. In addition, HUD will take action if you fail to satisfy the following timeliness standards:

(1) *Supportive Housing Program*

- HUD will deselect your award if you do not demonstrate site control within one (1) year of the date of your grant award letter, as required by the McKinney-Vento Act (see 42 U.S.C. 11386(a)(3)) and implemented in program regulations at 24 CFR 583.320(a).

- HUD may de-obligate SHP funds if the following additional timeliness standards are not met:

- You must begin construction activities within eighteen (18) months of the date of HUD's grant award letter and complete them within thirty-six (36) months after that notification.

- For activities that cannot begin until construction activities are completed, such as supportive service or operating activities that will be conducted within the building being rehabilitated or newly constructed, you must begin these activities within three (3) months after you complete construction.

- You must begin all activities that may proceed independent of construction activities within twelve (12) months of the date of HUD's grant award letter.

(2) *Shelter Plus Care Program Components Except SRO Component.* HUD may de-obligate S+C funds if you do not meet the following timeliness standards:

- For Tenant-based Rental Assistance, for Sponsor-based Rental Assistance, and for Project-based Rental Assistance without rehabilitation, you must start the rental assistance within twelve (12) months of the date of HUD's grant award letter.

- For Project-based Rental Assistance with rehabilitation, you must complete

the rehabilitation within twelve (12) months of the date of HUD's grant award letter.

(3) *SRO Program and SRO Component of the Shelter Plus Care Program.*

For projects carried out under the SRO program and the SRO component of the S+C program, the rehabilitation work must be completed and the Housing Assistance Payments contract executed within twelve (12) months of execution of the Annual Contributions Contract. HUD may reduce the number of units or the amount of the annual contribution commitment if, in HUD's determination, the Public Housing Authority fails to demonstrate a good faith effort to adhere to this schedule.

V. Application Selection Process

(A) *Review, Rating and Conditional Selection.* HUD will use the same review, rating, and conditional selection process for all three programs (SHP, S+C and SRO). The standard factors for award identified in the General Section of this SuperNOFA have been modified in this program section as described below. Only the factors described in this program section—Continuum of Care and Need—will be used to assign points. To review and rate applications, HUD may establish panels. In order to obtain certain expertise and outside points of view, including views from other Federal agencies, these panels may include persons not currently employed by HUD. Two types of reviews will be conducted. Paragraphs (1) and (2) below describe threshold reviews and paragraphs (3) and (4) describe factors—Continuum of Care and Need—that will be used to assign points. Up to 100 points will be assigned using these factors.

(1) *Applicant and sponsor eligibility and capacity.* HUD will review your capacity as the applicant and project sponsor to ensure the eligibility and capacity standards in this section are met. If HUD determines these standards are not met, the project will be rejected from the competition. The eligibility and capacity standards are:

- You must be eligible to apply for the specific program;
- You must demonstrate ability to carry out the project(s). With respect to each proposed project, this means that, in addition to knowledge of and experience with homelessness in general, the organization carrying out the project, its employees, or its partners, must have the necessary experience and knowledge to carry out the specific activities proposed, such as housing development, housing management, and service delivery;