

## Emergency Solutions Grant Program

The ESG Program is one of four homeless assistance program operated by the Department of Housing and Urban Development's Office of Special Needs Assistance Programs. The other three are the Supportive Housing Program (SHP); Shelter Plus Care (SPC) Program; and Section 8 Single Room Occupancy (SRO) Program.

### **I. Background**

The Emergency Shelter Grants Program, originally established by the Homeless Housing Act of 1986 to address homelessness among men, women and children in the United States, was incorporated in 1987 into subtitles B of Title IV of the Stewart B. McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371-11378). On May 28, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, a bill that reauthorized the McKinney-Vento Homeless Assistance programs and substantially revised the Emergency Shelter Grants Program. In its revision, the Emergency Shelter Grants Program was renamed the Emergency Solutions Grant (ESG) Program. ESG funds may be used to assist homeless persons and those at risk of becoming homeless. The Emergency Solutions Grant includes eligible activities of the Homelessness Prevention and Rapid Re-Housing activities have been added.

Prior to implementing an ESG program, all subrecipients of ESG funding must be familiar with and knowledgeable of the following regulations and program requirements:

- **ESG Regulations: 24 CFR Part 576** – The ESG Interim Rule
- **HEARTH Homeless Definition Final Rule: 24 CFR Parts 91.582 and 583** – The final rule, published in the Federal Register on December 5, 2011, provides the homeless definition which applies to the ESG program.
- This interim rule, published in the Federal Register on December 5, 2011, revises the regulations for the Emergency Shelter Grants program by establishing the regulations for the Emergency Solutions Grants program, which replaces the Emergency Shelter Grants program.
- The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009, consolidates three of the separate homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act.
- The HEARTH Act also codifies into law the Continuum of Care planning process, a longstanding part of HUD's application process to assist homeless persons by providing greater coordination in responding to their needs.

### **II. Design and Purpose**

The change in the program's name, from Emergency Shelter Grants Program to Emergency Solutions Grant Program, reflects the change in the program's focus from addressing the needs of the homeless people in emergency shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The new ESG funds can be utilized for the following purposes:

- The rehabilitation or conversion of buildings for use as emergency shelter for the homeless;
- The payment of certain expenses related to operating emergency shelters;
- Essential services related to emergency shelters and street outreach for the homeless; and
- Homelessness prevention and rapid re-housing assistance.

Congress had directed HUD to improve the collection of data on the extent of homelessness locally and nationally. Communities must collect an array of data including an unduplicated count of homeless persons, analyze their patterns of the use of McKinney-Vento and other assistance, including information on how they enter and exit the homelessness assistance systems and assess the effectiveness of that assistance. The Emergency Solutions Grant Program is included in this mandate. HUD, through a Federal Register Notice, has provided the data and technical standards for HMIS. All areas of the State should have access to an HMIS through the local Continuum of Care. Therefore, all proposed projects/organizations must provide written certification of their participation in an existing HMIS.

### III. Eligible Subrecipients

Only private non-profit organizations who have been providing homeless services for at least one year are qualified for funding; must have the capacity to provide matching funds (in-kind contributions) equal to the amount awarded; must involve, to the minimum extent practicable, homeless individuals and families in ESG activities; and, must be able to provide written certification that they are a part of a Homeless Management Information System (HMIS).

## Eligible / In-Eligible ESG Activities & Match Requirement

ESG funds may be used for six program components: street outreach, emergency shelter, homeless prevention, rapid re-housing assistance, and HMIS, as well as administrative activities. Per 24 CFR 576.100(b), the total amount of ESG’s budget for Street Outreach and Essential Services cannot exceed 60% of the total ESG budget awarded amount.

ESG Match
<p><b>General:</b> “ Participants must provide matching funds (including in-kind contributions) equal to the amount allowed.</p> <p>In calculating the amount of matching funds, the following may be included: “Hard cash” amounts dedicated for homeless assistance activities; the value of any donated material or building; the value of any lease on a building; any salary paid to staff of the recipient local government or nonprofit provider in carrying out the emergency shelter program; and the time and services contributed by volunteers to carry out the emergency shelter program, determined at the rate of \$5 per hour. The recipient will determine the value of any donated material or building, or any lease, using any method reasonably calculated to establish a fair market value.</p>

Definition of Homelessness:
<p>“At risk of homelessness” – includes three categories under which an individual or family may qualify as “at risk of homelessness” in order to be eligible for homelessness prevention assistance. One of these categories is having incomes below 30 percent of area median income. (Notice that this is not “at or below 30 percent”).</p>

