
EHH PROGRAM MANUAL

State of Wisconsin
Department of
Administration
Division of Energy,
Housing, and
Community Resources

Program Rules and Guidance
for the Emergency Solutions
Grant (ESG), Housing
Assistance Program (HAP),
and Homelessness Prevention
Program (HPP)

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Chapter 1: General Information

The Wisconsin Department of Administration’s (DOA) Division of Energy, Housing, and Community Resources (DEHCR) developed this handbook as a resource for Emergency Solutions Grant, Housing Assistance Program, and Homeless Prevention Program (EHH) grantees. EHH grantees are required to follow all state and federal requirements, policies, and procedures in this guide. Grantees may only operate the types of programs that have been included in their written contract agreement with the state. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract shall take precedence.

Program Overview

The Emergency Solutions Grant (ESG), Housing Assistance Program (HAP), and Homeless Prevention Program (HPP) are collectively referred to as the EHH Program. ESG is federally administered by the United States Department of Housing and Urban Development (HUD). HUD awards ESG funding to the State of Wisconsin to distribute to eligible applicants. HPP and HAP are State of Wisconsin funding sources. These three sources of funding are combined and distributed to one lead fiscal agent in each HUD or local COC.

Program	Authorized By	Project Types
Emergency Solutions Grant (ESG)	1991 McKinney-Vento Homeless Assistance Act. Amended in 2009 by Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 24 CFR 576	Rapid Re-Housing
		Homelessness Prevention
		Emergency Shelter (includes grandfathered-in transitional housing)
		Street Outreach
		Data Collection (HMIS)
		Administrative Costs
Homeless Prevention Program (HPP)	Wisconsin Statutes § 16.303	Rapid Re-Housing
		Homelessness Prevention
		Administrative Costs
Housing Assistance Program (HAP)	Wisconsin Statutes § 16.306 Wisconsin Admin Code § 87.03	Housing
		Administrative Costs

Chapter 2: Application Process

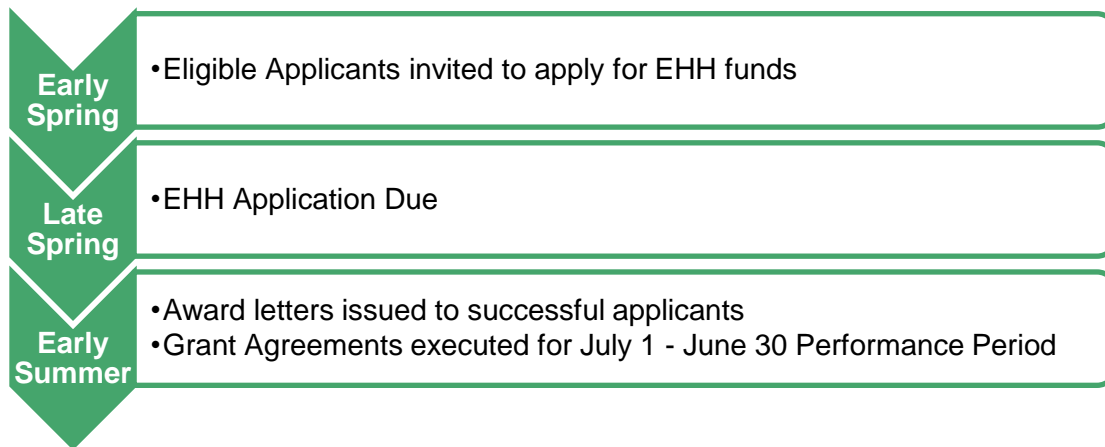
Eligible Applicants

Eligible applicant agencies must have current, direct experience in delivering services to people experiencing homelessness and meet the following eligibility criteria:

- The applicant must be a member of the HUD and/or local COC entity which serves homeless populations with housing-related activities.
- The applicant must be one of the following:
 - A local unit of government, OR
 - A public or private not-for-profit agency providing housing-related services and/or shelter specifically targeted to people who are homeless.
 - If the applicant is a not-for-profit agency, it must be incorporated as a public or private not-for-profit agency in the State of Wisconsin as of the application date.

Timeline

The EHH Application timeline is typically as follows. This timeline is dependent on the HUD allocation process and is subject to change.



Consolidated Application Process

A Continuum of Care (COC) is a regional planning body which receives HUD funding and coordinates efforts to address housing and homeless issues. There are four HUD COCs in Wisconsin. The Milwaukee, Dane/Madison, and Racine COCs each cover one county. The Balance of State COC covers the other 69 counties and is divided into groups of counties known as local continua of care (local continua). Homeless service agencies within each regional or local continuum apply for funds together in a single consolidated EHH Application for the local continuum.

Each application has a lead applicant which is ultimately DEHCR's grantee. They act as the grant's fiscal agent and are responsible for implementation of the grant and the proper use of grant funds. The lead applicant can be a local unit of government or a public or private not-for-profit agency participating in the local continuum planning process and must be approved by the COC or local continuum. The lead applicant is responsible for implementation of the grant and the proper use of grant funds. Applications may also have sub-recipient applicants who also apply for EHH funding but are grantees of the lead applicant.

Using the consolidated application structure, lead applicants and sub-recipients may apply for funding under six project types. These project types are:

- Rapid Re-housing
- Homelessness Prevention
- Street Outreach
- Emergency Shelter (grandfathered in transitional housing programs may also apply under this project type)
- Homelessness Management Information Systems (HMIS)
- Administration

Lead applicants must complete the "Lead Applicant" section to apply for Administration funding. Lead applicants and sub-recipients must complete a separate project type application for each project under which they're applying for funding.

This consolidated application structure means that no two consolidated applications will have exactly the same components. To give an example of a hypothetical consolidated application:

- Agency A may be the Lead Applicant and also wish to apply for Rapid Re-Housing funding as well as HMIS funding. They would apply under the "Lead Applicant," "Rapid Re-Housing," and "HMIS" application sections and receive funding for each of those project types.
- Agency B is a shelter. They may wish to apply under the "Emergency Shelter" section and receive funding for this project type. They would be a sub-recipient of Agency A.
- Agency C is an emergency shelter and a street outreach provider. They may wish to apply under the "Emergency Shelter" and "Street Outreach" sections and receive funding for both of those project types. They would also be a sub-recipient of Agency A.

ESG-Funded Transitional Housing

HEARTH statutes define an emergency shelter as "any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements."

