



# HOME-ARP Non-Congregate Shelter

## Non-Congregate Shelter: Eligible Costs

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HOME-ARP provides funding to HOME Participating Jurisdictions (PJs) to reduce homelessness and increase housing stability across the country. The HOME-ARP Implementation Notice permits four eligible HOME-ARP activities, including the **Acquisition and Development of Non-Congregate Shelter (NCS)**. This fact sheet presents the essentials about NCS eligible costs to assist PJs with implementation of their HOME-ARP program.

## What is Non-Congregate Shelter?

Non-Congregate shelter is defined as: One or more buildings that provide private units or rooms for temporary shelter, serve individuals and families that meet one or more of the [qualifying populations](#), and do not require occupants to sign a lease or occupancy agreement.

NCS is...	NCS is not...
✓ Unit(s) with private bathroom facilities for each household, with or without a kitchen facility	× Unit(s) that have a toilet but utilize a shared shower facility
✓ Unit(s) with private bathroom facilities for each household and shared kitchen facilities in another location within the building	× One unit with two bedrooms and one bathroom that is shared between two unrelated households.
✓ A unit with several bedrooms where each includes a private bathroom. The occupants share the living area and kitchen facilities in the unit.	× Dormitory-style suites in which multiple sleeping rooms share a common bath facility.

For more specific information regarding the requirements of NCS see [Section VI.E](#) of the HOME-ARP Notice and the [HOME-ARP NCS Fact Sheet](#).

## What costs are eligible under NCS?

Eligible Cost	Definition
<b>Acquisition of existing structure or vacant land</b>	Costs to acquire improved or unimproved real property to be used for HOME-ARP NCS
<b>Demolition Costs</b>	Costs of demolishing existing structures to develop HOME-ARP NCS
<b>Development Hard Costs</b>	<p>Per <a href="#">24 CFR 92.206(a)</a>, development hard costs include: the actual cost of constructing or rehabilitating non-congregate shelter units.</p> <ul style="list-style-type: none"> <li>• Costs must meet the property standards for NCS established in <a href="#">Section VI.E.7</a> of the Notice.</li> <li>• One-time costs for items such as basic furnishings, cabinetry, etc. are eligible costs. Replacement costs of these items are not eligible and are considered operating costs.</li> <li>• Making utility connections including off-site connections from the property line to the adjacent street</li> </ul>



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Eligible Cost	Definition	
<b>Site Improvements</b>	Costs to make improvements to the project site.	<ul style="list-style-type: none"> <li>• Installation of utilities or utility connections</li> <li>• Construction or rehabilitation of laundry, community facilities, on-site management, or supportive service offices</li> </ul>
<b>Related Soft Costs*</b>  *Additional details about eligible costs can be found at <a href="#">24 CFR 92.206(a)</a> and <a href="#">92.206(d)</a> .	Reasonable and necessary costs associated with the financing, acquisition, and development of NCS.	<ul style="list-style-type: none"> <li>• Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups.</li> </ul>
	Costs to process and settle the financing for a project.	<ul style="list-style-type: none"> <li>• Private lender origination fees</li> <li>• Credit reports</li> <li>• Fees for title evidence</li> <li>• Fees for recordation and filing of legal documents</li> <li>• Building permits</li> <li>• Attorney's fees</li> <li>• Private appraisal fees</li> <li>• Fees for independent cost estimate, builder's or developer's fees</li> </ul>
	Cost of project audit	<ul style="list-style-type: none"> <li>• In-process project audit</li> <li>• Project management audit</li> <li>• Post completion cost certification</li> </ul>
	PJ staff and overhead costs directly related to carrying out the project.	<ul style="list-style-type: none"> <li>• Preparing work specifications</li> <li>• Processing loans</li> <li>• Inspections</li> </ul>
	Costs for the payment of impact fees charged to all projects within a jurisdiction	<ul style="list-style-type: none"> <li>• Special assessment tax</li> <li>• School impact fee</li> </ul>
	Costs to complete an environmental review	<ul style="list-style-type: none"> <li>• Costs incurred in complying with any of the related laws and authorities in <a href="#">§ 58.5</a> and <a href="#">§ 58.6</a>, as applicable.</li> </ul>



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Eligible Cost	Definition	
<b>Replacement Reserve</b>	Costs to capitalize a replacement reserve for reasonable and necessary costs of replacing major systems & their components whose useful life will end during the HOME-ARP NCS restricted use period.	Major systems include structural support, roofing, cladding, weatherproofing, plumbing, electrical, and HVAC.

## Frequently Asked Questions

**1. Are operating costs for the HOME-ARP NCS units an eligible cost under HOME-ARP?**

**No.** HOME-ARP funds may not be used to pay ongoing costs of operating a HOME-ARP NCS or any other shelter facility.

**2. Can HOME-ARP be used to convert HOME-ARP NCS units to permanent housing?**

**No.** HOME-ARP funds may not be used to pay for expenses related to converting HOME-ARP NCS to permanent housing units.

**3. Can HOME-ARP supportive services be provided to participants in NCS units?**

**Yes.** HOME-ARP supportive services may be provided, if needed, to QPs served at a HOME-ARP NCS.

**4. Can HOME-ARP NCS funds be used to repair damage to NCS units caused by participants?**

**No.** Damages would be considered ongoing operating costs. Operating costs for NCS are not eligible.

**5. Can HOME-ARP non-profit operating assistance pay for NCS operating costs?**

**No.** HOME-ARP does not permit any HOME-ARP funds to be used to operate a shelter and all costs related to operating NCS cannot be paid with HOME-ARP funds.

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