## Eligible ESG Activities

1. Street Outreach
<p>Unsheltered individuals and families, meaning those who qualify under 24 CFR § 91.5 paragraph (1)(i) of the definition of “homelessness”. Essential Services to eligible participants provided on the street or in parks, abandoned buildings, bus stations, campgrounds, and in other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach activities is eligible.</p>
<p><u>Street Outreach</u> funds may be used for costs of providing essential services to reach out to unsheltered homeless people, connect them with an emergency shelter, housing or critical services; and provide urgent non-facility based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing or an appropriate health facility.</p>
<p><b>a. Engagement</b> – Activities to locate, identify, and build relationships with unsheltered homeless people for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.</p> <ul style="list-style-type: none"> <li>▪ Initial assessment of needs and eligibility</li> <li>▪ Providing crisis counseling</li> <li>▪ Addressing urgent physical needs</li> <li>▪ Actively connecting and providing information and referral</li> <li>▪ Cell phone costs of outreach workers</li> </ul>
<p><b>b. Case Management</b> – assessing housing and service needs, and arranging/ coordinating/ monitoring the delivery of individualized services.</p> <ul style="list-style-type: none"> <li>▪ Using the centralized or coordinated assessment system</li> <li>▪ Initial evaluation / verifying and document eligibility</li> <li>▪ Counseling</li> <li>▪ Developing / securing, coordinating services</li> <li>▪ Helping obtain Federal, state and local benefits</li> <li>▪ Monitoring / evaluating participant progress</li> <li>▪ Providing information and referral to other providers</li> <li>▪ Developing an individualized housing/ service plan</li> </ul>
<p><b>c. Emergency Health Services</b> – Outpatient treatment of urgent medical conditions by licensed medical professionals in community-based settings (e.g. streets, parks, and campgrounds) to those eligible participants unwilling or unable to access emergency shelter or an appropriate healthcare facility.</p> <ul style="list-style-type: none"> <li>▪ Assessing participants’ health problems and developing treatment plans</li> <li>▪ Assisting participants to understand their health needs</li> <li>▪ Providing or helping participants obtain appropriate emergency medical treatment</li> <li>▪ Providing medication and follow-up services</li> </ul>

**1. Street Outreach**

- d. Emergency Mental Health Services** – Outpatient treatment of urgent mental health conditions by licensed professionals in community-based settings (e.g. streets, parks, and campgrounds) to those eligible participants unwilling or unable to access emergency shelter or an appropriate healthcare facility.
- Crisis intervention
  - Prescription of psychotropic medications
  - Explain the use and management of medications
  - Combinations of therapeutic approaches to address multiple problems
- e. Transportation** – Travel by outreach workers, social workers, medical professionals or other service providers during the provision of eligible street outreach services.
- Transporting unsheltered people to emergency shelters or other service facilities
  - Cost of a participant’s travel on public transit
  - Mileage allowance for outreach workers to visit participants
  - Purchasing or leasing a vehicle for use in conducting outreach activities, including the cost of gas, insurance, taxes, and maintenance for the vehicle
  - Costs of staff to accompany or assist participant to use public transportation
- f. Services to Special Populations** – Otherwise eligible Essential Services that have been tailored to address the special needs of homeless youth, victims of domestic violence, and related crimes/ threats, and /or people living with HIV/AIDS who are literally homeless.
- See all eligible expenses above under Street Outreach (1)

## 2. Emergency Shelter

**(Includes Emergency Shelters, Transitional Housing & Day Centers)** – Eligible participants are individuals and families who are homeless. Essential Services to persons in emergency shelters, renovating buildings to be used as emergency shelters, and operating emergency shelters are eligible costs. Staff costs related to carrying out emergency shelter activities is also eligible.

Emergency Shelter funds may be used for costs of providing essential services to families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals, operating emergency shelters.

### 2.1 Essential Services – Services provided to individuals and families who are in an emergency shelter:

- **Case Management** – Assessing, arranging, coordinating, and monitoring individualized services that are housing focused.
  - Using the centralized or coordinated assessment system
  - Initial evaluation including verifying and documenting eligibility
  - Counseling
  - Developing, securing and coordinating services including Federal, state and local benefits
  - Monitoring and evaluating program participant progress
  - Providing information and referrals to other providers
  - Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking
  - Developing an Individualized Housing and Service Plan
- **Child Care** – “Licensed” child care for program participants with children under the age of 13 or disabled children under the age of 18.
  - Child care costs
  - Meals and snacks
  - Comprehensive and coordinated sets of appropriate development activities
- **Education Services** – Instruction or training to enhance participants’ ability to obtain and maintain housing: literacy, English literacy, GED, consumer education, health education, and substance abuse prevention.
  - Educational services/ skill building
  - Screening, assessment, and testing
  - Individual or group instruction
  - Tutoring
  - Provision of books, supplies and instructional material
  - Counseling
  - Referral to community resources

## 2. Emergency Shelter

- **Employment Assistance and Job Training** – Services assisting participants secure employment and job training programs.
  - Classroom, online, and/or computer instruction
  - On the job instruction
  - Job finding, skill building
  - Reasonable stipends in employment assistance and job training programs
  - Books and instructional material
  - Employment screening, assessment, or testing
  - Structured job seeking support
  - Special training and tutoring, including literacy training and pre-vocational training
  - Counseling or job coaching
  - Referral to community resources
- **Outpatient Health Services** – Direct outpatient treatment of medical conditions provided by licensed medical professionals.
  - Assessing health problems and developing a treatment plan
  - Assisting program participants to understand their health needs
  - Providing or helping participants obtain appropriate medical treatment, preventive medical care, and health maintenance services, including emergency medical services
  - Providing medication and follow-up services
  - Providing preventive and non-cosmetic dental care
- **Legal Services** – Necessary legal services regarding matters that interfere with the program participant’s ability to obtain and retain housing.
  - Hourly fees for legal advice and representation by licensed attorneys and certain other fees for service.
  - Client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.
  - Filing fees and other necessary court costs.
- **Legal Representation** – Legal representation and advice to resolve legal problems that prevent participants from obtaining or retaining permanent housing.
  - Child support
  - Guardianship
  - Paternity
  - Emancipation
  - Legal separation
  - Resolution of outstanding criminal warrants
  - Appeal of veterans and public benefit claim denials
  - Orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking

## 2. Emergency Shelter

- **Life Skills Training** – Critical life management skills necessary to assist the program participant to function independently in the community.
  - Budgeting resources
  - Managing money
  - Managing household
  - Resolving conflict
  - Shopping for food and needed items
  - Improving nutrition
  - Using public transportation
  - Parenting
- **Mental Health Services** – Direct outpatient treatment of mental health conditions by licensed professionals.
  - Crisis intervention
  - Individual, family or group therapy sessions
  - Prescription of psychotropic medications or explanations about the use and management of medications
  - Combinations of therapeutic approaches to address multiple problems
- **Substance Abuse Treatment Services** – Substance abuse treatment provided by licensed or certified professionals, designed to prevent, reduce, eliminate or deter relapse of substance abuse or addictive behaviors.
  - Client intake and assessment
  - Outpatient treatment for up to thirty days
  - Group and individual counseling
  - Drug testing
- **Transportation** – Costs of travel by program participants to and from medical care, employment, child care, or other facilities that provide eligible essential services; and cost of staff travel to support provision of essential services.
  - Cost of program participant’s travel on public transportation
  - Mileage allowance for service workers to visit participants
  - Purchasing or leasing a vehicle used for transport of participants and/or staff serving participants, including the cost of gas, insurance, taxes, and maintenance for the vehicle
  - Travel costs of staff to accompany or assist program participants to use public transportation
- **Services for Special Populations** – Otherwise eligible essential services tailored to address the special needs of homeless youth, victims of domestic violence, and related crimes/threats, and people living with HIV/AIDS in emergency shelters.
  - See all eligible expenses above under Essential Services
  - Mileage allowance for service workers to visit participants
  - Purchasing or leasing a vehicle used for transport of participants and/or staff serving participants, including the cost of gas, insurance, taxes, and maintenance for the vehicle

## 2. Emergency Shelter

**2.2 Rehabilitation and Renovation\*** – Renovating buildings to be used as emergency shelter for homeless families and individuals.

- Labor
- Materials
- Tools
- Other costs for renovation, including soft costs
- Major rehabilitation of an emergency shelter
- Conversion of a building into an emergency shelter

*\* HCD encourages the use of other funding sources for renovation and limits renovation to an amount not to exceed \$10,000.*

**2.3 Shelter Operations** – Costs to operate and maintain emergency shelter activities and also provide other emergency lodging when appropriate.\*

- Maintenance (including minor or routine repairs)
- Rent
- Security
- Fuel
- Insurance
- Utilities
- Food
- Furnishings
- Equipment
- Supplies necessary for the operation of emergency shelter activities
- Hotel and motel voucher for family or individuals\*

*\* Hotel or motel vouchers are only eligible when no appropriate emergency shelter is available.*

**2.4 Assistance Required under Uniform Relocation Assistance (URA)** – Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) as described in subpart E of the interim regulations.

- Costs of providing URA assistance under 24 CFR § 576.408, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds.\*

*\* Persons that receive URA assistance are not considered “program participants” for the purpose of this part of ESG and relocation payments and other URA assistance are not considered “rental assistance” or “housing relocation and stabilization services” for the purposes of this part under ESG.*

### 3. Homeless Prevention

Individuals and families who are at imminent risk or at risk of homelessness, meaning those who qualify under 24 CFR § 576.2 paragraph (1) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of AMI. Short and medium-term rental assistance and housing relocation and stabilization services are eligible activities. Staff salaries related to carrying out homelessness prevention activities is also eligible.

Homeless Prevention funds may be used to provide housing relocation and stabilization services and short- or medium- term rental assistance necessary to prevent an individual or family from moving into an emergency shelter and prevent incidences of homelessness as defined in CFR 24 Part 576.103 and 576.2.

#### 3.1 Housing Relocation and Stabilization Services as required by 24 CFR 576.106 and 576.400

- **Financial Assistance**

- **Moving Costs** – Moving costs, such as truck rental or hiring a moving company, including certain temporary storage fees.
- **Rent Application Fees** – application fee that is charged by the owner to all applicants.
- **Security Deposit** – Equal to no more than 2 months' rent.
- **Last Month's Rent** – paid to the owner of housing at the time security deposit and first month's rent are paid.
- **Utility Deposit** – standard utility deposit required by the utility company for all customers (i.e. gas, electric, water/sewage).
- **Utility Payments** – up to 24 months of utility payments per participant per service (i.e. gas, electric, water/sewage); including a 1 time payment up to 6 months of arrearages, per service.

- **Services**

- **Housing Search and Placement**
  - Assessment of housing barriers, needs and preferences
  - Development of an action plan for locating housing
  - Housing search and outreach to and negotiation with owner
  - Assistance with submitting rental applications and understanding leases
  - Assessment of housing for compliance with ESG requirements for habitability, lead based paint, and rent reasonableness.
  - Assistance with obtaining utilities and making moving arrangements
  - Tenant counseling
- **Housing Stability Case Management** – Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability
  - Using the centralized or coordinated assessment system conduct the initial evaluation and re-evaluation
  - Counseling
  - Developing, securing, and coordinating services including Federal, state, and local benefits
  - Monitoring and evaluating program participant progress
  - Providing information and referrals to other providers
  - Developing an Individualized Housing and Service Plan

### 3. Homeless Prevention

- **Mediation** – Mediation between the program participant and the owner or person(s) with whom the program participant is living, to prevent the program participant from losing permanent housing in which they currently reside.
    - Time and/or services associated with mediation activities
  - **Legal Services** – Legal services that are necessary to resolve a legal problem that prohibits the program participant from obtaining or maintaining permanent housing.
    - Hourly fees for legal advice and representation
    - Fees based on the actual service performed (i.e. fee for service), but only if the cost would be less than the cost of hourly fees
    - Client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling
    - Filing fees and other necessary court costs
    - Subrecipient’s employees’ salaries and other costs necessary to perform the series, if the subrecipient is a legal services provider and performs the services itself
  - **Legal Representation may be provided for:**
    - Landlord / tenant matters
    - Child support
    - Guardianship
    - Paternity
    - Emancipation
    - Legal Separation
    - Resolution of outstanding criminal warrants
    - Orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking
    - Appeal of veterans and public benefit claim denials
  - **Credit Repair** – services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems\*
    - Credit counseling
    - Other related services
- \* Assistance cannot include payments or modification of a debt.

#### 3.2 Short and Medium-Term Rental Assistance

- **Short-Term Rental Assistance** – up to 3 months
- **Medium-Term Rental Assistance** – 4 to 24 months
- **Payment of Rental Arrears** – Onetime payment up to 6 months, including any late fees on those arrears
- **Any combination of the Three Types of Rental Assistance Above** – Total not to exceed 24 months during any 3 year period, including any payment for last month’s rent.

### 3. Homeless Prevention

#### 3.3 Homeless Prevention Documentation

- A household must be at imminent risk of homelessness,
- Must have household income below 30 percent AMI,
- And have no other resources in order to be eligible for ESG prevention assistance.
- The household income must be below 30 percent of AMI with no more than \$500 in assets (includes all checking, savings, retirement accounts, stocks, bonds, mutual funds, and real estate).
- This does not include primary, appropriate, and reasonable transportation, pension, or retirement funds that cannot be accessed.
- Income limits are available on HUD's website at <http://huduser.org/DATASETS/il.html>. Sub-grantees should use HUD's Section 8 income eligibility standards for ESG.
- Documentation of at-risk status and prevention assistance eligibility is required. The sub-grantee must use third party verification where possible.
- Sub-grantee must not make payments directly to program participants, but only to third parties, such as landlords. In addition, an assisted property may not be owned by the sub-grantee or the parent, subsidiary or affiliated organization of the grantee.
- Prevention assistance requires that the program participant head of household have the valid lease that is in compliance with tenant/landlord laws in their name. A copy of this lease must be included in the program participant record.
- As with shelter services, all households seeking services must be screened and have an initial assessment completed through a centralized or coordinated process. Housing barrier assessments and housing plans are required for all program participants.
- Rent and utility assistance including any arrears must not exceed 24 months. Recertification of eligibility is required every three months. Any individual or family receiving assistance beyond any arrears and two current months of rent and utility assistance must be evaluated and recertified as eligible every three months.
- Prevention assistance beyond three months requires recertification of eligibility.
- This recertification must be completed every three months.
- Recertification requires sub-grantee certification and evidence of:
  1. Program participant household income below 30 percent area median income (AMI), (50 percent AMI for rapid re-housing)
  2. The household lacks the financial resources and support networks needed to remain in existing housing without ESG prevention assistance
  3. Housing stabilization services are being appropriately implemented
- Prevention eligibility must be documented with a completed and signed ESG Program Participant Eligibility form and appropriate source documentation.

#### 3.4 Rent Assistance/ Rent Arrears

- Refer to Rapid Re-housing conditions for services.

#### 3.5 Other Financial Assistance

- For details, review Other Financial Assistance under Rapid Re-housing.

### 3. Homeless Prevention

#### 3.6 Housing Stabilization Services (case management)

- For details, review the Housing Stabilization Services (case management) under Rapid Re-housing.

#### 3.7 Housing Search and Placement

- For details, review the Housing Search and Placement under Rapid Re-housing.

#### 3.8 Mediation / Legal Services

- While mediation / legal services are not eligible rapid re-housing services, they are eligible prevention services.
- ESG funds may be used to pay for mediation between a program participant and the property owner or person(s) whom the program participant is living, if the mediation is necessary to prevent the program participant from losing the permanent housing where the program participant currently resides.
- ESG may be used for legal services related to landlord tenant matters and services related to legal programs that would likely result in the program participant losing the permanent housing where they are currently residing.

#### 3.9 Credit Repair

- For details, review the Credit Repair section under Rapid Re-housing.

#### 4. Rapid Re-Housing

Individuals and families who are literally homeless, meaning those who qualify under 401(1) McKinney-Vento Act of the definition of homeless. Short and medium-term rental assistance and housing relocation and stabilization services are eligible activities. Staff salaries related to carrying out homelessness prevention is also eligible.

Rapid Re-Housing funds may be used to provide housing relocation and stabilization services and short- or medium-term rental assistance necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing as required under 24 CFR 576.104 and 576.2 who are fleeing or attempting to flee domestic violence, assault or other life threatening conditions that relate to violence.

Rapid Re-Housing Assistance must be provided in accordance with the ESG housing relocation and stabilization services requirements as required in 24 CFR Part 576.105, the short-term and medium-term rental assistance requirements in 24 CFR Part 576.106 and the written standards and procedures under 24 CFR Part 576.400 which states: for Rapid Re-Housing Relocation and Stabilization Service, ESG funds may be used to pay housing owners, utility companies, and other third parties.

**Eligible Rapid Re-Housing costs:**

1. Rent assistance/ rent arrears
2. Other financial assistance
3. Housing stabilization services (case management)
4. Housing search and placement
5. Credit repair

**4.1 Housing Relocation & Stabilization Services:**

- Rental application fees.
- Security deposits equal to no more than 2 months' rent.
- First and last month's rent. Total rental assistance to a participant cannot exceed 24 months during any 3 year period including first and last month's rent.
- Standard utility deposits.
- Utility payments, ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears per service. Total utility payment assistance to participant cannot exceed 24 months during any 3 year period.
- Moving costs such as truck rental or hiring a moving company. Assistance may also include payment of temporary storage fees for up to 3 months.

Service costs under this category include Housing Search and Placement assistance, Housing Stability Case Management, Mediation Activities, Legal Services necessary to resolve housing issues, and Credit Repair/ Counseling Service.

#### 4. Rapid Re-Housing

##### 4.2 Housing Relocation and Stabilization Services (housing case management) continued:

- ESG funds may be used for housing stability case management. These are the costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for program participants residing in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
- This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.
- These costs include:
  1. Using a centralized or coordinated assessment system
  2. Conducting initial assessments
  3. Counseling
  4. Facilitating access to mainstream services
  5. Monitoring and evaluating program participant progress
  6. Coordination with and referrals to other providers
  7. Developing individualized housing and service plans

##### 4.3 Housing Search and Placement

- ESG housing search funds may be used for services or activities designed to assist individuals or families in locating, obtaining, and retaining suitable housing. Component services or activities may include: tenant counseling, assisting individuals and families to understand leases, securing utilities, making moving arrangements, representative payee services concerning rent and utilities, and mediation and outreach to property owners related to locating or retaining housing. Costs also include costs associated with assessing housing unit compliance with property standards, lead requirements, and rent reasonableness.

##### 4.4 Credit Repair

- ESG funds may be used for services that are targeted to assist program participants with critical skills related to household budgeting, money management, accessing a personal credit report, and resolving personal credit issues. If sub-grantees elect to conduct credit checks on ESG participants, they must do so for all program participants so as not to violate Fair Housing Law or otherwise discriminate among ESG participants. Sub-grantees may not use ESG funds to reimburse landlords for their costs associated with conducting credit and/or background checks. Credit may not be used to determine program eligibility. Payment of debt is an ineligible ESG expense.

##### 4.5 Short and Medium-Term Rental Assistance may provide up to 24 months of rental assistance during any 3 year period:

- Short-term rental assistance for up to 3 months of rent.
- Medium-Term rental assistance is assistance for more than 3 months but not more than 24 months of rent.
- Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears including any late fees on those arrears.
- Rental Assistance may be tenant-based or project-based.
- All units must meet Fair Market Rent requirements as established by HUD.

#### 4. Rapid Re-Housing

- A Rental Assistance Agreement must be in place for each unit assisted. The Agreement must specify the terms and conditions under which rental assistance will be provided and conditions of the units occupied.

##### 4.6 Rapid Re-Housing Documentation:

- When households initially receive rapid re-housing assistance they must be literally homeless.
- Re-Housing assistance beyond three months requires recertification of eligibility.
- This certification must be completed every three months.
- Recertification requires sub-grantee certification and evidence of:
  1. Program participant household income below 50 percent area median income (AMI)
  2. The household lacks the financial resources and support networks needed to remain in existing housing without ESG rapid re-housing assistance
  3. Housing stabilization services are being appropriately implemented
- Income eligibility is not required when households first access rapid re-housing because they are literally homeless, it is required when recertifying continued eligibility for rapid re-housing assistance.
- At each three-month rapid re-housing recertification the household must be below 50 percent of AMI with no more than \$500 in assets (includes all checking, savings, retirement accounts, stocks, bonds, mutual funds and real estate).
- This does not include primary, appropriate, limits are available on HUD's website at: <http://www.huduser.org/DATASETS/il.html>. Sub-grantees should use HUD's Section 8 income eligibility standards for ESG.
- Documentation of homeless status and re-housing assistance eligibility is required.
- The sub-grantee must use third party verification where possible.
- Rapid re-housing eligibility must be documented with a completed and signed ESG Program Participant Eligibility form and appropriate source documentation.