This means transitional housing is no longer eligible to receive ESG funds. However, any project funded as an emergency shelter under a Fiscal Year 2010 Emergency Solutions grant is grandfathered in and may continue to apply for and be funded under ESG. Eligible programs are listed below.

Transitional Housing Projects That May Apply for ESG Emergency Shelter Funding

ADVOCAP Oshkosh and Fond du Lac	Red Road House
Advocates of Ozaukee	Tellurian UCAN
Brighter Tomorrows	The Salvation Army of Dane County
COTS	The Salvation Army of Milwaukee
Independent Living Resources of La Crosse	The Women's Center
Lazarus Foundation	The Youth & Family Project
Our Neighbor's Place	VAP (Union Grove)
Porchlight Inc.	Walker's Point
Pregnancy Support Connection	

Environmental Review

During the application process, all lead agencies and sub-recipients must complete either an Environmental Review Determination Exemption form or Environmental Review Questions as appropriate. (Agencies are not required to complete either form if they are exclusively applying under the Administration and/or HMIS project types.)

- **Environmental Review Determination of Exemption form:** Typically, applicants for non-rehab emergency shelter, rapid re-housing, homelessness prevention, and street outreach projects will use this form to satisfy their environmental review requirements.
- **Environmental Review Questions:** Typically, applicants requesting funding for emergency shelter rehabilitation must use this form. Agencies wishing to apply for extensive emergency shelter rehabilitation costs that will change the use, size, capacity, or character of a structure must contact the EHH Program Manager for guidance prior to submitting an application.

The lead agency/sub-recipient or any contractor thereof may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for an ESG or HPP funded project until HUD and/or DEHCR have performed an environmental review under 24 CFR part 50 and approved the property. This is necessary even if ESG funds are not used to fund the work done to the property. See the EHH Environmental Review Instructions for more information.

Local Unit of Government Certification

All lead agencies and sub-recipients applying for emergency shelter funds must obtain a certification of approval from the unit of general purpose local government for the geographic area in which the activities are to be carried out. If an applicant has already submitted a certification in a prior EHH application year, they do not need to obtain a new certification of approval unless specifically required by DEHCR.

HUD Continuum of Care Certification

All lead agencies and sub-recipients must obtain a certification letter from the HUD COC for the geographic area in which the activities are to be carried out. Applicants should contact the relevant entity below for more information on this process.

- Milwaukee County: Milwaukee COC
- Dane County: Madison/Dane COC
- Racine County: Racine COC
- All other Wisconsin Counties: Balance of State COC

Each HUD COC will submit to DEHCR a listing of all projects certified for each EHH application cycle. Individual agencies do not need to submit certification documentation, unless requested by DEHCR.

If an agency was not certified by the HUD COC, they may submit an appeal. More information can be found in the Appeals section.

Match

ESG requires a one hundred percent match commitment. HPP and HAP may be used as ESG match. If HPP and HAP are used as match, the total required match for each consolidated application is the request for ESG funding minus the request for HPP and HAP funding. Lead agencies submitting consolidated applications are responsible for ensuring that the match requirement is met. Decisions regarding how match requirements are met should be made at the local level during the application period.

Matching funds are provided based on the total grant amount and do not have to be provided on a component-by-component basis. For example, if a recipient is spending \$10,000 on HMIS, they do not need to find \$10,000 in data collection funds from another source to use as match.

Match Categories

Match categories include:

- Other Non-ESG HUD Funds
- Other Federal Funds
- State Government
- Local Government
- Private Funds
- Other
- Fees
- Program Income (Returned Utility or Security Deposits)

Eligible Match Sources

- Cash contributions which are expended for ESG-allowable costs

- Noncash contributions – the value of any real property, equipment, goods, or services contributed to the ESG program, provided that, if they were to have been procured using grant funds, they would have been an allowable expense
- The value of any donated material or building received during the grant cycle. The agency may count either depreciation of the building and fair rental charges for the land for each year the building is used for the recipient's ESG program or, if the building is donated for long-term use in the recipient's ESG program, the fair market value of the capital assets, as specified in 2 CFR 200.306(h)(2), (i), and (j). To qualify as a donation for long-term use, the donation must be evidenced by a recorded deed or use restriction that is effective for at least 10 years after the donation date.
- The value of any lease on a building
- Any salary paid to staff to carry out the program of the lead agency or sub-recipient
- The value of the time and services contributed by volunteers to carry out the program, which is currently determined at the rate of \$10/hour or, if the service is provided by a professional, the hourly rate charged by that professional
- Program income
- Donations and/or grants

Match Requirements

- Match must be used in accordance with all requirements that apply to ESG grant funds except the expenditure limits in 24 CFR 576.100. If the matching funds are from another federal program, they must also be used in accordance with that program's requirements.
- Match must be spent by the expenditure deadline which applies to the ESG funds being matched.
- HUD federal funds may not be used to match State ESG.
- Match spent on ESG may not be used to match any other federal program's funds. Matching funds may not be used to match more than one ESG grant.
- HAP used for HUD COC match may not also be used for ESG match.

Match Documentation

All match must be documented at the time of application, and all documentation must be submitted with the application. Documentation requirements for different kinds of match are as follows:

- For funds provided by units of local or state government, churches, foundations, or the United Way which will be used to match ESG funds: copies of the funding award and/or commitment letter from these sources on their official letterhead and signed by an authorized signatory of the funding organization.
- For donated volunteer hours, donations from businesses or individuals, client rent/boarding fees, or client program service fees which will be used to match ESG funds: a letter on applicant's letterhead signed by an authorized signatory describing how the applicant will maintain records of these match sources, the total amount of the match expected to be received, and, in the case of volunteer hours, the number of hours expected to be donated.

- For the value of a donated building or any lease: documentation of the fair market value of the building or lease.
- For staff salaries: a letter on applicant's official letterhead signed by an authorized signatory describing the funding source of the salaries and the exact amount of match to be provided.
- For HPP and HAP funding: no documentation required.

Appeals

To appeal a funding or enforcement decision, an applicant may seek recourse as follows:

The HUD or Local COC Level

If a sub-recipient believes the local process for allocating funding unfairly eliminated them from receiving funding or adequate funding, they may submit a letter explaining the grievance and two letters of support from other members of their COC to the COC's governing body. DEHCR is not otherwise involved in the appeals process.

