



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

FISCAL YEAR 2010 GRANT EXTENSION PROCEDURES FOR SERVICE  
COORDINATOR AND CONGREGATE HOUSING SERVICES PROGRAM GRANTEEES

I. Introduction

This document provides HUD's process for extending Service Coordinator (SC) and Congregate Housing Services Program (CHSP) grants whose funds will be expended and whose grant term will end on or before December 31, 2010. The Department's policy is to provide extension funding, to the extent funds are available, to enable programs to continue operating for an additional 12-month period. An extension request should be based on the program's current cost rate. The extension funds are to be used only to meet a critical need and in cases where no other funding source is available.

These extension procedures are posted on HUD's website at <http://www.hud.gov/offices/hsg/mfh/scp/resources.cfm> for use by grantees.

A. Extension Amounts

For Fiscal Year (FY) 2010, HUD's appropriation for the SC and CHSP programs is \$90 million. The Department projects that there will be sufficient FY 2010 funds to fund all eligible grants that expire on or before December 31, 2010 at the following amounts:

1. Service Coordinator and CHSP grants that received extension funds in FY 2009 will receive an amount not to exceed a 2.7 percent (2.7%)<sup>1</sup> increase over that amount.
2. Service Coordinator and CHSP grants that did not receive extension funds in FY 2009 will receive an amount not to exceed 2.7 percent (2.7%) of the grant amount they were awarded/allocated or that they spent in FY 2009.

B. Assessment of Need

Based on information provided by a grantee's periodic reports, payment vouchers, requests for extension funds, and through on-site grant reviews, field staff will re-evaluate a grantee's eligibility and need for a SC or CHSP grant. In doing so, field staff will confirm that no other funding source is available to pay program costs. "Meeting a critical need" means addressing a need that cannot be met through other sources.

## C. Program Requirements

SC grantees are responsible for meeting program requirements set forth in the Notices of Funding Availability (NOFAs) through which they were funded, grant agreements, and the Management Agent Handbook, 4381.5, REV-2, CHG-2, Chapter 8.

CHSP grantees must comply with program requirements set forth in grant agreements, Section 802 of the 1990 National Affordable Housing Act, regulations at 24 Code of Federal Regulations (CFR) Part 700 (and 7 CFR Part 1944 for Rural Housing projects), and the CHSP Operating Procedures Handbook, 4640.1, REV-1.

Grantees are expected to comply with all program requirements as set forth in relevant program policy documents. Failure to do so may be a basis for denial of future grant funds.

Please see attachments 1 and 2 for a summary of respective program requirements.

## II. Service Coordinator Grants

### A. Eligibility

1. SC Grants that will exhaust all available grant funds and whose grant term will end on or before December 31, 2010.
2. Projects that have no available Section 8 operating funds, residual receipts, or Section 236 Excess Income that can be used to fund the SC program. Whenever financially feasible, HUD staff must approve project funds rather than grant funds to continue a SC program.
3. Programs that are complying with program requirements and that have no management, financial, civil rights, or fair housing problems. "Problems" refer to significant negative findings resulting from reviews or audits performed by HUD or other third-party agencies. Often when these issues occur, HUD will bar the housing owner from doing further business with HUD (meaning receiving new grant funds) until those findings have been suitably resolved.

### B. Preparing Extension Requests

#### 1. No-Cost and Cost Extensions

##### a. No-Cost Extensions

Grantees must use all existing grant and project funds prior to receiving new grant extension funds. Often grantees will have unspent funds remaining at the end of a grant term. In order to fully use these funds, field staff must provide a no-cost extension for the time period during which the remaining funds will be used.

A no-cost extension means the government is extending the period of performance of a grant, but providing no additional funds. The grant term is extended at "no cost" to the government.

Example: Canterbury Towers determines that their costs from April 1, 2009 through March 31, 2010 will be \$32,000. Their approved budget amount is \$36,100. They will then have \$4,100 left in their account once all costs incurred through March 31, 2010 are reimbursed.

The grantee informs HUD Field Office staff that based on normal operating expenses, the \$4,100 will last 41 days, through May 11, 2010. ( $\$36,100/365 \text{ days} = \text{daily rate of } \$99$ .  $\$4,100/\$99 = 41 \text{ days}$ .) Field staff will then issue a no-cost extension to extend the time period from April 1, 2010 through May 11, 2010.

The next year's 12-month extension would then be for the time period May 12, 2010 through May 11, 2011.

