

Certain projects in the Safe Haven component of the Supportive Housing Program may now be included in the definition of permanent housing for the purpose of determining compliance with the 30 percent permanent housing requirement. Projects now meeting the definition of permanent housing for this purpose are projects under the following programs:

- S+C (new);
- Section 8 SRO; and
- the SHP/Permanent Housing component (new and renewal);
- Safe Haven projects which have the characteristics of the permanent housing component of SHP, including a lease with the resident.

You should be careful in your application to establish that your Safe Haven project qualifies as permanent housing.

**2. If HUD finds that it must select for funding lower rated permanent housing projects and, consequently, must skip over non-permanent housing projects above the funding line to meet the 30 percent permanent housing requirement, how will it be done?**

Should it be necessary to skip over non-permanent housing projects for funding in order to achieve the 30% requirement, HUD will first skip over new non-permanent housing projects when making project selections in order to meet the 30 percent requirement. If the 30 percent requirement has not been met after skipping over the new non-permanent housing projects, then HUD will skip over non-permanent housing renewal projects. In skipping over new non-permanent housing projects, HUD will begin with the lowest rated (eligible) fundable new non-permanent project at the projected funding line and continue up the rankings until the 30 percent requirement is met. If it is necessary to skip over non-permanent housing renewal projects, HUD will proceed in the same way.

If it becomes necessary to select for funding lower rated permanent housing projects below the funding line as to achieve the 30% permanent housing requirement, these permanent housing projects, in order to be eligible for funding for this purpose, must have been assigned at least 15 Need points and be submitted as part of either a "consolidated" or an "associated" Continuum of Care application that received at least 20 points under the Continuum of Care scoring factor. However, no Continuum of Care application may receive more than 30% above its final pro rata need amount, up to \$3 million, for permanent housing projects assigned only 15 Need points ("second-level" projects) that are selected for funding under this procedure.

**3. How does the "incentive" for first priority NEW permanent housing projects work?**

To help ensure that the 30 percent permanent housing requirement is met and to promote permanent housing generally, an incentive is provided in this year's competition. If a CoC's number one priority project qualifies as an eligible, new permanent housing project, then the full amount of that project's eligible housing activities, up to the lesser of 100 percent of that CoC's preliminary pro rata need or \$750,000, will be added to the renewal-adjusted pro rata need amount for the continuum. The project must be specified as the number one priority on the continuum's priority chart and it must be a new project, not a renewal. The project must also be found eligible by passing the project threshold review.

Example #1: A new S+C project is proposed as the number one priority with eligible activities totaling \$800,000. The continuum has a preliminary pro rata need amount of \$750,000. If this project passes threshold eligibility review, \$750,000 of the \$800,000 in eligible activity costs for this number one priority project will be added to the initial \$750,000 pro rata need amount resulting in a final pro rata need for the continuum of \$1,500,000.