Continuum of Care (CoC) Eligible and Ineligible Costs

The Continuum of Care (CoC) Program Interim Rule (24 CFR Part 578) outlines the costs that are eligible under the CoC program. This reference document summarizes the eligible cost guidance from the Rule and augments that information with clarifications from HUD. We will continue to update this document and post it on CSB's website here as we receive additional HUD guidance.

Refer to your CoC project application and CoC contract (Exhibit 1) to identify which of the Budget Line Items (BLI) below are applicable to your project. Only the eligible costs submitted in the CoC project application are allowable.

If you have a question about whether a cost not listed here is eligible, please contact CSB (Heather Notter, hnotter@csb.org, 614-715-2534). If we don't know the answer, we'll ask HUD.

LEASING – 24 CFR 578.49	
Eligible Costs	**Notes and Resources**
100% of the costs of leasing a structure or structures, or portions thereof, to provide housing or supportive services to homeless persons	Rent and utilities must be reasonable in relation to other rents in the area. Rent must be paid to the landlord, not the program participant. The lease must be in the name of the sub-recipient. The minimum term of the lease is 12 months for PSH and 1 month for TH. The lease must be at least 12 months, terminable for cause, and automatically renewable upon expiration for at least 1 month, except on prior notice by either party. The number of bedrooms is not limited by household size. There must be at least a living room, kitchen area, bathroom, and 1 bedroom for each 2 persons, except SROs. Children of the opposite sex, other than very young children, cannot occupy the same bedroom. Sub-recipients must have signed occupancy agreements with program participants. HUD FMRs Federal Fair Market Rent and Rent Reasonableness Regulations Fair Market Rent and Rent Reasonableness Calculator Utility Allowances Guidance on HUD Notice CPD-17-11
HQS and Lead-based paint inspections	Lead-based paint visual assessments are required for units built before 1978. HUD HQS Inspection Form CMHA HQS Inspection Reference Guide Lead-based paint resources
Security deposits in an amount not to exceed 2 months of actual rent	Multiple security deposits for the same program participant are allowable when a household must be relocated to a different unit. Any refund of the initial deposit must be returned to the agency and documented as Program Income *(see below for information on Program Income)*.
Advance payment of the last month's rent, if it accompanies a security deposit and first month's rent	

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Electricity, gas, and water can be paid using Leasing funds if they are included in the rent	If program participant utilities are not provided by the landlord, they are categorized as Operating costs. Utilities for a structure that is being used to provide supportive services are categorized as Supportive Services costs.
Ineligible Costs	**Notes and Resources**
Leasing funds cannot be used to lease units or structures owned by the recipient, sub-recipient, the parent organization(s), any other related organization(s), or organizations that are members of a partnership, where the partnership owns the structure.	
Portions of rents that are over FMR	Rent and utilities can exceed HUD FMR rates, but sub-recipients cannot use CoC funds to pay for the portion of the rent that is over FMR. HUD FMR rates include utilities.
Any portion of any rent that is not reasonable	Sub-recipients cannot use CoC funds to pay for any portion of rent that is not reasonable – the entire rent is ineligible.
Long-term vacancies	Agencies must use best and reasonable efforts to fill vacancies in an expeditious manner.

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RENTAL ASSISTANCE – 24 CFR 578.51	
Eligible Costs	**Notes and Resources**
Rental assistance for homeless individuals and families.	Assistance can be short-term, medium-term, or long-term. Assistance can be tenant-based, project-based, or sponsor-based. Rent and utilities must be reasonable in relation to other rents in the area. Rent must be paid to the landlord, not the program participant. The number of bedrooms is not limited by household size. There must be at least a living room, kitchen area, bathroom, and 1 bedroom for each 2 persons, except SROs. Children of the opposite sex, other than very young children, cannot occupy the same bedroom. The lease must be in the name of the program participant. The lease must be at least 12 months, terminable for cause, and automatically renewable upon expiration for at least 1 month, except on prior notice by either party. HUD FMRs Federal Fair Market Rent and Rent Reasonableness Regulations Fair Market Rent and Rent Reasonableness Calculator Utility Allowances Guidance on HUD Notice CPD-17-11
HQS and Lead-based paint inspections	Sub-recipients that own their property cannot conduct inspections. Lead-based paint visual assessments are required for units built before 1978. HUD HQS Inspection Form CMHA HQS Inspection Reference Guide Lead-based paint resources
Security deposits in an amount not to exceed 2 months of actual rent	
Advance payment of the last month's rent, if it accompanies a security deposit and first month's rent	
Damage to housing	Payment for damage to housing caused by the action of a program participant is eligible in an amount not to exceed 1 month's rent. Damage costs can only be accrued once per participant. Damage costs are incurred when the participant exits the unit.
Ineligible Costs	**Notes and Resources**
Portions of rents that are over FMR	Rents can exceed HUD FMR rates, but sub-recipients (other than CMHA) cannot use CoC funds to pay for the portion of the rent that is over FMR. HUD FMR rates include utilities.
Any portion of any rent that is not reasonable	Sub-recipients cannot use CoC funds to pay for any portion of rent that is not reasonable – the entire rent is ineligible.
Vacancies over 30 days	Sub-recipients cannot use CoC funds to pay for units that are vacant more than 30 days or units leased without an eligible tenant assigned to them.

