



**STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY**

HOUSING DIVISION

**EMERGENCY SOLUTIONS GRANT
PROGRAM**

**POLICIES AND PROCEDURES
MANUAL**

Northern Office

1535 Old Hot Springs Road, Ste 50
Carson City, Nevada 89706
Tel.: (775) 687-2040 or (800) 227-4960
Fax: (775) 687-4040

Southern Office

7220 Bermuda Road, Ste B
Las Vegas, Nevada 89119
Tel.: (702) 486-7220
Fax: (702) 786-7227

TTY Number (800) 326-6868

<http://housing.nv.gov>

Bruce K. Johnson
Administrator

Brian Sandoval
Governor

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SECTION 1: GENERAL INFORMATION

PURPOSE

The Emergency Solutions Grants Program Policies and Procedures Manual serves as a guide to units of local government and private non-profit organizations interested in participating in the State-administered Emergency Solutions Grants Program (ESG). This Manual describes the ESG program; the requirements of agencies to manage programs using these funds; and outlines the State of Nevada's policies and procedures for administering the program. **This handbook does not replace the regulations contained in 24 CFR Part 576, and subsequent amendments, or any other applicable Federal, State and local laws, ordinances and regulations pertaining to the Emergency Solutions Grants Program.** It simply highlights and emphasizes grant requirements. Sub-recipients must always refer to the regulations and the grant agreement in determining what is allowable under the ESG program.

The Emergency Solutions Grants Program is administered by the Nevada Housing Division. The Administrator is Charles L. Horsey. The ESG Program Grants Manager is Soni Bigler. Questions pertaining to the administration of the program may be directed to Soni Bigler, who may be contacted as follows:

**State of Nevada
Housing Division
1535 Old Hot Springs Road Suite 50
Carson City NV 89706
or by calling (775) 687-2042
email: sbigler@housing.nv.gov
website: www.housing.nv.gov**

1.1 Definitions

ESG Program definitions may be found in Section 8 of this Manual.

1.2 Notification to Sub-Recipients of Program Changes

The Division shall issue an ESG Program Bulletin when needed to inform sub-recipients of changes to policies and procedures. These Bulletins are to be shared with program staff and maintained in the ESG Policies and Procedures Manual provided to sub-recipient at grant award.

SECTION 2: PROGRAM REQUIREMENTS

PROGRAM REQUIREMENTS

2.1 Summary

The Emergency Solutions Grants (ESG) Program was created when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act was signed into law on May 20, 2009. The Hearth Act amended and reauthorized the McKinney-Vento Homeless Assistance Act, and included major revisions to the existing Emergency Shelter Grant Program.

The new Emergency Solutions Grant Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those person to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The change in the program's name reflects the change in the program's focus from addressing the needs of homeless in emergency or transitional shelters to assisting people to regain stability in permanent housing.

Eligible sub-recipients who are awarded ESG funds may use funds to:

1. Engage homeless individuals and families living on the streets;
2. Improve the number and quality of emergency shelters for homeless individuals and families;
3. Help operate those shelters;
4. Provide essential services to shelter residents;
5. Rapidly re-house homeless individuals and families;
6. Prevent families and individuals from becoming homeless;
7. The cost of participating in an existing Homeless Management Information System (HMIS) database; and
8. Administrative costs for general management, oversight, coordination, and reporting on the program. The Division is required to share a portion the administrative funds with sub-recipients who are local governments, and may share with sub-recipients who are nonprofit organizations.

2.2 Grant Awards and Spending Requirements

The amount of ESG allocation received from the U.S. Department of Housing and Urban Development (HUD) varies each year and is awarded to the State via an annual Award Notice. In order to identify the unmet needs of the homeless and at-risk of homelessness in rural Nevada, agencies applying for an ESG allocation are asked to submit Requests for Application for Funding that is supported by data showing: 1) need for the program; 2) evidence of homeless or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC) and that activities selected will help the CoC to meet

its goals to address and end homelessness. Preference is given to applicants whose programs will help to meet priorities identified by HUD, the State of Nevada, and the local Continuum of Care. Programs that will provide access to permanent rapid re-housing of homeless individuals and families, defined as a Critical Need Priority by HUD, are preferred.

Award amounts may be calculated based on homeless data obtained from HUD, the Homeless Management Information System (HMIS), and the local Continuum of Care. In addition certain population statistics may be used in order to prevent a disproportionate amount of funding in one geographical area. Finally, applications from local governments for emergency shelter programs will only be considered if does not conflict with an existing shelter that is requesting ESG funding from the same area.

The City of Reno, on behalf of the Washoe County Human Services Consortium, will submit an application for State funding on behalf of the City and/or non- profit organizations within its jurisdiction. The City will be the point of contact for providers in the Washoe County area.

The grant period for the Emergency Solutions Grants Program is 24 months. If it is determined that an agency will not expend the funds within the required time period, funds may be recaptured and reallocated to another agency.

All ESG funds must be obligated within 60 days after the date on which the State made the funds available to the ESG sub-recipient. All projects must begin within sixty (60) days of the award date of the grant award. **If the program has not started within sixty days of the award date without written and justifiable cause, the Division reserves the right to rescind the grant award.** Start up is defined as a significant expenditure of funds indicating overall satisfactory program progress. Funds not obligated/expended within the required periods will be recaptured by the Division and redistributed to other eligible entities.

The Division reserves the right to recapture ESG funds under the following circumstances:

- a) When sub-recipients do not meet the performance requirements of the approved project;
- b) When sub-recipients are unable to meet the deadline requirements as outlined in 24 CFR Part 576; or
- c) When sub-recipients without appropriate justification have failed to implement the project as set forth in their approved ESGP grant application.

Applicants may be required to submit a timetable outlining the tasks required for the accomplishment of project goals. The timetable submitted will be used to monitor project performance.

2.3 Eligible Sub-Recipients

The following entities are eligible to submit application for funding under ESG:

- Units of Local Government
- Private Non-Profit Organizations*

*All private non-profit organizations applying for funding must have the prior approval of the unit of general local government in which the proposed project is to be established. The required form is available on the Division's website, and will be provided as part of the Request for Funding application. Applications that do not meet this requirement will be considered non-responsive.

The definition of an Emergency Shelter is not restricted to those facilities that provide overnight sleeping accommodations. As a result, day centers and drop-in centers are also eligible to receive ESG funds for eligible activities.

2.4 Match Requirements

An award of ESG funding requires a match with an equal amount of cash or in-kind funds to supplement the ESG program. Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local and private sources. However, the following requirements apply to matching contributions from a Federal source of funds:

1. The State and the sub-recipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds;
2. If ESG funds are used to satisfy the matching requirements of another Federal program then funding from that program may not be used to satisfy the matching requirements under this section.

In order to meet the matching requirement, the matching contributions **MUST** meet all requirements that apply to the ESG program, and matching funds must be provided after the date that HUD signs the grant agreement. To count toward the required match for the State's fiscal year grant, cash contributions must be expended within the grant deadline, and noncash contributions must be made within the same period. Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant; and contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of the ESG allocation.

Eligible types of matching contributions may be met by one or both of the following:

1. *Cash contributions*: Cash expended for allowable costs under the ESG program, and also defined in OMB Circulars A-87 and A-122, may be considered;
2. *Non-cash contributions*: The value of any real property, equipment, goods, or services contributed to the sub-recipient's ESG program, provided that if the sub-recipient had to pay for them with grant funds, the

costs would have been allowable. Noncash contributions may also include the purchase value of any donated building;

3. *Calculating the amount of noncash contributions:* (See below for specific instructions for units of local governments and non-profit agencies)
 - a. To determine the value of any donated material or building, or of any lease, the sub-recipient must use a method reasonably calculated to establish the fair market value.;
 - b. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the sub-recipient's organization. If the sub-recipient 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;
 - c. Some noncash contributions are real property, equipment, goods, or services that, if the sub-recipient had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the sub-recipient has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.
4. *Costs paid by program income:* Costs paid by program income shall count toward meeting the State and/or sub-recipient's matching requirements, provided the costs are eligible ESG costs that supplement the sub-recipient's current ESG program.

2.4(a) Instructions for Units of General Local Government: In calculating the amount of matching funds, the time contributed by volunteers shall be determined at the rate consistent with those ordinarily paid for similar work in the grantee's or sub-recipient's organization. If the grantee or sub-recipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. The grantee must maintain evidence of how the rate determination was calculated and be available for review upon request by the Division. The grantee will determine the value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value. The Division also has provided Attachment 2 in the ESG Program Guidelines for examples of fair market values of donated items. (Refer to 24 CFR 85.24 for further guidance)

2.4(b) Instructions for Non-Profit Agencies: Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe

benefits that are reasonable, allowable, and allocable may be included in the valuation.

2.5 Waiver of Match Requirements

Section 832 of the 1990 Cranston Gonzales National Affordable Housing Act allows for a waiver of the match requirements for up to the first \$100,000 of a State's allocation for applicants who are **least capable** of leveraging local resources to meet ESG matching requirements. To implement this change, the Division has designed the following guidelines to enable those organizations with a documented incapability to participate in the ESG Program:

1. The Division may grant waivers to applicants who have been approved for ESG funds based on the Division's review of their written request for Match Waiver.
2. In order to request consideration for a waiver, applicants must submit the following documents with their grant application:
 - a. A Financial Needs Analysis for the agency documenting the organization's current resources and inability to secure additional resources to meet matching requirements. It is up to the applicant to determine the financial documentation necessary to appropriately justify the waiver request; and
 - b. Certification from the unit of local government entity, which includes a statement that no local resources are available to the applicant, if the waiver is received from a non-profit.

Since only a limited proportion of the Division's allocation can be exempted from the match requirements, and given that eligibility under the "least capability" criteria must be sufficiently established by the applicant, it is anticipated that only a few waivers will be granted per funding cycle.

2.6 Maintenance of Effort Requirement

If a sub-recipient is a unit of general local government, ESG funds cannot be used to replace funds the local government provided for street outreach and emergency shelter service during the immediately preceding 12-month period unless HUD determines that the unit of general local government is in a severe financial deficit (SFD):

1. Severe Financial Deficit-SFD will be based on the following:
 - i. Average poverty rate is equal to or greater than 125% of the average national poverty rate, during the calendar year for which the most recent data is available;
 - ii. If the average per-capita income was less than 75% of the average national per-capita income during the calendar year for which the most recent data is available;
 - iii. The area has a current annual budget deficit that requires a reduction in funding for services for homeless people; and

- iv. The area has taken all reasonable steps to prevent a reduction in funding of services for homeless people. Reasonable steps may include steps to increase revenue generation, steps to maximize cost savings, or steps to reduce expenditures in areas other than service for homeless people.

2.7 Area-Wide Systems of Coordination Requirements

1. The Division and all sub-recipients must consult with each Continuum of Care that serves the sub-recipient's jurisdiction during the allocation phase each program year, including developing performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds. In addition, collaboration in developing funding, policies and procedures for administration and operation of HMIS must occur. Agencies requesting ESG funding must demonstrate such collaboration and document that proposed activities will assist the CoC in meeting identified outcomes.
2. The Division and all sub-recipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the CoC or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness in that area. The programs include, but are not limited to:
 - a. Shelter Plus Care Program
 - b. Supportive Housing Program
 - c. Section 8 Moderate Rehabilitation Program for Single Room Occupancy Program for Homeless Individuals
 - d. HUD-Veteran Affairs Supportive Housing Program (HUD VASH)
 - e. Education for Homeless Children and Youth Grants for State and Local Activities
 - f. Grants for the benefit of homeless individuals
 - g. Healthcare for the Homeless
 - h. Programs for Runaway and Homeless Youth
 - i. Projects for Assistance in Transition from Homelessness
 - j. Services in Supportive Housing Grants
 - k. Emergency Food and Shelter Program
 - l. Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Programs
 - m. Homeless Veterans Reintegration Program
 - n. Domiciliary Care for Homeless Veterans Program
 - o. VA Homeless Providers Grant and Per Diem Program
 - p. Health Care for Homeless Veterans Programs
 - q. Homeless Veterans Dental Program
 - r. Supportive Services for Veteran Families Program
 - s. Veteran Justice Outreach Initiative

Applicants must document how these and other programs will be used in collaboration with proposed ESG-funded activities.

3. Once the CoC has developed a centralized assessment system or a coordinated assessment system in accordance with requirements to be established by HUD, each ESG-funded program or project within the CoC's area must use that assessment system. Acceptance of an ESG award means the sub-recipient agrees to utilize the centralized assessment or coordinated assessment system implemented by the local CoC.

The Division and all sub-recipients must work with the CoC to ensure that screening, assessment, and referral of program participants are consistent with the written standards required in the next section. ***A victim service provider may choose not to use the CoC's centralized or coordinated assessment system.***

2.8 Written Standards Requirements

Sub-recipients must establish and consistently apply written standards for providing ESG assistance. Standards must be established for each area covered by the sub-recipient, including the area over which the services are coordinated and provided to program participants.

Written Standards developed must be included in the State of Nevada's Consolidated Plan and Annual Action Plans for review by the public. At a minimum, Written Standards developed by sub-recipients must include:

1. Standard policies and procedures for evaluating individuals and families' eligibility for assistance under the ESG program;
2. Standards for targeting and providing essential services related to street outreach;
3. Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under the ESG program including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations (victims of domestic violence, dating violence, sexual assault, and stalking); and individual and families who have the highest barriers to housing and are likely to be homeless the longest;
4. Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
5. Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers;
6. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance;
7. Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;

8. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
9. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the participant receives assistance, or the maximum number of times the participant may receive assistance.
- 10. Formal termination and grievance policies and procedures that reflect HUD's requirement that only the most severe cases be terminated, and allowing clients to return to the program once issues that caused the termination are resolved.**

Sub-recipients are also required to include in the Written Standards procedures implemented by the sub-recipient that will ensure all persons inquiring about assistance are screened for not only ESG-funded assistance, but also other housing programs and services offered within the agency or the community. Applicants should not be orally screened for eligibility by staff unfamiliar with all resources that the potential client may be eligible to receive.

Applicants will be required to submit a detailed explanation of clients to be targeted for assistance with ESG funds in the application process. Keep in mind HUD's priorities and measures when determining program participant eligibility criteria.

2.9 Termination of Assistance

Each sub-recipient is required to establish a formal process for the termination of assistance to a client. This process must recognize the rights of the individuals affected to a hearing. The sub-recipient must submit a policy on termination of assistance to the Division for approval.

2.10 Client Confidentiality and Privacy Policies

Confidentiality Policy: The Division will not divulge personal identifying information of a program participant of the ESG program without the consent from the client. In addition the Division will not divulge information pertaining to any individual or family domestic violence shelter or treatment facilities. ESG program files that include this type of information will be kept in a locked cabinet or when allowed, shredded to ensure the information is destroyed.

