

# HUD CONTINUUM OF CARE (CoC) 2013 RENEWAL APPLICATIONS

## Guidance Document #1: Anticipated Cuts to Renewals in 2013

### September 30, 2013

*This document provides information regarding the Continuum of Care 2013 Renewal application process. We will update this guidance as needed throughout the application process. Additional information is available through linked documents at HUD websites.*

*This document primarily focuses on cuts to existing renewal project funding that we anticipate in the 2013 CoC competition. The cuts described here would affect your projects in their next renewal grant year (beginning in 2014).*

**Who do we contact with questions?** For policy or application questions, you can contact Ryan Deibert at 503-823-2368 or [ryan.deibert@portlandoregon.gov](mailto:ryan.deibert@portlandoregon.gov). If you have specific questions about *e-snaps* you can find HUD guidance, training documents, search or browse FAQs or submit specific technical assistance requests or questions via HUD's OneCPD Resource Exchange: <https://www.onecpd.info/e-snaps/guides/coc-program-competition-resources/>.

**Which years are we talking about?** The lag between HUD's CoC competitions and the actual grant awards makes talking about funding years a little confusing. This document references HUD's CoC competition years, which generally fund projects that start a year later. Here's how that plays out:

HUD CoC competition year	2011	2012	2013
Awarded funding is used by projects in their grant year beginning in...	2012	2013	2014

This document primarily references the 2013 CoC competition (which is just starting). The 2013 CoC competition will fund project grant years starting in 2014.

**What do we know about timeline and process this year?** The 2013 CoC application process is the second to be conducted since implementation of the HEARTH Act through CoC Interim Rule. The [CoC Interim Rule](#) and HUD's 2013 CoC Notice of Funds Available (NOFA) (yet to be released) will set the regulations and application process at the national level. Nationally we expect that the process should look fairly similar 2012. As usual, our local CoC (Portland/Gresham/Multnomah County, also known as OR-501) will develop a supporting local application process, which we'll describe in future guidance.

HUD has released the [2013 CoC Registration Notice](#), and our local CoC has completed all of the steps to register for the competition. That registration included completion of our 2013 Grant Inventory Worksheet, which established the total funding amount for which our CoC is eligible to apply. HUD's Registration Notice gives us a preview of what to expect in the 2013 NOFA. Some important highlights:

- The NOFA will probably be released in mid-October.
- Nationally, HUD expects that it will not have enough funding available to fully fund all renewals. To that end, the NOFA will require each CoC to make cuts to existing renewal projects. HUD will not announce final cut amounts until the NOFA is released, but recently communicated estimates range from 4-6%.
- To achieve the cuts, HUD will require each CoC to rank projects into two "tiers": Tier 1 will equal the full CoC's eligible renewal amount, less the HUD-required cuts; Tier 2 will equal the

HUD-required cut. Projects funded in Tier 1 will be renewed<sup>1</sup>. Projects placed in Tier 2 are very unlikely to be funded for renewal, but might if HUD has more funding than anticipated.

- HUD will give CoCs discretion regarding how each CoC places projects into each tier.
- The NOFA will not include an opportunity to apply for new bonus projects. However, CoCs may apply for new permanent supportive housing projects for chronically homeless households, if they are funded through reallocation of existing renewal funding (e.g. take funding from an existing renewal project and put it toward funding a new permanent supportive housing project).

**How will our CoC implement HUD's required cuts to renewals?** Our CoC is in the process of developing a more formal governance structure, but in the absence of that structure we must still move forward with difficult decisions regarding how to absorb cuts to renewals anticipated under the 2013 NOFA. To that end, staff from the Portland Housing Bureau, Multnomah County Department of County Human Services, and Home Forward presented leadership from the three organizations with a range of options. Because the exact amount of required cuts will not be known until release of the 2013 NOFA, staff considered cut scenarios with a 6% cut (\$793,298 across all renewal funding). Options included cutting one or more renewal projects entirely, enacting equal across-the-board cuts to all renewal projects, or more targeted cuts based on recent changes in overall funding.

Leadership from PHB, Multnomah County, and Home Forward reviewed the options to determine which would be most fair and least disruptive to delivery of services across the CoC. They determined that the following framework will be applied, scaled as necessary to achieve actual overall required cut amounts determined by HUD in the 2013 NOFA:

- We anticipate that all existing renewals can be included in Tier 1 (so that they will be funded in 2013), and that no existing renewals will be included in Tier 2 (which would put them at very high risk of losing all future renewal funding). To do this, though, we will have to decrease next year's funding amounts to several existing renewal projects in order to fit all existing renewal projects in Tier 1.
- Between 2011 and 2012, our CoC received an overall 16.3% increase in funding. Most of the increase was driven by projects that converted from former scattered-site SHP leasing projects to Rental Assistance projects under the CoC Interim Rule. Generally, these projects saw a significant "windfall" in funding, as their budgets shifted from flat leasing budgets to rental assistance budgets tied to the total number of units assisted and their respective Fair Market Rents. Some projects saw overall budget increases of up to 59%; Twenty-five projects saw budget increases greater than 5%. Due to changes in allowable Administrative budgets, all renewal projects saw increases of at least 1.9%.
- In general, required cuts to next year's renewal funding will first be absorbed by decreasing or eliminating "windfall" increases to rental assistance program budgets. Projects that saw disproportionately large increases from 2011 to 2012 will see larger decreases from 2012 to 2013 to help meet required cuts to place all CoC renewal projects in Tier 1.
- If the full amount of cuts cannot be absorbed by eliminating "windfall" amounts, we will pursue additional across-the-board cuts to existing renewal projects to reach full cut amounts required to keep all renewal projects within Tier 1.