The HUD COC Certification Process

1. If a HUD COC denies certification to a potential applicant, they are required to submit a letter to the potential applicant and the EHH Program Manager at least four weeks before the EHH application is due explaining why the potential applicant was not certified.
2. If a potential applicant is denied certification by the HUD COC and believes the HUD COC Certification process was not fair to their agency, they may submit an appeal to the HUD COC's governing body. This appeal must be submitted at least three weeks before the EHH application due date and contain a letter explaining the grievance and two letters of support from other members of the COC.
3. In either case, the HUD COC's governing body will draft a recommendation either approving the appeal and allowing the potential applicant to apply or denying the appeal.

Chapter 3: Program Requirements – Emergency Solutions Grant (ESG)

Written Standards

For each individual project or project type (rapid re-housing, homelessness prevention, emergency shelter, and street outreach) recipients must establish and consistently apply written standards to ensure clients are treated the same regardless of the agency serving them. Written standards established by local COCs must apply to all EHH sub-recipients in that COC. The requirements for what each COC's written standards must contain can be found at *24 CFR § 576.400*.

Homeless Participation

To the maximum extent possible, lead agencies and sub-recipients must involve homeless individuals and families in constructing, renovating, maintaining, and operating facilities, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted with ESG.

To the maximum extent practicable, lead agencies and sub-recipients must have representation of a person who is homeless or was formerly homeless on either:

1. The Board of Directors; or
2. An equivalent policymaking entity directly responsible for making policy for the project(s) for which funding is being requested.

Involuntary Family Separation & Nondiscrimination

All individuals or groups of individuals regardless of age, gender identification, sexual orientation, and marriage status identifying as a family at must be served as a family by any project which serves families. There can be no involuntary separation.

- Any emergency shelter which serves families must serve all eligible families regardless of their gender composition – e.g. emergency shelters which serve families may not serve exclusively women and children.

There can be no documentation requirement or need for “proof” of family, gender identification, and/or sexual orientation. Examples of prohibited inquiry and documentation include but are not limited to parentage, birth certificates, and marriage certificates.

Families with children under age 18 must not be denied admission to any family shelter based on the age of any child under age 18. An example of prohibited admission policy would be denying a family admission because there is a 16-year-old in the family.

Conflict of Interest

ESG regulations require compliance with organizational, individual, and procurement conflict of interest provisions. Lead agencies/sub-recipients will be required to repay any EHH funds disbursed for persons with whom there is an identified conflict of interest unless an exception is granted from HUD.

Organizational Conflicts of Interest

1. Grantees must not condition EHH assistance on a participant's acceptance of housing or emergency shelter owned by the grantee or a parent or subsidiary of the grantee.
2. Grantees must not conduct initial evaluation or provide homelessness prevention assistance to persons living in property owned by the grantee or a parent or subsidiary of the grantee.

Individual Conflicts of Interest

The individual conflict of interest regulations prohibit financial gain for self, family, or those with business ties.

1. No person who exercises responsibility over EHH funded projects or who is in a position to participate in a decision-making process or gain inside information with regard to EHH funded projects may:
 - a. Obtain a financial interest or benefit from an assisted activity
 - b. Have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity
 - c. Benefit from an assisted activity, either for themselves or for those with whom they have family or business ties, during their tenure or during the one-year period following their tenure

Individual Conflict of Interest Exception Process

Upon written request of the grantee, HUD may grant an exception to the provisions above on a case by case basis. The most common situation where exception is requested is when a family member of an employee is in need of EHH assistance (e.g., the family member of an employee experiences homelessness and applies for rapid re-housing assistance). Follow the steps below if a conflict of interest is identified when providing EHH funded assistance.

1. Submit a request for exception in writing to DEHCR. The request must contain the following items:
 - a. A narrative of the situation, which must contain the name and title of the person for whom the exception is requested, and a brief description of the person's position as it relates to the HUD-assisted project or contract award. The narrative must also address all applicable factors below.
 - i. Whether the person is a member of a group or class of persons intended to be the beneficiaries of the HUD-assisted activity, and if so, whether the exception would permit the person to receive generally the same interests or benefits being made available or provided to the group or class.

- ii. Whether the affected person has withdrawn from his or her functions or responsibilities or the decision-making process with respect to the specific assisted activity in question.
 - iii. If the agency requesting an exemption is a government, they must also provide an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made.
 - iv. Any other relevant considerations.
2. DEHCR will review the request for exception based on the above factors and any other applicable information. In determining whether to grant the requested exception, DEHCR shall consider whether an exception will serve to further the purposes of the EHH program and the effective and efficient administration of the organization's project. If the request is deemed appropriate, DEHCR will seek a legal opinion from the DOA Legal Counsel stating whether there would be a violation of local, state, or federal law if the exception were granted.
 - a. If the legal opinion obtained from DOA Legal Counsel is not favorable to the request, no exception will be granted.
 - b. If the legal opinion obtained from DOA Legal Counsel is favorable to the request, DEHCR will send a recommendation, along with the original request, seeking HUD's determination.
3. When HUD responds to the request for exception, DEHCR will notify the grantee of the decision. At any point, DEHCR reserves the right to refuse a request for exception. If this occurs, a written response will be provided.

Procurement Conflicts of Interest

In the procurement of property and services, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. These regulations require grantees to maintain written standards governing the performance of their employees engaged in administering contracts.

Confidentiality

Lead agencies and sub-recipients must develop and implement written confidentiality procedures to ensure:

1. All records containing personally identifying information of any person or family who applies for and/or receives ESG assistance will be kept secure and confidential.
2. The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG will not be made public except with written authorization of the person responsible for the operation of the shelter.
3. 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 a lead agency or sub-recipient and consistent with all applicable state and local laws regarding privacy and obligations of confidentiality.
 - a. Lead agencies and sub-recipients must develop and implement procedures to ensure the confidentiality of records pertaining to any person provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location

of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter.

Violence Against Women Act (VAWA)

VAWA prohibits denial or termination of assistance or eviction solely because a person is a victim of domestic violence, dating violence, sexual assault, or stalking. This protection applies to all eligibility and termination decisions that are made with respect to ESG rental assistance.

