

HUD Match Requirements

IL 508 COC- St. Clair County/Belleville/East St. Louis

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I. Introduction

The Continuum of Care Program (COC) is a federal program operated by the U.S. Department of Housing and Urban Development (HUD) to make grants to states, local governments, and territories for the purposes of funding activities that directly serve people experiencing homelessness, including people at risk of homelessness. The St. Clair County Continuum of Care (SCCCOC) is a direct recipient of COC funds from HUD. COC participants administer annual allocations of various TH, RRH, PSH projects in the County.

For the purposes of this document, “annual COC” refers to SCCCOC’s annual allocation of COC funds.

This Match Requirement document (the “Requirement”) provides:

- The structure under which SCCCOC manages the COC match requirement;
- Comprehensive guidance to subrecipients regarding their COC match requirements.

A. Applicability

This applies to COC grants funded using:

- Annual COC

II. General Requirements

A. Overview

The COC Program’s primary regulatory body is 24 CFR Part 578, the COC require COC awardees to provide matching contributions (“match”) to supplement each project award.

In general. The recipient or subrecipient must match all grant funds, except for leasing funds, with no less than 25 percent of funds or in-kind contributions from other sources. For Continuum of Care geographic areas in which there is more than one grant agreement, the 25 percent match must be provided on a grant-by-grant basis (24 CFR 578.73).

B. Eligible Types of Match

Match can be provided in the form of either:

- 1) **Cash sources.** A recipient or subrecipient may use funds from any source, including any other federal sources (excluding Continuum of Care program funds), as well as State, local, and private sources, provided that funds from the source are not statutorily prohibited to be used as a match. The recipient must ensure that any funds used to satisfy the matching requirements of this section are eligible under the laws governing the funds in order to be used as matching funds for a grant awarded under this program.
- 2) **In-kind contributions.**
 - i. The recipient or subrecipient may use the value of any real property, equipment, goods, or services contributed to the project as match, provided that if the recipient or subrecipient had to pay for them with grant funds.
 - ii. The requirements of 2 CFR 200.306 apply.
 - iii. Before grant execution, services to be provided by a third party must be documented by a memorandum of understanding (MOU) between the recipient or subrecipient and the third party that will provide the services. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the recipient's or subrecipient's organization. If the recipient or subrecipient does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.
 - a) The MOU must establish the unconditional commitment, except for selection to receive a grant, by the third party to provide the services, the specific service to be provided, the profession of the persons providing the service, and the hourly cost of the service to be provided.
 - b) During the term of the grant, the recipient or subrecipient must keep and make available, for inspection, records documenting the service hours provided.

C. Eligible Sources of Match

1) Cash Match

Recipients/subrecipients may use funds from any source, including any other federal sources (excluding CoC Program funds), as well as state, local, and private sources, provided that funds from the source are not statutorily prohibited to be used as a match. The recipient must ensure that any funds used to satisfy the cash match requirements are not prohibited from being used as a match under the laws governing those funds.

To summarize, sources of cash that may be used as match include:

- Grants from private, local, state, and federal resources (if not statutorily prohibited by source)
- Cash resources
- Revenues from fundraising efforts organized by the recipient or subrecipient
- Recipient or subrecipient staff working on grant eligible activities who aren't paid from the CoC Program grant but are paid from other agency resources

2) *In-Kind Match*

In-kind match is the value of any real property, equipment, goods, or services contributed to a CoC Program grant that would have been an eligible CoC Program activity if the recipient or subrecipient paid for them directly with CoC Program funds. In-kind match can be donations provided directly by the recipient, subrecipient, or third party.

III. Documentation Requirements-Overall

The documentation requirements for match are the same as the requirements for CoC Program funds. For example, staff time used as match must be supported by time sheets or an equivalent system for tracking time. Match expenditures must occur during the grant term.

Grant Life Cycle and Match: Recipients must do the following:

- Application: Typically, the annual CoC Program NOFA requires securing written commitments of match and providing information about match type (cash or in-kind), source, and value.
- Grant execution: Document the match to HUD. APR: Document progress toward meeting match obligation.
- Conclusion of grant term: Document that match was spent on eligible activities and met the requirement to match 25 percent of actual funds expended on the CoC Program grant (except leasing funds).
- HUD monitoring: When monitored by HUD, documentation to support all match may be requested and reviewed.

A. Cash Documentation

Substantiated in a commitment letter on agency letterhead, signed and dated by an authorized representative, that includes the following: amount committed; date funds will be available to the project; grant and fiscal year to which it's being contributed; and allowable activities it will support. Cash match must be tracked through the recipient's or subrecipient's financial statements, general ledgers, and other records to show it had been spent on eligible program expenses within the

grant term.