Each sub-recipient must incorporate into their policies and procedures a process that will ensure the confidentiality of program participant's identifying information; records pertaining to any individual or family provided family violence prevention; and treatment services offered under any project assisted with ESG funds. Furthermore, the address or location of any shelter for victims of domestic violence assisted under ESG will be anonymous except upon written authorization from the person or persons responsible for the operation of the shelter for this information to be made public. There should be an area for sub-recipient staff to sign evidencing that they have received a copy of the sub-

recipients confidentiality policy, with a copy of the executed document maintained in the ESG program file.

Privacy Policy: The Division's Privacy Policy, detailing the process to protect program participant's personal information, including data entered into the HMIS database, is included under Section 8 of this Manual. The Policy describes the policies and practices to be implemented by the Division and its sub-recipients.

Sub-recipients must also create a privacy policy that is incorporate into their policies and procedures, and should include provisions ensuring that sub-recipient staffs are aware of the Division's Privacy Policy as well as the sub-recipient's policy. There must include an area for sub-recipient staff to sign that they are familiar with the policy and have received a copy. The executed document is to be maintained in the ESG program file.

2.11 Homeless Management Information System Requirements

The Division must ensure that all person served and all activities assisted under the ESG program be entered into the local Continuum of Care's community-wide HMIS (or comparable database if a domestic violence service provider) available in the area in which those persons and activities are located. Participation will be in accordance with HUD's standards on participation, data collection, and reporting.

If the sub-recipient is a victim services provider or legal services provider, it will be required to use the Division's HMIS comparable database to ensure client level data is collected over time and generates unduplicated aggregate reports based on the data. The Division will require that victim services providers and legal services providers contract directly with the Division's HMIS contractor.

2.12 Shelter and Housing Standards Requirements

1. *Lead-based paint remediation and disclosure:* The Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1995, and implementing regulations in 24 CFR part 35, subparts A,B,H,J,K,M and R apply to all shelters assisted under the ESG program and to all housing occupied by program participants. Program Participants must be provided a copy of the Lead-Based paint notification pamphlet if the household has a child under the age of 6, or a pregnant woman is/will be residing in the unit; and it was construction prior to 1978;
2. *Minimum standards for emergency shelters:* Any building for which ESG funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety, sanitation and privacy standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety, sanitation and privacy standards:
 - i. Structure and materials: The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation, including major rehabilitation and conversion, carried out with

ESG assistance must use Energy Star and WaterSense products and appliances;

- ii. Access: The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act and implementing regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act and 28 CFR part 35, where applicable;
 - iii. Space and Security: Except where the shelter is intended for day use only, the shelter must provide each participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings;
 - iv. Interior air quality: Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents;
 - v. Water supply: The shelter's water supply must be free of contamination;
 - vi. Sanitary facilities: Each participant in the shelter must have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste;
 - vii. Thermal environment: The shelter must have any necessary heating/cooling facilities in proper operating condition;
 - viii. Illumination and electricity: The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter;
 - ix. Food preparation: Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner;
 - x. Sanitary conditions: The shelter must be maintained in a sanitary manner;
 - xi. Fire safety: There must be at least one working smoke detector in each occupied unit in the shelter. Where possible, smoke detection must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.
3. *Minimum standards for permanent housing provided as part of homelessness prevention assistance*: The sub-recipient cannot use ESG funds to help a participant obtain or remain in housing that does not meet the minimum habitability standards provided in this section. Documentation that the unit has met the standards, demonstrated by completion of the Division's Housing Standards Inspection checklist, must be placed in the program participant's file:

- i. Structure and materials: The structures must be structurally sound to protect residents from elements and not pose any threat to the health and safety of all residents;
- ii. Space and security: Each resident must be provided adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep;
- iii. Interior air quality: Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents;.
- iv. Water supply: The water supply must be free from contamination;
- v. Sanitary facilities: Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste;
- vi. Thermal environment: The housing must have any necessary heating/cooling facilities in proper operating condition;
- vii. Illumination and electricity: The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure;
- viii. Food preparation: All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner;
- ix. Sanitary conditions: The housing must be maintained in a sanitary condition;
- x. Fire safety:
 - 1) *There must be a second means of exiting the building in the event of fire or other emergency;*
 - 2) Each unit must include at least one battery-operated or hard-wired smoke detector in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person;
 - 3) The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

If a sub-recipient provides homelessness prevention assistance to a program participant who resides in a unit that cannot meet the minimum standards reflected above, every effort should be made to

assist the program participant in relocating to a more appropriate unit.

4. ***Minimum standards for permanent housing provided as part of rapid re-housing assistance:*** Program participants receiving ESG-funded rapid re-housing assistance must ensure the unit selected by the program participant meets the minimum requirements of the local Public Housing Authority (PHA) if the program participant is expected to be placed on the Section 8 wait list for long-term housing assistance. Sub-recipients must contact the local PHA for a copy of their housing standards checklist. Copies of completed checklists shall be maintained in program participant files for review by Division staff. If the program participant is not expected to apply for Section 8 rental assistance the unit must still meet the requirements of the local housing authority to ensure that program participants are not placed into sub-standard units.

2.13 Performance Measures and Priorities Requirements

1. ***Planning Strategies:*** The HEARTH Act refocuses homelessness-related strategies on the ultimate goal of reducing and ending homelessness and aligns them with the Continuum of Care planning strategies and performance measures, such as shortening the period of time that persons experience homelessness, and helping persons who were recently homeless avoid becoming homeless again. The change under the HEARTH Act also emphasis the priorities of the Federal Strategic Plan to Prevent and End Homelessness (FSP), which are:
 - End chronic homelessness in 5 years
 - Prevent/end homelessness among Veterans in 5 years
 - Prevent/end homelessness for families, youth, and children in 10 years
 - Set path to ending all homelessness

Communities receiving ESG funds should develop formal strategies that will ensure the success of the HEARTH Act.

2. ***Performance Standards/Measures:*** The Division must ensure that programs and activities funded through the ESG program meet certain Performance Standards as set by the local Continuum of Care, the Division, and HUD. The following is an example of the types of Standards that the Division and it's sub-recipients will be required to meet in order to demonstrate success of the ESG program:
 - Reducing the average length of time a person is homeless
 - Reducing returns to homelessness
 - Improving program coverage
 - Reducing the number of homeless individuals and families
 - Reducing the number of chronically homeless individuals and families
 - Improving employment rate and income amounts of program participants
 - Reducing first time homelessness

- Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs

Although the Division understands many sub-recipients have chosen to provide 1-time emergency rent or utility assistance to prevent homelessness in the past, ***sub-recipients receiving ESG funds must now implement programs that will ensure the ongoing housing stability of program participants.***

3. ***Critical Need Priority:*** HUD strongly encourages each jurisdiction to focus ESG funding on rapidly re-housing individuals and families living on the streets or in emergency shelters into permanent housing. While both rapid re-housing and homelessness prevention are eligible activities, only rapid re-housing assistance targets those individuals and families living on the streets or in emergency shelters. Effective rapid re-housing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Rapid re-housing also ensures that emergency shelter resources are used to serve individuals and families with the most urgent housing crisis. In contrast, the success of homelessness prevention activities are much more difficult to measure and the prevention assistance is harder to strategically target. These difficulties increase the risk that the use of ESG funds for homelessness prevention assistance will be inefficient at demonstrably preventing people from going to the streets or shelters. As public and nonprofit resources become increasingly strained, rapid re-housing should be given the highest priority under ESG to help ensure that existing resources-both within and outside the homeless assistance system-are used as efficiently as possible to help those most in need

4. ***Additional Priorities:*** To help the Division achieve the goals and priorities reflected above, sub-recipients should use ESG funds to design and implement programs that will:
 - Broaden existing homelessness prevention activities;
 - Emphasize Rapid Re-Housing programs;
 - Help program participants to quickly regain or obtain stability in permanent housing after experiencing a housing crises or homelessness;
 - Enhance alignment of ESG regulations with other Federal, state and local programs to provide better services and care; and
 - Support more coordinated and effective data collection procedures that include timely data entry of program participants served with ESG funds into HMIS, and higher standards of data quality.

NOTE: Program participants are not to be exited from ESG-funded programs and activities unless the sub-recipient can demonstrate improved and/or steady household income necessary to ensure that the

household stability, or are terminated in accordance with the formal process established by the sub-recipient.

2.14 Recordkeeping and Reporting Requirements

1. Grant Recordkeeping Requirements

- a. Policies and Procedures: Policies and procedures must be established in writing and implemented by the sub-recipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable the Division and HUD to determine whether ESG requirements are being met, including the agency procedures for compliance with all federal regulations and program requirements.
- b. Written Standards: Written Standards must be established and implemented by sub-recipients that details established criteria for providing ESG assistance; and shall be included as part of the sub-recipient's Policies and Procedures. A copy of the Written Standards must be provided to the Division as HUD requires the Standards to be included in the Division's Consolidated Plan.
- c. Match Funds: The Division and sub-recipients must keep records of the source and use of contributions made to satisfy the matching requirements in 576.201. the records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, noncash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.
- d. Centralized and coordinated assessment procedures: The Division and sub-recipients must keep documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) develop by the Continuum's of Care in accordance with the requirements established by HUD.
- e. Services and assistance provided: Sub-recipients must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provider under the State's ESG program, and the amounts spent on these services and assistance, including payroll records if salaries are charged to the grant. The Division and its sub-recipients that are units of local government must keep records to demonstrate compliance with the Maintenance of Effort requirement, including records of the local government's annual budgets and sources of funding for street outreach and emergency shelter.
- f. Conflicts of Interest: The Division and sub-recipients must keep records to show compliance with the conflicts-of-interest requirements in 579.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements of 576.404(b), and records supporting exceptions to the personal conflicts of interest

prohibitions. Sub-recipient Conflict of Interest policies must also include instructions to agency staff that may be in the situation of needing assistance themselves, or providing assistance to close friends or family members, to ensure that ESG funds are not used inappropriately. A copy of the Division's Conflict of Interest Policy is located in Section 9 of this Manual.

- g. Faith-based activities: The Division and sub-recipients must document their compliance with the faith-based activities requirements under 576.406.
- h. Other federal requirements: The Division and sub-recipients must document their compliance with the Federal requirements in 576.407, as applicable, including:
 - i. Records demonstrating compliance with the nondiscrimination and equal opportunity requirements under 576.407(a), including data concerning race, ethnicity, disability status, sex, and family characteristics of persons and households who are applicants for, or program participants in, any program or activity funded in whole or in part with ESG funds and affirmative outreach requirements of 576.407(b).
 - ii. Records demonstrating compliance with the uniform administrative requirements in 24 CFR part 85 (for governments) and 24 CFR part 84 (for nonprofit organizations)
 - iii. Records demonstrating compliance with the environmental review requirements, including flood insurance requirements
 - iv. Certifications and disclosure forms required under the lobbying and disclosure requirements in 24 CFR part 87.
- i. Relocation: The records must include documentation of compliance with the displacement, relocation, and acquisition requirements of 576.408.
- j. Financial records:
 - i. The Division must retain supporting documentation for all costs charged to the ESG grant;
 - ii. The Division and its sub-recipients must keep documentation showing that ESG grant funds were spend on allowable costs in accordance with the requirements for eligible activities under 576.101-576.109 and the cost principles in OMB Circulars A-87 and A-122;
 - iii. The Division and its sub-recipients must retain records of the receipt and use of program income;
 - iv. The Division must keep documentation of compliance with the expenditure limits in 576.100 and the expenditure deadline in 576.203
- k. Sub-recipients and contractors:
 - i. The Division must retain copies of all solicitations of and agreements with sub-recipients, records of all payment requests by and dates of payments made to sub-

recipients, and documentation of all monitoring and sanctions of sub-recipients, as applicable.

- ii. The Division must keep records of each recaptured and distribution of recaptured funds under 576.501;
 - iii. The Division and its sub-recipients must retain copies of all procurement contracts and documentation of compliance with the procurement requirements in 24 CFR 85.36 and 24 CFR 84.40-84.48;
 - i. The Division must ensure that its sub-recipients comply with recordkeeping requirements specified by the Division and any HUD notices or regulations.
- l. Other records specified by HUD: The Division and its sub-recipients must keep other records specified by HUD.
- m. Confidentiality:

The Division and its sub-recipients must develop and implement written procedures to ensure:

- i. All records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in HMIS) of any program participant who applies for and/or receives ESG assistance will be kept secure and confidential;
- ii. The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG program will not be made public, except with written authorization of the person responsible for the operation of the shelter; and
- iii. The address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy of the Division or sub-recipient and consistent with state and local laws regarding privacy and obligations of confidentiality.

The confidentiality procedures of the State and its sub-recipients must be in writing and must be maintained in accordance with this section.

- n. Period of record retention: All records pertaining to each fiscal year of ESG funds must be retained for the greater of 5 years or the period specified below. Copies made by microfilming, photocopying, or similar method may be substituted for the original records:
- i. Documentation of each program participant's qualification as a family or individual at risk of homelessness, or as a homeless family or individual, and other program participant records must be retained 5 years after the expenditure of all funds from the grant (grant close-out) under with the program participant was served;
 - ii. Where ESG funds are used for the renovation of an emergency shelter involves costs charged to the ESG grant that exceed 75% of the value of the building before renovation, records must be retained until 10 years after

the date that ESG funds are first obligated for the renovation; and

- iii. Where ESG funds are used to convert a building into an emergency shelter and the costs charged to the ESG grant for the conversion exceed 75% of the value of the building after conversion, records must be retained until 10 years after the date that ESG funds are first obligated for the conversion.

o. Access to records:

- i. Notwithstanding, the confidentiality procedures established under this section, HUD, the HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, and the Division, must have the right of access to all books, documents, papers, or other records of examination, excerpts and transcripts. These rights of access are not limited to the required retention period but last as long as the records are retained;
- ii. Make available program participant records, along with any financial and program records, for review by the Division during periodic monitoring visits. Monitoring of sub-recipients may be conducted by the Division, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, a contractor hired on behalf of the Division for the purposes of auditing programs funded through the State, or other authorized state or federal agency, to determine compliance with the requirements of each program. In lieu of a site visit the Division may request either copies of supporting documentation in order to conduct a Desk Audit review of a sub-recipient or access to HMIS for review of documentation uploaded to the system;
- iii. Make available copies of all monitoring letters from other federal, state or local grant funded programs if requested by the Division. Copies of any written responses addressing areas of concerns or findings shall be included. These copies shall be provided during monitoring review visits or more frequently if requested by Division staff;
- iv. Public rights: The Division must provide citizens, public agencies, and other interested parties with reasonable access (consistent with state and local laws regarding privacy and obligations of confidentiality, and the confidentiality requirements in this part) to records regarding any uses of ESG funds the Division received during the preceding 5 years.

p. Performance Reports:

The Division must collect and report data on its use of ESG funds in HUD's Integrated Disbursement and Information System (IDIS)

and other reporting systems, as specified by HUD. The Division must also comply with the reporting requirements in 24 CFR parts 85 and 91 and the reporting requirements under the Federal Funding Accountability and Transparency Act of 2006, which are set forth in Appendix A to 2 CFR part 170;