Lead agencies and sub-recipients that determine eligibility for or administers ESG rental assistance is responsible for ensuring that a notice of VAWA protections is provided to each applicant for ESG rental assistance and each program participant receiving ESG rental assistance at each of the following times:

1. When an individual or family is denied assistance
2. When a program participant begins receiving assistance
3. When a program participant is notified of termination of assistance

Emergency Transfer Plan

Lead agencies and sub-recipients must develop and implement an emergency transfer plan compliant with 24 CFR 5.2005(e).

Coordinated Entry

Each COC is required to develop and operate a coordinated entry system. EHH lead agencies and sub-recipients must participate in the coordinated entry for their COC. Coordinated entry refers to a single place or process for people to access homelessness prevention, housing, and related services within a given COC. It includes the following core components:

- Information so people will know where or how to access coordinated entry.
- A place or way to request assistance, such as a walk-in center or a 211 call center.
- A screening and assessment process and tools to gather information about the person, their housing and service needs, and program eligibility and priority.
- Information about programs and agencies which provide housing or services.
- A process and tools for referral to appropriate programs or agencies.

Coordinated Entry Alternative for Emergency Shelters

Emergency shelters may establish a Coordinated Entry MOU with another housing provider in their service area to provide Coordinated Entry access for their clients if they don't have the capacity to conduct in-depth assessments.

Coordinated Entry MOUs must meet the following criteria:

- They must be signed by authorized signatories for both the emergency shelter and the housing provider
- They must state the housing provider's specific responsibilities
- They must state the emergency shelter's specific responsibilities, which must include:

- Referring all applicants to the housing provider
- Maintaining a record of each referral
- Securing a Release of Information from each referred applicant to allow the emergency shelter and housing provider to communicate about them
- Maintaining communication about each referred applicant with the housing provider
- They must be dated and require annual reauthorization.

Signed Coordinated Entry MOUs must be submitted to DEHCR for approval and may not go into effect until they're approved by DEHCR. Approval will be delivered either by writing or email and must be retained by the emergency shelter and housing provider with the Coordinated Entry MOU.

Faith-Based Activities

All ESG-funded activities must be administered in a manner which is free from religious influences and in accordance with the following principles.

- Grantees must not discriminate against any employee or applicant for employment and must not limit employment or give preference in employment to persons on the basis of religion.
- Grantees must not discriminate against any person applying for shelter or services and must not limit shelter or services or give preference to persons on the basis of religion.
- Grantees must provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing and exert no other religious influence in the provision of programs or services funded under EHH.
 - If a grantee conducts these activities, the activities must be offered separately in time or location from the programs or services funded under EHH, and participation must be voluntary for EHH program participants.

Recordkeeping and Retention

Lead agencies and sub-recipients must have written policies and procedures in place to ensure all recordkeeping requirements of 24 CFR § 576.500 are met. Lead agencies must also maintain a copy of any executed contract with any sub-recipient which relates to project activities funded under their EHH contract.

Program and financial records for lead agencies and sub-recipients must be maintained for a minimum of five years after the final expenditure under their EHH contract. Emergency shelter conversion records must be maintained for a minimum of ten years from initial obligation if the costs are greater than 75% of post-conversion value.

Participation in HMIS, HIC, PIT

Homeless Management Information System

All lead agencies and sub-recipients must comply with HMIS participation requirements. In Wisconsin, the HMIS designated by the HUD COCs is Wisconsin Service Point (WISP). Additionally, lead agencies and sub-recipients are required to actively participate in both the Housing Inventory Chart (HIC) and the semi-annual Point-in-Time (PIT) count.

Victim service providers cannot and Legal Services Organizations may choose to not participate in HMIS. Providers which do not participate in HMIS must use a comparable database which produces unduplicated, aggregate reports. The comparable database must be capable of producing all EHH-required reports.

Housing Inventory Chart

Each COC must complete a census for the last Wednesday of the month for all emergency shelters (including motel voucher programs), rapid re-housing programs, permanent housing, safe haven, and transitional housing programs. This information is reported on the Housing Inventory Chart (HIC) maintained by the HUD COCs. The data is required of all agencies with the above-referenced program types regardless of whether they participate in HMIS.

Point-in-Time

All lead agencies and sub-recipients receiving EHH funds must actively participate in the overnight Point-in-Time (PIT) street count conducted statewide on the last Wednesdays of July and January.

Monitoring and Enforcement

Monitoring by DEHCR

Notification of Monitoring Visit

DEHCR will periodically monitor the performance of each grantee. In conducting performance reviews, information will be obtained from the records and reports from onsite or desk monitoring, audit reports, and information from IDIS and HMIS. Monitoring reviews to determine compliance with specific program requirements will be conducted as necessary.

Chapter 4: Project Types

Rapid Re-housing

Rapid re-housing assistance aims to help individuals and/or families who are homeless move as quickly as possible into permanent housing and achieve stability in that housing through a combination of rental assistance and supportive services.

Funds used to provide rapid re-housing assistance must be used to provide assistance in permanent housing. Living in a motel or hotel is not considered to be permanent housing and therefore is not an eligible expense under this program.

Overview of Eligible Activities

- a) Housing Payments (short-term and medium-term rental assistance, 24 CFR §576.106):
 - a. Rental *application fees* which are charged by the owner to all applicants
 - b. *Security deposits* which are equal to no more than two months' rent
 - c. *Rent payments*: Short- (up to 3 months) and medium-term (4-24 months) rental assistance. The total length of assistance may not exceed 24 months during any 3-year period, including any payment of arrearages
 - d. *Utility deposits and payments* (gas, electric, water, sewer)
 - i. Utility deposits are only eligible if they are required by the utility company for all customers
 - ii. Utility payment assistance can be provided for up to 24 months, including up to 6 months for payments in arrears
 - e. *Moving costs* (e.g. truck rental, moving company, up to 3 months of storage)
 - i. The payment of temporary storage fees in arrears is an ineligible expense
 - f. *Arrearages*: A one-time payment of up to 6 months of rent in arrears, including any late fees on those arrears, provided this assistance will allow the client to retain their current permanent housing or to obtain new permanent housing
- b) Housing Services (housing relocation and stabilization services, 24 CFR §576.105):
 - a. *Housing search and placement* necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.
 - b. *Housing stability case management* to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
 - i. **Note:** Housing stability case management assistance may not exceed 30 days during the period in which the program participant is seeking permanent housing and may not exceed 24 months during the period in which the client is living in permanent housing. If it takes longer than 30 days to locate permanent housing, continued case management must be charged to street outreach or emergency shelter case management, depending upon where the client is residing

- c. *Mediation* between the program participant and the owner or persons(s) with whom the participant is living, providing that the mediation is necessary to prevent the participant from losing permanent housing in which they currently reside.
- d. *Legal services* as set forth in subsection 576.102 (a) (1) (vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem which prohibits the program participant from obtaining or maintaining permanent housing.
 - i. Note: Retainer fee arrangements and contingency fee arrangements as well as legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs.