B. In-Kind Documentation

In-Kind Property, Equipment or Goods: Substantiated in a commitment letter on agency letterhead, signed and dated by an authorized representative, that includes the following: description and value of donation; date it will be available to the project; grant and fiscal year to which it's being contributed; and method used to value the donation. Match must be tracked by the recipient or subrecipient to demonstrate that these items were delivered to the project and, if applicable, to its participants, during the grant term.

- Land, buildings and equipment: If used as match, must determine if counting the full value during the fiscal year it is utilized (as a lump sum) or over multiple grant terms as a prorated amount of the original value.
- In-Kind Services: Substantiated by a Memorandum of Understanding (MOU) in place by the time of grant execution. The recipient or subrecipient must track the services to show they were delivered to the participants during the grant term.
- MOU must include: unconditional commitment to provide the services, detail of the services, profession of person to provide the services, hourly cost, grant and fiscal year it's being contributed, details of the system/calculation method to document the quantity and value of services provided during the grant term.
- During the grant term: Must document quantity and value of services and actual date(s) on which provided.

IV. Self-Monitoring of Match

If at the end of a grant term, the match requirement is not met, the recipient may be asked to repay funds. Recipients/subrecipients should monitor match activity during the grant term. They are required to obtain information annually from third parties of in-kind service match activity and encouraged to gather it quarterly.

A. Calculating the Value of In-Kind Match

To determine the value of any donated material or building, or of any lease, the recipient or subrecipient must use a method reasonably calculated to establish its fair market value.

Services provided by individual people must be valued at rates consistent with those that the recipient or subrecipient ordinarily pays to existing employees performing similar work. If the recipient or subrecipient does not have employees performing similar work, the rates must instead be consistent with those ordinarily paid by other employers in the same labor market for similar work.

For in-kind match contributions that would have been indirect costs:

These contributions can only be counted as match if the recipient or subrecipient has established, along with its regular indirect cost rate, a special rate for allocating the value of these contributions to individual projects or programs.

B. Common Sources of Match

This section lists several common sources of match. It is not intended to be all-inclusive; rather, it is intended to provide guidance and information regarding several common approaches to match. The information provided is broad and general, and subrecipients are encouraged to submit more specific questions about their match plans.

1) Administrative Costs

The costs of administering the CoC Program are a common source of match, as the administrative cost allowance under CoC is sometimes not sufficient to cover 100% of the administrative costs of subrecipients and their sub-subrecipients. These costs include but are not limited to budgeting, reporting, payroll, and monitoring.

Note that, to be considered an eligible source of match, administrative costs must otherwise be allowable under the CoC Program—meaning they must directly relate to the implementation of CoC funds. This frequently excludes expenses like salary and fringe for an organization’s executive director unless the executive director is performing the responsibilities of a program manager for an CoC-funded project.

2) HMIS Costs

All COC projects are required to maintain participant and project data in HMIS (or, if they are a domestic violence services provider or legal services provider, in an HMIS comparable database). HMIS costs, including software, equipment, and salary and fringe for staff performing data entry and maintenance, are sometimes hard to predict during the CoC budgeting process (or excluded from the budget altogether); excess costs are a prime source of match.

3) Continuum of Care Program Funds

The Continuum of Care (CoC) Program and ESG can match each other. However, there are several conditions and caveats that should lead any subrecipient to be careful when considering whether the CoC Program is the right match source for their ESG project.

The most important consideration is that the CoC Program-funded activity must be 100% eligible under ESG. In general, this means the only CoC Program-funded projects that can be used as match for ESG are CoC-RRH and CoC-HMIS.

- **CoC-HMIS** is comparatively straightforward: each CoC may apply for one CoC-HMIS

- grant, which must be held by the CoC's designated HMIS Lead organization; CoC-HMIS grants are used to fund system-wide HMIS support; in most cases, ESG-HMIS funds can support those same activities.
- **CoC-RRH** is more complicated. While CoC-RRH and ESG-RRH are similar projects, they differ in several key respects, including that CoC-RRH requires a higher standard of housing inspection (Housing Quality Standards [HQS] rather than habitability standards) and CoC-RRH is not required to use the Fair Market Rent (FMR) value as an absolute rent cap. To match CoC-RRH and ESG-RRH, the ESG-RRH project must agree to use both habitability standards and HQS, and the CoC-RRH project must agree to use the FMR as an absolute rent cap. Subrecipients considering matching

CoC-RRH and ESG-RRH are strongly encouraged to thoroughly review the requirements for each program to ensure that the combined RRH project design fulfills the requirements of both *programs*.

4) *State or Local Government Dollars*

State or local government dollars, often in the form of general-purpose revenue (GPR) or other sources of unrestricted funding, are a common and valuable source of match for CoC.

5) *Private Contributions (Cash and In-Kind)*

Private cash contributions (e.g. foundation grants, corporate grants, and fundraising revenue) and in-kind contributions (e.g. donated buildings, donated labor, and other donated goods and services) are among the most common sources of ESG match.

Generally, these carry few or no funding source or activity restrictions. It is, however, important to ensure that: