

# OPERATING COSTS

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## RESOURCES

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### CONSULT THE CoC RULE

#### 578.55 Operating Costs:

<https://www.govinfo.gov/content/pkg/CFR-2017-title24-vol3/xml/CFR-2017-title24-vol3-part578.xml#seqnum578>

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### RESOURCES ON THE HUD EXCHANGE

#### Environmental Review Flow Chart and Forms:

<https://www.hudexchange.info/resources/documents/CoC-Program-Environmental-Review-Flow-Chart.pdf>

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### RESOURCES AT A GLANCE

#### Lead Paint:

[https://www.hud.gov/program\\_offices/healthy\\_homes/enforcement/lshr](https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr)

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*This resource is prepared by technical assistance providers and intended only to provide guidance. The contents of this document, except when based on statutory or regulatory authority or law, do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.*

## SUMMARY

CoC Program funds may be used to pay the costs of the day-to-day operation of transitional and permanent housing in either a single building or structure, or in individual housing units.

## ELIGIBLE COSTS

- The costs of maintenance and repair of housing *not included in the lease*;
- Property taxes and insurance;
- Scheduled payments to a reserve fund for the future replacement of major buildings systems (see below);
- Security for a housing program where the CoC Program funds more than 50 percent of the units or building area;
- Utilities including electricity, gas, heating oil or other heating/cooling costs, water, sewer, and trash removal;
- Furniture that remains with the project, with the exception of mattresses *which can remain with the program participant*;
- Equipment, including appliances such as microwaves, refrigerators, stoves, washers and dryers, etc. *that remain with the project*; and
- Staff time spent carrying out the above eligible operating activities that are part of the approved grant.

**Major building systems include:** structural support, roofing, cladding, weatherproofing, plumbing, electrical, heating, ventilation, and air conditioning.

## INELIGIBLE COSTS

CoC operating costs may not be used for:

- A project that also would include CoC program funds for rental assistance;
- Emergency shelter;
- Supportive services-only facilities, as those costs may be covered by the SSO component; or
- Costs for maintenance and repair of housing that are included in the lease.

## LEAD PAINT

The lead-based paint requirements are located in 24 CFR Part 35. For operating costs, see Subparts A, B, K and R.

## ENVIRONMENTAL REVIEW

An environmental review must be conducted for all projects prior to CoC funds being committed. The Exempt/CENST form is used for operating costs (except when using these funds as reserve for replacement costs). [See the sidebar.](#)