- i. Performance Reports: The Division must complete annual reports that shall include an evaluation of the Division's progress in meeting specific objectives of providing services to homeless individuals and families, including an evaluation of the progress in meeting specific objectives for reducing and ending homelessness through:
 - a. Reaching out to homeless persons and assessing their needs;
 - b. Addressing the emergency and transitional housing needs of homeless persons;
 - c. Helping homeless persons make the transition to permanent housing and independent living, including shortening the period of time households experience homelessness; facilitating access for homeless to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again; and
 - d. Helping low income households avoid becoming homeless, especially extremely low-income and those who are:
 - Likely to become homeless after being discharged
 - Receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs
- ii. Sub-recipients receiving ESG funds must submit reports that include the number of persons assisted, the types of assistance provided, and the project or program outcomes data measured under the performance standards developed in consultation with the Continuum of Care, and other data as required by HUD.
- q. Coordination with Continuum of Care's and other programs: The Division and its sub-recipients must document their compliance with the requirements of 576.400 for consulting with the Continuum of Care's and coordinating and integrating ESG assistance with programs targeted towards homeless people and mainstream service and assistance programs.
- r. Homeless Participation: Not required for State recipients

2. Homeless Prevention and Rapid Re-Housing Recordkeeping Requirements

The following records are required for new clients and clients who have had a break in service but are still eligible to receive additional funding:

- a. Client File Recordkeeping: Files of clients served with ESG funds shall be maintained in the order reflected in Exh.10-ESG Client File Checklist. Items required to be placed in the file shall be checked off (N/A entered if “Not Applicable”); signed by the case worker; and verified by a 2nd level of review. This will ensure that all required documents reflecting client eligibility are obtained and retained in every file.
- b. Staff Certification: The ESG Staff Certification Form must be completed by both sub-recipient staff and staff supervisor for each client upon entry into the ESG program, and at each recertification.
- c. Initial Evaluations: The sub-recipient must conduct an initial evaluation to determine the eligibility of each individual and family’s eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 576.400(d) and the written standards established under 576.400(e).
- d. Other subsidies received by the client: Case managers or other sub-recipient staff must verify that the program participant does not receive subsidies from other federal, state or local funding sources for activities that will be funded with ESG funds. Verifications must be documented and included in the case file.
- e. Written third party: Verification in writing from a third party (e.g. individual employer, Social Security Administration, welfare office, emergency shelter provider, etc.), either directly to sub-recipient staff or via the applicant **is most preferred**. Third party verification of income, such as a deposit slip showing SSI benefits, might show income after deductions have been made; grantees must document gross income, pre-deductions. Written third party documentation may include completion of a standardized form, such as a verification of income statement.
- f. Oral third party: Verification from a third party (e.g. individual employer, Social Security Administration, welfare office, etc.) provided by the third party over the telephone or in-person directly to sub-recipient staff. Oral third party verification is acceptable only if written third party verification cannot be obtained. Sub-recipient staff must document reasons why third party written verification could not be obtained in the program participant file. Staff must also notate time called and the name of the employer who provided the information orally.
- g. Applicant self declaration: An affidavit of income and housing status as reported by the program participant is allowable, but is only acceptable if written or verbal third party verification cannot be obtained. Self-declaration of housing status (e.g., eviction) should be rare. Sub-recipient staff must document reasons why

third party written or oral verification could not be obtained in the program participant file.

h. At risk of homelessness status: For each individual and family who receives ESG homelessness prevention assistance, the records must include the evidence relied upon to establish and verify the participant's "at risk of homelessness" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient. The evidence must also include:

i. If the program participant meets the criteria under paragraph (1) of the "at risk of homelessness" definition in 576.2, including:

- The participant's certification on a form specified by HUD that the participant has insufficient financial resources and support networks (family, friends, faith-based or other social networks) immediately available to attain housing stability and meets one or more of the conditions under paragraph (1)(iii) of the definition of "at risk of homelessness" in 576.2;
- The most reliable evidence available to show that the participant does not have sufficient resources or support networks immediately available to prevent them from moving into an emergency shelter or other place described in paragraph (1) of the "homeless" definition. Acceptable evidence includes:
 - a. Source documents (notices of termination from employment, unemployment compensation statement, bank statements, health-care bill showing arrears, utility bill showing arrears, etc);
- To the extent that source documents are unobtainable, a written statement by the relevant third party (former employer, public administrator, relative, etc.) or the written certification by the sub-recipient's intake staff of the oral verification by the relevant third party that meets one or both of the criteria under paragraph (1)(ii) of the definition of "at risk of homelessness" in 576.2; or
- To the extent that source documentation and third-party verifications are unobtainable, a written statement by the sub-recipient's intake staff describing the efforts taken to obtain the required evidence; and
- The most reliable evidence available to show that the program participant meets one or more of the conditions under paragraph (1)(iii) of the definition

of “at risk of homelessness” in 576.2. Acceptable evidence includes:

- a. Source documents that evidence one or more of the conditions under paragraph (1) (iii) of the definition (eviction notice, notice of termination from employment, bank statements, etc);
- To the extent that source documents are unobtainable, a written statement by the relevant third party (former employer, owner, primary leaseholder, hotel/motel manager ,etc) or written certification by the sub-recipient’s intake staff of the oral verification by the relevant third party that the applicant meets one or more of the criteria in 576.2-definition of “at risk of homelessness”; or
 - To the extent that source documents and third-party verifications are unobtainable, a written statement by the sub-recipient’s intake staff that the staff person has visited the applicant’s residence and determined that the applicant meets one or more of the criteria under paragraph (1)(iii) of the definition or, if a visit is not practicable or relevant to the determination, a written statement by the sub-recipient’s intake staff describing the efforts taken to obtain the required evidence; or
 - If the participant meets the criteria under paragraph (2) or (3) of the “at risk of homelessness” definition in 576.2, certification of the child or youth’s homeless status by the agency or organization responsible for administering assistance under the Runaway and Homeless Youth Act, the Head Start Act, subtitle N of the Violence Against Women’s Act of 1994, section 33D of the Public Health Service Act, the Food and Nutrition Act of 2008, section 17 of the Child Nutrition Act of 1966, or subtitle B of the title VII of the McKinney-Vento Homeless Assistance Act, as applicable.
- ii. Documentation that sub-recipient staff has conducted re-evaluation of program participant’s eligibility to continue to receive “at risk of homelessness’ assistance not less than once every 3 months.
 - i. Homeless status: For each individual and family who receives ESG rapid re-housing assistance, records must include the evidence relied upon to establish and verify the participant’s “homeless” status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient. The evidence must include:
 - i. Evidence that the program participant meets the criteria of the “homeless” definition in 576.2,

- ii. Is an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park abandoned building, bus or train station, airport, or camping ground;
 - An individual or family living in a supervised publically or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by Federal, state or local government programs for low income individuals); or
 - An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution
- iii. An individual or family who will imminently 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 was identified; and
 - The program participant lacks resources or support networks needed to obtain permanent housing;
 - 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, section 637 of the Head Start Act, section 41403 of the Violence Against Women's Act of 1994, section 330(h) of the Public Health Service Act, section 3 of the Food and Nutrition Act of 2008, section 17(b) of the Child Nutrition Act of 1966, or section 725 of the McKinney-Vento Homeless Assistance Act.
 - 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 physical 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 GED, illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or
- Any individual or family who:
 - 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 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 no other residence; and
 - Lacks the resources or support networks to obtain other permanent housing.
- iv. Source documentation that documents homeless housing status must be maintain the program participant's file.
- v. Documentation that sub-recipient staff has conducted re-evaluation of program participant's eligibility to continue to receive "rapid re-housing" assistance not less than once a year.
- j. Annual Income: Program participant's files must contain evidence that household income was **below 30%** of area median income for the geographic area of assistance upon entry into an ESG-funded program. Sub-recipients must use the standard for calculating annual income as established in 24 CFR part 5.609. Additional information and guidance for determining and documenting homeless and at-risk of homelessness status, income, and disability is available at www.hudhre.info.
- k. Rental assistance agreements and payments: The records retained by the sub-recipients must include copies of all leases and rental assistance agreements for the provision of rental assistance documentation of payments made to owners for the provision of rental assistance, and supporting documentation for

these payments, including dates of occupancy by program participants.

- i. Landlord Memorandum of Understanding (MOU): Sub-recipients are required to enter into a memorandum of understanding with landlords of the program participant prior to approval of ESG rental assistance. At a minimum the MOU must include instructions to the landlord for: informing the sub-recipient of any changes in tenant status; certifications that the landlord does not receive rental subsidies on behalf of the client from other sources; and timeframes of when sub-recipients will issue payment vouchers to the landlord.
- m. Utility allowance: Records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with rent restrictions.
- n. Lead-Based Paint: Households with a pregnant woman or children under 6 who reside or will reside in a housing unit constructed prior to 1978 MUST have the following documents in the file:
 - a. Copy of the local assessors webpage for the housing unit showing the date of construction;
 - b. If the housing unit is constructed prior to 1978, HUD's Lead Based Paint worksheet must be completed and maintained in the file
 - c. A copy of the housing inspection form completed by sub-recipient staff showing the unit was inspected for lead-based paint issues. If concerns are noted during the inspection the sub-recipient will be required to have the unit tested for lead-based paint OR the household can be assisted with moving costs to relocate the family to a lead-safe housing unit.
- o. Housing Standards Inspection: An on-site inspection is required anytime a program participant is receiving ESG financial assistance, including rental assistance, security deposit assistance, utility assistance, etc. A housing unit inspection form must be completed and maintained in the client file.
- p. Rent Reasonableness: Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR part 982.501. For the purpose of calculating rent under this program, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

Ensuring rent reasonableness is very important for effective program operations. If a sub-recipient approves rents that are too high, government funds are wasted, limited housing subsidies are squandered, and speculators may exploit the program to outbid

potential homeowners. If rents are approved at levels lower than comparable units in the private market, the better owners do not participate in the program, or they participate only with their lowest-cost and lowest-quality units. In addition, families may be inappropriately restricted in where they can live.

q. Case Management:

- i. Sub-recipient staff must document initial evaluations of program participants requesting ESG assistance. Documentation must include evidence that demonstrates participant eligibility or ineligibility for program assistance;
- ii. Once a program participant is deemed eligible for ESG assistance, sub-recipient staff must document program participant's eligibility to regain stability in permanent housing. Evaluations must be conducted in accordance with the centralized or coordinated assessment required by HUD, once implemented. While providing homelessness prevention or rapid re-housing assistance to a program participant, the sub-recipient must:
 - Require the participant to meet with a case manager **not less than once per month** to assist the program participant in ensuring long-term housing stability which shall be notated in the program participants file; and
 - Develop a written plan to assist the program participant to retain permanent housing after the ESG assistance ends, taking into account all relevant considerations such as the program participant's current or expected income and expenses; other public or private assistance for which the program participant will be eligible and likely to receive, and the relative affordability of available housing in the area.
- iii. Case Management may consist of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability in permanent housing. 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. Component services consist of:
 - Using the centralized or coordinated assessment system to evaluate households applying for or receiving homeless prevention or rapid re-housing assistance, once available;
 - Conducting the initial evaluation required, including verifying and documenting eligibility of households applying for assistance;
 - Counseling;

- Developing, securing and coordinating services and obtaining Federal, state and local benefits;
- vi. Monitoring and evaluating program participant progress;
- vii. Providing information and referrals to other providers;
- viii. Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
- ix. Conducting re-evaluations:
 - Sub-recipient staff must re-evaluate the program participant's eligibility and types and amounts of assistance the participant needs not less than once every 3 months for program participants receiving homeless prevention assistance, and once a year for program participants receiving rapid re-housing assistance.
- x. Sub-recipient staff must enter case management information in a program participant's case file **and** in the local Continuum of Care's HMIS.
- r. **HMIS:** Sub-recipients must keep records of the participation in HMIS or a comparable database of all projects and activities served with ESG funds. The HMIS Privacy Notice must be executed by both client and agency staff. Sub-recipients will be required to upload certain documentation into HMIS for program participants receiving ESG assistance for desk review by the Divisions. Documents to be uploaded are:
 - i. Client application;
 - ii. Verifications of income or other source documentation;
 - iii. Certifications by sub-recipient intake staff of client eligibility, including evidence that the program participant met required risk criteria;
 - iv. Documentation of homeless or at risk of homelessness status;
 - v. Copy of cancelled check or voucher payment request that reflects payments were made to third party (vendor) and not payable to "cash" or to the program participant;
 - vi. Other documents as requested
- s. **Determination of ineligibility or termination of assistance:** For each participant determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination.

3. Recertification Recordkeeping Requirements

The sub-recipient must re-evaluate and document the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every 3 months for program participants receiving homelessness prevention assistance, and not less than once annually for program participants receiving rapid re-housing assistance. The intent of the recertification rule is to ensure programs are fully evaluating households that are receiving ongoing

financial assistance and/or other ESG assistance to ensure the household remains eligible and needs continued assistance to prevent homelessness or a ***The recertification process must be completed prior to payment of the 4th month of assistance for prevention clients and 13th month of assistance for rapid re-housing assistance.*** The following documentation must be obtained and retained in the client file:

- a. Gross Income: For each program participant who receives homelessness prevention for over 3 months, or rapid re-housing assistance longer than one year, the following documentation of income must be maintained:
 - i. Income calculation worksheet containing the minimum requirements specified by HUD and completed by the sub-recipient; and
 - ii. Source documents for the assets held by the program participant and income received over the most recent period for which representative data is available before the date of the evaluation (wage statements, unemployment compensation statements, public benefits statements, bank statements, etc)
 - iii. To the extent that source documentation is unobtainable, a written statement by the relevant third party (employer, government benefits administrator, etc.) or the written certification by the sub-recipient's intake staff of the oral verification by the relevant third party of the income the program participant received over the most recent period for which representative data is available; or
 - iv. To the extent that source documents and third party verifications are unobtainable, the written certification by the program participant of the amount of income the program participant received for the most recent period representative of the income that the program participant is reasonably expected to receive over the 3-month period following the evaluation **(last resort method)**
- b. Housing Status: ESG staff must evaluate a participant's progress at the initial consultation as well as at the recertification to determine and document whether the household is still homeless or is at risk of returning to homelessness (for Rapid Re-Housing programs) OR remains at-risk of homelessness (for Prevention programs). As a part of this evaluation, sub-recipient staff should assess and document the presence of ongoing barriers to stable housing and risk factors that indicate a household continues to need ESG assistance to prevent or end homelessness
- c. Sub-recipient client eligibility requirements notated in the Written Standards: The assessment and documentation process summarized in the sub-recipients Written Standards must be re-verified to demonstrate the client is still eligible to continue to receive ESG assistance. Case managers must again assess and document that households meet any other eligibility criteria defined by the sub-recipient in the agency's Written Standards.