#### b. Cost Extensions

A "cost extension" means the government is extending the period of performance of a grant and awarding additional funds to pay for the activities performed during the extended grant term. Cost extensions should be made for a 12-month period only, no less and no more. The one exception would be in the case where a grantee intends to include the SC in the operating budget and the project's next fiscal year begins during the next 12-month grant period. HUD can then provide extension funds for the time period leading up to the date the budget modification takes effect.

### 2. Determining Extension Amount

HUD provides extension funding to continue currently operating programs at that program's current cost rate. Owners must base their proposed extension budget on the costs incurred during the current program year. This assumes that the program was fully operational during the current 12-month period. If the program was not fully operational, for example due to staff turnover, then the current year's costs should be prorated to represent a full 12-month program amount.

SC grants that received extension funds in FY 2009 will receive no more than a 2.7 percent (2.7%) increase over the amount they received in FY 2009.

SC grants that did not receive extension funds in FY 2009 will similarly receive an amount not to exceed a 2.7 percent (2.7%) increase over the grant amount they were awarded/allocated or spent in FY 2009.

Field staff may approve a lesser amount if the past year's program costs were usual, but less than initially anticipated for that grant period. Field staff do not have the authority to approve funding requests that exceed a 2.7 percent (2.7%) increase over the amount awarded in FY 2009 or the amount expended during the past year.

For example, Canterbury Towers' FY 2009 grant extension amount was \$36,100. Estimating that costs will be usual in the next 12 months, Canterbury Towers may then receive up to \$37,075 for the new grant term of May 12, 2010-May 11, 2010 ( $\$36,100 \times 1.027 = \$37,075$ ).

3. Extension requests must contain the following:

- a. A cover letter summarizing the request, including the dollar amount and the new 12-month grant term, and
- b. A One-Year Budget (Form HUD-91186-A). Grantee staff must itemize all proposed costs on the form, using additional pages if necessary.

4. Dates to Submit Requests to HUD Field Offices

- a. For programs that run out of funds from January through September 2010, grantees should submit requests for cost extensions to their Field Office 120 days prior to the date the existing funds will be entirely expended. If grantees submit requests with less than 120 days before they run out of funds, HUD cannot guarantee that the grantee will receive new grant funds by the time their current monies are exhausted.

For example, Bluebird Apartments determines that according to usual program costs, the SC program will have exhausted all grant funds by July 31, 2010. The owner should submit the extension request to HUD no earlier than April 1, 2010.

- b. For programs that run out of funds from October through December, grantees should submit requests for cost extensions to their Field Office no later than August 1, 2010. If HUD receives these requests on time, we can issue extension funds before the end of the fiscal year on September 30, 2010.

C. HUD Review and Approval of Requests

HUD field staff will review your extension request, in tandem with the vouchers and semi-annual financial and performance reports that you've submitted over the last year. HUD staff must ensure that the proposed budget amounts provided in your funding request are in line with your prior year's actual expenses and activities. If field staff find errors in or need additional clarification of proposed activities and costs, grantees must make the relevant changes and resubmit the request.

D. Extension Information for Grantees Using Project Funds

If you have available project funds that are expected to last up to three years following the last grant term expiration date, HUD field staff may execute no-cost extensions of the grant agreement/amendment during this three-year period.

### III. CHSP Grants

#### A. Eligibility

1. Grants that will exhaust all available grant funds and whose grant term will end on or before December 31, 2010.
2. Programs that are complying with program requirements and that have no management, financial, civil rights, or fair housing problems. "Problems" refer to significant negative findings resulting from reviews or audits performed by HUD or other third-party agencies. Often when these issues occur, HUD will bar the housing owner from doing further business with HUD (meaning receiving new grant funds) until those findings have been suitably resolved.

#### B. Preparing Extension Requests

##### 1. No-Cost and Cost Extensions

Follow guidance in section II.B, above.

##### 2. Determining Extension Amount

HUD provides extension funding to continue currently operating programs at that program's current cost rate. Follow guidance in section II.B.2, above. CHSP grants may receive an amount not to exceed a 2.7 percent (2.7%) increase over the grant amount awarded or allocated in FY 2009.

For example, Red Rock Apartments' CHSP grant extension amount in 2009 was \$50,000. In FY 2010, the maximum HUD can provide is \$51,350 ( $\$50,000 \times 1.027 = \$51,350$ ).

##### 3. Extension requests must contain the following:

- a. A cover letter summarizing the request, including the dollar amount and the new 12-month grant term.
- b. An annual Summary Budget, form HUD-91180-A. The budget must indicate the match, participant fees, and the grant amount requested for the next 12-month extension period. Grantees must itemize costs on attached pages so that field staff have full knowledge of how the match, participant fees, and grant funds will be used.

