

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

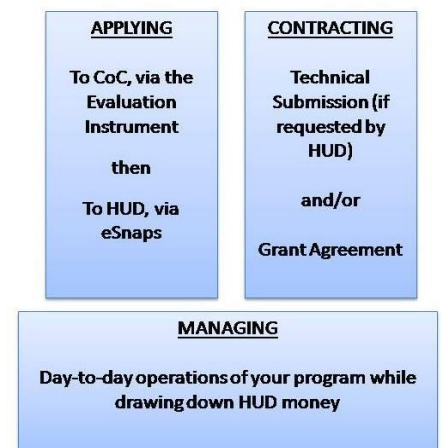
There are 3 main stages of the HUD Budget Cycle. Current grants are MANAGING their 2007 grant, waiting for their CONTRACTS for 2008 grants, and beginning the process of APPLYING for 2009 grant (which will fund the project in 2010-2011).

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,

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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.