- d. Staff Certification Form: The ESG Staff Certification form must be completed at recertification and prior to issuance of additional assistance.
- e. HMIS: All recertification documents will be uploaded into HMIS

4. Shelter, Street Outreach and Shelter Essential Services Recordkeeping Requirements:

Records must include documentation of compliance with the shelter and housing standards in 576.403 and additional standards required by the Division, including inspection reports.

- a. Emergency shelter facilities: The Division and sub-recipients, as applicable, must keep records of the emergency shelters assisted under the ESG program, including the amount and type of assistance provided to each emergency shelter. As applicable, the Division and sub-recipients records must also include documentation of the value of the building before any rehabilitation of an existing shelter or after the conversion of a building into an emergency shelter and copies of the recorded deed or use restrictions.
- b. Street Outreach: Sub-recipients providing street outreach to homeless individuals and families must document that the street outreach activities offered are **necessary to provide emergency care on the street**. Services charged to this activity must only include costs of providing assistance to eligible participants residing on the street or in parks, abandoned buildings, bus stations, camp grounds, and other settings where unsheltered persons are staying. Staff salaries charged to the grant related to carrying out street outreach must be supported with payroll records. Client files should document in detail the types of assistance provided, evidence of homelessness, case management records, and HMIS User Agreements executed by the client and agency staff.
- c. Essential services at emergency shelters: Sub-recipients must retain case files showing client eligibility and the types of services provided to shelter clients. Included shall be documentation of:
 - i. Homelessness;
 - ii. Case Management provided, including:
 - a. Initial evaluations;
 - b. Counseling;
 - c. Referrals to other community resources;
 - d. Developing, securing and coordinating services using federal, state and local benefits;
 - e. Monitoring and evaluation records of program participant progress;

- f. Individualized housing and service plans, including planning the path to permanent housing stability.
 - iii. Any Child Care Assistance-Documentation of the eligibility, cost and assistance provided for child care;
 - iv. Education Services Provided-Documentation of the client receiving assistance to **improve knowledge and basic educational skills required to obtain and maintain housing**. Supporting documentation for the following allowable costs to the ESG grants are required:
 - a. Instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a second Language, and GED;
 - b. Documentation to support costs for screening, assessment and testing, individualized or group instruction, tutoring, provision of books, supplies and instructional materials;
 - v. Employment Assistance and Job Training-Documentation that the client received employment assistance and job training;
 - vi. Transportation (available only to clients needing transportation to and from programs and services. Clients who are not actively participating in a program or service offered by the provider are ineligible to receive transportation assistance); and
 - vii. Other eligible services
- d. Hotel/Motel Vouchers: Where no appropriate emergency shelter is available, program participants may be provided motel vouchers using ESG funds. Case files must include documentation that the case manager verified that there were no available shelter beds; the client is verified to be homeless (including obtaining all certifications); and the client is receiving the same types of referrals, case management, etc. required of clients residing in shelters.

SECTION 3: ELIGIBLE ACTIVITIES

ELIGIBLE ACTIVITIES

The following reflects detailed information regarding the types of activities that may be provided using ESG funds:

3.1 Street Outreach

Eligible Program Participants: Unsheltered individuals and families, meaning those who qualify under paragraph (1)(i) of the definition of “homelessness”.

1. *Overview of Eligible Activities:* The costs of essential services related to street outreach are eligible costs under the ESG program. The eligible costs for street outreach activities differ from the eligible costs for essential services related to emergency shelter, **as they are limited to those necessary to provide emergency care on the street.** Services charged to this activity must only include costs of providing assistance to eligible participants residing on the street or in parks, abandoned buildings, bus stations, camp grounds, and other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach activities is also available.
2. *Eligible Costs:* ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with 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. For the purpose of this section, “unsheltered homeless” means individuals and families who qualify as homeless under the new definitions. Eligible costs consist of the following:
 - a. Engagement-the costs to locate, identify, and build relationships with unsheltered homeless people and engage them for the purposes of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.
 - b. Case Management-includes the cost of assessing housing and service needs; arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participants. Includes using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by HUD; conducting initial evaluation including verifying and documenting eligibility, counseling, developing; securing and coordinating services, etc.

- c. Emergency Health Services-includes costs for direct outpatient treatment of medical conditions provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. **Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.** Eligible treatment consists of accessing a program participant's health problems and developing a treatment plan; assisting participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.
- d. Emergency Mental Health Services-includes costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. **Funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community.** Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring out positive resolution of the problem or improved individual or family functioning or circumstances. Eligible treatment consists of crisis intervention, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.
- e. Transportation-Includes transportation costs by outreach workers, social workers, medical professionals, or other service providers, provided that this travel takes place during the provisions of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include:
 - i. The cost of a program participant's travel on public transportation;
 - ii. Of service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - iii. The cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and
 - iv. Travel costs of sub-recipient staff to accompany or assist the program participants to use public transportation.

- f. Services for Special Population-funds may be used to provide services for homeless youth, victim services, and services for people living the HIV/AIDs, so long as the costs of providing these services are eligible under program regulations. The term “victim services” means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers, DV shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault or stalking.

3.2 Emergency Shelter

Eligible Program Participants: Individuals and families who are homeless as defined by HUD

1. *Overview of Eligible Activities:* ESG funds may be used to provide essential services to persons in emergency shelters, renovating buildings to be used as emergency shelters, and operating emergency shelters. Staff costs related to carrying out emergency shelter activities is also eligible.
2. *Eligible Activities Include:*
 - a. Essential Services:
 - i. *Case Management*-the cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant. Component services and activities consist of:
 - Using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by program regulations
 - Conducting the initial evaluation
 - Counseling
 - Developing, securing, and coordinating services and obtaining Federal, state and local benefits
 - Monitoring and evaluating program participant progress
 - Providing information and referrals to other programs
 - Providing ongoing risk assessment and safety planning with domestic violence, dating violence, sexual assault and stalking victims
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability.
 - ii. *Child Care*-The cost of child care for program participants, including providing meals and snacks,

and comprehensive and coordinated sets of appropriate developmental activities are eligible. Children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates.

- iii. *Education Service*- When necessary for program participants to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language (ESL) and GED. Component services of activities are screening, assessment and testing, individual or group instruction, tutoring, provision of books, supplies, and instructional material, counseling and referral to community resources.
- iv. *Employment Assistance and Job Training*-The costs of employment assistance and job training programs are eligible including:
 - Classroom
 - Online
 - Computer instruction
 - On the job instruction
 - Services that assist the individuals in securing employment, acquiring learning skills, and/or increasing earning potential
 - Cost of providing reasonable stipends to program participants in employment assistance and job training programs
 - Learning skills including those skills that that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates
 - Services that assist individuals in securing employment including:
 - ❖ Employment screening, assessment or testing
 - ❖ Structured job skills and job-seeking skills
 - ❖ Special training and tutoring, including literacy training and prevocational training
 - ❖ Books and instructional material
 - ❖ Counseling or job coaching
 - ❖ Referral to community resources
- v. *Outpatient Health Service*-Costs for direct outpatient treatment of medical conditions provided by licensed medical professionals. ***Funds may be used only for these services to the extent that other appropriate***

health services are unavailable within a community. Eligible treatment consists of:

- Assessing a program participant's health problems
 - Developing a treatment plan
 - Assisting participants to understand health needs
 - Providing directly or assisting participants to obtain appropriate medical treatment
 - Preventive medical care
 - Health maintenance service, including emergency medical services
 - Providing medications and follow-up services; and
 - Providing preventive and non-cosmetic dental care
- vi. **Legal Service-Costs** including hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association, and by persons under the supervision of the licensed attorney, regarding matters that interfere with participants ability to obtain and retain housing. **Funds may only be used for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.** Eligible subject matters are:
- Child support
 - Guardianship
 - Paternity,
 - Emancipation
 - Legal separation
 - 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
 - Resolution of outstanding criminal warrants

Component services or activities may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, and counseling. Fees based on the actual service performed (i.e. fee for services) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the sub-recipient is a legal services provider and performs the services itself, the eligible costs are the sub-recipient's employee's salaries and other costs necessary to perform the service.

Note: Legal services for immigration and citizenship matters and issues relating to mortgages are INELIGIBLE. Retainer fee arrangements and contingency fee arrangements are also ineligible.

- vii. *Life Skills Training*-Costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, DV, substance abuse, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation and parenting
- viii. *Mental Health Services*-Costs include direct outpatient treatment by licensed professionals of mental health conditions. ***Funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.*** Mental health services are the application of therapeutic process to personal, family, situational or occupational problems in order to bring about positive resolution of the problem or improved functioning or circumstances. Problem areas may include:
 - Family and marital relationships
 - Parent-child problems
 - Symptom management

Eligible treatment consists of crisis intervention, therapy sessions, prescription of psychotropic medications, or explanations about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

- ix. *Substance Abuse Treatment Service*-Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. ***Funds may only be used for these services to the extent that other appropriate substance abuse treatments services are unavailable or inaccessible within a community.*** Eligible treatment consists of:
 - Client intake and assessment
 - Outpatient treatment for up to 30 days
 - Group and individual counseling and drug testing

Note: Inpatient detoxification and other inpatient drug or alcohol treatments are INELIGIBLE

- x. *Transportation*-Costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care, or other eligible essential services facilities. These costs include the following:
- The cost of a program participant's travel on public transportation
 - If service workers use their own vehicles, mileage allowance for service workers to visit program participants
 - The cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance of the vehicle, and
 - The travel costs of sub-recipient staff to accompany or assist program participants to use public transportation.

NOTE: Funds may no longer be used to provide fuel vouchers, bus tickets, or other transportation activities unless it directly involves participation in other ESG-funded activities.

- xi. *Services for Special Populations*-Funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the cost of providing these services are eligible. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning these issues.

b. Shelter Operations

- i. Costs of maintenance including:
- Minor or routine repairs
 - Rent
 - Food
 - Security
 - Fuel
 - Equipment
 - Telephone/cell phone service
 - Internet expense
 - Furnishings
 - Office supplies
 - Insurance

- Utilities, and
- Other supplies necessary for the operation of the shelter(s).

Where no appropriate emergency shelter is available for a homeless individual or family, eligible costs may also include a hotel or motel voucher.

- c. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970: Provided if persons are misplaced by a project assisted with ESG funds. See regulations for further details.

3.3 Homeless Prevention and Rapid Re-Housing

Funds used to provide homelessness prevention or rapid re-housing assistance must be used to provide assistance in **permanent housing**. There must be a lease between the program participant and the housing owner. **In addition, there must be a formal Rental Assistance Agreement between the sub-recipient (the agency providing the service) and the housing owner.** *Living in a motel or hotel is not considered to be permanent housing and therefore is not an eligible expense under this program.*

1. *Eligible Program Participants*:
 - a. Homeless Prevention: Individuals and families who are at **imminent risk, or at risk of homelessness**, meaning those who qualify under paragraph (2) and (3) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of Area Median Income upon entry into the program, and are lacking sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the homeless definition. Program participants must meet the threshold requirements reflected in part 572.2 (1) (iii)
 - b. Rapid Re-Housing: Individuals and families who are **literally homeless**, meaning those who qualify under paragraph (1) of the definition of homeless and have income below 30% of Area Median Income upon entry into the program.
2. *Overview of Eligible Activities*: Short- (up to 3 months) and medium-term (4-24 months) rental assistance and housing relocation and stabilization services. Staff salaries related to carrying out rapid re-housing and homelessness prevention activities are also eligible.

3. *Housing Relocation and Stabilization Services:*
 - a. Financial Assistance: Rental application fees, security deposits, utility deposits, last month's rent, utility payments, and moving costs
 - b. Services: Housing search and placement, housing stability case management, mediation, legal services, and credit repair.

3.4 Homeless Management Information System Data Collection

1. *Eligible Costs:*
 - a. Staff costs of contributing data to the HMIS designated by the Continuum of Care, including time to complete data entry, monitoring and reviewing data quality, completing data analysis, reporting to HMIS Lead, training staff on using HMIS or comparable database approved by the Division, and implementing complying with HMIS requirements. Costs may also include staff travel costs to conduct intake, and paying any participation fees charged by the HMIS Lead.
 - b. If the sub-recipient is a Victim Services Provider or Legal Services Provider, ESG funds may be used to establish and operate a comparable database that collects client-level data over time and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.
2. *Restrictions:* Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under HMIS.

3.5 Administration

The Division may use up to 7.5% of the annual ESG allocation for administrative costs related to planning and execution of ESG activities. This does not include state and overhead costs directly related to carrying out eligible activities. A reasonable portion of allowable administrative costs must be shared with units of general local governments that carry out ESG activities, and may be shared with local non-profit organizations that carry out ESG activities.

1. *Eligible Costs:*
 - a. Costs of overall program management, coordination, monitoring and evaluation, including:
 - b. Salaries, wages, and related costs of Division staff, the staff of sub-recipients, or other staff engaged in program administration. In charging costs to this category, the agency may either include the entire salary, wages and related costs allocable to the program of each persons whose **primary** responsibility with regard to the program

involve program administration assignments, or the pro rata share of the salary, wages and related costs of each person whose job includes **any** program administration assignments. Agencies may use only one of these methods for each fiscal year grant.

- c. Program administration costs including:
 - i. Preparing program budgets and schedules, and amendments to those budgets and schedules;
 - ii. Developing systems for assuring compliance with program requirements;
 - iii. Developing interagency agreements and agreements with sub-recipients and contractors to carry out program activities;
 - iv. Monitoring program activities for progress and compliance with program requirements;
 - v. Preparing reports and other documents directly related to the program for submission to the Division or HUD;
 - vi. Coordinating the resolution of audit and monitoring findings;
 - vii. Evaluating program results against stated objectives; and
 - viii. Managing or supervising persons whose primary responsibilities with regard to the program includes such assignments such as those described in this section.
- d. Travel costs incurred for monitoring of sub-recipients;
- e. Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services;
- f. 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; and
- g. Costs of providing training on ESG requirements and attending **HUD-sponsored** ESG trainings

3.6 Ineligible Activities

Emergency Solutions Grant amounts may not be used for activities other than those listed above. For example, grant amounts may not be used for:

- b. Acquisition or construction of an emergency shelter for the homeless;
- c. Mortgage assistance

SECTION 4: PARTICIPANT REQUIREMENTS

PARTICIPANT REQUIREMENTS

The ESG Program is intended to address the needs of the individuals and families (program participants) who are homeless, chronically homeless, or at risk of homelessness. In order for a program participant to receive assistance with this program, (s)he must meet the definition of homeless or at-risk of homelessness; have annual gross income below 30% of Area Median Income if requesting financial assistance for rent or utilities; be eligible to receive assistance based on the sub-recipient's Written Standards; and have no other resources available to ensure long-term housing stability.

Sub-recipients are required to ensure that all program participants meet the prescribed HUD definitions in order to receive assistance through the ESG program. Intake forms will be reviewed during monitoring visits to ensure compliance with these definitions.