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	Institutional stays less than 90 days are not considered vacancies.
Rental assistance for a program participant who is already receiving rental assistance or living in a housing unit receiving rental assistance or operating assistance through other federal, state, or local sources	
Housing maintenance	Maintenance costs are categorized as Operating costs and Operating costs are not allowable in a program that has Rental Assistance.
Accessibility modifications to units to accommodate current participants with disabilities	Accessibility modifications for new participants should be completed prior to lease signing and confirmation of HQS compliance. Since the leasing arrangement is between the landlord and tenant, handling or rehabbing for disability accessibility is a condition of entering into the lease. If the participant becomes disabled while occupying a unit, the landlord can make modifications or the sub-recipient can help the program participant find an accessible unit for relocation.

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SUPPORTIVE SERVICES – 24 CFR 578.53	
Eligible Costs	**Notes and Resources**
Sub-contracted supportive services	Services must be documented through a detailed contract that ensures full compliance with CoC cost eligibility requirements, including the assurance that the contract and its term represent an arm's length transaction. If a contractor meets the definition of a sub-recipient per 2 CFR 200.330, the sub-recipient must monitor that contractor in the same way and to the same extent that CSB monitors the sub-recipient, using CSB's Partner Agency Standards. The sub-recipient must follow and document compliant procurement procedures.
Annual assessment of service needs	
Assistance with moving costs	Reasonable, one-time moving costs, including truck rental and moving company
Case management – assessing, arranging, coordinating, and monitoring delivery of individualized services to meet the needs of program participants	Counseling Developing, securing, and coordinating services Using the Coordinated Point of Access Obtaining federal, state, and local benefits Monitoring and evaluating program participant progress Providing information and referrals to other service providers Ongoing risk assessment and safety planning with victims of domestic violence Developing and individualized housing and service plan, including housing stabilization Program supervisor staff costs
Child care – the costs of establishing and operating child care and providing child care vouchers for children experiencing homelessness	The costs of meals, snacks, and developmental activities are eligible. Children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child care center must be licensed by the jurisdiction in which it operates.
Education services – the costs of improving knowledge and basic educational skills, including instruction or training in consumer education, health education, substance abuse prevention, literacy, ESL, and GED classes	Screening, assessment and testing Individual or group instruction Tutoring Provision of books, supplies, and instructional material Counseling Referral to community resources
Employment assistance and job training – the costs of establishing and operating employment assistance and job training programs	Classroom, online and/or computer instruction On-the-job instruction Services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential, including acquisition of vocational licenses and/or certificates Reasonable stipends Employment screening, assessment, or testing Structured job skills and job-seeking skills Special training and tutoring, including literacy training and pre-vocational training Books and instructional material

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	Counseling and job coaching Referral to community resources
Food – the cost of providing meals or groceries to program participants	Food is only eligible if food was included in the budget detail submitted with the CoC project application or an amendment.
Housing search and counseling services	Assisting program participants to locate, obtain, and retain suitable housing Tenant counseling Helping program participants understand leases Securing utilities Making moving arrangements Mediation with property owners and landlords Credit counseling, accessing a free credit report, and resolving personal credit issues Rental application fees Background checks, if they are included as part of a rental application fee or program eligibility requirement
Legal services – fees charged by licensed attorneys and person(s) under the supervision of licensed attorneys for advice and representation in matters that interfere with the program participant's ability to obtain and retain housing	Child support, guardianship, paternity, emancipation Legal separation Orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking Appeal of veterans and public benefit claim denials Landlord tenant disputes Resolution of outstanding criminal warrants Receiving and preparing cases for trial, provision of legal advice, representation at hearings, and counseling Fees based on the actual service performed (i.e., fee for service) if the cost would be less than the cost of hourly fees Filing fees and other necessary court costs If the subrecipient is a legal services provider and performs the services itself, the eligible costs are the sub-recipient employees' salaries and other costs necessary to perform the legal services.
Life skills training – the costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance abuse, and homelessness	The services must be necessary to assist the program participant to function independently in the community. Budgeting and money management Household management Conflict management Shopping for food and other needed items Nutrition Use of public transportation Parent training
Mental health services – direct outpatient treatment of	Crisis interventions

