

7. DETERMINING PROGRAM COSTS

7.1 Determining Program Costs

Be sure to carefully review the instructions to the Service Coordinator Funding Request (forms HUD-91186 and HUD-91186-i). It lists the eligible cost categories and indicates how costs should be presented on the budget part of the form. Please fill out all of the detailed information requested; if you do not, HUD may not clearly understand or approve your request. As with other application components, do not guess if you are unsure how to respond to the information requested. Please call your local HUD field Office staff for assistance.

HUD will approve your proposed program expenses if they are reasonable. Reasonable costs are generally those that are consistent with salaries and administrative costs of similar programs in your Field office's jurisdiction. Use the staffing guidelines in Section 5, above, to determine the appropriate number of work hours for your proposed program. Gather data from programs near you to compare your estimates with the salaries and administrative costs of currently operating programs. Field staff can provide you with contacts at local program sites.

Please note that you may base your estimated program costs for years two and three on an annual inflation factor of up to five percent. Any one-time, first-year start-up costs must be subtracted from the year 1 total before calculating the years two and three estimates.

7.2 Use of Residual Receipts or Excess Income

If your development has available residual receipts or excess income, you are strongly encouraged to use these funds prior to receiving grant monies. You should use these excess amounts as long as they are not already allocated for other critical development expenses. If you propose to use residual receipts to supplement grant funds, you must submit a copy of the residual receipts account statement to the Field office for verification. If your development does not have a residual receipts account or has insufficient funds to use for this program, so state.

Do not forget that your budget worksheet should reflect your estimated total program costs. If you will be using residual receipts or excess income in combination with grant funds, be sure to subtract this amount from the total cost, to determine the three-year grant amount to request.

Section 202/8 developments may use any residual receipts amount that exceeds \$500 per unit.