



State of Nevada  
 Department of Business & Industry  
**HOUSING DIVISION**



1535 Old Hot Springs Road Suite 50  
 Carson City, Nevada 89706  
 Tel.: (775) 687-2040 or (800) 227-4960 (within Nevada)  
 Fax: (775) 687-4040  
 TTY: (800) 326-6868  
[www.nvhousing.state.nv.us](http://www.nvhousing.state.nv.us)

October 25, 2012

**PROGRAM BULLETIN**

**EMERGENCY SOLUTIONS GRANT PROGRAM**

TO: ESG Sub-recipients

RE: Updates to policies and procedures for the ESG program

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As a result of information received from the HUD webinar “Implementing the HEARTH Act: The Emergency Solutions Grant (ESG) Program”, the following changes will be made to the State’s Policies and Procedures for the ESG program.

Please make certain that this Program Bulletin, along with the attached revised forms, are shared with all staff that work with, or are involved in, the ESG program:

1. Staff must search the HMIS Clarity system for all clients requesting assistance with rent or utilities from the ESG program to ensure they have not exceeded the total number of rent or utility payments allowed during the most recent 3 year period. This process is necessary in order to screen clients for any previous ESG assistance since there is a maximum of 24 months worth of assistance, including a maximum of 6 months of rental assistance arrears, that a client is eligible to receive with these funds.
2. HUD has reminded recipients and sub-recipients that each program participant receiving rent and/or utility assistance must be provided, at a minimum, the following services while participating in the ESG program:
  - a. A Housing Stability Plan;
  - b. Monthly meetings with case managers; and
  - c. Referrals to other mainstream resources and programs.

Documentation that program participants have been provided these services must be maintained in the program participant's case file.

3. Match Funds: HUD has stated that federal funds can be used as match for the ESG program as long as the federal program's regulations allow it. There have been questions regarding whether or not CSBG funds may be used as cash match. As long as the CSBG regulations do not specifically state that their funds cannot be used to match another federal grant, then it is allowed.

In order for CSBG or any other funds to be counted as match to the ESG grant, costs must be allowable under BOTH programs. For example: A sub-recipient has received funds that provides for the cost of car repairs. Since car repairs are not an eligible use of ESG funds, those funds could not be counted as match to the ESG program, even if the repairs would allow the program participant access to a new job. The costs must be used in accordance with ESG requirements for them to count as match.

HUD also clarified that the following programs/funds cannot be used as match:

- Food stamps since those funds belong to the client and not the sub-recipient;
- Section 8 housing choice voucher funds;
- The portion of any rent or utilities paid **by the tenant** is not allowed to be counted as match, since the burden of these costs is on the tenant and not the organization. If the organization pays for a portion of these costs using other funds, then those costs can be counted as match.

HUD also stated that match does not need to be tracked on an activity-by-activity basis. Program-wide match is acceptable. For example, a shelter receives donations of furniture to be used to help homeless clients move into rental units paid for by the ESG program. The total value of the donation can be counted as match for the program, as long as the clients who receive the donation did so during the year that the match was recorded.

4. The ESG Reimbursement Request Form (Exh.-1) has a place to document the amount and source of match funds to be used for this program. Sub-recipients should report the total amount of matching funds that will be used for a client, even if those funds are not used during the time period of the draw request. For example: a sub-recipient plans to use State Low-Income Housing Trust funds to assist with rent after the first three months are paid using ESG funds. Since the period of time the Trust funds will be provided to the client will be different than the period of time the client receives ESG funds, sub-recipients should report the total amount of match anticipated to be used for the client on the first draw reimbursement request. This will ensure that funds are reported as match even if a draw reimbursement request isn't submitted. Adjustments to the reported match amount must be made if the client does not use the full amount of funds reported on an earlier draw.

5. Program Income: Sub-recipients must report all program income received on the ESG Reimbursement Request Form (Exh. 1). The program income amount reported will then be deducted from the total of the reimbursement request, since federal regulations require that program income be used before funds are drawn down from the Treasury.
6. Fair Market Rent: The amount of ESG funds provided for rental assistance cannot exceed rent reasonableness standards AND the total of the rent + utilities (that are paid for by the tenant) +any late fees. Sub-recipients must request copies of the annual utility allowance from the local Housing Authority in order to determine if a client's rent will exceed the FMR allowable under this program.
7. The 30% of Area Median Income limit does not apply to program participants who are being served under the Emergency Shelter or Street Outreach programs. This means that clients who are served in homeless or domestic violence shelters, or who are engaged during street outreach, do not have to document their income in order to receive assistance.
8. For **Rapid Re-Housing program**, an income assessment is NOT required at initial evaluation. However, at *annual re-certification*, income must be LESS THAN OR EQUAL TO 30% AMI.
9. HUD has stated that the Division MAY require program participants receiving Rapid Re-Housing assistance to notify the sub-recipient regarding changes in the program participant's income or other circumstances (e.g. changes in household composition) that could affect the participant's need for assistance under ESG. In situations where the Division or sub-recipients require such a notification, then the sub-recipient MUST re-evaluate the participant's eligibility and the amount and types of assistance the program participant needs when notified of a relevant change the sub-recipient. If the State or sub-recipient has not required such a notification, information about a change in program participant's situation DOES NOT TRIGGER A REQUIREMENT FOR RE-EVALUATION.

This addresses a situation that arose because of an agency that is providing a homeless client with rapid re-housing assistance and is working closely to help the client obtain a livable wage. The question came up as to whether or not the client could then become ineligible to receive assistance because the client obtained a job and now has income that exceeds the 30% AMI limit. The case manager felt that the program participant still needed assistance and case management in order to ensure long-term stability and was worried about having to terminate the client before they were ready.

As a result, the Division is allowing sub-recipients to determine whether or not a rapid re-housing program participant shall inform the case manager of any changes in income or housing status. If the client is not required to do so, information about a change in a program participant's situation will not trigger a requirement for re-evaluation. Note:

Sub-recipients must document the agency's policy in its Written Standards, and must be applied uniformly throughout the program if rapid re-housing clients are served.

10. HUD once again stressed the importance of the Division and all sub-recipients to be able to clearly demonstrate the success of the ESG program. HUD expects that the ESG allocation will be reduced in FY 2013 and so the Division must allocate funds to agencies that have achieved greater efficiency and effectiveness, and are helping the Division to meet the Performance Standards and Outcomes for this program. Emphasis will be to support programs that will rapidly re-house homeless individuals and families, and divert them from shelters and the streets.

HMIS will be the tool that sub-recipients will use to report to HUD, monitor performance, and document the prevention and ending of homelessness. HUD will use HMIS data to understand the nature and extent of homelessness, report to Congress, and make funding decisions.

Sub-recipients will be required to "tell the story" of how ESG and other homeless programs are addressing homeless issues within a community via HMIS. Although many sub-recipients have elected to only enter clients that receive direct assistance with ESG funds, the Division encourages staff to consider utilizing HMIS in a manner that will demonstrate and document success of all homeless and prevention programs in an agency, as well as a community.

The Division will revise the ESG Policies and Procedures Manual to include these new/adjusted requirements and will send the corrected version at a later date. In the mean time please place this Bulletin in the ESG Policies and Procedures Manual under the "Program Bulletin" tab. Also replace the attached forms in the Manual with the versions attached to this Bulletin.

Please contact Soni Bigler, Grants and Projects Analyst for the ESG program at 775-687-2042 or [sbigler@housing.nv.gov](mailto:sbigler@housing.nv.gov) if there are any questions regarding this Program Bulletin.

Thank you.

NEVADA HOUSING DIVISION