

# Budget Training



*A Home for Everyone*

*Information on shifting money within HUD budgets and consolidating grants*

March 25, 2009 - 9:30am to 12:00pm

Interfaith Council for the Homeless (642 N. Kedzie)

*The Chicago Alliance to End Homelessness saves lives and improves the quality of life for everyone by leading an effective and cost efficient new way to end homelessness.*

# Welcome

## *Guest Speakers:*

**Nora Lally** – Sr. Community Planning &  
Development Representative, HUD

**Audalee McLoughlin** – President and CEO,  
New Moms

**David Esposito** – Director of Housing  
Administration, Thresholds



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# Purpose of Today's Training

- Every year HUD scores each CoC on its housing to services ratio (H:S ratio), as part of the national NOFA competition. A CoC's score:
  - 1) Shows how well the CoC is doing compared to other CoCs across the country
  - 2) Determines whether or not the CoC falls above the funding line (and thus receives a bonus project – worth \$4.2 million to Chicago)



# Purpose of Today's Training (Continued)

- In the past, Chicago has encouraged agencies to shift dollars from services to housing, to help Chicago increase its H:S ratio. This trend continues in 2009 and beyond!
- Today's training will focus on the possibility and process for shifting money from services into leasing/operations. Additionally, information on the grant consolidation process will be presented as well.



# History of Chicago's H:S Activities

- **Since 2005:** as part of Chicago's ranking policies, in the event of a tie on the Evaluation Tool, the project with a greater housing to services ratio ranked higher
- **In 2007:** 1 point extra on Evaluation Tool given to projects that shifted money out of services and into housing activities



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# History of Chicago's H:S Activities

- **In 2008:** 10% service cut for all projects with a service line item (this funded two new PH projects); Chicago also limited new PH project budgets to only 10% services



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# Trend Across the Country

Many CoCs across the country are undertaking similar measures to increase their H:S ratio...

- **Detroit CoC** reduced budgets of all SSOs by 10%; also had organizations with multiple SHP grants, shift money from services to housing
- **Fort Worth / Arlington / Tarrant County CoC** prioritized PH, then TH, then SSOs; and reduced budgets of SSOs by 3%
- **Indiana Balance of State CoC** prioritized PH, then TH, then SSOs



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# Today's Agenda

- 9:45am: **HUD Presentation on shifting money and consolidating grants** (*Nora Lally*)
- 10:30am: **Q & A Session** (*Nora Lally*)
- 11:00am: **Peer Presentation on shifting money and consolidating grants** (*Audalee McLoughlin and David Esposito*)
- 11:15am: **Small group break-out session with peer support**



# HUD Special Budget Seminar – March 25, 2009

## Notes & Tips

This document provides information on making HUD SHP budget amendments and consolidating grants, based on what was discussed at the seminar. It is meant to supplement the seminar materials listed on the Chicago Alliance to End Homelessness's website: <http://thechicagoalliance.org/nofa.aspx#2009%20HUD%20NOFA%20Process>.

### Eligible Activities

In order to shift money from your project's services budget into operations, one should assess their entire budget to see what services fit into each category. Some agencies mentioned having success in utilizing other funding sources to pick up services costs so they could use HUD SHP money for operations and leasing. Examples involved using Medicaid billing, or IDHS funding (which is typically very flexible) for services. It is important to note that shifting money into operations will require an increase in the amount of cash match an agency has to provide.

HUD's Supportive Housing Deskguide, published on their website (<http://www.hudhre.info/index.cfm?do=viewShpDeskguide>), provides information on what eligible activities are for operations versus services costs. However, the Deskguide's limited number of examples often leaves agencies with additional questions about eligible costs. Therefore, it is important that project staff work closely with their local HUD representative to discuss activities that may not be mentioned in the Deskguide.

In general, HUD considers eligible operations costs to be anything that supports the day to day, physical operation of the program. Services costs are anything that supports clients. For example, food vouchers given to a client would fall under the services budget while food prepared in a program kitchen for program participants can be considered an operations cost.

Additionally, HUD allows projects to pro-rate costs for operations and services. Therefore, if a program director spends 30% of their time with clients, and 70% of their time managing program operations, you can list 30% of their salary as a services cost and 70% of their salary as an operations cost. Note, however, that HUD requires projects to track such pro-rating with time sheets for reporting purposes.

### HUD Budget Stages

There are 3 main stages of the HUD Budget Cycle. Current grants are MANAGING their 2007 grant, waiting for their CONTRACTS for 2008 grants, and beginning the process of APPLYING for 2009 grant (which will fund the project in 2010-2011).

You may make changes to your budgets during the contracting and managing stages by contacting HUD. In general, it is best to notify HUD sooner than later when it comes to making budget changes. Even if you are making changes to line items within a budget category, submit paperwork to your HUD representative for your project file. This will help avoid confusion during monitoring and contracting.

