

YHDP Expense Eligibility Questions Answered by HUD

Q. Per the 24 CFR 578.53 Supportive Services

a) *In general.* Grant funds may be used to pay the eligible costs of supportive services that address the special needs of the program participants. If the supportive services are provided in a supportive service facility not contained in a housing structure, the costs of day-to-day operation of the supportive service facility, including maintenance, repair, building security, furniture, utilities, and equipment are eligible as a supportive service.

Q. Can this include rent for the supportive service facility? (1/26/20)

A. Waiting for response from HUD TA

Q: Are security deposits or rental assistance an allowable expense under Section 578.53 Supportive Services? (1/19/20)

A. HUD TA Response: Under the CoC Program (the governing regulation for YHDP), the costs of security deposits, first and last month's rent, and ongoing monthly rent payments are not eligible supportive service costs. Therefore, you could not use supportive service funds to pay any of these costs for the permanent housing unit.

However, you may be aware that HUD has published a series of waivers related to flexibilities during the COVID pandemic. Section 578.53(e)(8) of the CoC Program interim rule allows recipients and subrecipients to use CoC funds to pay for housing search and counseling services to help eligible program participants locate, obtain, and retain suitable housing.

Under the memorandum issued on March 30, 2020, recipients and subrecipients may use this budget line item to pay for up to 6 months of rental arrears and 6 months of utility arrears when those arrears make it difficult to obtain housing. **This waiver is in effect for one year, beginning on March 30, 2020.** This is for permanent housing only.

Q. For further clarification of the HUD Response dated (1/19/20) for security deposits and rental assistance, does this approval also include maintaining a current rental property as well as obtaining a new rental property due to unpaid utilities and rental arrears?

A. HUD TA RESPONSE: Funding can be used to maintain existing permanent housing.

Q: Per the 24 CFR §578.53 Supportive services. - are you allowed to purchase gift cards for food and transportation (gas gift card)? Is there a maximum amount allowed to spend on each participant? (1/15/21)

A. HUD TA Response: The cost of purchasing gift cards (including food vouchers to area grocery stores) in and of itself is not an eligible cost under the CoC Program. Gift cards are considered to be a form of cash, and under OMB SuperCircular 200, cash payments to program participants are never allowed.

However, the costs of providing meals or groceries to program participants are eligible supportive service costs according to Section 578.53(e) of the CoC Program interim rule. *That being said, if the gift card is used by the program participant for eligible activities, and the recipient is able to document that it was used to pay for eligible costs, gift cards may be used to pay for the cost of those services.* If the recipient or subrecipient is not able to determine and document that the program participant used the gift card to pay for eligible CoC Program costs, recipients or subrecipients may not be reimbursed with CoC grant funds for the purchase of gift cards. For instance, if a recipient provides a program participant with a \$10 gift card for groceries and the program participant provides a receipt for \$7 worth of food, the recipient can only seek reimbursement for \$7 as documented by the receipt provided.

The OMB Omni-Circular at 24 CFR Part 200 requires that all costs paid for with federal funds must be allowable, reasonable, and allocable. In addition, the recipient or subrecipient must maintain documentation that all of the requirements above are documented and maintained in the organizations records for the timeframe required by the program regulation. (See 24 CFR 578.103 for more information.)

A. HUD TA Response: The CoC Program interim rule at Section 578.53(e)(15) sets forth eligible transportation costs. It includes the costs of program participant's travel in a *vehicle provided by the recipient or subrecipient* to and from medical care, employment, child care, or other eligible supportive services under the CoC Program. Specifically, in Section 578.53(e)(15)(iv) it also includes the cost of the recipient or subrecipient vehicle's gas, insurance, taxes, and maintenance.

Gas and other maintenance costs for a program participant's vehicle are not eligible costs under the CoC Program and, therefore, the program participant could not use the card to pay for gas for his/her/their own vehicle. The only exception to this is outlined in Section 578.53(e)(15) which states that if public transportation options are not sufficient within the area, the recipient may make a one-time payment on behalf of a program participant needing car repairs or maintenance.

Q. For further clarification of the HUD Approved Alternative Requirement Determination (July 7, 2020) for security deposits and rental assistance, does this approval also include maintaining a current rental property as well as obtaining a new rental property due to unpaid utilities and rental arrears? (1/19/21)

A. HUD TA Answer: Arrears payments may be used to help a participant obtain a new unit (perhaps their utility debt is preventing them from finding a new unit), OR maintain a current unit (Permanent Housing only)

Q. Are cell phones for staff and allowable expenses under Section 578.55 Operating Costs? (12/28/20)

A. HUD TA Response: As indicated in Section 578.55 of the CoC Program interim rule, equipment is eligible under the Operating Costs budget line item when it used for the day-to-day operation of the housing. This would include desks, computers, and telephones used by staff for the purpose of carrying out the project. Therefore, if the telephone is for staff use, it may be an eligible operating cost. Additionally, to the extent the telephone or internet is used to carry out eligible operating activities (e.g., maintenance and repair of housing or building security), the cost of the telephone bill could be charged to the operating budget line item.

Q. Are cell phones for staff an allowable expense under Section 578.53 Supportive Services? (12/23/20)

A. HUD TA Response: The line item under which the cell phone purchase, monthly bill, and insurance can be charged to the grant depends on how the phone is being used. To the extent that the telephone is used to carry out eligible grant activities (e.g., case management), the cost of the telephone can be charged to that budget line item (e.g., supportive services). This is because section 578.59(a) of the CoC Program interim rule states that staff and overhead costs directly related to carrying out an eligible activity should be charged to that activity's budget line item. Within the supportive services line item, the cell phone expenses are eligible under both (13) Outreach Services and (17) Direct Provision of Services provided by the case manager. If the telephone is used to carry out more than one eligible activity, then the costs must be pro-rated accordingly.

If the cell phone is used for eligible and ineligible activities, the costs charged to the CoC Program grant must be prorated based, for example, on the amount of time that the phone is used for eligible versus ineligible activities (see section 578.37(c) for more information).

Q: Are security deposits or rental assistance an allowable expense under Section 578.53 Supportive Services

(July 7, 2020 - Approved Alternative Requirement Determination)

- A. HUD TA Response:** Joint Projects Only (CA1816Y9D011700). 24 CFR 578.53(e) – Lists eligible costs for supportive services: In addition to the eligible costs listed, RTFH is approved to bill the following services as eligible supportive services costs:
- ♣ Payment of utility arrears of up to six months per service for project CA1816Y9D011700.
 - ♣ Payment of rental arrears consisting of a one-time payment for up to six months of rent in arrears, including any late fees on those arrears for project CA1816Y9D011700.
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Q. Is the one-time cost of purchasing a cellular phone and basic plan for a participant an allowable expense?

(July 7, 2020 – Approved Alternative Requirement Determination)

- A. HUD TA Response:** This is all current YHDP Projects. The one-time cost of purchasing a cellular phone and basic cellular plan for program participant use is allowable, provided that access to a cellular phone is necessary to obtain or maintain housing for projects. This applies to projects CA1815Y9D011700, CA1816Y9D011700, CA1817Y9D011700, CA1818Y9D011700.
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