

each eligible operating cost that will be needed in your project.

Operating costs are those costs associated with the day-to-day operation of supportive housing. Operating costs support the function and the operation of the housing project. Examples of SHP eligible operating costs include utilities, maintenance, security and salaries of staff not delivering services, such as the project manager or executive director, and indirect operating costs that meet the standards of OMB Circulars A-87 and A-122.

If requesting SHP operating funds, only the portion of the costs directly related to the operation of the housing project is eligible. For example, if a project sponsor's executive director will spend 10% of his/her time providing management to the housing project, then (up to) 10% of his/her salary can be charged as an SHP operating expense. As another example, in cases

of shared utilities, SHP operating funds may pay only for the portion of the utilities associated with the housing project based on the square footage of the project's space. If the housing project occupies 25% of the building's space, then (up to) 25% of the monthly utility bill can be paid for using SHP operating funds.

(a) SHP operating funds may not be used to pay for the following costs:

(b) Operating costs of a supportive services only facility;

(c) Administrative expenses such as audits and preparing HUD reports;

(d) Rent of space for supportive housing and/or supportive services (see Real Property Leasing);

(e) The payment of principal and interest on a loan for a facility currently being used as supportive housing and/or for the delivery of services; and

(f) Depreciation, because it does not constitute an incurred cost that requires a cash outlay.

SHP funds can be used to pay up to 75% of the total operations budget for the housing project. This means that the project sponsor must make a cash payment for 25% of the project's operating budget annually.

Example:

Operating costs	SHP dollars requested (3 years)
Utilities .....	32,000
Maintenance Engineer (salary, % time, fringe benefits) \$40,000/annually .20 × .15 fringe benefits × 3 years = \$18,400 .....	27,600

#### Chart: Operating Costs

Identify the day-to-day costs of operating supportive housing that will be paid for using SHP funding during the term of the project.

Operating costs	SHP dollars requested (3 years)
Maintenance, Repair	
Staff (position, salary, % of time, fringe benefits)	
Utilities	
Equipment (lease/buy)	
Supplies (quantity)	
Insurance	
Furnishing (quantity)	
Relocation (no. of persons)	
Food (perishable/non-perishable)	
Other operating costs (please specify**)	
Other operating costs (please specify**)	
Other operating costs (please specify**)	
Total SHP Dollars Requested*	
Total Operating Costs Budget***	

\* Total SHP dollars requested must equal the amount shown in the "SHP Total Request" column, Line 5, of the Project Budget portion of Section I.

\*\* If not specified, the costs will be removed from the budget.

\*\*\* The total operating costs entered here must equal the amount shown in the "Total Budget" column, Line 5 of the Project Budget portion of Section I.

### Section III. HUD Grant Application Requirements

#### Part A. Supportive Housing Program (SHP) Application

##### 7. Leasing

SHP funds may be used to lease space for supportive housing. If you are requesting SHP leasing funds, fill out

the appropriate table(s) that follows. Housing space may be in the form of scattered-site leased units, or within a structure. The structures to be leased may be structures currently configured for, or structures to be converted to provide, supportive housing. Under no circumstances may SHP leasing funds be used to lease units or structures

owned by the project sponsor, the selectee, or their parent organizations. This includes organizations that are members of a general partnership where the general partnership owns the structure.