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mental health conditions that are provided by licensed professionals	Counseling and individual, family, or group therapy sessions Prescription of psychotropic medications or explanations about the use and management of medications Combinations of therapeutic approaches to address multiple problems
Outpatient health services – direct outpatient treatment of medical conditions when provided by licensed medical professionals	Assessment of an individual's health problems and the development of a treatment plan Assisting individuals to understand their health needs Providing directly or assisting individuals to obtain and utilize appropriate medical treatment Preventive medical care and health maintenance services, including in-home health services and emergency medical services Provision of appropriate medication Follow-up services Preventive and non-cosmetic dental care
Outreach services – activities to engage persons for the purpose of providing immediate support and intervention, as well as identifying potential program participants	Outreach workers' transportation costs and a cell phone to be used by the individual performing the outreach Initial assessment Crisis counseling Addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries Actively connecting and providing people with information and referrals to homeless and mainstream programs Publicizing the availability of the housing and/or services provided within the geographic area covered by the CoC
Substance abuse treatment services	Program participant intake and assessment Outpatient treatment Group and individual counseling Drug testing
Transportation	The costs of program participant's travel on public transportation or in a vehicle provided by the sub-recipient to and from medical care, employment, child care, or other services eligible under this section Transportation for clients must be logged and verifiable. Sub-recipients should develop a policy to ensure that transportation costs are appropriately allocated and tracked. Mileage allowance for staff to visit program participants Mileage allowance for staff to carry out HQS inspections The cost of purchasing or leasing a vehicle in which staff transports program participants and/or staff serving program participants and the cost of gas, insurance, taxes, and maintenance for the vehicle The costs for staff to accompany or assist program participants to utilize public transportation
Utility deposits	One-time fee, paid to utility companies

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Direct provision of services	The costs of labor, supplies, and materials incurred by the sub-recipient in directly providing supportive services to program participants The salary and benefit packages of staff who deliver the services Work-related telephone, cell phone, and internet services for staff who deliver services Community meeting expenses directly related to service provision
Front desk services	For single-site projects, front desk services are eligible under either the Supportive Services or Operating BLIs. If front desk services primarily fall under the above Supportive Services categories, they can be included under the Supportive Services BLI. If front desk services primarily fall under the below Operating categories, they can be included under the Operating BLI.
Ineligible Costs	**Notes and Resources**
Eviction costs	
Some legal services	Immigration and citizenship matters Issues related to mortgages and homeownership Retainer fee arrangements Contingency fee arrangements
Some substance abuse treatment services	Inpatient detoxification and other inpatient drug or alcohol treatment Training costs
Digital services	Telephone, cell phone, cable, and internet service for individual program participants
Late fees	Telephone, utilities, rent, etc.
Consumable supplies	Dishes, cookware, bed linens, cleaning supplies, and other consumable supplies used by program participants
Undocumented gift cards	Gift cards given to program participants are only eligible if the sub-recipient can specifically document that the gift cards were used to pay for eligible CoC costs. Documentation (receipts) for the items purchased with the gift card is required. If a client receives a $10 gift card for groceries, but provides a receipt for only $7 worth of food, the sub-recipient can only include $7 on the CoC invoice.
Water for sub-recipient staff	
Haircuts	
Yoga classes	

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OPERATING – 24 CFR 578.55	
Eligible Costs	**Notes and Resources**
Sub-contracted property management services	Services must be documented through a detailed contract that ensures full compliance with CoC cost eligibility requirements, including the assurance that the contract and its term represent an arm's length transaction If a contractor meets the definition of a sub-recipient per 2 CFR 200.330, the sub-recipient must monitor that contractor in the same way and to the same extent that CSB monitors the sub-recipient, using CSB's Partner Agency Standards. The sub-recipient must follow and document compliant procurement procedures.
Day-to-day operation of transitional and permanent housing in a single structure or individual housing units	Maintenance Accessibility modifications to units to accommodate program participants with disabilities Property taxes and insurance Scheduled payments to a reserve for replacement of major systems of the housing (provided that the payments must be based on the useful life of the system and expected replacement cost)
Utilities, unless they are included in the lease	Electricity, gas, water
Furniture and equipment	Furniture purchased with Operating funds should stay with the unit. Mattresses are eligible, as they are part of a bed, but given the unique nature of a mattress, participants can take mattresses with them when they leave the program. Furnishings for the unit, such as blinds, are considered furniture. Small appliances (e.g., microwaves, small refrigerators) and cleaning supplies used by the sub-recipient to clean the unit are considered equipment.
Front desk services	For single-site projects, front desk services are eligible under either the Supportive Services or Operating BLIs. If front desk services primarily fall under the above Supportive Services categories, they can be included under the Supportive Services BLI. If front desk services primarily fall under the above Operating categories, they can be included under the Operating BLI.
Security	When 50% or more of the units in a building or complex are inhabited by persons served under the CoC program, 100% of the security costs can be paid with CoC funds. When less than 50% of the units in a building or complex are inhabited by persons served under the CoC program, security costs can still be paid with CoC funds, but the costs must be pro-rated based on the amount of time used for eligible versus ineligible activities.
Ineligible Costs	**Notes and Resources**
Sub-recipients cannot have both Rental Assistance and Operating funds in the same project	
Maintenance of housing where the costs of maintaining and repairing the housing are included in the lease	

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Consumable supplies	Dishes, cookware, bed linens, cleaning supplies, and other consumable supplies (other than food) used by the program participant
Digital services	Telephone, cell phone, cable, and internet service for individual program participants
Late fees	Telephone, utilities, rent, etc.

ADMINISTRATIVE – 24 CFR 578.59	
Eligible Costs	**Notes and Resources**
Planning and execution of CoC activities	Administrative costs are capped at 7% of the CoC grant
Staff and overhead costs directly related to carrying out activities eligible under other BLIs above	Staff and overhead costs related to the above BLIs are eligible under those BLIs.
Program management, coordination, monitoring, and evaluation	Salaries, wages, and related costs of sub-recipient staff engaged in program administration Sub-recipients can include the entire salary, wages, and related costs allocable to the program of each person whose primary responsibilities with regard to the program involve program administration assignments, OR the pro rata share of the salary, wages, and related costs of each person whose job includes any program administration assignments. Sub-recipients can use only one of these methods for each fiscal year grant. All salary and wages must be documented by timesheets with hours worked on the project by each day. Timesheets must be approved by the employee and a supervisor. Travel costs incurred for monitoring of sub-recipients Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services Other costs for goods and services required for administration of the program, including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space
Training on CoC requirements	Costs of providing training on CoC requirements and attending HUD-sponsored CoC trainings
Ineligible Costs	**Notes and Resources**
Training on anything other than CoC requirements	
Subscriptions to professional journals or other professional resources	
Staff certifications or licenses	

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INDIRECT COST RATE (ICR) – 24 CFR 578.63 and 2 CFR 200
Indirect costs are not the same as Administrative costs. 〈 Administrative costs can be directly allocated to a specific program or activity. 〈 Indirect costs cannot be directly allocated to a specific program or activity – they are incurred for common or joint objectives.
There are 2 ways a sub-recipient can charge indirect costs: 〈 Use an ICR approved by a federal cognizant agency. Sub-recipients must submit the ICR agreement to CSB before using the ICR on CoC invoices. 〈 Use the *de minimis* ICR (10%), which must be approved by HUD via the sub-recipient's CoC project application.
Indirect costs can be charged to the BLIs above, except Leasing and Rental Assistance.
If the sub-recipient contracts eligible activities to another entity, the sub-recipient can only charge the ICR on the first $25,000 of the contract.
An ICR must be used consistently across all funders. If a sub-recipient uses an ICR on CoC invoices, the ICR must also be used on all other invoices for all other funding sources.

PROGRAM INCOME – 24 CFR 578.97	
Program Income is income directly generated by the grant-supported activity. Include income where the costs incurred to generate that income are CoC (or match) costs. Do not include income where the costs incurred to generate that income are unallowable or not part of the program. <u>On CoC invoices, list how Program Income was spent</u>, not the source of Program Income. Program Income documentation must follow CoC regulations for receipt and expenditure. Sub-recipients must spend Program Income before requesting CoC funds.	
Occupancy fees paid by tenants to the sub-recipient	If the sub-recipient pays the full rent amount to the landlord and then the tenant pays a portion of the rent to the sub-recipient, the tenant portion of the rent is Program Income. If the sub-recipient pays a portion of the rent to the landlord and the tenant pays a portion of the rent to the landlord, the tenant portion of the rent is not Program Income, even if the Provider agency and landlord are the same entity. Section 8 revenue is not Program Income.
Vending machine revenue	If a sub-recipient leases a building that already has vending machines and the sub-recipient is permitted to keep the vending machine revenue, those receipts are Program Income. If a sub-recipient purchases or operates a residential facility, vending machines are not an eligible CoC expense; therefore, vending machine receipts are not considered Program Income whether collected by the recipient or vendor.
Revenue from laundry machines	
Space rental	Revenue from renting space, if the space is in a CoC-funded facility
Match	Program Income can be counted as Match as long as the funds are expended on eligible CoC program costs that supplement the project. When using Program Income as Match, on the CoC invoice disbursements journal list the expense under both the Program Income Expended and Match columns.