4.1 Homeless Assistance: Clients receiving assistance using ESG funds for street outreach, shelter, essential services and rapid re-housing financial assistance must meet the definition of homeless in order to be eligible for assistance. The Homeless Definition final rule, published in the Federal Register on December 5, 2011, defines homelessness in four (4) categories as follows (which must be documented in order to receive assistance):

1. Category 1-Literally Homeless

- a. Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - i. Has a primary nighttime residence that is a public or private place not meant for human habitation;
 - ii. Is living in a publicly or privately operated shelter designated to provide temporary living arrangements(including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, and local government programs); or
 - iii. Is exiting an institution where (s)he has resided for 90 days or less **and** who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

2. Category 2-Imminent Risk of Homelessness

- a. Individual or family who will imminently lose their primary nighttime residence, provided that:
 - i. Residence will be lost within **14 days** of the date of application for homeless assistance;
 - ii. No subsequent residence has been identified; and
 - iii. The individual or family lacks the resources or support networks needed to obtain other permanent housing.

3. Category 3-Homeless under other Federal Statutes
 - a. 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:
 - i. Are defined as homeless under the other listed federal statutes located at 24 CFR part 576.1 “Definitions”;
 - ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;
 - iii. Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and
 - iv. Can be expected to continue in such status for an extended period of time due to special needs or barriers.
4. Category 4-Fleeing/Attempting to flee Domestic Violence
 - a. Any individual or family who:
 - i. Is fleeing, or is attempting to flee, domestic violence;
 - ii. Has no other residence; and
 - iii. Lacks the resources or support networks to obtain other permanent housing

4.2 Homeless Prevention Assistance: For individuals and families who do not meet the definition of homeless under any of the categories above, the McKinney-Vento Act was amended to allow Homeless Prevention Assistance to be provided to persons who are “at risk of homelessness” described in the following three categories:

1. Category 1-Individuals and families
 - a. An individual or family who:
 - i. Has an annual income **below 30% of area median income for the area; AND**
 - ii. Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the “homeless” definition above; AND
 - iii. Meets one of the following conditions:
 - A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR
 - B) Is living in the home of another because of economic hardship; OR
 - C) Has been notified that their right to occupy their current housing or living situation will be terminated within **21 days** after the date of application for assistance; OR
 - D) Lives in a hotel or motel and the cost is not paid for by charitable organizations or by federal, state or local government programs for low-income individuals; OR

- E) Lives in an Single Room Occupancy (SRO) or efficiency apartment unit in which there reside more than 2 person or lives in a larger housing unit in which there reside more than one and a half (1 ½) persons per room; OR
 - F) Is exiting a publicly funded institution or system of care.
2. Category 2-Unaccompanied Children and Youth
 - a. A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;
 3. Category 3-Families with Children
 - a. An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and includes the parent(s) or guardian(s) of that child or youth if living with him or her.

4.3 Chronically Homeless. A chronically homeless participant is:

1. An individual who:
 - a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and
 - b. Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; and
 - c. Can be diagnosed with one or more of the following conditions:
 1. Substance abuse disorder;
 2. Serious mental illness;
 3. Developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002);
 4. Post-traumatic stress disorder;
 5. Cognitive impairments resulting from brain injury; or
 6. Chronic physical illness or disability.
2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or
3. A family with an adult head of household (of if there is not adult in the family, a minor head of household) who meets all of the criteria is paragraph (1) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

4.4 Other Participant Eligibility Requirements

In addition to meeting the definition of homeless or at-risk of homelessness, sub-recipient staff must ensure program participants are eligible to receive assistance based on a number of additional requirements. The Division has provided Exhibit 10-ESG Client File Checklist that must be utilized to ensure all required documentation is obtained and maintained client files; demonstrating that the client has met all regulatory requirements for participation in the program. Files shall be maintained in the order reflected on the form.

The following is a summary of what must occur in order for clients to receive ESG assistance. This list highlights the main areas of eligibility; sub-recipient staff must utilize ESG forms and checklists to ensure all areas are documented as required by program regulations:

1. Written Standards: Program participants must meet the eligibility requirements set forth in the sub-recipients Written Standards. Evidence that the client meets the eligibility criteria must be documented.

2. ESG Eligibility Requirements:

There must be an initial evaluation to determine participant eligibility for ESG assistance and the amount and types of assistance to regain stability in permanent housing. They must be conducted in accordance with the centralized or coordinated assessment system required by HUD, once available, and in accordance with ESG regulations at 24 CFR part 576:

- a. *Housing Status*: Documentation of current housing status must be obtained;
- b. *Homeless or at-risk of homelessness status*: Sub-recipient staff must verify and document the homeless or at-risk of homeless status of clients served. This shall be done by obtaining certifications from program participants; and written verifications from third-party sources if available. As a last resort case managers may verify orally, but must document time, date and name of person who has verified the client's status;
- c. *At-Risk Threshold criteria*: For households to qualify as "at risk of homelessness", individuals or families must be documented to meet two threshold criteria and must be documented to exhibit one or more specified risk factors as follows:
 - i. Threshold Criteria (Must meet both)
 - The household must have income BELOW 30% of area median income for the geographic area; and
 - The household has insufficient resources or support networks such as family, friends, faith-based or other social networks immediately available to prevent the household from moving into an emergency shelter or other location

described in paragraph 1 of the new HUD homeless definitions.

ii. Risk Factor Criteria (Must meet at least one)

- Household has moved frequently (defined as 2 or more times during the 60 days immediately preceding the application for assistance) because of economic reasons;
- Household is living in the home of another because of economic hardship;
- Household has been notified that their right to occupy their current housing or living situation will be terminated within 21 days;
- Lives in a hotel or motel that is not paid for by Federal, state or local government programs for low-income individuals or by charitable organizations;
- Lives in severely overcrowded housing (lives in SRO or efficiency apartment unit in which more than 2 persons reside or another type of housing in which there resides more than 1.5 persons per room);
- Is exiting a public institution or system of care, such as a health care facility, mental health facility, foster care, or other youth facility, or correction program or institution; or

iii. Other “at risk of homelessness” criteria:

“At risk of homelessness” also includes any children or youth who are defined as “homeless” under other Federal statutes, but are not defined as homeless under this program, and shall include the parent, parents, or guardian of such children or youth. All may receive homelessness prevention assistance as long as the parent, parents, or guardian are living with those children or youth. Documentation of eligibility under this criteria must be obtained and maintained in the client’s file.

- d. *Annual Income:* When determining annual income of a participant, the sub-recipient must use the standard for calculating annual income under 24 CFR 5.609. Clients receiving assistance must be **below** 30% of Area Median Income. Income of all household members 18 years of age and older must be verified and documented in the case file;
- e. *Connecting program participants to mainstream and other resources:* Sub-recipients must document that each participant was assisted to obtain the following (if applicable):

- i. Appropriate supportive services, including assistance in obtaining permanent housing, medical health treatment, mental health treatment, counseling, supervision, and other services essential for achieving independent living; and
 - ii. Other Federal, state, local and private assistance available to assist the participant in obtaining housing stability, including:
 - Medicaid
 - Supplemental Nutrition Assistance Program
 - Women, Infants and Children (WIC)
 - Federal-State Unemployment Insurance Program
 - Social Security Disability Insurance
 - Supplemental Security Income
 - Child and Adult Care Food Program
 - Other assistance available under the programs listed in 576.400(c)
- f. *Housing stability case management:* While providing homelessness prevention or rapid re-housing assistance to a participant, the sub-recipient must:
- i. Require the participant meet with a case manager not less than one per month to assist the participant in ensuring long-term housing stability. This must be documented in the case file; and
 - ii. Develop a documented plan to assist the participant to retain permanent housing after the ESG assistance ends, taking into account all relevant considerations such as the participant's current or expected income and expenses; other public or private assistance for which the participant will be eligible and likely to receive, and the relative affordability of available housing in the area. **Note:** *The sub-recipient is exempt from this requirement if the agency is a victim services provider since the Violence Against Women's Act of 1994 and Family Violence Prevention and Services Act prohibits the agency from making its shelter or housing conditional on the participant's acceptance of services.*
- g. *Terminating Assistance:*
- i. In general, if a participant violates program requirements, the agency may terminate the assistance in accordance with a formal process established by the sub-recipient that recognizes the rights of individuals affected. The sub-recipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination **so that a participant's assistance is terminated only in the most severe cases.**

The sub-recipient must develop a formal termination process in order to terminate a participant receiving

rental assistance or housing relocation and stabilization services. At a minimum the process must consist of:

- Written notice to the participant containing a clear statement of the reasons for termination;
 - A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision;
 - Prompt written notice of the final decision to the program participant;
- ii. The formal process must be outlined in the sub-recipients formal grievance procedures and be provided to program participants upon entry into an ESG-funded program or activity; and
 - iii. Termination from an ESG-funded program or activity does not bar the sub-recipient from providing further assistance at a later date to the same individual or family.
- h. *Rent Reasonableness*: Rental assistance may not be provided for a housing unit unless the rent does not exceed **both** the Fair Market Rent (FMR) established by HUD for the area in which the program participant receives assistance **and** the unit complies with the Rent Reasonableness standards established under 24 CFR 982.507.
- Sub-recipients must document in the program participant's file that the housing unit is both reasonable and within the established FMR. This is to ensure the program participant can remain in housing once the ESG assistance has ended;
- i. *Lead-Based Paint*: If the program participant has a child under 6 or a pregnant women living in the housing unit, an assessment of the age of the property must be conducted. This may be done by accessing the local Assessor's website. If the unit was constructed prior to 1978, all lead-based paint requirements must be met. See section for Lead-Based Paint for further instructions;
 - j. *Housing Standards*: All units assisted with ESG funds must meet have an Housing Standards inspections conducted;
 - k. *Housing Subsidy*: Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public. Documentation that sub-recipient staff have taken steps to verify that participants meet this requirement;
 - l. *Recertification documentation*: Program participants receiving financial assistance and housing relocation and stabilization assistance must be recertified for eligibility every 3 months if receiving homeless prevention assistance, and annually if receiving homeless assistance. The recertification shall

include eligibility for housing status, income, and need for continued financial assistance. **Documentation of eligibility must be obtained, verified and documented before the 4th month of assistance is paid for homeless prevention clients; and before the 13th month of assistance is paid for homeless clients.**

SECTION 5: USE REQUIREMENTS FOR SHELTERS

5.1 Use Requirement for Shelters

24 CFR part 576.102(c) defines the minimum period of use requirements for shelters funded through the ESG program as follows:

1. Renovated buildings: Each building renovated with ESG funds must be maintained as a shelter for homeless individuals and families for not less than a period of 3 or 10 years, depending on the type of renovation and the value of the building. The “value of the building” is the reasonable monetary value assigned to the building, such as the value assigned by an independent real estate appraiser. The minimum use period must begin on the date the building is first occupied by a homeless individual or family after the completed renovation. A minimum period of use of 10 years, required for major rehabilitation and conversion, must be enforced by a recorded deed or use restriction;
2. Major rehabilitation: If the rehabilitation cost of an emergency shelter exceeds 75 percent of the value of the building before rehabilitation, the minimum period of use is 10 years;
3. Conversion: If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the minimum period of use is 10 years;
4. Renovation other than major rehabilitation or conversion: In all other cases where ESG funds are used for renovation, the minimum period of use is 3 years;
5. Essential services and shelter operations: Where the sub-recipient uses ESG funds solely for essential services or shelter operations, the sub-recipient must provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided. The sub-recipient does not need to limit these services or shelter to a particular site or structure, so long as the site or structure serves the same type of persons originally served with the assistance (e.g., families with children, unaccompanied youth, disabled individuals, or victims of domestic violence) or serves homeless persons in the same area where the sub-recipient originally provided the services or shelter;
6. Maintenance of effort: The maintenance of effort requirements under § 576.101(c), which apply to the use of ESG funds for essential services related to street outreach, also apply for the use of such funds for essential services related to emergency shelter

5.2 Shelter Building Standards

Any building for which the ESG funds are used for renovation, conversion, or major rehabilitation must comply with the local government safety and sanitation standards, the uniform Federal Accessibility Standards Act 24 CFR Part 40, Appendix A, and the Americans with Disabilities Act. The US Department of Housing and Urban Development and the Division requires all sub-recipients to exercise every reasonable effort to ensure the safety of the shelter environment, the homeless beneficiaries, and the employees. As a result, the Division requires

that an inspection be performed by the unit of local government to ensure that the renovation was performed in accordance with all the building codes.

5.3 Lead-Based Paint

When ESG funds provide for the operation of short-term emergency shelters that can be defined as 'zero-bedroom dwellings' according to the Lead-Based Paint Hazard regulations at 24 CFR Part 35, the activity is governed by Subpart K of this regulation. Most emergency shelters are exempt for the regulations, such as studio apartments, dormitories, SRO units, barracks and group homes. Any emergency shelters build prior to 1978 need only to comply with the following simplified lead requirements:

- a. Provide the *Lead Hazard Information Pamphlet* available through HUD;
- b. Do a visual assessment of painted surfaces to identify deterioration;
- c. Complete paint stabilization by repainting deteriorating surfaces;
- d. Incorporate ongoing LBP maintenance

Housing that is not exempted by the definition above, or housing where children under the age of 6 reside frequently, is subject to all lead-based paint regulations.

Homeless prevention and rapid re-housing services are subject to lead regulations because the units assisted with these funds are not temporary residences and do not fall under the shelter exemption. Assistance for first month's rent cannot be provided for housing units that are not ***known to be free*** of lead-based paint contamination.

5.4 Flood Insurance

No proposed site on which renovation, major rehabilitation, or conversion of a building is to be assisted under ESG, other than by grant amounts allocated to States under 576.43, may be located in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

1. The community in which the area is situated participates in the National Flood Insurance Program and the regulations thereunder (44 CFR Parts 59 through 79) or;
2. Less than one (1) year has passed since FEMA notification regarding such hazards; and
3. The sub-recipient will ensure that flood insurance on the structure is obtained in compliance with Section 102(a) of the Flood Disaster Protection Act of 1973.

5.5 Prohibition against involuntary family separation

The age, of a child under age 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses Emergency Solutions Grant (ESG) funding or services and provides shelter to families with children under age 18.