The Annual Summary Budget submission must contain the following supporting documentation:

- (1) Letters of commitment from the third-party agencies providing matching resources. The letters should state the type and amount of matching resource, the supportive service those resources will support, and a commitment of assistance through the grantee's next 12-month period of performance. The letter should come from the match contributor and be addressed to the grantee.
- (2) A copy of a participatory agreement signed sometime during 2009, with the personal information of the participant blacked-out.
- (3) If the participatory agreement does not contain the participant fee schedule for meals and other services, a copy of the current fee schedule.
- (4) Names of Professional Assessment Committee members, along with their job titles and employer names (or other relevant professional credentials).
- (5) If not already submitted, a completed Annual Reporting Form (HUD-90006), for the period 10/1/2008-9/30/2009. (The report was due to the local field office on October 30, 2009.)

#### 4. Dates to Submit Requests to Field Offices

Follow guidance in section II.B.4, above.

#### C. Review and Approval of Requests

1. Field staff will review the above information, along with the vouchers and semi-annual Financial Status Reports (SF-269-As) that you have submitted over the past year. Field staff will look at the proposed budget amounts provided in the funding request and determine if they are in line with the prior year's actual expenses and activities. If field staff find errors in or need additional clarification of proposed activities and costs, the Grantee must make the relevant changes and resubmit the request.
2. Field staff may approve extension requests as long as grantees are in compliance with their grant agreements and with program policies set forth in Section 802 of the National affordable Housing Act, program regulations, and the CHSP Operating Procedures Handbook.

#### D. New Grant Agreements

Grantees that did not receive extension funds in FY 2009 will receive a new CHSP grant agreement with their FY 2010 funds. This grant agreement replaces all previous grant agreements and amendments that set forth any program requirements. The agreement, however, simply reiterates the same program requirements and cites the responsibilities of both HUD and the grantee when entering into such an agreement. This agreement continues the current CHSP grant program and Grantees will continue to use the same grant number. There are no program changes in the new grant agreement.

Although program components will not change, it is imperative that both field staff and grantees read the new grant agreement carefully and thoroughly, so each understands its responsibilities. If grantees fail to comply with the terms and conditions of this grant agreement, HUD can deny grant payments and future funding.

Field staff will send the following package to grantees to obligate new extension funds in FY 2010:

1. An "Assistance Award/Amendment", form HUD-1044. (This form will be the cover page to the new grant agreement.)
2. The new grant agreement for grantees that did not receive extension funds in FY 2009.
3. The approved budget, form HUD-91180 along with any supporting documentation.

For further questions regarding SC and CHSP grant programs, contact your local HUD field office staff.

## Service Coordinator Program Requirements

The following requirements are stated in Grant Agreements, the *Management Agent Handbook*, 4381.5, REV-2, CHG-2, Chapter 8, and prior annual Notices of Funding Availability (*NOFAs*).

### 1. Receipt of Grant Funds

Grantees will use the Line of Credit Control System/Voice Response System (LOCCS/VRS) to draw down funds to reimburse their costs. Grantees may draw down funds on a monthly or quarterly basis. The Grantee must choose the preferred frequency; notify the HUD Field office staff, and continue with this frequency of draw down until the Field Office staff is again notified of a change. (*Grant Agreement, Article I.G.*)

### 2. Reports

- A. LOCCS/VRS Payment Voucher (form HUD-50080-SCMF). The Grantee shall submit this form to Field staff immediately following each draw down of funds from the LOCCS/VRS. This means if a grantee chooses to draw down on a monthly basis, they must submit a LOCCS voucher and list of itemized expenses each month. If the grantee chooses to draw down quarterly, they must submit a LOCCS voucher with itemized expenses each quarter.

Grantees must include the Back-up documentation requested by their field staff along with this form. The Grantee must highlight the documented costs for which it is requesting reimbursement and provide a coversheet with all of the amounts totaled, indicating which expenses are included in which LOCCS budget line items.

- B. Semi-annual financial status report (Form SF-269-A (short form)). Grantees must submit this form twice annually, indicating the amount of grant funds used during that reporting period. The second SF-269-A of the year must be a cumulative report for the prior 12-month period.
- C. Semi-Annual Performance Report. The Grantee shall submit a Semi-Annual Performance Report, HUD-92456, with each semi-annual Financial Status Report.
- D. The semi-annual financial and performance reports must be submitted for each six-month period of the Federal fiscal year and are due to the local field staff 30 calendar days following the end of the reporting period. The reporting periods and due dates are as follows: (*Grant Agreement, Article II*)
- (1) October 1 thru March 31; reports due April 30, and
  - (2) April 1 thru September 30, reports due October 30.