### Grant Consolidation

Agencies operating more than one HUD SHP grant of the same component type (PH, TH, SSO, SH), expiring in the same year, can combine these grants into one. Instructions on how to do this can be found on the Alliance's website: <http://thechicagoalliance.org/nofa.aspx#2009%20HUD%20NOFA%20Process>. If the grants have different end dates,



HUD will require them to end at the same time, usually utilizing the earliest end date in the year. This may shorten the grant cycle for some projects, however, that money will be captured and used immediately upon the new grant cycle to avoid the loss of money to agencies. HUD and the Alliance encourage agencies to consider consolidating grants if possible to reduce the amount of time and paperwork spent throughout the grant process.

CHICAGO REGIONAL OFFICE OF COMMUNITY PLANNING & DEVELOPMENT

GUIDANCE ON CHANGING HUD SUPPORTIVE HOUSING PROGRAM BUDGETS

MARCH 25, 2009

**Overview:** Budget changes take two forms: Budget Revisions and Grant Agreement Amendments

- **Budget Revision** – a request to move **less than 10%** of funds from any approved budget category (Leasing, Operations, Services, etc.) to another approved budget category.
- **Grant Agreement Amendment** – a request to move **10% or more** of any approved budget category or to add a new budget category.

Both Budget Revisions and Grant Agreement Amendments are made for the lifetime of the *project*. That is, if a grant is amended, the next time that project submits a request for renewal, it will utilize the budget that was amended/revised.

If multiple requests to shift funds between budgets are made within a grant's term, HUD will track the percentages requested each time. Once the requests equal 10%, a Grant Agreement Amendment is required. This Grant Agreement Amendment will recap all of the change requests approved to date.

**Process:**

It is the policy of this office that formal written requests for Budget Revisions and Grant Agreement Amendments be submitted to CPD Director Ray E. Willis, Ralph Metcalfe Federal Building, 24th Floor, 77 W. Jackson Boulevard, Chicago, IL 60604-3507. Emailed requests are not acceptable. These requests must be submitted **75 days prior** to the expiration of the grant and contain the following:

1. A cover letter that:
  - a. explains the reason for the request;
  - b. contains the category(ies) from which funds will come and the amount of funds (i.e. \$5,000 from Supportive Services);
  - c. contains the category(ies) to which funds will go, including amount for each category (\$5,000 to Operations);
  - d. verification that the change will not alter the nature of the program as it was competitively funded.
2. A revised Summary Project Budget (Chart 1 from Technical Submission; see Appendix for example; fillable form available on Chicago Alliance to End Homelessness website)
3. Revised budgets, containing line item detail, for any budget categories included in the request (Leasing, Services, Operations; see Appendix for example; fillable form on Chicago Alliance to End Homelessness website )
4. If the required match amount increases (when money is moved to Operations, which has 25% match requirement), verification of the source to meet the increased match must be provided. (see Appendix for example)
5. HUD will review the request and contact you, with either a formal written approval of a Budget Revision request or a Grant Agreement Amendment, or a denial of such request.
6. Changes will be made in LOCCS immediately following the issuance of a Budget Revision approval; changes will be made in LOCCS upon the return of the signed Grant Agreement Amendment to HUD.

# Appendix: Request for Budget Revision/Grant Agreement Amendment Budget Charts

Grant Number:

**Chart 1: Revised Summary Project Budget**

	Revised SHP Request	Applicant Cash	Total Revised Project Budget
1. Real Property Leasing			
2. Supportive Services*			
3. Operations**			
4. HMIS*			
5. SHP Request (subtotal lines 1 thru 4)			
6. Administration*** (up to 5% of line 5)			
7. Total SHP Request (total lines 5 and 6)			

## Leasing

If you proposed to lease units or structures in more than one metropolitan or non-metropolitan area, fill in the appropriate number of tables for each area with a different FMR or actual rent. Please reproduce this Exhibit as needed to accommodate projects using more than one FMR or actual rent.

Enter the number of unit(s)/structure(s) by the bedroom size to be leased and the lower of the actual rent or the FMR as published in the Federal Register on **September 27, 2006**. The space to be leased may be scattered-site (e.g., one-bedroom apartments in five different apartment complexes) or contained within a structure (e.g., a group home with six bedrooms).

Multiply the number of units/structures by the FMR or actual rent, whichever is lower, by 12 months (# of units x FMR or actual rent x 12) and enter the result in the Year 1 column and the total column. If you will have a multi-year lease (e.g., the grant term is for 2 or 3 years), enter the Years 2 and 3 costs, as applicable, and then total.

Please note that the FMR for a single room occupancy (SRO) unit is equal to 75% (0.75) of the 0-bedroom FMR. The FMRs for unit sizes larger than 4-bedrooms are calculated by adding 15% to the 4-bedroom FMR for each extra bedroom. For example, the FMR for a 5-bedroom unit is 1.15 times the 4-bedroom FMR, and the FMR for a 6-bedroom unit is 1.30 times the 4-bedroom FMR.