SECTION 6: OTHER FEDERAL REQUIREMENTS

OTHER FEDERAL REQUIREMENTS

The Division and its sub-recipients must comply with applicable Federal requirements as reflected in 576.404, 576.406, 576.407 and 576.408 as follows:

6.1 **Conflict of Interest (576.404)**

- a. Organizational conflicts of interest: The provision of any type or amount of ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by the Division, sub-recipient, or a parent or subsidiary of the sub-recipient. No sub-recipient may, with respect to individuals or families occupying housing owned by the sub-recipient, or any parent or subsidiary of the sub-recipient, carry out the initial evaluation required under 576.401 or administer homelessness prevention assistance under 576.103
- b. Individual conflicts of interest: For the procurement of goods and services, the Division and its sub-recipients must comply with the codes of conduct and conflict of interest requirements under 24 CFR 85.36 (for governments) and 24 CFR 84.42 (for private nonprofits). For all other transactions and activities, the following restrictions apply:
 - i. Conflicts prohibited: No persons described in this section who exercise or has exercised any functions or responsibilities with respect to activities assisted under the ESG program or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure;
 - ii. Persons covered: the conflict-of-interest provisions of this section apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the Division or its sub-recipients.
 - iii. Exceptions: Upon the written request of the Division, HUD may grant an exception to the provisions of this subsection on a case-by-case basis, taking into account the cumulative effects of the criteria reflected in this section, provided that the Division and its sub-recipients have satisfactorily met the following threshold requirements that has been provided to HUD:

- Threshold Requirements:
 - ❖ If the Division or sub-recipient is a government, disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - ❖ An opinion of the Division or sub-recipients attorney that the interest for which the exception is sought would not violate state or local law
- Factors to be considered for exceptions: In determining whether to grant a requested exemption after the Division or its sub-recipient has satisfactorily met the threshold requirements, HUD must conclude that the exception will serve to further the purposed of the ESG program and the effective and efficient administration of the Division or sub-recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:
 - ❖ Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
 - ❖ Whether the opportunity was provided for open competitive bidding or negotiations;
 - ❖ Whether the affected person has withdrawn from his or her functions, responsibilities, or the decision-making process with respect to the specific activity in question;
 - ❖ Whether the interest or benefit was present before the affected person was in the position;
 - ❖ Whether the interest or benefit was present before the affected person was in the position;
 - ❖ Whether undue hardship resulted at the Division, the sub-recipient, or the person affected, when weighed against the public interest served by avoiding the prohibited conflict; and
 - ❖ Any other relevant consideration

- c. Contractors: All contractors of the Division or sub-recipient must comply with the same requirements that apply to sub-recipients under this section.

6.2 Affirmative Outreach

The Division or sub-recipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. If it is

unlikely that the procedures that the Division or sub-recipient intends to use to make known the availability of facilities, assistance, and services will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the Division or sub-recipient must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. The Division and its sub-recipients must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI and Executive Order 13166, the Division and sub-recipients are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

6.3 Uniform Administrative Requirements

The requirements of 24 CFR part 85 apply to the Division and sub-recipients that are units of general purpose local government, except that 24 CFR 85.24 and 85.42 do not apply, and program income is to be used as match under 24 CFR 85.25(g). The requirement of 24 CFR part 84 apply to sub-recipients that are private nonprofits organizations, except that 24 CFR 84.23 and 84.53 do not apply, and program income is to be used as the federal share under 24 CFR 84.24(b). These regulations include allowable costs and non-Federal audit requirements.

6.4 Environmental Review responsibilities

Activities under this part are subject to environmental reviews by HUD under 24 CFR part 50. Each sub-recipient shall supply all available, relevant information necessary for the Division to perform for each property any environmental review required by 24 CFR part 50. The Division, its sub-recipients if applicable, also shall carry out mitigating measures required or select alternate eligible property. HUD may eliminate from consideration any application that would require and Environmental Impact Statement (EIS).

The Division or sub-recipient, or any contractor of the Division or sub-recipient, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project under this part, or commit or expend HUD or local funds for eligible activities under this part, until the Division has performed an environmental review under 24 CFR part 50 and the Division has received HUD approval of the property.

6.5 Davis Bacon Act

The provisions of the Davis Bacon Act do not apply.

6.6 Procurement of Recovered Materials

The Division and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable,

consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes emergency and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

6.7 Displacement, Relocation, and Acquisition

- a. Minimizing displacement. Consistent with other goals and objectives of ESG, the Division and its sub-recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted under ESG.
- b. Temporary relocation not permitted. No tenant-occupant of housing (a dwelling unit) that is converted into an emergency shelter may be required to relocate temporarily for a projected assisted with ESG funds, or be required to move to another unit in the same building/complex. When a tenant moves for a project assisted with ESG funds under conditions that trigger the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), the tenant should be treated as permanently displaced and offered relocation assistance and payments consistent with URA.
- c. Relocation assistance for displaced persons.
 - i. In general, a displaced person must be provided relocation assistance at the levels described in, and in accordance with, the URA and 49 CFR part 24. A displaced person must be advised of his or her rights under the Fair Housing Act. Whenever possible, minority persons shall be given reasonable opportunities to relocate to comparable and suitable decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require providing a person a larger payment than is necessary to enable a person to relocate to a comparable replacement dwelling. As required by Section 504 of the Rehabilitation Act and 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced person with disabilities.
 - ii. Displaced person. The term “displaced person” means any person, family, individual, business, nonprofit organization, or farm, including any corporation, partnership, or association, that moves from real property, or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted under the ESG program. This includes any permanent, involuntary move for an assisted project, including any permanent move from the real property that is made;

- After the owner (or person in control of the site) issues a notice to move permanently from the property or refuses to renew an expiring lease, if the move occurs on or after:
 - ❖ The date of the submission by the Division or sub-recipient, as applicable, of an application for assistance to HUD (or the Division, as applicable) that is later approved and funded if the Division or sub-recipient has site control as evidenced by a deed, sales contract or option contract to acquire the property; or
 - ❖ The date on which the Division or sub-recipient selects the applicable site. If the Division or sub-recipient does not have site control at the time of application, provided that the Division or sub-recipient eventually obtains control over the site.
 - Before the date described in this section, if the Division or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or
 - By a tenant-occupant of a dwelling unit and the tenant moves after execution of the agreement covering the acquisition, rehabilitation, or demolition of the property for the project.
- iii. A person does not qualify as displaced person if:
- The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement; violation of applicable Federal, state and local law, or other good cause; and the Division determines that the eviction was not undertaken for the purpose of evading the obligation to provide assistance.
 - The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, it's possible impact on the person, and the fact that the person would not qualify as a "displaced person" as a result of the project;
 - The person is ineligible under 49 CFR 24.2(a)(i)(ii); or
 - HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition of the project.
- iv. The Division or sub-recipient may, at any time, request that HUD determine whether a displacement is or would be covered by this rule.

- d. Refer to other requirements of 576.408 as applicable.

6.8 Section 504 of the Rehabilitation Act of 1973

Subgrantees must comply with Section 504 of the Rehabilitation Act of 1973 (The Act). Pursuant to the requirement of The Act, subgrantees must ensure that no otherwise qualified disabled person shall, solely by reason of their disability be excluded from the participation in, be denied the benefits of, or be subject to discrimination, including discrimination in employment, in any program or activity that receives or benefits from Federal financial assistance. The subgrantee must also ensure that requirements of The Act shall be included in the agreements with and be binding on all of its subgrantees, contractors, subcontractors, assignees or successors.

6.9 Non-Discrimination and Equal Opportunity

Project sponsors are required to ensure that ESG-funded services are made available to all on a nondiscriminatory basis, and to publicize this fact. This availability must reach persons of any particular handicap, race, color, religion, sex, age, familial status or national origin within the agency's service area.

6.10 Faith-Based Organizations

Federal agencies are required to treat all organizations fairly and without regard to religion in federal programs. It is HUD policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for federal funding. Accordingly, organizations that are faith-based are eligible, on the same basis as any other organization, to participate in HUD's programs and activities. Neither the federal government nor a state or local government receiving funds under a HUD program or activity shall discriminate against an organization on the basis of the organization's religious character or affiliation. HUD supports the participation of faith-based organizations in its programs.

Faith-based activities are eligible to receive ESG funds per 576.406 under the following conditions:

1. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Neither the Federal Government nor a State or local government receiving funds under ESG shall discriminate against an organization on the basis of the organization's religious character or affiliation.
2. Organizations that are directly funded under the ESG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If an organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation must be voluntary for program participants.
3. Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may

continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide ESG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an ESG-funded religious organization retains its authority over its internal governance, and the organization may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

4. An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief e) ESG funds may not be used for the rehabilitation of structures to the extent that those structures are used for inherently religious activities. Solutions ESG funds may be used for the rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under the ESG program. Where a structure is used for both eligible and inherently religious activities, ESG funds may not exceed the cost of those portions of the rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to ESG funds. Sanctuaries, chapels, or other rooms that an ESG-funded religious congregation uses as its principal place of worship, however, are ineligible for funded improvements under the program. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
5. If the sub-recipient that is a local government voluntarily contributes its own funds to supplement federally funded activities, the sub-recipient has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds

6.11 Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity

On February 3, 2012, HUD published a final rule in the Federal Register entitled Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. This rule became effective March 5, 2012.

This rule applies to all McKinney-Vento-funded housing programs, as well as to other housing assisted or insured by HUD. The rule creates a new regulatory provision that generally prohibits considering a person's marital status, sexual orientation, or gender identity (a person's internal sense of being male or female) in making homeless housing assistance available. As the nation's housing agency, HUD's goal is to ensure that their programs are carried out free from discrimination and are models for equal housing opportunity

The rule can be found in the Federal Register of February 3, 2012, p 5662. It includes provisions that:

- a. Require entities assisted by HUD to make housing available without regard to actual or perceived sexual orientation, gender identity, or marital status;
- b. Clarify that the definition of “family” and “household,” which identifies who is eligible for HUD’s core programs, includes persons regardless of actual or perceived sexual orientation, gender identity, or marital status; and
- c. Prohibit HUD-assisted entities from inquiring about an applicant’s or occupant’s sexual orientation or gender identity for the purpose of determining eligibility or otherwise making housing available.

6.12 Lobbying Requirements

Sub-recipients must include Lobbying Policies in program policies and procedures that summarize the community or sub-recipient’s policy on employee contacting or communicating with a federal agency, member of congress, or congressional staff member as an advocate for funding of any program.

The Division’s policy prohibits any employee or representative of the state of Nevada in contacting or communicating with a federal agency, member of congress, or congressional staff member as an advocate for funding of any program without obtaining prior approval from the governor’s office. This will ensure that any lobbying efforts are in the best interest of all citizens of Nevada.

SECTION 7: SUB-RECIPIENT FINANCIAL MANAGEMENT

7.1 Audit Requirements

1. OMB Circular A-133 requires that sub-recipients expending more than \$500,000 in Federal funds during one year comply with Federal audit standards. Sub-recipients expending \$500,000 or more annual in Federal funds shall submit one copy of its most recent single audit to the Division within 60 days of receipt. This audit must be performed by a Certified Public Accountant.
2. If the sub-recipient does not fall under this requirement, an Independent Financial Audit is required in lieu of the Single Audit. These audits must be kept current and submitted to the Division within 60 days of receipt from the auditing agency.
3. Sub-recipients expending less than \$100,000 in Federal funds annually must submit unaudited financial statements, a profit and loss statement, and a letter on agency letterhead stating the sub-recipient expended less than \$100,000 in Federal funds. This information must be provided to the Division within 60 days following the end of each fiscal year. Failure to comply with this part may result in Sanctions against the sub-recipient described in this document.
4. If the single audit report or audited financial statement questions costs, or reflects management findings or recommendations for improvement of internal controls, this document shall be submitted to the Division showing that issues have been resolved.
5. The sub-recipient shall be expected to maintain complete and accurate records justifying all actual and accrued expenditure of funds. A clear audit trail to points of origin must be available at all times.
6. New ESG applicants will have 9 months after the first fiscal year to submit their report.

7.2 Grant Expenditures

1. Sub-recipients must draw down funds not less than once during each quarter. The Division and its sub-recipients, if applicable, shall make timely payments to each of its sub-recipients within 30 days after the date of receiving a complete payment request.
2. All grant funds must be expended within 24 months unless otherwise specified in the sub-recipient agreement.

7.3 Changes to Grant Allocations

1. Sub-recipients must submit in writing requests to amend approved ESG allocations. The request shall be submitted on sub-recipient letterhead and shall include a budget reflecting the amended allocations for each activity. Once the required documentation is received the Division will issue an amended ESG Award Notice for execution.

7.4 Method Of Payment

Payments under the ESG Program will follow a cost reimbursement procedure; that is sub-recipients shall be reimbursed only for costs that have been incurred and corroborated with a draw report (Exhibit 1) and supporting documentation.

Sub-recipients must submit the Exhibit 1 at least quarterly, and shall include payroll records if staff salaries are charged. In addition the sub-recipient must provide evidence that verifies all payments were made to vendors and not to the program participant or to cash. This documentation may be a copy of the canceled check, or a printout from the sub-recipients financial system showing the client's names and names of vendors that received payments during the draw period.

All reimbursement requests must be submitted to the Division and be signed by an authorized person designated on the Division's Request for Funds Authorization form. All requests for payments should be submitted directly to the Division. Sub-recipients should note that reimbursement requests are honored within 14 days. Reimbursement might take longer in cases where the sub-recipient fails to submit appropriate documentation, or when the amount being requested does not reflect in the approved budget ***In order to avoid any such delays sub-recipients grantees are required to carefully complete their requests prior to submission. When in doubt, contact the Division for assistance.*** Division staff will contact the sub-recipient via email or by phone if there are questions regarding what has been submitted.

All requests for reimbursements must reflect a match expenditure from the sub-recipient equal or more than the ESG funds being requested, unless an approved waiver of the match requirement has been previously approved by the Division in writing. If the sub-recipient provides evidence of either cash or in-kind match expenditure with the request for reimbursement, proper justification must be submitted with the request.

7.5 Procurement Procedures

Sub-recipients must comply with the terms and conditions of both the Federal and State procurement codes in the acquisition of equipment, services, supplies and the awarding of any subcontracts. Failure to comply with procurement procedures shall result in disallowance of the cost incurred.

24 CFR 84 provides regulations that govern the procurement of supplies, equipment, construction and services to ensure that they are obtained economically and competitively. In summary, sub-recipients may use their own procurement procedures as long as they conform to the regulations. Important elements for Service Providers to consider are:

- A system to handle contract disputes;
- A code of conduct preventing conflicts of interest;
- A form of cost analysis to ensure economic purchases;
- Positive efforts to use small and minority-owned businesses to the maximum extent possible.

Where units of general local government distribute its Emergency Solutions Grants to eligible non-profit agencies, the unit of general local government is responsible for ensuring that its respective recipient carries out its ESG program in compliance with all requirements that apply to its program.

Sub-recipients must also follow guidelines for equipment/inventory record keeping as per 24 CFR 84.34 (f). Federal regulations regarding property controls are for the purpose of tracking assets purchased with grant funds to ensure that they are properly maintained, secure and are being used for authorized purposes only. The Division is required to do a periodic physical inventory on these items to verify their existence, current utilization and continued need. For this reason, recipients using ESG funds to purchase furnishings, vehicles or equipment for a project should keep accurate records, including the following:

- A complete description of the item purchased;
- A serial or other identification number;
- The source of funds and grant contract number;
- The acquisition date; and
- The cost of the item

An Equipment Inventory form (Exhibit H) is to be completed and submitted with other Annual Reports.

