

Demonstrating Cost-Effectiveness: Guidance for Applicants

HUD states on page 87 of the NOFO that they may also consider “reasonableness of the estimated costs to the government” as a part of their Risk Review (see page 86), and new project rating factors include demonstrating that the average cost per household served for the project is reasonable (2 CFR 200.404, page 64 NOFO).

In order for SNHCoC to be prepared for this review, we have created a simple and quick tool for applicants to use to demonstrate cost-effectiveness. All you have to do is address three simple questions briefly and succinctly.

1. What is the cost per outcome?

We have established primary outcomes for each type of project eligible for funding in the 2026 NOFO. ***Please take your total program budget from all sources for this grant period, and divide it by the number of people you expect to achieve the primary outcome (see below).*** That gives us a cost per outcome — the core number we'll use to evaluate value.

Use these outcome calculations:

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|---------------------------------------|---|
| • Permanent Supportive Housing | cost per person stably housed for 12 months |
| • Rapid Re-Housing | cost per household exiting to permanent housing |
| • Supportive Services | cost per person who obtains housing |
| • Outreach | cost per person who moves indoors (to shelter or housing) |
| • Transitional Housing | cost per person who exits to permanent housing |

2. What other funding are you bringing to the table?

Tell us what other funding sources you have to support this program (name the funding source and the amount of money). You don't need to justify each one — we simply want to know that this grant is part of a broader funding package, not carrying the full weight of the program alone. The more this grant is leveraged by other investments, the further each dollar goes.

3. Does the cost make sense given what is achieved for the participants?

We recognize that some interventions — like permanent supportive housing — cost more per person than others, and that's expected given the depth of need they address. We're not looking for the cheapest program. We're asking: ***given what your program does and who it serves, “does the cost per outcome seem reasonable?” Use 2–3 sentences to make that case in your own words with the calculation.***