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<sup>1</sup> This is generally true, but will be subject to conditions described in the 2013 NOFA including renewal threshold review.

**Additional detail based on hypothetical cut scenarios:** Again, we will not know how much total renewal funding we will be required to cut in order to place all renewal projects in Tier 1 until HUD communicates the cut amounts in the 2013 NOFA. HUD recently indicated that the cuts may be in the 4-6% range.

In a **hypothetical 6% cut scenario**, our CoC would be required to cut approximately \$793,000 from existing renewals in order to keep all renewals in Tier 1. We anticipate the following results using the framework above:

- All renewal projects would be funded, and all projects will receive more funding in 2013 than they received in 2011.
- Projects that received no “windfall” between 2011 and 2012 would be eligible to renew in 2013 at their full 2012 budget. That means most would receive approximately 1.9% more funding in 2013 than they received in 2011.
- Rental Assistance projects that received “windfalls” between 2011 and 2012 would see most of the windfall amount eliminated (most will see reductions of 4-20% compared to 2012), but all would still receive nearly 4% more funding in 2013 than they received in 2011.

We will follow this email with a detailed 6% cut projection for each renewal project, so that projects can begin to plan internally for a range of cut scenarios. Projects experiencing reduced funding from 2012 to 2013 would have some flexibility to determine how to take cuts within their existing budget, and we can discuss options on a case-by-case basis.

**How can I learn more about anticipated cut scenarios?** Look for the detailed follow-up email that outlines a range of cut projections for your individual projects. To learn more, you can come to an **optional information session** focused on anticipated cut scenarios. That session is scheduled for:

Tuesday, October 8, 2013  
1:00 – 2:00 PM  
Portland Housing Bureau,  
421 SW 6<sup>th</sup> Ave, Suite 500, Steel Room

**Will we have a competitive process for new projects this year?** In past years, HUD has made available “bonus” funds that could fund competitively awarded new project applications. HUD’s 2013 CoC Registration Notice is clear that HUD will not make bonus project funding available this year. However, our CoC’s method of absorbing HUD-required cuts will allow us to submit new project proposal(s) in Tier 2 that could be funded with the reallocated funds that we cut from Tier 1 renewal projects.

Again, in order to keep all existing renewal projects in Tier 1 (our CoC’s total renewal amount, less HUD’s required cuts), we will have to reduce total funding amounts to multiple existing renewal projects. Under HUD’s rules these reductions are treated as “partial reallocations.” That means that our CoC can make the funds that we cut available for new project applications. Locally, though, we are choosing to put these new project applications in Tier 2, making it highly unlikely that they will be funded under the 2013 NOFA.

HUD’s 2013 CoC Registration Notice indicates that the NOFA will restrict these new project applications to permanent supportive housing programs serving chronically homeless households. In the coming

weeks, we will begin a local pre-application process to select applications for new reallocation project(s) to submit to HUD in Tier 2, in the remote chance that Tier 2 projects are funded.

**What comes next?** In the next few weeks, we will begin preparing for the 2013 CoC NOFA competition. Here's (roughly) what you should expect:

- We'll follow up very soon with an email that details how our CoC-wide cut scenario might affect your 2013 renewal awards. Many projects may see no change to their budgets; others may see significant decreases compared to their 2012 award. All projects should see more funding next year than they did two years ago.
- In the next few weeks, we'll release a competitive pre-application process through which you can propose new permanent supportive housing project(s) that we forward to HUD in Tier 2. These projects are unlikely to be funded by HUD, but we want to include them in our application in the unlikely event that HUD funds Tier 2 projects.
- We'll also reach out to you to collect basic information from your project to help us rate and rank existing renewal projects. This rating and ranking is required by HUD, and it will not affect your renewal funding amount. We will provide more information on rating and ranking soon.
- HUD will likely release the 2013 CoC NOFA in mid-October. Once they do, we will quickly review the NOFA for important changes, and send you additional guidance regarding how to complete your 2013 renewal application. That guidance will also include local timelines for completion of your renewal application in e-snaps. Timelines will be very tight this year, and we may require completion of your renewal application in e-snaps within a few weeks of the NOFA release.

**What else can I be doing in the meantime?** Again, HUD has indicated that the NOFA will be released in mid-October. As in prior years, we expect that the timeline for submission of application materials for this year's CoC NOFA will be tight. While we wait for the NOFA to be released, we encourage you to pursue some preparatory steps that may help complete the application once it's released:

- Make sure that key staff are available to update your Applicant Profile and complete, approve, and submit your Project Application (formerly known as Exhibit 2) in e-snaps. Most of the work for your Project Application will probably occur from late-September through early-November, but you can review and update your Applicant Profile now (see below for more detail).
- Make sure that you have copies of your 2012 Project Application, your current HUD Grant Agreement, and your most recent Annual Progress Report for reference throughout the application process. If your agency does not have copies of these documents, contact Ryan Deibert for instructions regarding how to obtain them.
- Begin collecting documentation of the match and leverage required for your project(s).
- Though your Project Application is not currently available in e-snaps, you can still update information about your agency (your Applicant Profile) in e-snaps. Early work on this is especially helpful if you've had turnover in key staff that work on the CoC application. See [HUD's Project Applicant Training page](#) for more information on how to:
  - [Add or delete registered users in e-snaps](#)
  - [Update your applicant profile](#)
- If you have staff that are new to e-snaps, they may want to review some basic information on navigating the system:
  - [Intro to e-snaps Features and Functions](#)