Note: the combination of rent payments and arrearages assistance may not exceed 24 months. No financial assistance may be provided to a household for a purpose and time period supported by another public source.

Agencies may tailor their rapid re-housing rental assistance by specifying in their written standards:

1. The maximum amount or percentage of rental assistance that a program participant may receive.
2. The maximum number of months that a program participant may receive rental assistance (not to exceed 24 months in a three-year period).
3. The maximum number of times that a program participant may receive rental assistance.
4. The extent to which a program participant must share the cost of rent.

Homelessness Prevention

Homelessness prevention programs include housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in paragraph (1) of the homeless definition.

The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Funds used to provide homelessness prevention assistance must be used to provide assistance in permanent housing. Living in a motel or hotel is not considered to be permanent housing and therefore is not an eligible expense under this program.

Overview of Eligible Activities

- a) Housing Payments (short-term and medium-term rental assistance, 24 CFR §576.106):
 - a. Rental *application fees* which are charged by the owner to all applicants
 - b. *Security deposits* which are equal to no more than two months' rent

- c. *Rent payments*: Short- (up to 3 months) and medium-term (4-24 months) rental assistance. The total length of assistance may not exceed 24 months during any 3-year period, including any payment of arrearages.
 - d. *Utility deposits and payments* (gas, electric, water, sewer)
 - i. Utility deposits are only eligible if they are required by the utility company for all customers.
 - ii. Utility payment assistance can be provided for up to 24 months, including up to 6 months for payments in arrears
 - e. *Moving costs* (e.g. truck rental, moving company, up to 3 months of storage)
 - i. The payment of temporary storage fees in arrears is ineligible.
 - f. *Arrearages*: A one-time payment of up to 6 months of rent in arrears, including any late fees on those arrears, provided this assistance will allow the client to retain their current permanent housing or to obtain new permanent housing.
- b) Housing Services (housing relocation and stabilization services, 24 CFR §576.105):
- a. *Housing search and placement* necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.
 - b. *Housing stability case management* to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
 - c. *Mediation* between the program participant and the owner or persons(s) with whom the participant is living, providing that the mediation is necessary to prevent the participant from losing permanent housing in which they currently reside.
 - e. *Legal services* as set forth in subsection 576.102 (a) (1) (vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem which prohibits the program participant from obtaining or maintaining permanent housing.
 - i. Note: Retainer fee arrangements and contingency fee arrangements as well as legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs.

Note: the combination of rent payments and arrearages assistance may not exceed 24 months. No financial assistance may be provided to a household for a purpose and time period supported by another public source.

Street Outreach

ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless households; connecting them with emergency shelter, housing, or critical services; and providing urgent non-facility-based care to unsheltered homeless households who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.

Overview of Eligible Activities

- 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 costs of assessing housing and service needs; arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participants.
- c) *Emergency Health Services*: Includes costs for direct outpatient treatment of medical conditions provided by licensed medical professionals operating in community-based settings. Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.
- d) *Emergency Mental Health Services*: Includes costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings. Funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community.
- e) *Transportation*: Includes transportation costs of outreach workers, social workers, medical professionals, or other service providers provided that this travel takes place during the provision of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible.

Emergency Shelter

Grandfathered in Transitional Housing programs may also apply under this project type

Emergency shelter means any appropriate facility that has the primary use of providing temporary or transitional shelter for the homeless in general or for specific populations of the homeless and the use of which does not require occupants to sign leases or occupancy agreements. 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 are also eligible.

Overview of Eligible Activities

- a) **Essential Services:**
 - a. *Case Management*: The cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant.
 - b. *Child Care*: The cost of child care for program participants is eligible. Children must be under the age of 13 unless they have a disability. Children with a disability must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates.
 - c. *Education Services*: When necessary for program participants to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible.
 - d. *Employment Assistance and Job Training*: The costs of employment assistance and job training programs are eligible.

- e. *Outpatient Health Services*: Costs for direct outpatient treatment of medical conditions provided by licensed medical professionals. Funds may be used for these services only to the extent that other appropriate health services are unavailable within a community.
- f. *Legal services* as set forth in subsection 576.102 (a) (1) (vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem which prohibits the program participant from obtaining or maintaining permanent housing.
- g. *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, domestic violence, substance abuse, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently in the community.
- h. *Mental Health Services*: Costs include direct outpatient treatment provided 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.
- i. *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. Note: Inpatient detoxification and other inpatient drug or alcohol treatments are ineligible.
- j. *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.

b) Shelter Operations

- a. *Rent*
- b. *Security*
- c. *Insurance*
- d. *Utilities*
- e. *Food*
- f. *Furnishings & Supplies*
- g. *Maintenance*, including minor or routine repairs

Motel Vouchers

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

Renovation

For costs of rehabilitation, conversion or renovation to be eligible for payment with ESG funds, the building must be used for an emergency shelter for homeless families/individuals. A government entity or private non-profit organization must own the emergency shelter building before and after the renovation or rehabilitation. Buildings renovated with ESG funds as a

shelter for homeless people are required to function as a shelter for a minimum period of time, depending on the type of renovation and the value of the building. See the table below. An agency may not rehabilitate, convert, or renovate a shelter or prospective shelter until HUD has performed an environmental review under 24 CFR part 50 and the agency has received HUD approval to continue. Please contact the EHH Program Manager if your program is considering this option.

Eligible costs include labor; materials; tools; and other costs for renovation, including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter.

Minimum Period of Use (*Regulatory Citation: 24 CFR § 576.102(i) Major rehabilitation*)

Rehabilitation and Renovation Minimum Period of Use		
	Use Requirement	Determining Criteria
Major Rehabilitation	10 years*	Rehab costs exceed 75% of the value of the building before rehabilitation.
Conversion	10 years*	Conversion costs exceed 75% of the value of the building after conversion.
Renovation, including rehab and conversion costs that do not meet 10 Year criteria.	3 years	Renovation costs are 75% or less of the value of the building before renovation.
*Recorded deed or use restriction required.		

