

## Summary and Analysis of the Interim CoC Rule

August 2012

On July 31, 2012, the U.S. Department of Housing and Urban Development (HUD) published an interim rule in the *Federal Register* for the new consolidated Continuum of Care (CoC) program. The interim rule implements changes made by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. Regulations governing the Rural Housing Stability Program are expected in the coming months.

The regulations note that the purpose of the CoC is to:

- Promote community-wide goals to end homelessness;
- Provide funding to quickly re-house homeless people while minimizing trauma and dislocation;
- Promote access to and effective utilization of mainstream programs; and
- Optimize self-sufficiency among people experiencing homelessness.

The regulations reiterate in several places that children, unaccompanied youth, and families, as well as individuals, are eligible for CoC programs as long as they meet other eligibility requirements.

### Timing

The regulations will **go into effect on August 30**, 30 days after they were officially published in the *Federal Register*.

Individuals and organizations are encouraged to submit comments to HUD to provide feedback on HUD's interpretation of the HEARTH Act as it relates to the CoC program. **Public comments are due October 1.** HUD will subsequently publish a final regulation on the consolidated CoC program.

### Eligible Activities/Components

The interim regulations state that CoC funds may be used for the five program components listed below. Administrative costs are eligible under each of the five components.

1. Permanent housing;
  - The program participant must be the tenant on a renewable lease with an initial term of at least one year.
  - Eligible types of permanent housing are:
    - Permanent supportive housing for persons with disabilities; and
    - Rapid re-housing (see below for more detail).
2. Transitional housing;
  - Program participants in transitional housing must have a lease that has a term of at least one month but no longer than 24 months and cannot be extended.
3. Supportive services only (SSO);
  - SSO grants cover supportive services, including street outreach, to both sheltered and unsheltered homeless persons to whom the recipient or subrecipient is not providing housing assistance.
4. HMIS;

- An HMIS Lead may use CoC funds to lease or operate a structure in which HMIS is operated, and for other eligible costs.
5. Homelessness prevention (limited cases only).
- The HEARTH Act increased the focus on homelessness prevention, though prevention resources are intended to be available to communities primarily through the Emergency Solutions Grant (ESG) program.
  - Communities designated as high-performing communities (HPCs) may use CoC funds to provide homelessness prevention assistance (housing relocation and stabilization services and short- or medium-term rental assistance) to individuals and families at risk of homelessness. *Only* HPCs are able to use CoC funds to serve people at risk of homelessness; *all* other CoC funds must be used to serve people who are currently experiencing homelessness.

The regulations are clear that all projects currently funded through the CoC are eligible for renewal.

### **Components of Rapid Re-Housing Assistance**

In order to make rapid re-housing assistance consistent whether it is funded through the CoC program or the ESG program, the interim CoC regulations make it clear that participants may receive short-term (up to 3 months) or medium-term (up to 24 months) rental assistance and supportive services. However, rapid re-housing assistance through the CoC program is not limited to the housing stabilization and relocation services valid under ESG; instead, rapid re-housing funded through the CoC program can include *any* of the services currently eligible through programs currently funded through the Shelter Plus Care or Supportive Housing Program. CoCs may elect to limit the services available to program participants in CoC-funded rapid re-housing programs to more closely match the services available under ESG-funded rapid re-housing programs.

Under the interim regulation, rapid re-housing program participants must meet at least monthly with a case manager. Participants must also be re-evaluated at least once per year to confirm that they still lack the necessary resource and support networks to retain housing without rapid re-housing, and that the amount and type of assistance being provided is still appropriate. In addition, supportive services can be provided for up to 6 months after the rental assistance ends.

### **Supportive Services**

The interim regulations note that a program may require clients to participate in supportive services, as long as they are not disability-related services. If project's main purpose is to provide substance use treatment services, then clients can be required to take part in these services as a condition of program participation. However, a program whose purpose is not providing substance use treatment *may not require* participation in substance use treatment services. For example, a program may not require its clients to participate in alcohol treatment unless its core mission is related to providing alcohol treatment.

Supportive services that are provided must be necessary to assist program participants in obtaining and maintaining housing. They must be made available for the duration of a client's participation in a permanent supportive housing or transitional housing program. They can be provided for up to 6 months after a program participant exits a rapid re-housing or transitional housing program.