### 3. Training

- A. SCs must have met a minimum of 36 training hours of classroom/seminar time before hiring, or must complete this minimum training requirement within 12 months of initial hiring. After the first year of employment, SCs must attend 12 hours of relevant continuing education on an annual basis.
- B. SCs must document their completed training coursework and maintain the information in their program files. For each course, documentation should show the subject matter, length of time, sponsoring organization, dates, and cost. (*Grant Agreement, Article V and Handbook Chapter 8, Section 8.9*)

### 4. Recordkeeping

- A. Confidential client files. The Service Coordinator should maintain detailed notes regarding any assistance and services provided to the residents. The Service Coordinator must keep the client files in a secured location and accessible ONLY to the service coordinator and to management to the extent necessary.
- B. Program files. The Service Coordinator or other administrative staff should keep detailed records which include any pertinent program activities and expenses. (*Grant Agreement, Article IV*)

### 5. Private office space

The SC must have sufficient separate and private office space available to meet with residents without adversely affecting normal activities. (*NOFAs*)

### 6. Quality Assurance (QA).

Grantees who choose to include QA activities in their SC program must comply with the following:

- A. The QA provider must conduct one program evaluation review six months following the Program's start date and then one review every 12 months thereafter. The Grantee must provide copies of the program evaluation reports received from the QA provider to the local Field Office staff on or before October 30 of each year.
- B. The grantee must ensure and provide documentation to HUD that confirms that the individual employed to perform Quality Assurance is qualified to do so. The Grantee shall submit documentation (i.e., a resume) to HUD indicating the qualifications of the individual employed to perform Quality Assurance. The Grantee shall submit such documentation with their first semi-annual financial status and performance reports. The documentation shall also be maintained in the Grantee's files, for future reference. (*Grant Agreement, Article I.K., Handbook Chapter 8, Section 8.5*)

## Congregate Housing Services Program Major program Requirements

This document references the CHSP statute, Section 802 of the 1990 National Affordable Housing Act (NAHA); the regulations at 24 CFR Part 700 (7 CFR 1944 for Rural Housing projects), and Handbook 4640.1, REV-1, "Congregate Housing Services Program (CHSP) Operating Procedures". The following is a list of the major, but not the only, program requirements. To verify that grantees are in compliance with all requirements, staff should thoroughly read both the regulation and the handbook.

### Eligible Supportive Services:

Eligible services are those that are essential for achieving and maintaining independent living and may prevent premature and unnecessary institutionalization. They may include congregate meals, service coordination, transportation, personal care, dressing, bathing, toileting, housekeeping, chore assistance, non-medical counseling, assistance with medications, preventative health programs, and personal emergency response systems. *(NAHA Sections 802(d)(2), (4), (5), and (K)(16); Regulations at 700.105 and 120, and Handbook section 2.12)*

Grantees must make available to program participants a full meal service adequate to meet nutritional needs, defined as a minimum of at least one hot meal a day served in a group setting. Meals must be provided to program participants on site. While a meal service is a mandatory component of the CHSP, not all CHSP participants are required to take meals from the CHSP. *(NAHA sections 802(d)(2) and (k)(16)(A), Regulations at 700.105 and 120(c) and Handbook section 2.12(a))*

### Cost Distribution:

The grantee must provide matching funds that will cover at least 50 percent (50%) of program costs; HUD will provide grant funds in an amount not to exceed 40 percent (40%) of program costs, and program participants must pay fees that cumulatively cover at least 10 percent (10%) of program expenses. *(NAHA section 802(i)(1)(A), CHSP regulations at Section 700.145(a)(1), and Handbook section 2.14)*

Eligible matching funds must be directly related to the types of supportive services prescribed by the Professional Assessment Committee (PAC) or used for administration of CHSP. Matching resources may be cash, the imputed dollar value of other agency or third party-provided direct services or staff time, in-kind contributions, and volunteer time. *(Regulations at Section 700.145(c) and Handbook section 2.15)*

In-kind items may not exceed 10% of the dollar value of the grantee's match. For example, if the match is \$25,000, the dollar value of in-kind contributions cannot exceed \$2,500. *(NAHA section 802(i)(1)(c), regulations at Section 700.145(c)(2)(iii), and Handbook section 2.15)*

### Participant Fees:

For residents receiving more than one meal per day, seven days per week, the grantee must charge a meals fee that is between 10 and 20 percent of the participant's adjusted income, or the cost of providing the meals, whichever is less.