Homelessness Management Information Systems (HMIS)

The HEARTH Act makes HMIS participation a statutory requirement for ESG-funded service providers. If the agency is a Victim Services Provider or Legal Services Provider, ESG funds may be used to establish and operate a comparable database which 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.

Eligible Costs:

1. Equipment & software
2. Training & overhead
3. HMIS participation fees
4. Staffing

Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under HMIS.

Administration

All grantees have a 2.5% cap on ESG administrative expenses and a 10% cap on HPP administrative expenses.

Eligible Costs:

1. General management, oversight, and coordination
2. Reporting on the program as required by HUD and/or DEHCR
3. Program administration costs
4. Travel costs incurred for monitoring of sub-recipients
5. Costs of providing training on ESG requirements and attending *HUD-sponsored* ESG trainings

Chapter 5: Client File Requirements

The requirements in this section must be followed and documented in client files.

Client Eligibility

Each client file must contain documentation that the household provided with assistance meets the eligibility requirements for the project type for which they are applying. Verifications of homelessness and income verifications should be accompanied by 3rd party documentation.

Component	Eligible Categories
Street Outreach	<ul style="list-style-type: none"> Category 1 homeless – Literally Homeless
Emergency Shelter	<ul style="list-style-type: none"> Category 1 homeless – Literally Homeless Category 2 homeless – Imminent Risk of Homeless Category 3 homeless – Homeless Under Other Federal Statues Category 4 homeless – Fleeing/Attempting to Flee Domestic Violence
Homelessness Prevention	<ul style="list-style-type: none"> Category 2 homeless – Imminent Risk of Homeless Category 3 homeless – Homeless Under Other Federal Statues Category 4 homeless – Fleeing/Attempting to Flee Domestic Violence At-Risk of Homelessness
Rapid Re-Housing	<ul style="list-style-type: none"> Category 1 homeless – Literally Homeless

Additional Requirements

- Homelessness Prevention and Rapid Re-Housing participants must have an annual income below 30% of area median family income for the area at admission.
- Street Outreach participants must be unwilling or unable to access services in emergency shelter
- Funds cannot be targeted to clients from a specific agency.
- Assistance is limited to those clients who meet the appropriate part of the homeless definition and where there is documentation of their homelessness.
- In the absence of source documentation or third-party documentation, the agency must certify that efforts were made to obtain it the documentation.

Homeless Definitions

<p>Category 1: Literally Homeless</p>	<p>Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:</p> <ol style="list-style-type: none"> (1) Has a primary nighttime residence that is a public or private place not meant for human habitation; or (2) Is living in a shelter designated to provide temporary living arrangements (including transitional housing and hotels/motels paid for by charitable or government organizations); OR (3) 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.
<p>Category 2: Imminent Risk of Homelessness</p>	<p>Individual or family who will imminently lose their primary nighttime residence, provided that:</p> <ol style="list-style-type: none"> (1) Primary residence will be lost within 14 days of the date of application for assistance; (2) No subsequent residence has been identified; AND (3) Household lacks the resources or support networks needed to obtain other permanent housing.
<p>Category 3: Homeless under other Federal Statutes</p>	<p>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:</p> <ol style="list-style-type: none"> (1) Are defined as homeless under one of the following: <ol style="list-style-type: none"> i. Section 387 of the Runaway and Homeless Youth Act; ii. Section 637 of the Head Start Act; iii. Section 41403 of the Violence Against Women Act of 1994; iv. Section 330(h) of the Public Health Service Act; v. Section 3 of the Food and Nutrition Act of 2008; vi. Section 17(b) of the Child Nutrition Act of 1966; vii. Section 725 of the McKinney-Vento Homeless Assistance Act; (2) Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the assistance application; (3) Have experienced persistent instability as measured by two moves or more during in the preceding 60 days; AND (4) Can be expected to continue in such status for an extended period of time due to special needs or barriers
<p>Category 4: Fleeing/Attempting to Flee Domestic Violence</p>	<p>Any individual or family who:</p> <ol style="list-style-type: none"> (1) Is fleeing, or is attempting to flee, domestic violence; (2) Has no other residence; AND (3) Lacks the resources or support networks to obtain other permanent housing

At-Risk of Homelessness Definition

- | |
|---|
| <p>(1) An individual or family who:</p> <ul style="list-style-type: none">i. Has an annual income below 30% of median family income for the area; andii. Does not have sufficient resources or support networks immediately available to prevent them from becoming homeless; ANDiii. Meets one of the following conditions:<ul style="list-style-type: none">a. Has moved due to economic reasons 2 or more times during the 60 days immediately preceding the application for assistanceb. Is living in the home of another because of economic hardship;c. Has been notified in writing that their current living situation will be terminated within 21 days;d. Lives in a hotel/motel and is self-paying;e. Lives in a housing unit in which more than 1.5 persons reside per room;f. Is exiting a publicly funded institution or system of care (such as a health-care facility, foster care, or correction institution); ORg. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness. |
| <p>(2) A child or youth who qualifies as “homeless” under one of the following:</p> <ul style="list-style-type: none">i. Section 387(3) of the Runaway and Homeless Youth Actii. Section 637(11) of the Head Start Actiii. Section 41403(6) of the Violence Against Women Act of 1994iv. Section 330(h)(5)(A) of the Public Health Service Actv. Section 3(m) of the Food and Nutrition Act of 2008vi. Section 17(b)(15) of the Child Nutrition Act of 1966 |
| <p>(3) A child youth who qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) of that child or youth living with her or him</p> |