##### 4.7 Program Requirements:

- Sub-grantees must not make payments directly to the program participants, but only to third parties, such as landlords.
- In addition, an assisted property may not be owned by the sub-grantee or the parent, subsidiary or affiliated organization of the grantee.
- Rapid Re-Housing assistance requires that the program participant head of household have the valid lease that is in compliance with tenant/landlord laws in their name.
- A copy of this lease must be included in the program participant record.
- Sub-grantees must have written agreements with both the program participant and the landlord that identify the terms of the rapid re-housing assistance.
- This should specifically provide the landlord with guidance for addressing issues which could impact housing stability.
- As with shelter services, all households seeking services must be screened and have an initial assessment completed through a centralized or coordinated process.
- Housing barrier assessments and housing plans are required for all program participants.

#### 4. Rapid Re-Housing

##### 4.8 Rental Assistance/ Rent Arrears

- Rental assistance is tenant-based rental assistance that can be used to allow individuals and families to obtain and remain in rental units.
- No program participant may receive more than 24 months of assistance during any three-year period of time.
- Grantees must determine the amount of rental assistance provided, such as “shallow subsidies” (payment of a portion of the rent), payment of 100 percent of the rent charged, or graduated/declining subsidies.
- Assistance with any portion of rent during a month counts as a month toward the 24 month limit.
- Payment of rent arrears consists of a one-time payment for up to six months in arrears, including any late fees on those arrears. Rental arrears may be paid if the payment enables the program participant to obtain (or retain in the case of prevention) a housing unit.
- If ESG funds are used to pay rental arrears, arrears must be included in determining the total period of the program participant’s rental assistance, which may not exceed 24 months.
- ESG assistance with rent arrearages must assist the program participant to obtain housing where the program participant would be homeless.
- While the payment of rent arrears is a lump sum and recorded as such as HMIS, each month and the number of months must be noted in HMIS and counted toward the total rent assistance limit of 24 months.
- Any individual or family receiving assistance beyond any arrears and two current months of rent and utility assistance must be evaluated and recertified as eligible every three months.
- Recertification of eligibility includes the following:
  1. Program participant household income below 50 percent AMI (below 30 percent AMI for prevention)
  2. The household lacks the financial resources and support networks needed to remain in existing housing without ESG rapid re-housing assistance
  3. Housing stabilization services are being appropriately implemented.
- Sub-grantees are required to certify eligibility at intake and at least once every three months.
- Sub-grantees must provide the appropriate level of case management in order to assure housing stability.
- Sub-grantees may require a program participant to share the cost of rent.
- ESG assistance should be “needs-based”, meaning that sub-grantees should determine the amount of assistance based on the minimum amount needed to help the program participant maintain stability in the near term. This will also help communities to utilize program resources efficiently to serve as many households as possible.
- ESG funds may not be used to pay damage costs incurred by the tenant.

##### 4.9 Other Financial Assistance

- ESG funds may be used to provide financial assistance to help program participants quickly access housing. The housing relocation and stabilization services financial assistance includes:
  1. Security deposits and utility deposits

#### 4. Rapid Re-Housing

2. Last month's rent
  3. Utility payments
  4. Utility arrears
  5. Moving costs
  6. Application fees
- ESG funds may be used to pay for security deposits, including utility deposits, for program participants. This is eligible in the case where the program participant is otherwise ESG eligible and they are not receiving security or utility deposits assistance from another source.
  - Sub-grantees must not take measures to recapture any deposit assistance provided to program participants. In the cases where the return of a deposit to the sub-grantee is unavoidable, all returned deposits must be tracked as program income. Any resulting program income must be used for ESG eligible activities.
  - ESG funds may be used for up to 24 months of utility payments for each program participant in any three year period of time, provided that the program participant or a member of his/her household has an account in his/her name with the utility company and is not receiving assistances or the same period of time for the utilities.
  - Utility assistance may include up to six months of utility payments in arrears per service. Payments of arrears must be counted toward the 24 month limit.
  - The grantee may want to consider using the VHDA utility allowance guideline to set reasonable limits for utility payment.
  - ESG assistance should be needs-based", meaning that grantee should determine the amount of assistance based on the minimum amount needed to maintain housing stability in the near term. This will also help communities to utilize program resources efficiently to serve as many households as possible.
  - Assistance with utilities may be structured where the program participant pays a portion of the utilities. Partial assistance payment for any month of utilities counts as a month of assistance. Sub-grantees may pay past utilities, however, the past due months must be included in the 24 month limit. Utilities are limited to water/sewer, heating oil, gas and electricity. Twenty-four months limits are based on assistance with one or more of the basic utilities per month. Since the actual number of months may be difficult to determine, sub-grantees may use estimates to determine the total number of months covered. In these cases, the sub-grantee must document the basis for the estimation.
  - ESG funds may be used for reasonable moving costs, such as truck rental, or hiring a moving company to assist an eligible household with housing stability.
  - ESG funds may be used for lease or apartment application fees where necessary and no other source has been identified to assist an eligible household with housing stability.

## 5. Homeless Management Information System (HMIS)

The HEARTH Act makes HMIS participation a statutory requirement for ESG subrecipients. Victim service providers cannot and Legal Services Organizations may choose not to, participate in HMIS. Providers that do not participate in HMIS must use a comparable database that produces unduplicated, aggregate reports instead. Activities funded under this component must comply with HUD's standards on participation, data collection and reporting under a local HMIS.

