

Continuum of Care LEVERAGE AND MATCH

Leverage -- Funding (cash, goods, and services) that relates to the program who is applying for funds from Housing and Urban Development (HUD) in order to facilitate its costs.

Example Supportive Housing Program (SHP):

A new SHP Transitional Housing (TH) program is designed to serve 10 homeless persons at any point in time. They are asking for operating funds and administrative funds from HUD.

Leverage resources could include:

- Cash -- The 25% cash that they will use to “match” their operating funds from HUD.
- Cash -- Any other cash the agency has to put into the TH program to make it operate.
- Cash -- The cash/grants that the agency acquires to provide the services to the clients.
- Non-cash community leverage -- The myriad of services that the 10 clients of the TH program are expected to receive over the course of their stay (e.g. medical services, legal services, educational services, job training services, substance abuse services, mental health services, etc.)
- Non-cash community leverage – Tangible items that the clients may receive during the course of their stay (e.g. food baskets from a food pantry, “move-in” items from a church, holiday gifts from a church giving tree, etc.)
- Volunteer services, valued at \$10/hour – Any volunteer time that is provided to the program (e.g. volunteers who provide evening entertainment, volunteers who teach a class in personal organization, volunteers who provide outings for the residents, etc.)
- Volunteer services, valued at a professional rate – Any “professional” volunteer service that is generated for the clients (e.g. a medical doctor comes once a month to see residents; a lawyer provides pro-bono legal services, etc.)
- Building – HUD allows the value of the building that the TH program is operating in to be counted one time as leverage. Usually this is done during the “new program” application, not in the renewals, unless it has not been used prior.

Example Shelter Plus Care (SPC):

An existing SPC program is applying for renewal funding for 10 one-bedroom units at \$500 Fair Market Rate (FMR). Their grant from HUD would be \$60,000.

Leverage resources could include:

- Cash -- Any other cash the agency has to put into the SPC program to make it operate (e.g. space, telephone, utilities, etc. for staffing of the program.)
- Cash -- The cash/grants that the agency acquires to provide the case management services to the clients.
- Cash – Any funding over the 8% administrative fee which is needed to cover administrative costs for the SPC.
- Non-cash service leverage – The value of the community services that that particular SPC population requires (e.g. for a mental health program – mental health services, for a HIV/AIDS program – medical services, etc.)
- Non-cash community leverage -- The myriad of services that the 10 clients of the SPC program are expected to receive over the course of their stay that are not their primary issue services (e.g. medical services, legal services, educational services, job training services, substance abuse services, mental health services, etc.)

Note: SPC is not required to have a cash-based match. The documentable match for HUD (via the Annual Progress Report) for a SPC program is one of the above items that is also considered “leverage” (e.g. medical services, educational services, etc.). SPC providers should clearly note on their leverage inventories the items that they want to be considered as their “match” for audit purposes.

General Leveraging Information:

Project Leveraging -- Leveraging is source or provider funding (cash, goods and services) which are not parts of the operating or services budget of the requested grant funds;

Cash Match (SPC is a NON-cash match) -- Leveraging may also be considered the value of the Match requirements for both service and operating cash or SPC non-cash match.

Contributions may be leveraged through Federal, State, local or private sources, including mainstream housing and social services. Values are assigned by the provider of the service based on the real cost of the service.

Example:

- 10 clients over three years x \$100/ged education = \$1,000 leverage value
- 10 clients over three year period x \$100/physical check up x 3 – annual check up projected each year for each client = \$3,000

[# persons expected to be served by the leveraged service (x number of times the service will be provided if applicable) x cost of service = leverage value]

Note: number of person expected to be served cannot exceed the number of persons proposed in your grant application.

Donated professional service is valued at the customary rate for that particular service.

Example:

- 10 clients x \$100 for a lawyer that comes on-site for a one hour free consultation with each client = \$1,000

Volunteer time should be valued at \$10 per hour

Example:

- 1 volunteer arrives weekly for three hours each week at the Transitional Housing Program to provide an group training event $1 \times 3 = 3$ $3 \times 52 = 156$ $156 \times \$10 = \$1,560$ leverage value

Donated building should be valued at the fair market value or fair rental value minus any charge to the SHP, S+C, or SRO programs. You may only leverage your building **ONE** time. So if you have used it in the previous new application or renewals for this grant – it is not allowable again.

A written agreement is required by HUD for all leveraged services which count towards the Continuum of Care score.

A written agreement may be a signed letter, memorandum of agreement, contract, etc.

Notes:

- **A sample leverage letter follows. Have all leverage providers use the sample.**
- **Leverage letters are NOT support letters or letters telling anyone about how great your program is.**

CONTINUUM OF CARE FOR THE HOMELESS
SAMPLE LEVERAGE LETTER

- **Must be on letterhead, stationary.**
- **Must be signed and dated by authorized personnel of the organization**

An acceptable leverage letter must include:

1. The **name of the organization** providing the leverage.
2. A statement about the **type of contribution** which is a part of the project – That contribution may include: cash, services (e.g. child care, case management, education, job training, etc.), building, equipment, or in-kind donations (clothing/goods, food, volunteer support, etc.)
3. It must clearly say the contribution is being **given to your program** participants by indicating the name of the project and sponsor organization to which the contribution has been given.
4. It must provide a **VALUE of the contribution.**
5. It must show the **dates contribution is available.**

Stationary

DATE

Address letter to the Executive Director of your agency –

Dear Executive:

This is to certify that _____ 1 _____ will provide

(1. Name of organization on stationary)

_____ 2 _____ for participants in your
(2. name the cash/service/in-kind item AND quantity if appropriate)

_____ 3 _____.
(3. name of program)

The value of this service equals \$ _____ 4 _____
(4. calculation= x # of persons to be served times the unit value of each service)

over the time of the _____ 5 _____ year grant period of your Supportive Housing Program Grant
(5. use specific dates if applicable-based on the number of years for the grant)

and will be available to your consumers at the beginning of _____ 6 _____, 2008 through the end of your operating period _____ 7 _____.
(6, 7. starting and ending dates of the availability of the contributions, respectively)

Sincerely,

Signature

Signer's name

Title