FMRs may be found at the following WEB site: <http://www.huduser.org/datasets/fmr.html>

### Chart A: Leased units

Name of metropolitan or non-metropolitan FMR area:

Address (if scattered site, indicate so):

Size of units	No. of units/structures	FMR or HUD rent paid	No. of Mos.	Revised Total
1. SRO	x	x	12 =	\$
2. 0 bdrm	x	x	12 =	\$
3. 1 bdrm	x	x	12 =	\$
4. 2 bdrm	x	x	12 =	\$
5. 3 bdrm	x	x	12 =	\$
6. 4 bdrm	x	x	12 =	\$
7. 5 bdrm	x	x	12 =	\$
8. 6 bdrm	x	x	12 =	\$
9. Other	x	x	12 =	\$
10. Totals				\$

### Chart B: Leased Structure

Structure 1	Monthly Leasing Cost	No. of Mos	Revised Total
	\$ x	12 =	\$

Address:

## Supportive Services Budget

Please complete the chart below for your project's revised supportive services budget.

In the first column, fill in the supportive service expenses. For staff positions, please include the job title and quantity (or FTE-full time equivalent); for supportive services, such as transportation services, please include the type (e.g., bus tokens) and quantity. **Please ensure that the total supportive services request on Line 11, column (d) below, matches the amount you entered in your project's Summary Budget in Exhibit 1 of this document.**

### Example:

Supportive Service Expense	Total
<b>Service Activity:</b> Mental Health Counseling <b>Quantity:</b> 0.25 FTE	\$30,909
<b>Service Activity:</b> Transportation (Bus Tokens) <b>Quantity:</b> 500/mo. @\$2.00 ea.	37,091
<b>SHP Request</b>	54,400
<b>Total Supportive Services Costs</b>	<b>\$68,000</b>

Supportive Service Expense	Revised Total
1. Service Activity: Quantity:	
2. Service Activity: Quantity:	
3. Service Activity: Quantity:	
4. Service Activity: Quantity:	
5. Service Activity Quantity:	
6. Service Activity Quantity:	
7. Service Activity: Quantity:	
8. Service Activity: Quantity:	
<b>9. SHP REQUEST*</b>	
<b>10. Selectee's Match</b> (Line 11 minus Line 9)	
<b>11. Total Supportive Services Budget</b>	

\*The SHP request cannot be more than 80% of the total supportive services budget in Line 11.

## Operating Budget

Operating costs are those costs associated with the day-to-day operation of supportive housing and for which cash payment is needed. Operating costs differ from supportive service costs in that operating costs support the function and the operation of the housing project. If requesting SHP operating funds, only the portion of the costs directly related to the operation of the housing project are 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. Additionally, for example, in cases of shared utilities, SHP operating funds may only pay for the portion of the utilities associated with the housing project based on the square footage of the project's space.

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

- a. Operating costs of a supportive services only facility;
- b. Administrative expenses such as audits and preparing HUD reports (see Exhibit 7: Administration);
- c. Rent of space for supportive housing and/or supportive services (see Exhibit 3: Real Property Leasing);
- d. The payment of principal and interest on a loan on a facility not currently being used as supportive housing and/or for the delivery of services (see Exhibit 2: Acquisition, Rehabilitation, New Construction, and Project Feasibility); and
- e. Depreciation because it does not constitute an incurred cost that requires a cash outlay.

In the first column under operating costs, enter the requested information including type of expense and other information where indicated (see example in chart below. **Please ensure that the total operations request on Line 13, column (d) below, matches the amount you entered in your project's Summary Budget in Exhibit 1. Also, the match amount must be at least 25% of the total Operating budget**

<b>Operating Costs</b>	Revised Total
<b>EXAMPLE: Grounds maintenance contract;\$75/mos, x no. of mos.</b>	
1. Maintenance/Repair	
1. Staff (position, % time, fringe benefits, salary)	
1. Utilities	
1. Equipment (lease/buy)	
1. Supplies (quantity)	
6. Insurance	
6. Furnishings (quantity)	
6. Relocation (no. of persons)	
6. Food (perishable/non-perishable, quantity)	
6. Other Operating Costs (amounts/ quantities)	
<b>6. SHP REQUEST</b>	
<b>6. Selectee's Match (Line 13 minus line 11)</b>	
<b>6. Total Operating Budget</b>	

## Matching Funds

If your request to move funds has triggered an increased match requirements (i.e. where funds are transferred to Operations, which has a 25% match requirement), please provide the following information about the new matching funds:

These firm commitments must be documented on letterhead stationery, signed and dated by an authorized representative, and attached to this Exhibit. Each letter must, at a minimum, contain the following elements:

1. The name of the organization providing the cash resource;
2. The amount;
3. The type of activity for which the funds will be used (e.g., case management, child care, education);
4. The name of the project sponsor organization to which the cash will be contributed and/or the name of the project;  
and
5. The date the funds will be available.