HMIS funds may be used to pay the cost of contributing to the HMIS designated by the Continuum of Care for the area including, the costs of purchasing hardware, software licenses or equipment, obtaining technical support, completing data entry and analysis, monitoring and reviewing data quality, training, reporting, and coordination and integrating the system.

Assistance to eligible persons/households funded through the Emergency Solutions Grant cannot exceed 24 months of rental assistance, 24 months of utility payment assistance or 6 months of arrears (utility/rent) during any three-year period.

Evaluation and documentation of client eligibility for financial assistance shall be reassessed at least every three months for program participants receiving homelessness prevention assistance and not less than once annually for program participants receiving rapid re-housing assistance as required in 24 CFR Part 576.401(b) to insure that they meet the eligibility criteria, review program and appropriateness standards and to re-evaluate the continuum of services.

Reasonable and appropriate costs associated with operating a HMIS for purposes of collecting and reporting data required under ESG and analyzing patterns of use of ESG funds are eligible. Eligible costs include the purchase of HMIS software and/or user licenses, leasing or purchasing needed computer equipment for providers and the central server, costs associated with data collection, entry and analysis, and staffing associated with the operation of the HMIS, including training.

### 5.1 Hardware, Equipment and Software Costs

- Purchasing or leasing computer software
- Purchasing software or software licenses
- Purchasing or leasing equipment, including telephones, faxes, and furniture.

### 5.2 Staffing: Paying salaries for operating HMIS, including:

- Data collection
- Completing data entry
- Monitoring and reviewing data quality
- Completing data analysis
- Reporting to the HMIS Lead
- Training staff on using the HMIS or comparable database
- Implementing and complying with HMIS requirements

### 5.3 Training and Overhead

- Obtaining technical support
- Leasing office space
- Paying charges for electricity, gas, water, phone service and high speed data transmission

## 5. Homeless Management Information System (HMIS)

necessary to operate or contribute data to HMIS.

- Paying costs of staff to travel to and attend HUD-sponsored and HUD-approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act.
- Paying staff travel costs to conduct intake
- Paying participation fees charged by the HMIS Lead

### 5.4 Ineligible HMIS Activities

- HMIS activities that are ineligible include planning and development of HMIS systems.
- Development of new software systems,
- Replacing current state and local government funding for an existing HMIS.
- Domestic violence shelter costs associated with a comparable system are ineligible ESG costs.

### 5.5 HMIS documenting and reporting requirements

- ESG sub-grantees are required to report program participant level data, such as the number of persons served and their demographic information, in a Homeless Management Information System (HMIS) database.
- HMIS is an electronic data collection system that facilitates the collection of information on persons who are homeless or at risk of becoming homeless that is managed and operated locally.
- ESG sub-grantees providing financial assistance and services will use the HMIS system in the applicable Continuum of Care to collect data and report on outputs and outcomes as required.
- The required data elements that will be collected in HMIS for ESG are included in the HMIS Data and Technical Standards.
- Please note that HMIS systems may be open or closed.
- Closed systems prevent other providers within a local HMIS system from sharing program participant data.
- Open systems allow for coordination among service providers and facilitate a coordinated or centralized intake process.
- While an open system may not yet be available in a specific CoC or local planning group, ESG sub-grantees must participate in an open system as one becomes available for local use.
- Please note that domestic violence shelters may, in lieu of HMIS, use a comparable system. Domestic violence shelters are responsible for meeting all HMIS data standards and reporting requirements regardless of the data collection system utilized.
- Sub-grantees must assure that data is complete and accurate. Each sub-grantee is expected to enter all program participant data into HMIS system, complete periodic data quality checks, and work with their local HMIS administrator to assure that complete quality data is submitted to HUD by the specific due dates.
- Sub-grantee must be able to track and report ESG activities, program participant data, and spending separately from other activities. Minimum reporting requirements will include quarterly reports, annual reporting, and close out reporting. Sub-grantees will report on outputs, such as the number of persons served and the demographic characteristics of persons served, ESG funds expended by activity type, as well as outcomes related to housing stability. Most reporting elements will be generated from HMIS data. Adherence to required HMIS data standards will be essential to performance reporting.

## 6. Administration

**6.1 General Management / Oversight / Coordination** - Costs of overall program management, coordination, monitoring and evaluation.

- Administrative services performed under third party contracts or agreements, including general legal services, accounting services, and audit services.
- Other costs for goods and services required for administration of the program, including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.
- Staff salaries, wages, and related costs of staff engaged in eligible program administration activities.

**6.2 Training on ESG Requirements**

- Costs of providing training on ESG requirements and attending HUD sponsored ESG trainings.

**6.3 Consolidated Plan**

- Costs of preparing and amending the ESG and homelessness related sections of the consolidated plan in accordance with ESG requirements and 24 CFR part 91.

**6.4 Environmental Review**

- Costs carrying out the environmental review responsibilities under 24 CFR § 576.407 of the HUD regulations.

## 7. Reporting Requirements

Each recipient will be required to submit a quarterly request for payment/financial status report to the City, along with a quarterly performance report to ensure compliance with the requirements of the agreement and proposed goals and objectives of the Project. All monthly reports are due by the 15<sup>th</sup> after each quarter has ended.