Homelessness Documentation Requirements

<p>Category 1: Literally Homeless</p>	<ul style="list-style-type: none"> • Written observation by outreach worker or written referral by another service provider; <u>OR</u> • Self-certification by individual or head of household seeking assistance; <u>OR</u> • For individuals exiting an institution – one of the above <u>AND</u>: <ul style="list-style-type: none"> ○ Discharge paperwork <u>or</u> written/oral referral <u>OR</u> ○ Written record of intake worker’s due diligence to obtain above evidence <u>and</u> certification by individual that they exited institution.
<p>Category 2: Imminent Risk of Homelessness</p>	<ul style="list-style-type: none"> • A court order resulting from an eviction notice notifying the individual or family that they must leave; <u>OR</u> • For individuals and families leaving a hotel/motel – evidence they lack the financial resources to stay; <u>OR</u> • A documented and verified oral statement. <u>AND</u> • Certification that no subsequent residence has been identified and self-certification that the individual lacks the financial resources and support necessary to obtain permanent housing
<p>Category 3: Homeless under other Federal Statutes</p>	<ul style="list-style-type: none"> • Certification by a nonprofit or state/local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute <u>AND</u> • Certification of no permanent housing in last 60 days <u>AND</u> • Certification by the individual or head of household and any available supporting documentation that (s)he has moved two or more times in the past 60 days <u>AND</u> • Documentation of special needs <u>or</u> 2+ barriers
<p>Category 4: Fleeing/Attempting to Flee Domestic Violence</p>	<ul style="list-style-type: none"> • Statement by the individual or head of household seeking assistance stating: <ul style="list-style-type: none"> ○ They are fleeing; ○ No subsequent residence has been identified; <u>AND</u> ○ They lack the financial resources and support networks to obtain other permanent housing. • Statement must be documented by a self-certification or a certification by an intake worker.
<p>At-Risk of Homelessness</p>	<ul style="list-style-type: none"> • Self-certification or other written documentation that the individual lacks the financial resources and support necessary to obtain permanent housing <u>AND</u> • Documentation of one of the eligibility conditions <u>OR</u> • Certification by a nonprofit or state/local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute

Evaluation of Participant's Need and Case Management

Any household provided with assistance must have at least an initial consultation with a case manager or other authorized representative who can determine the appropriate type of assistance to meet their needs. Any household provided with assistance for Homelessness Prevention or Rapid Re-Housing must comply with re-evaluation and case management requirements.

Initial Evaluation

- There must be an initial evaluation of all applicants to determine:
 - Eligibility for EHH assistance
 - Amount and type of assistance necessary for household to regain stability in permanent housing

Homelessness Prevention and Rapid Re-housing

Re-Evaluations

- Re-evaluations are required for program participants receiving:
 - Homeless Prevention assistance (not less than once every 3 months)
 - Rapid Re-Housing assistance (not less than once per year)
- Re-evaluations are required to determine:
 - Program participants' continued eligibility for assistance
 - The amount and type of assistance needed by a household to retain stability in permanent housing
- To continue to be eligible for Rapid Re-Housing or Homelessness Prevention assistance, a household must:
 - Have an annual income at or below 30% of CMI
 - Lack sufficient resources and support networks to retain housing without EHH assistance

Case Management

- Case management must comply with the lead agency/sub-recipient's written standards and the COC's coordinated entry system.
- When participants benefit from EHH funds, there must be case management regardless of the duration of the service.
- Program participants receiving case management must have contact with a case manager at least once a month.
- For program participants receiving case management there must be a plan to assist the program participant in retaining permanent housing after the EHH assistance ends.

Providing Case Management Without the Provision of Financial Assistance or Shelter

Essential services can be provided by an agency which is not providing shelter or rent payment assistance as long as multiple criteria and time frames are met. In the EHH application, this type of project is referred to as “Essential Services Only.” The criteria and time frames are as follows:

1. The case management project request must align with the facility or program where the case management will occur:
 - Unsheltered homeless persons staying on the streets or in other places not meant for human habitation can receive services in outreach programs.
 - Sheltered persons living in a supervised 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, or local government programs for low-income individuals) can receive services in an emergency shelter program.
 - i) **Only those transitional housing projects which were grandfathered into the ESG program in 2010 are eligible to receive funding.
 - Persons who are imminently at-risk of losing their primary residence because of an eviction which will occur within 14 days can receive services in a homelessness prevention program.
 - Persons who were literally homeless or escaping imminent danger in a domestic situation and are re-housed can receive services in a rapid re-housing program.
2. The project must follow all the requirements which apply to ESG lead agencies and sub-recipients with respect to the type of funded activity for which it is applying.
 - Each client must be homeless and must be evaluated for eligibility and assistance needed. This evaluation must be conducted in accordance with 24 CFR § 576.401(a).
 - Each client’s eligibility and homeless status must be documented in accordance with the requirements in 24 CFR § 576.500(b).
 - Client and activity data must be entered into HMIS. This must be completed in accordance with the requirements in 24 CFR § 576.400(f).
 - The project must follow the written standards required under 24 CFR § 576.400(e).

Limitation on Case Management for Emergency Shelter Projects

There is no provision in the Emergency Shelter component which allows for acceptable costs to be accrued for people and families who are not currently in emergency shelters, a transitional housing program**, or hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals.

**Only those transitional housing projects which were grandfathered into the Emergency Solutions Grant Program in 2010 are eligible to receive funding.

Limitation on Case Management in Prevention and Rapid Re-housing Projects

1. For a program providing case management services without rental or financial assistance, the service must occur with the current or prior provision of prevention or re-housing financial assistance even if that service isn't paid for with EHH funds. ESG "stand alone" case management or other services can also be provided to support program participants who receive rental assistance through non-ESG programs as long as the individual or family is eligible for ESG assistance at the time of the intake evaluation and any recertification(s) of eligibility.
2. For households eligible for Rapid Re-housing assistance who reside in an emergency shelter or in a place not meant for human habitation while they wait for a unit to be identified, housing stability case management may be provided with ESG with the following principles:
 - Lead agencies and sub-recipients may provide housing stability case management assistance under the Rapid Re-Housing component for up to 30 days during the period the program participant is residing on the street or in an emergency shelter and seeking permanent housing.
 - If a program participant needs more than 30 days of housing stability case management assistance while they are sleeping in an emergency shelter or on the street or any other place not meant for human habitation, it must be charged either to Emergency Shelter essential services or Street Outreach case management, as appropriate.
 - Once a program participant is in permanent housing, housing stability case management can be provided under the Rapid Re-housing component for up to 24 additional months.

Coordination with Homeless Services and Mainstream Resources

Lead agencies and sub-recipients must assist homeless individuals in obtaining permanent housing, appropriate supportive services, and other Federal, state, local, and private assistance available for such persons.

Lead agencies and sub-recipients should coordinate EHH-funded activities with other programs targeted to serving homeless households.

