

# Leverage 101 for Continuum of Care Projects

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U.S. Housing and Urban Development (HUD) Continuum of Care (CoC) program funding is limited and can provide only a portion of the resources needed to successfully address the needs of homeless families and individuals. HUD encourages applicants to use supplemental resources, including state and local appropriated funds, to address homeless needs.

Leveraging includes all funds, resources, and/or services that the applicant can secure on behalf of the client being served by the proposed project. While leveraging includes all cash matching funds, it is broader in scope, including any other services, supplies, equipment, space, etc. that are provided by sources other than the CoC. An example of leveraging would include a project that provides case management through Medicaid or Department of Mental Health funding. The total costs involved in delivering the case management (percentage of salary, fringes, other benefits) can be included in leveraging.

All programs are required to have, at a minimum, 150% leveraging for the 2012 CoC Application.

**Please note:** When submitting your federal application, you will be required to have a written commitment in hand for any leveraged items including signed letters, memoranda of agreement, or other documented evidence of commitment. You must identify whether the contribution comes from government or private sources. Leveraging items may include any written commitment that will be used toward your cash match requirements in the project as well as any written commitments for buildings, equipment, materials, services and volunteer time. These written commitments must be documented on letterhead stationery, signed and dated by an authorized representative, and must, at the minimum contain the following elements:

1. The name of the project including the applicant and sponsor organization to which the contribution will be given;
2. The name of the organization providing the contribution;
3. The date that the contribution will be available (this should specify the timing to coincide with the project program year);
4. The value of the contribution and how that value was determined: Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the grantee's organization. If the grantee 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.
5. Must establish the unconditional commitment, except for the award of the grant, by the third party to provide the contribution;
6. And the specific contribution that is being made. In regards to cash resources, the type of activity for which the funds will be used needs to be noted in the letter (e.g., case management, child care, education).

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. §§ 1001, 1010, 1012, 31 U.S.C. §§ 3729, 3802).

## Types of leveraging

Cash <sup>1</sup>	Buildings <sup>1,2</sup>	Program Administration <sup>1</sup>	Equipment <sup>1</sup>	Services <sup>1</sup>	Volunteer Time <sup>3</sup>
Rent	Office Space	Maintenance & Repairs	Clothing	Case Management	Attendance at AA, NA, CA, DRA, Al-Anon, etc—obtain signed statement from group leader regarding hours in attendance
Utilities	Storage Space	Insurance	Furniture	Addiction Treatment	
Client Program Fees	Property	Furnishings	Food	Child Care	
Private Donations	Acquisition, Rehabilitation, new construction of building	Program relocation fees	Equipment	Health/Medical Care	
	leasing	Food	Computer Supplies	Dental Services	
			Office Supplies	Employment training	Program Volunteers—volunteers that help with gardening, children’s groups, filing, meal preparation/serving, etc
			Cell Phones	Psychosocial services	
			Copier/Printer Supplies	Mental Health Treatment	
			Internet Connection	Legal Services	
			Holiday or Birthday Donations	Transportation	
	Life Skills				
		HIV/AIDS services			
		Transitional Living Services			

<sup>1</sup> Customary Rate

<sup>2</sup> The value of commitments of land, buildings, and equipment are one-time only and cannot be claimed by more than one project (e.g., the value of donated land, buildings or equipment claimed in 2011 and prior years for a project cannot be claimed as leveraging by that project or any other project in subsequent competitions)

<sup>3</sup> Rate consistent with those ordinarily paid for similar work. Tasks performed strictly by volunteers can be valued at \$10 per hour.

# Leverage Letter Template

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## ON DONOR AGENCY LETTERHEAD

Date: Month Day, Year

To: Executive Director of Applicant Agency,

Subject: Commitment to the \_\_\_\_\_ (name of homeless project)

" \_\_\_\_\_ (name of donor agency) commits to provide a contribution worth \$\_\_\_\_\_ per year over the next \_\_\_\_\_ (1, 2, 3,5) years to \_\_\_\_\_ (name of sponsor organization). Our contribution for \_\_\_\_\_ (operations or type of service: e.g., cash, childcare, case management, clothing, food, etc.) will be available beginning \_\_\_\_\_ (date project to begin) through \_\_\_\_\_ (date project to end) \* the start date should be between January 1 – December 31, 2013.

- If professional services based on an hourly rate are involved, add the following to the first two sentences. "The commitment is calculated based upon \_\_\_\_\_ hours of \_\_\_\_\_ (type of service) at our normal rate of \$\_\_\_\_\_/hour."
- If non-professional/volunteer services are involved, add the following to the first two sentences): "The commitment is based upon \_\_\_\_\_ hours of service at the rate of \$10.00/hour (or the rate paid to staff members for similar tasks)."
- If the donation is a physical item, add the following to the first two sentences. "The amount of the contribution is based upon a donation of \_\_\_\_\_ (units) of \_\_\_\_\_ (type of contribution)."

Sincerely,

"Signature" (Agency Director providing the leverage)

Signer's Name

Signer's Title