## 8. Eligible Participants

There are two eligible target populations identified for ESG funds: persons at risk of homelessness and homeless persons.

At risk of homelessness means:

1. An individual or family who:

- Has an income below 30 percent of median family income for the area, as determined by HUD;
- Does not have sufficient resources or support networks, e.g., family, friends faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “homeless” definition in this section; and
- Meets one of the following conditions:
  1. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
  2. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  3. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons per room, as defined by the U.S. Census Bureau;
  4. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
  5. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness.

2. An individual or family who will immediately lose their primary nighttime residence, provided that:

- The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
- No subsequent residence has been identified; and
- The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing;

3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who;

- Are defined as homeless under section 387© of the Runaway and Homeless Youth Act (42 U.S.C. §9832(11), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. §14043e-2(6), section 330(h)(5)(A) of Public Health Service Act (42 U.S.C. §254b(h)(5)(A), section 3(m) of Food and Nutrition of 2008 (7 U.S.C. §2012(m), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. §1786(b)(15) or section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. § 11434a;
- Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
- Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
- Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or



## 8. Eligible Participants

detention for criminal activity, and a history of unstable employment; or

### 4. Any individual or family who;

- Is fleeing or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
- Has not other residence; and
- Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

## In-Eligible ESG Costs

**General:** “Indirect costs” and any activities determined by the Department of Housing and Community Development to be ineligible, inefficient, or ineffective use of Grant funds as stated in the applicable NOFA will be disallowed.

### 1. Emergency Shelter

#### ▪ Legal Service

##### ✓ Ineligible Costs:

- Legal services for immigration and citizenship matters.
- Issues related to mortgages.
- Retainer fee arrangements and contingency fee arrangements.
- Substance abuse treatment services for inpatient detoxification and other inpatient drug or alcohol treatment are ineligible costs.

### 2. Homelessness Prevention and Rapid Re-Housing:

#### ▪ Housing relocation and Stabilization Services

##### ✓ Ineligible Costs:

- Payment of temporary storage fees in arrears.
- No financial assistance to a household for a purpose and time period supported by another public source.
- Credit Repair assistance does not include the payment or modification of a debt.

#### ▪ Rental Assistance

##### ✓ Ineligible Costs:

- Late payment penalties.

### 3. Administration

#### ▪ General management / Oversight / Coordination

##### ✓ Ineligible Costs:

- Purchase of office space.

**In-Eligible and Prohibited ESG Activities**

**General:** The following are activities that are disallowed under the ESG program.

✓ **Ineligible and Prohibited Activities:**

- Sub-grantee post due taxes
- Sub-grantee late fees
- Repayment of utility or security deposits to the sub-grantee not tracked as program income
- Assistance where other resources are available
- Other ineligible and prohibited activities:
  1. Construction or rehabilitation
  2. Credit card bills or other consumer debt
  3. Car repair
  4. Program participant travel costs
  5. Medical or dental care and medicines
  6. Clothing and grooming
  7. Home furnishings
  8. Pet care
  9. Entertainment activities
  10. Work or education related materials
  11. Indirect costs
  12. Cash assistance to program participants
- ESG funds may not be used to develop discharge planning programs in mainstream institutions such as hospitals, jails, or prisons.
- Any ESG funds used to support program participants must be issued directly to the appropriate third party, such as the landlord or utility company, and in no case are funds eligible to be issued directly to program participants. If funds are found to be used for ineligible activities determined by HUD, the sub-grantee will be required to reimburse these costs to HUD.
- Program fees
- Any fees charged to the program applicant or participant

**4. Homelessness Prevention and Rapid Re-Housing:**

▪ **Housing relocation and Stabilization Services**

✓ **Ineligible Costs:**

- Payment of temporary storage fees in arrears.
- No financial assistance to a household for a purpose and time period supported by another public source.
- Credit Repair assistance does not include the payment or modification of a debt.

### Other Requirements

**Discharge Coordination:** Persons who are being imminently discharged into homelessness from such publicly funded institutions are eligible to receive financial assistance or services through ESG as long as they meet the program participant eligibility requirements. ESG sub-grantees must coordinate with these institutions to prevent where possible individuals from becoming homeless. Referrals must be made where appropriate to the following:

- Homeless prevention provider
- Veterans
- HOPWA
- Department of Social Services
- Local domestic violence services
- Department of Behavioral Health and Developmental Services
- Other service providers as needed

### DUNS Number

All Sub-grantees are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so, and complete or renew their registration in the Central Contractor Registration (CCR).

- For more information, go to [www.dnb.com](http://www.dnb.com)

### Compliance with Fair Housing and Civil Rights Laws

All Sub-grantees must comply with all applicable fair housing and civil rights requirements in 24 CFR 5.105(a).

- Has been charged with an ongoing systemic violation of the Fair Housing Act;
- Is a defendant in a Fair Housing Act lawsuit filed by the Department of Justice alleging an ongoing pattern or practice of discrimination;
- Has received a letter of findings identifying ongoing systemic noncompliance under Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, or section 109 of the Housing and Community Development Act of 1974, and the charge, lawsuit, or letter of findings referenced in subparagraphs (a), (b), or (c) above has not been resolved before the application for funding for the program, then the sub-grantee is ineligible to receive ESG funds.