For residents receiving no more than one meal a day, seven days a week, the grantee must charge a fee equal to 10 percent of the participant's adjusted income, or the cost of providing the meals, whichever is less.

For services other than meals, grantees must charge a flat fee per unit of service. For example, \$3 an hour for housekeeping services charged to all participants, regardless of income.

Program participants cannot pay fees that total more than 20 percent of their adjusted incomes for any combination of services. (*NAHA section 802(d)(7), Regulations at 700.150, and Handbook section 2.13*)

### Program Participants:

The Grantee may provide services only to frail elderly, non-elderly people with disabilities, and temporarily disabled individuals who reside in an eligible housing development and who have been formally assessed and approved for participation by a PAC. (*NAHA section 802(e), Regulations at 700.125, and Handbook section 2.6*)

Once the PAC and a potential participant approve a supportive services plan, the participant must sign a participatory agreement governing the utilization of the plan's supportive services and the payment of supportive services fees. The grantee annually must renegotiate the agreement with the participant. (*Regulations at 700.140 and Handbook section 2.7.d*)

### Professional Assessment Committee (PAC):

Grantees must use a PAC to conduct a formal assessment of a potential participant's eligibility and to propose and negotiate a supportive services plan for that participant. A PAC's membership must include at least three qualified medical and other health and social service professionals competent to appraise the functional abilities of the frail elderly and persons with disabilities. (*NAHA section 802(e)(3), Regulations at 700.135, and Handbook sections 2.8 and 2.9*)

### Program costs:

Allowable costs for direct provision of supportive services includes the direct hiring of staff, including a service coordinator; supportive service contracts with third parties; Equipment and supplies necessary to provide services; operational costs of a transportation service; Purchase or lease of vehicles, and Direct and indirect administrative expenses for administrative costs.

Administrative costs cannot exceed 10 percent of a program's total budget. For example, if the total CHSP program budget (match+fees+grant) is \$100,000, then the administration budget line item cannot exceed \$10,000. (*Regulations at 700.115(a) and (c) and Handbook section 2.16*)

## Receiving Grant Funds and Submitting Reports:

1. Grantees will use the Line of Credit Control System/Voice Response System (LOCCS/VRS) to draw down funds to reimburse their costs. Grantees may draw down funds on a monthly or quarterly basis. The Grantee must choose the preferred frequency; notify the HUD Field office staff, and continue with this frequency of draw down until the Field Office staff is again notified of a change.
2. LOCCS/VRS CHSP Payment Voucher (form HUD-90198. Within five days of submitting the reimbursement request to LOCCS, the grantee must send the LOCCS/VRS CHSP Payment Voucher (form HUD-90198, with any supporting documentation of expenses, to the local field office staff. This means if a grantee chooses to draw down on a monthly basis, they must submit a LOCCS voucher and list of itemized expenses each month. If the grantee chooses to draw down quarterly, they must submit a LOCCS voucher with itemized expenses each quarter.

Grantees must include the Back-up documentation requested by their field staff along with this form. The Grantee must highlight the documented costs for which it is requesting reimbursement and provide a coversheet with all of the amounts totaled, indicating which expenses are included in which LOCCS budget line item.

3. Semi-annual financial status report (Form SF-269-A (short form). Grantees must submit this form twice annually, indicating the income received and the amount of grant funds used during that reporting period. The second SF-269-A of the year must be a cumulative report for the prior 12-month period.

The Financial Status Report must be submitted for each six-month period of the Federal fiscal year and is due to the local field staff 30 calendar days following the end of the reporting period. The reporting periods and due dates are as follows:

- October 1 thru March 31, reports due April 30.
- April 1 thru September 30, reports due October 30.

4. Grantees must also submit an Annual Report, Form HUD-90006, each year, which contains a summary of programmatic and budgetary information for grantee operations during the preceding 12 month period. The reporting period is October 1 through September 30 and the report is due to the field staff on October 30 of each year. (*Regulations at 700.155(d) and 700.165(a) and Handbook sections 4.7, 4.8, and 4.9*)

Field office staff are asked to work with owners and management agents to identify other sources of funds to make up any amount of budget shortfall that may occur this fiscal year. In addition, if owners borrow funds from other project accounts to cover expenses while awaiting new extension funds, those other accounts must be reimbursed immediately with grant funds as soon as these are available for drawdown.