7.6 Reallocation

The Division reserves the right to reallocate ESG funds as provided for in the federal regulations governing the program in order to ensure that the funds provide the maximum benefit to the State's homeless population. Funding (grant award) reallocations will be made on the basis of the Division's determination of the best use of available funds.

7.7 Contracting/Subcontracting

The use of debarred, suspended, or ineligible contractors in association with ESG project activities is prohibited. The provisions of 24 CFR Part 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractors or subcontractors during any period of debarment, suspension, or placement in ineligibility status apply and are enforceable under the ESG Program.

7.8 Amendments

Any proposed changes which would affect the scope of work of the projects or activities described in the sub-recipient's application must be approved in writing by the Division. Modifications or changes to the scope of work or activity will not be approved by the Division if it is determined that the change will substantially modify the approved application as selected through the competitive process.

7.9 Budget Changes

Any changes in the sub-recipient's budget of any line item must be approved, in writing by the Division prior to any expenditures of ESG funds. Sub-recipients must submit a written explanation of the proposed budget change. If the request involves the transfer of funds from one category to another, an amended Award Letter will be forwarded to the sub-recipient for execution.

7.10 Grant Close Out Procedures

At the end of each grant period sub-recipients must provide close-out documentation provided by the Division. Included shall be a certification of actual expenditures charged to the grant, along with a certification from the Executive Director that all costs expended during the grant period are verified to be allowable. Close out documents shall be provided to the Division within 60 days of the end of the grant period.

SECTION 8: NHD PERFORMANCE AND MONITORING OVERSIGHT

8.1 Performance Reviews

HUD will review the performance of the Division in carrying out its responsibilities under this part whenever determined necessary by HUD, but at least annually. In conducting performance reviews, HUD will rely primarily on information obtained from the records and reports from the Division, and when appropriate, its sub-recipients, as well as information from onsite monitoring, audit reports, and information from IDIS and HMIS. Where applicable, HUD may also consider relevant information pertaining to the Division's performance gained from other sources, including citizen's comments, complaint determinations, and litigation. Reviews to determine compliance with specific requirements of this part will be conducted as necessary, with or without prior notice to the Division.

The Division will review the performance of its sub-recipients in the same manner. Monitoring of sub-recipients, as reflected in Section 2 below, will assist the Division in determining whether or not sub-recipients are carrying out responsibilities set forth in the ESG Award Notice.

If HUD determines preliminarily that the Division or one of its sub-recipients has not complied with an ESG program requirement, HUD will give the Division notice of this determination and an opportunity to demonstrate, within the time prescribed by HUD and on the basis of substantial facts and data that the Division has complied with the ESG requirements. HUD may change the method of payment to require the Division to obtain HUD's prior approval each time the Division draws down ESG funds. To obtain prior approval, the Division may be required to manually submit its payment requests and supporting documentation to HUD in order to show that the funds to be drawn down will be expended on eligible activities in accordance with all ESG program requirements.

If the Division fails to demonstrate to HUD's satisfaction that the activities were carried out in compliance with ESG program requirements, HUD will take one or more of the remedial actions or sanctions described.

8.2 Remedial Actions and Sanctions

Remedial action and sanctions for a failure to meet an ESG program requirement will be designed to prevent a continuation of the deficiency; mitigate to the extent possible, its adverse effects or consequences; and prevent its recurrence.

1. HUD may instruct the Division to submit and comply with proposals for action to correct, mitigate, and prevent noncompliance with ESG requirements, including:
 - a. Preparing and following a schedule of actions for carrying out activities affected by the noncompliance, including schedules,

- timetables, and milestones necessary to implement the affected activities;
- b. Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;
 - c. Canceling or revisiting activities likely to be affected by the noncompliance, before expending ESG funds for the activities;
 - d. Reprogramming ESG funds that have not yet been expended from affected activities to other eligible activities;
 - e. Suspending disbursements of ESG funds for some or all activities;
 - f. Reducing or terminating the remaining grant of a sub-recipient and reallocating those funds to other sub-recipients; and
 - g. Making matching contributions before or as draws are made from the Division's ESG grant.
2. HUD may change the method of payment to a reimbursement basis;
 3. HUD may suspend payments to the extent HUD deems it necessary to preclude the further expenditure of funds for affected activities;
 4. HUD may remove the Division from participation in reallocation of funds;
 5. HUD may deny matching credit for all or part of the cost of the affected activities and require the Division to make further matching contributions to make up for the contribution determined to be ineligible;
 6. HUD may require the Division to reimburse its line of credit in an amount equal to the funds used for the affected activities;
 7. HUD may reduce or terminate the remaining grant and reallocate funds to other recipients;
 8. HUD may condition a future grant; or
 9. HUD may take other remedies that are legally available.

8.3 Division Sanctions

If the Division determines that a sub-recipient is not complying with an ESG program requirement or its sub-grant agreement, the Division must take appropriate actions, as prescribed for HUD in this section. The Division must reallocate those funds to other sub-recipients as soon as practicable. The Division must amend its Consolidated Plan in accordance with its citizenship participation plan, if applicable, when funds become available and are reallocated or reprogrammed under this section. The reallocated or reprogrammed funds must be used by the expenditure deadline reflected in the ESG regulations.

8.4 Monitoring

The Division, as administrator of the ESG program, is required to monitor recipients for compliance with ESG regulations. Using techniques, guidelines and Federal regulations at 24 CFR Part 576 from HUD's Monitoring Guidance for the ESG Program, the Division has developed a process that includes the following components, to determine the type of monitoring to be conducted during the year:

1. Application Process:

Some documents and budget issues necessary for compliance are required at the time of application for funding and are reviewed for compliance standards;

2. Contractual Agreement:

The Division incorporates into Grant Award Letters many of the policy issues that are areas of concern to HUD, the State of Nevada and the Division. These agreements, signed by authorized agency personnel, represent their willingness to comply with these issues. As such, a review of each program Award Letter by sub-recipient staff responsible for managing programs funded by the Division is recommended.

3. Award Amount:

Agencies receiving an annual allocation of \$0.00 - \$20,000.00 in ESG funds will receive a Desk Audit review. Agencies receiving a award of \$20,001.00 and above in ESG funds will receive an on-site compliance review every two and a half years (2 ½) to three (3) years unless a Risk Assessment of the agency determines a more frequent need is required.;

4. Draw Process:

Draw processes for reimbursement of funds have been created to include various areas of compliance required by HUD. Draw reports will be reviewed for eligible costs prior to the actual request of funds from HUD;

5. Desk Audit:

A desk audit is the first step of monitoring recipients each year. Compliance issues considered on this assessment will be combined with any non-compliance or outstanding problems noted during the year and will be used to determine whether an on-site visit will be necessary. Agencies receiving up to \$20,000.00 in ESG funds will receive only a Desk Audit, which includes a review of draw reimbursement requests, financial statement review by the Division's financial auditor, and the agency's Risk Assessment Form which will determine if an agency is a Low-, Medium- or High-Risk Agency and is warranted an on-site compliance review. Agencies receiving \$20,001.00 or higher will receive a Desk Audit, A Risk Assessment Review, as well as an on-site compliance review every 2 ½ -3 years;

6. Risk Assessment:

Program staff will conduct a risk assessment of agencies receiving ESG funds at beginning of grant year to determine the need and frequency of site visits during the upcoming grant year. Included in the assessment will be a determination of risk (low, medium or high) using factors such as financial and program issues, allocation amount, and other discretionary criteria. The Division's Risk Assessment Form will be completed and placed in a compliance file for each agency receiving ESG, HPRP and Welfare Set-Aside funds. At a minimum, agencies considered High-Risk will receive an on-site review at least annually;

7. On-Site Review:

On-site visits for certain aspects of compliance-such as facility verifications, equipment inventory, review of client files and accounting records that can not be monitored by other components of the grant process will be conducted as scheduling allows. At a minimum, *agencies receiving \$20,001.00 or more in ESG funds will receive an on-site visit from Division staff at least every 2 ½ - 3 years unless a Risk Assessment flags an agency for a more frequent visit.*

Note: Dissemination of program requirements is an important monitoring technique. Project sponsors who read and follow instructions that come through various components listed above during the grant period are **unlikely** to develop areas of non-compliance in their program implementation. Since forms and instructions provided by the Division incorporate vital components of successful program compliance, recipients should use them advantageously.

Sub-recipients will be notified in writing and via email at least two weeks in advance of the site visit. The notification letter will include a summary of the review and all checklists and tools that will be used by Division staff during the review. A following is a sampling of what will be reviewed during an on-site visit:

- ESG Policies and Procedures and any Program Guidelines (copies will need to be included as part of the site visit record);
- Evidence that funds are being used as submitted in the ESG applications (will be determined during overall review of program);
- Supporting documentation for expenditures;
- Client files for dates reflected above, including eligibility documentation, and HMIS data entry documentation;
- Wage documentation/time sheets for salaries charged to the grant to ensure costs are categorized appropriately for time periods reflected above (if applicable);
- Equipment Inventory log for items over \$5,000.00 in value purchased with ESG funds;
- ESG Match documentation; and

- HMIS user agreements and policy statements to ensure documents meet client confidentiality requirements, a review of user security protocols and data input procedures. Also provide a list of current HMIS users. A self-assessment survey shall be completed by sub-recipient staff prior to the visit which will be reviewed by Division and sub-recipient staff during the visit.

8. Follow-up of non-compliance issues:

The Division shall conduct an exit interview at the end of a compliance review and shall issue a follow-up monitoring letter within 30 days of the visit. The Division will inform the sub-recipient of any findings, concerns or recommendations, and will include instructions on actions to be taken by the sub-recipient in order to be in compliance with program regulations. If necessary Division staff may conduct a follow-up review to ensure procedures have been implemented that will ensure compliance with the program. If the Division determines that appropriate steps have not been taken by the sub-recipient, the Division may implement Sanctions for non compliance which may include, but are not limited to:

- A warning letter regarding further sanctions for continued non-compliance;
- Conditioning a future grant award;
- Directives to stop incurring certain costs;
- Retraction of remaining grant funds;
- Requirement to repay certain grant amounts spent ineligibly;
- Reducing the level of funds a grantee may otherwise be entitled to; and
- Electing not to provide future funds until appropriate actions are taken to ensure compliance.

These sanctions are taken from HUD's Operating Instruction and Policy Guide for the Emergency Solutions Grant Program.

8.5 Financial Monitoring

As part of the Risk Assessment of a sub-recipient the Division will determine if an on-site financial monitoring review of an agency that receives ESG funds from the Division is required. If needed, the financial monitoring will be conducted by the Division's Financial Auditor to review the financial records of the sub-recipient. Financial monitoring may be conducted at the same time or separately from the applicable Programmatic Site Review. Sub-recipients should make available all accounting records applicable to the grant being reviewed. Verification of bank statements, canceled checks, and other supporting documentation for costs charged to a grant, as well as evidence of any sub-contracts awarded and paid by the sub-recipient, are among the types of documentation to be made accessible for review.

8.6 Programmatic Monitoring

Sub-recipients should expect to be monitored by a representative(s) of the Division for the purpose of reviewing the programmatic accomplishments of the projects funded under the ESG Program; compliance with applicable program regulations; and accuracy of program data reported throughout the grant cycle. The Division representative reviewing the accomplishments of the project will assess actual progress measured against the approved objectives, budget, and timetable proposed by the sub-recipient as part of the review.

The purpose of the programmatic review is to: (1) evaluate program management in compliance with the application submitted to the Division; (2) assess the accomplishments of the program; (3) to offer technical assistance where required; and (4) review regulatory compliance of the program. Items reviewed during the scheduled programmatic site visit include: record keeping system (including all financial, contractual, environmental, progress reports, and client complaint data), client eligibility documentation, program compliance, as well as the current budget and any amendments. Programmatic monitoring visits will be scheduled in advance, and will be conducted by the ESG Program Manager.

8.7 Reporting Requirements

Once funded, sub-recipients must be prepared to submit reports at least quarterly describing activities undertaken; progress made toward achieving the program's objectives; and certain details about the persons assisted. The Division will also require sub-recipients to provide information on the successful achievements of their performance outcomes and measures as reflected in the ESG program application. Additionally, annually sub-recipients will be required to submit a status report on beneficiaries as required by HUD within 30 days of the end of each grant year, or some other deadline if requested by Division staff. Report requirements will be provided to sub-recipients as they are made available by HUD, and are subject to change. Notification of reporting requirement changes will be provided to sub-recipients via the ESG Program Bulletin process.

8.8 Sanctions

If the Division determines that a sub-recipient is not complying with the requirements of the Program or other applicable Federal laws, the Division must take appropriate actions, which may include, as appropriate:

1. Issue a warning letter that further failure to comply with such requirement will result in a more serious sanction;
2. Condition a future grant;
3. Direct the sub-recipient to stop the incurring of costs with ESG grant amounts;
4. Require that some or all of the grant amounts be remitted to HUD;

5. Reduce the level of funds the sub-recipient was originally awarded/or would otherwise be eligible to receive; or
6. Elect not to provide future grant funds to the sub-recipient until appropriate actions are taken to ensure compliance.

Any grant amounts that become available to the Division as a result of a sanction under this section must, at the option of the Division, be made available, as soon as practicable, to other units of general local governments or non-profits located in the State for use within the time period specified in the original grant period, or to HUD for reallocation.

8.9 Special Terms and Conditions

For successful applicants (sub-recipients), the Division reserves the right to specify special grant terms and conditions of the grant agreement, consistent with the Federal regulations governing the ESG Program. The Division further reserves the right to establish the amount of the grant award. Grant related expenses may be incurred only after all grant conditions have been adequately met and the grant award document (agreement) executed.

8.10 Contracts and Agreements

The ESG Award represents a binding agreement between the Division and the designated unit of general local government, or private non profit organization, regarding use, terms and conditions of funds provided under the Program. In addition, the Grant Award lists such information as the Sub-recipient's name, grant number, emergency shelter facility to be assisted with ESG funds, the amount of the ESG award, local funds, and total award, as well as the grant award date, and grant period.

SECTION 9: ESG PROGRAM GUIDELINES

SEE ATTACHED FOR ESG PROGRAM GUIDELINES

SECTION 10: ESG PROGRAM BULLETINS

**SECTION FOR ESG PROGRAM BULLETINS
RECEIVED FROM THE DIVISION.**

**BULLETINS ARE TO BE
CONSIDERED AS PART OF THE POLICIES AND
PROCEDURES MANUAL AND MUST BE DISTRIBUTED TO
ALL ESG PROGRAM STAFF**

SECTION 11: REFERENCE INFORMATION

Definitions

All definitions pertaining to the Emergency Shelter Grants Program are contained in 24 CFR Part 576.3, which is included as an Appendix A of this handbook.

