

will be counted (i.e., a proposed expansion of a renewal project is not eligible as a renewal and must be presented as a new project and be shown separately on the Project Priorities chart).

When the total one-year renewal need amount of all eligible SHP renewals submitted in the competition exceeds the preliminary pro rata need amount for that CoC, an amount equal to the difference will be added to the CoC's preliminary pro rata need amount. The net effect of this will be that sufficient funds will be provided to every Continuum of Care so that all of their eligible SHP renewals can be funded for one year if they are successful in this year's funding round and if they are placed as top priorities in the application. However, if the total one year amount of eligible SHP renewals in a CoC is equal to or less than that CoC's preliminary pro rata need, no upward adjustment will be made to their pro rata need.

Note: If a Continuum of Care has a total one-year SHP renewal request greater than its preliminary pro rata need AND that CoC requests more than one year of assistance for one or more of its SHP renewals, this may likely result in at least one of their lower priority renewal requests not being funded due to insufficient pro rata need. If you are in this situation, you are urged to limit the term of your SHP renewal request(s) to one year.

No renewal adjustment will be made to a CoC's preliminary pro rata need amount for eligible S+C renewals being funded non-competitively for one year from the separate McKinney-Vento Act account set up for this purpose since their funding does not count against a CoC's pro rata need.

Step 3 - Permanent housing pro rata need bonus: Again this year, HUD will add a bonus amount on top of the renewal-adjusted pro rata need amount for any CoC system that identifies a new permanent housing project passing all threshold requirements as its number one priority project. In such instances, the full amount of such a project's eligible housing activities, up to the lesser of 100 percent of the CoC's preliminary pro rata need or \$750,000, will be added to the renewal-adjusted pro rata need amount for that CoC system. Please see Section M, question #3, for examples of the application of the permanent housing bonus.

The dollar amount determined after application of each of these steps, as applicable, is referred to as the "final pro rata need amount."

3. Why does my CoC's final pro rata need amount vary from one year to the next?

As can be seen from the discussion above, final pro rata need is influenced by a number of variables that include: updated census data in the formula used to assign PRN; the total amount of dollars available for the competition nationally; the amount of eligible one-year SHP renewal need identified by your CoC system; and, whether or not your CoC system seeks a permanent housing bonus.

4. How is "pro rata need" used?

HUD takes each CoC community's final pro rata need amount and applies it against the requested amount (as adjusted where necessary) of each project on the community's Project Priority chart. Starting with project priority #1 and proceeding down the chart, skipping individual projects rejected during the threshold review, projects whose requested amounts fall fully within the applicant's CoC pro rata need amount, as adjusted ("first level"), or those where more than one-half the requested amount falls within this "first level" receive the full 40 points available for Need. Continuing down the list, those projects whose requested amounts fall fully within the "second level" (two times the pro rata need amount, as adjusted), or those where more than one-half the requested amount falls within the "second level" receive 15 points. Any remaining projects on the priority list each receive 10 points.

There are only two exceptions to the above procedures. The first exception will occur if the first non-rejected project on any CoC system's priority list fails to meet the criteria for receiving 40 points. In