### **Serving Families and Children Defined as Homeless by a Different Federal Statute**

Under the HEARTH Act, communities may use up to 10 percent of their CoC funds to serve families and unaccompanied youth defined as homeless under other federal statutes. CoCs wishing to do so must demonstrate in their application that using the funds for this purpose is of an equal or greater priority than serving people defined as homeless by HUD and that it is equally or more cost-effective in meeting the overall goals and objectives of the recipient's plan for reducing the number of people experiencing homelessness, the average length of time they remain homeless, and other key strategies for ending homelessness.

CoCs whose most recent point-in-time count shows a rate of homelessness that is less than one-tenth of one percent of the total population are not limited to using only 10 percent of their CoC funds to serve this population.

### **High-Performing Communities**

The HEARTH Act provides HUD with the authority to designate certain CoCs as high-performing communities (HPCs). The interim regulations clarify that HUD can select up to 10 CoCs to designate as HPCs for the year. Collaborative applicants can apply for the designation by demonstrating through reliable data that the CoC meets all of the required standards for HPCs related to length of stay, recidivism, HMIS coverage, and assistance to families and youth defined as homeless under other federal statutes.

HPCs must show that:

- The mean length of stay in homelessness in the CoC is less than 20 days, or it has fallen by at least 10 percent in the past year;
- Less than 5 percent of people leaving homelessness become homeless again within the next 2 years, or the percentage of people doing so has fallen by at least 20 percent in the past year;
- The HMIS has both a bed coverage rate and service coverage rate of at least 80 percent; and
- If the CoC served families and youth defined as homeless under other federal statutes, 95 percent of those families did not become homeless again within 2 years of their assistance ending, and 85 percent of them achieved independent living in permanent housing for at least 2 years after assistance ended.

When a CoC has been designated as high-performing, the HEARTH Act provides that, in addition to normally eligible uses of CoC funds, the HPC can use CoC funds for homelessness prevention in the form of short- and medium-term rental assistance and housing relocation and stabilization services to people at risk of homelessness.

### **Centralized or Coordinated Assessment System Access**

HUD is requiring that all CoCs establish and operate a centralized or coordinated assessment system to conduct an initial, comprehensive assessment of the housing and services needs for all people entering the homeless assistance system. HUD notes that these systems should be designed in response to local needs and conditions and should include use of a locally-designed, common assessment tool. CoCs are required under the interim regulation to develop a specific policy on how the coordinated assessment system will address the needs of people fleeing or attempting to flee domestic violence.

In addition, CoCs will be required to develop and follow written standards for how they plan to administer assistance through coordinated assessment. CoCs must develop standards for providing assistance including:

- Evaluating eligibility for assistance;
- Prioritizing who receives transitional housing;
- Prioritizing who receives rapid re-housing;
- Determining what percentage or amount of rent people receiving rapid re-housing must pay;
- Prioritizing people for permanent supportive housing; and
- If designated as an HPC, prioritizing who receives homelessness prevention assistance.

### **Establishing a CoC Board**

The regulations require that all CoCs establish a governing Board within two years of enactment of the interim regulations. The Board must be representative of the subpopulations of homeless people within the CoC's geographic area, and there must be at least one homeless or formerly homeless individual on the Board. Recipients and subrecipients of CoC funds will also be required to have at least one homeless or formerly homeless person on their organizations' Boards.

### **Changes to the Definition of Chronically Homeless**

In its interim ESG regulations, HUD stated that it had determined that for a person to qualify as chronically homeless by having been homeless on at least four separate occasions over three years, each episode of homelessness must have lasted at least 15 days. In the interim CoC rule, however, HUD has reconsidered this 15-day requirement and amends the regulations accordingly. The length of an episode is once more up to communities to decide.

### **Unified Funding Agencies**

The interim regulation establishes that CoCs can designate a collaborative applicant to become the Unified Funding Agency (UFA) for the CoC. UFAs enter into a single contract with HUD for the provision of CoC housing and services over the entire CoC geographic area, and then contact with subrecipients throughout the geographic area for all CoC projects. UFAs are responsible for exercising fiscal control and monitoring the accounting procedures of all subrecipients.

### **Administrative Costs and Match Requirements**

A CoC may spend up to 3 percent of its final pro-rata need on administrative costs related to CoC planning. Entities that are also UFAs may spend up to an additional 3 percent on administrative costs.

Under the HEARTH Act, the CoC must match all eligible funding costs, except for leasing costs, by no less than a 25 percent cash or in-kind match.