Appendices:

- ◆ Definitions
- ◆ ESG Certifications
- ◆ ESG Forms
- ◆ Performance Standards
- ◆ Sample Written Standards for Homeless Prevention and Rapid Re-Housing Programs
- ◆ Sample Written Standards for shelters and street outreach
- ◆ Federal Register 24 CFR Part 576
- ◆ HUD's Homeless Definition Final Rule
- ◆ HUD's HMIS Requirements
- ◆ HUD's Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
- ◆ 24 CFR Part 35 Lead-Based Paint Regulations

APPENDIX A - DEFINITIONS

Annual Income- When determining the annual income of an individual or family, the sub-recipient must use the standard for calculating annual income under 24 CFR 5.609.

Applicant – Any unit of general local government or public or private non-profit organization submitting the necessary paperwork to be considered for funding as an ESG service provider

Area Median Income (AMI) Limit – The total gross income of all persons 18 years of age or older living in a household assisted with ESG funds must be **below** 30% AMI upon entry into the program. The AMI limit is the total income allowed by HUD, based on household size and geographic area.

At risk of homelessness – meaning those who qualify under paragraph (2) and (3) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of Area Median Income upon entry into the program, and are lacking sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the homeless definition. Program participants must meet the threshold requirements reflected in part 576.2 (1) (iii)

Audit Trail – A complete record of expenditures including all requests for purchases, who and how the purchase was approved, source of funds used for the expense, date of acquisition, and costs.

Authorized Signatures – The signature of an executive officer, agency director, or other responsible employee designated by a recipient agency as an “Authorized Person” on the Request for Funds Authorization form.

Case Management - Case management is the method of providing services whereby a sub-recipient staff person assesses the needs of the client and the client’s family, when appropriate, and arranges, coordinates, monitors, evaluates, and advocates for a package of multiple services to meet the specific client’s complex needs. Documentation of the case management process must be maintained in ESG program participant files.

Chronically Homeless Person – An individual or family with adult head of household who meets all of the criteria as follows: (1) is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and (2) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; **and** (3) can be diagnosed with one or more of the following conditions:

- Substance abuse disorder;
- Serious mental illness;
- Developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002);
- Post-traumatic stress disorder;
- Cognitive impairments resulting from brain injury; or

- Chronic physical illness or disability.

An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria above before entering that facility, also meets the definition of a chronically homeless person.

Confidentiality Policy – Procedures adopted by the Division and each sub-recipient to ensure all records containing personally identifying information or any program participant is kept secure and confidential. It must also include procedures to ensure that the address or location of any domestic violence, dating violence, sexual assault, or stalking shelter not be made public. Finally the address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy.

Conflict of Interest - The Division and sub-recipients must keep records to show compliance with the conflicts-of-interest requirements in 576.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements of 576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions. Sub-recipient Conflict of Interest policies must also include instructions to agency staff that may be in the situation of needing assistance themselves, or providing assistance to close friends or family members, to ensure that ESG funds are not used inappropriately.

Conversion – The change in use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs **exceed** 75% of the value of the building **after** conversion. Any building converted to an emergency shelter that is assisted with ESGP funds must meet local government safety and sanitation standards, and must be maintained as a shelter for the homeless for not less than a 10-year period.

Critical Need Priority- HUD has identified rapid re-housing assistance as a Critical Need Priority since this activity targets those individuals and families living on the streets or in emergency shelters. Effective rapid re-housing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Disabling Condition – Defined by HUD as a “diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including co-occurrence of two or more of these conditions” A disabling condition limits an individual’s ability to work or perform one or more activities of daily living.

Division – The State of Nevada Housing Division, administrator of the ESG funds to the State of Nevada for the U.S. Department of Housing and Urban Development.

Displaced Person: *Displaced person* means a lower-income person who, in connection with an activity assisted under any program subject to Part 42, permanently moves from real property or permanently moves personal property from real property as a direct result of the demolition or conversion of a lower-income dwelling funded with federal funds.

Emergency Shelter – Any facility the **primary purpose** of which is to provide temporary shelter on a first-come, first-served basis for the homeless, where clients must leave in the morning and there is no guaranteed bed for the next night, or other **short-term** transitional shelter (less than 6 months).

ESG – Emergency Solutions Grant Program. The ESG program is defined and controlled under HUD regulations found at Title 24, Code of Federal Regulations, Part 576 which are hereby included by reference as part of these policies and procedures.

Essential Services – Essential services related to emergency shelter and street outreach are the same as the eligible costs for supportive services under the Continuum of Care program. This consistency across these three sets of services is intended to improve understanding of the programs' requirements, facilitate coordination, and maximize efficiency. ESG activities which address the immediate needs of the homeless through street outreach and emergency shelters, which enable homeless persons to become more independent and to secure permanent housing, are considered eligible Essential Services activities.

Families – One or more adults with dependent children under the age of 18, or with dependant adults.

Faith-Based organizations- An organization affiliated with or sponsored by a church or other religious organization.

Grantee – The direct recipient of grant funds. In the ESG program, the Division is the “grantee” responsible to HUD for proper execution of the grant program through sub-contracted providers of homeless services within the rural and northern areas of the State.

Gross Income – Total income of the household that must be calculated in order to determine eligibility for the program. It must include all eligible income of every adult who is 18 years of age or older living in the household, even if not a family member.

Habitability Standards – ESG funds cannot be used to provide financial assistance unless the unit where the program participant resides passes certain habitability standards as defined by HUD and the Division. If a program participant is expected to apply for assistance through the Housing Choice Voucher program, the unit must pass the inspections requirements of that program so the unit will be eligible for assistance in the future.

Homeless – Refer to 24 CFR 576.2 and this Manual for details regarding the new homeless definition.

Homeless Management Information System (HMIS) – HUD has required the implementation and operation of management information systems for the purpose of collecting unduplicated counts of homeless people and analyzing patterns of use of assistance funded by the federal government. Recipients of ESG funds will be required to participate in the HMIS system.

Homeless Prevention –Refer to 24 CFR part 576.2 and this Manual for details regarding the new at-risk of homelessness definition.

Housing Status – Clients must be either homeless or at risk of homelessness in order to receive assistance with the ESG program. Program participant’s case files MUST document the housing status of clients serve with this program. Case managers must verify and document the status as explained in this Manual. Clients must certify in writing their housing status.

HUD – The U.S. Department of Housing and Urban Development.

In-Kind – Donated volunteer services or goods including staff time, shelter rent, shelter facilities, or supplies of the same kind eligible under program guidelines.

Internal Controls – The combination of policies, procedures, personnel, defined responsibilities, and records that allow an organization to maintain adequate oversight and control of its finances.

Lead-Based Paint – Any housing unit constructed before 1978 may contain paint that can cause harm to young children and women who are pregnant. If a program participant’s household includes a child under the age of 6 or a pregnant women, the year the housing unit was constructed must be documented. If constructed before 1978, the Lead-Based Paint regulations apply and an inspection of the property must be conducted and recorded in the file.

Lobbying Policy – Lobbying is a concerted effort designated to achieve some result, typically from government authorities and elected officials. It can consist of the outreach of legislative members, public actions (e.g. mass demonstrations), or combinations of both public and private actions (e.g. encouraging constituents to contact their legislative representative).

Local Government – A political subdivision of the State of Nevada, including, without limitation, a city, county, irrigation district, water district or water conservancy district.

Major Rehabilitation – Rehabilitation that involves costs in **excess** of 75% of the value of the building **before** rehabilitation. Buildings assisted at this level must be maintained as a homeless shelter for not less than a **10-year period**.

Performance Standards – The standards set by HUD, the local Continuum of Care, and the Division which will be used to gauge the ongoing success of the ESG program. All sub-recipients will be expected to meet or exceed these standards.

Permanent Supportive Housing - Provides long-term (longer than 24 months) housing assistance with support services for which homelessness is a primary requirement for program eligibility.

Privacy Policy – A policy created by the Division and each sub-recipient that covers the processing of personal information for clients participating in the ESG program, including data entered into HMIS. The Policy must be in writing and included as a part of the sub-recipient policies and procedures. Sub-recipient staff must be aware of the

policy, as evidenced by their signature they have received a copy, with the original executed copy maintained in the ESG program file.

Private Non-Profit Organization – A secular or religious organization described in Section 501(c) of the Internal Revenue Code of 1954 which is (a) exempt from taxation under Subtitle A, Title 26 of the Code, (b) has an accounting system and voluntary board, and (c) practices nondiscrimination in the provision of assistance.

Procurement – The act or process of obtaining goods and services that ensures the best possible cost to the federal program, while meeting the needs of the Division or a sub-recipient.

Project Sponsor – Any agency sponsoring an ESGP funded project and holding a formal grant agreement with the Division for a designated contract period.

Rehabilitation – Labor, materials, tools and other costs of improving buildings, other than minor or routine repairs. Buildings assisted at this level (other than *major* rehabilitation) must be maintained as a homeless shelter for not less than a **3-year period**.

Relocation – The act of moving a person who has been displaced due to actions or activities funded through the ESG program.

Renovation – Rehabilitation that involves costs of 75% or less of the value of the building **before** rehabilitation. Buildings assisted at this level must be maintained as a homeless shelter for not less than a **3-year period**.

Rent Reasonableness – ESG funds cannot be used to pay rental assistance to eligible clients unless the unit is “rent reasonable”. In the case of the ESG program, units must meet both rent reasonableness standards and Fair Market Rents. For the purpose of calculating rent under this program, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

Service Provider – Any entity that is successfully involved in providing needed services to Nevada’s homeless. For the purpose of the ESG program, any entity that has successfully applied for grant funds and has been awarded a portion of the Division’s Emergency Shelter Grant funds with which to support planned services to Nevada’s homeless.

Single Audit - Also known as the **OMB A-133 audit**, the Single Audit is a rigorous, organization-wide audit or examination of an entity that expends \$500,000 or more of Federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations. Usually performed annually, the Single Audit’s objective is to provide assurance to the federal government as to the management and use of such funds by recipients such as states, cities, counties, universities, and non-profit organizations. The audit is typically performed by an independent certified public accountant (CPA) and encompasses both financial and compliance components.

State – State of Nevada State

Sub-recipient – A unit of local government or non-profit organization that receives an ESG allocation from the Division.

Transitional Housing – For the purposes of ESG assistance, housing that extends past the “3 days to 3 months” reasonable period for temporary housing (emergency shelter). HUD defines transitional housing as having the “purpose of moving homeless individuals and families to permanent housing within 24 months”.

Utility Allowance - Obtained from the local Public Housing Authority, utility allowances are used in place of actual utility costs to calculate a household's total housing expense. High housing costs can result in program participant's paying a large percentage of their income for housing and utilities, which may lead to difficulty maintaining housing stability. The utility allowance is required when determining the rent reasonableness of a unit when using ESG funds for rental assistance.

Value of the Building- The monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by the Division.

Written Standards –Standards that define eligibly criteria for assistance to be provided to program participants at the sub-recipient level. Standards must provide applicants and sub-recipient staff a clear understanding of what is required in order to participate in the ESG program.

APPENDIX B

ESG CERTIFICATIONS AND NHD POLICIES

Drug-Free Workplace

Privacy Policy

Conflict-of-Interest Policy

Lobbying Policy

Client Termination and Grievance Policy

Homeless Programs Grievance Policy

APPENDIX C
ESG PROGRAM FORMS

APPENDIX D

HMIS INFORMATION AND FORMS

APPENDIX E

MONITORING FORMS

APPENDIX F

NHD'S ESG PERFORMANCE STANDARDS & HUD'S STRATEGIC GOALS FOR 2010-2015

**APPENDIX G-ESG TABLE OF FAIR MARKET VALUES FOR
MATCHING FUNDS
(A GUIDE FOR FAIR MARKED VALUES TO BE USED FOR MATCH)**

LADIES CLOTHING		FURNITURE	
Dresses	\$3.50-\$25.00	Studio Couch	\$50.00-\$200.00
Suits	\$10.00-\$85.00	Kitchen Set	\$65.00-\$120.00
Shoes	\$2.00-\$12.00	End Table	\$16.00-\$65.00
Coats	\$10.00-\$80.00	Coffee Table	\$25.00-\$90.00
Skirts	\$3.00-\$15.00	Washing Machine	\$15.00-\$60.00
Handbags	\$1.00-\$4.00	Dryer	\$15.00-\$60.00
Sweaters	\$3.00-\$8.00	Vacuum Cleaner	\$20.00-\$60.00
Slacks	\$4.00-\$20.00	Refrigerator	\$60.00-\$150.00
Blouses	\$1.50-\$6.00	Radio	\$10.00-\$35.00
Bathrobes	\$4.00-\$12.00	Gas Stove	\$60.00-\$150.00
MEN'S CLOTHING		Black and White TV	\$50.00-\$70.00
Suits	\$20.00-\$85.00	Color TV	\$150.00-\$200.00
Jackets	\$10.00-\$45.00	Dresser	\$45.00-\$150.00
Shoes	\$2.00-\$12.00	Chest	\$35.00-\$100.00
Slacks	\$4.00-\$20.00	Wardrobe	\$30.00-\$80.00
Shirts	\$1.50-\$5.00	Complete Double Bed	\$50.00-\$120.00
Overcoats	\$20.00-\$60.00	Complete Single Bed	\$35.00-\$80.00
Sweaters	\$4.00-\$8.00	Double Mattress	\$5.00-\$50.00
Belts	\$1.00-\$3.00	Single Mattress	\$5.00-\$15.00
CHILDREN'S CLOTHING		Folding Bed	\$20.00-\$60.00
Coats	\$5.00-\$15.00	Sofa	\$50.00-\$350.00
Snowsuits	\$5.00-\$10.00	China Cabinet	\$60.00-\$200.00
Shoes	\$1.00-\$6.00	Wooden Trunk	\$15.00-\$30.00
Dresses	\$3.00-\$6.00	Floor Lamp	\$12.00-\$30.00
Pants	\$2.00-\$4.00	Table Lamp	\$8.00-\$20.00
Shirts	\$1.00-\$2.00	Upholstered Chair	\$25.00-\$80.00
Boots	\$2.00-\$4.00	Hide-A-Bed	\$90.00-\$300.00
Sweaters	\$2.50-\$5.00	Desk	\$45.00-\$150.00
CHILDRENS FURNITURE		DRY GOODS	
Crib and Mattress	\$25.00-\$85.00	Double Blanket	\$5.00-\$20.00
Playpen	\$10.00-\$30.00	Double Bedspread	\$5.00-\$20.00
SPORTING GOODS		Pillows	\$1.00-\$4.00
Fishing Rod	\$3.00-\$5.00	Sheets	\$2.00-\$5.00
Downhill Skis	\$10.00-\$150.00	Curtains	\$2.00-\$6.00
Tennis Racket	\$3.00-\$15.00	Drapes	\$2.50-\$5.00

APPENDIX H

REGULATIONS

1. 24 CFR part 576-Emergency Solutions Grant Program
2. Homeless Definition Final Rule
3. HMIS Regulations
4. Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity
5. 24 CFR part 35-Lead Based Paint Regulations
6. 24 CFR part 84-Uniform Administrative Requirements for Grants and Agreements
7. 24 CFR part 85-Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments
8. OMB Circulars A-87, A-110, A-122 and A-133