Habitability

The ESG Program establishes different habitability standards for emergency shelters and for permanent housing (rapid re-housing and homelessness prevention components). Lead agencies and sub-recipients must document compliance with the applicable standards.

1. Emergency Shelter Standards
 - a. Emergency shelters which receive ESG funds for renovation or shelter operations must meet the minimum standards for safety, sanitation, and privacy provided in §576.403(b)

- b. In addition, emergency shelters which receive ESG funds for renovation (conversion, major rehabilitation, or other renovation) also must meet state or local government safety and sanitation standards, as applicable
2. Permanent Housing Standards.
 - a. The lead agency or sub-recipient cannot use ESG funds to help a program participant remain in or move into housing which does not meet the minimum habitability standards under §576.403(c); this restriction applies to all activities under the Homelessness Prevention and Rapid Re-housing components

Rent Reasonableness and Fair Market Rent

Lead agencies and sub-recipients providing rental assistance must create policies and procedures in compliance with HUD regulations to ensure that all units meet fair market rent and rent reasonableness standards.

For the purposes of calculating rent under this section, the unit's 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 established by the public housing authority for the area in which the housing is located.

Fair Market Rent

To establish whether a client's unit meets fair market rent standards, its rent must be compared to the fair market rent value for the unit's size and location. If the unit's rent is less than or equal to the fair market value, the unit meets fair market rent standards.

Fair market rent values are published annually by HUD. They may be found here:

<https://www.huduser.gov/portal/datasets/fmr.html>

Rent Reasonableness

To establish whether a unit meets rent reasonableness standards, it should be compared to at least two comparable units. WIHousingSearch.org is a great resource for finding comparable units. It is a state-wide resource of affordable rental housing in a searchable database that is free to anyone seeking affordable rental housing. The website lists the number of bedrooms and other features for units.

Each lead agency and sub-recipient's rent reasonableness policies must include a process for creating exceptions in the event the regular rent reasonableness standard cannot be met, e.g. if comparable units of the correct size cannot be found. These policies must address what qualifies as exceptional, how the situation is documented, and who approves it.

Lead Safety

Rule

Renovation: Any renovation carried out with ESG assistance shall be sufficient to ensure the building involved is lead-safe and sanitary. The requirements pertaining to rehabilitation differ according to the level of federal support.

Shelter: The facility must be free from lead-based paint contamination wherein clients may potentially stay for more than 100 days unless the facility is such that it is statutorily exempted.

Homelessness Prevention and Rapid Re-Housing: Every assisted unit must be free from lead-based paint contamination wherein that assistance lasts 100 days or more AND a child less than 6 years of age and/or a pregnant woman is expected to reside there. If these conditions are met and the unit was built before 1978, an inspection is necessary before providing assistance to the unit in question.

Rent Assistance and Lease Standards

Standard Operating Procedure

1. Compliance with **Rent Reasonableness** and HUD **Fair Market Rent**.
2. **Habitability Standards** apply for all units assisted with ESG monies, and for any new unit or more than one month of rent assistance going forward with HPP monies.
3. Lead-Based Paint standards apply in that a visual assessment is required for all units receiving assistance if the unit was constructed before 1978 and a child under 6 or a pregnant woman will live there.
4. There must be a **legally-binding written lease** between tenant and landlord to receive ongoing rental assistance. Note that “master-leasing” is not allowed, meaning that lead agencies/sub-recipients may not sign a lease and sublet the unit to a program participant.
5. There must be a **rental assistance agreement** between lead agencies/sub-recipients and landlords. This can be between a property manager or owner and a lead agency, sub-recipient, or sub-sub-recipient.
6. No rental assistance can be provided to households receiving rental assistance from another *public* source for same time period besides arrears. *Example: Persons living in public housing units, using housing choice vouchers, or residing in project-based assisted units cannot receive monthly rental assistance under ESG.*
7. Late Payments
 - The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant’s lease
 - The lead agency or sub-recipient must make timely payments to owners in accordance with the rental assistance agreement
 - The lead agency or sub-recipient is solely responsible for paying with non-ESG funds any late payment penalties that it incurs

8. The total period for which any program participant may receive services cannot exceed 24 months during any 3-year period. This includes arrearages.
9. Lead agencies and sub-recipients may set a maximum dollar amount and maximum period for which a program participant may receive any of the types of assistance or services described within the regulatory maximums.
10. Lot rent assistance for mobile homes is not eligible.

Lease Requirements

The following rules apply whenever a client receives rental assistance under any project type.

1. Clients must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the unit owner and client.
2. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the client an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks.
3. Leases must include a provision or incorporate a lease addendum that includes all requirements that apply to tenants, landlords, and leases under 24 CFR Part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking) and 24 CFR § 576.409.
4. Leases must have an initial term of one year. Leases may be renewed or extended as needed for as long as a client remains eligible. However, leases may never commit EHH funds beyond the current EHH contract's expenditure deadline or for EHH funds under a contract which has not yet been awarded.

Terminating Assistance

In order to terminate assistance to a program participant, the lead agency or sub-recipient must establish and follow their formal process which meets all statutory requirements.

1. Lead agencies and sub-recipients may terminate EHH assistance if a participant violates the rules of the program.
 - Lead agencies and sub-recipients must establish and follow a formal process that recognizes individual rights.
2. This rule allows termination in only the most severe cases.
3. The termination process for rental assistance or housing relocation and stabilization services must include:
 - Written notice to the program participant with clear statement of reasons for termination.
 - Review of decision to terminate with opportunity for the program participant to present written or oral objections to third party.
 - Prompt written notice to the program participant of final decision.
4. Assistance to a program participant who has been terminated from a program may resume at a later date.
5. Only HUD may grant exceptions.

Housing Stability Plan

Lead agencies and sub-recipients which provide rapid re-housing, prevention, and emergency shelter services with a case management component must provide each household with a plan to either help them find and secure or maintain safe and stable housing. Program participants must be assisted in creating a plan which will help them obtain and retain permanent housing after the EHH assistance ends, taking into account all relevant considerations.

Housing Stability Case Management

ESG funds may be used to pay costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

- Using the centralized or coordinated assessment system to evaluate individuals and families applying for or receiving homelessness prevention or rapid rehousing assistance
- Conducting an initial evaluation, including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid rehousing assistance
- 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 providers
- Developing an individualized housing and service plan, including planning a path to permanent housing stability
- Conducting re-evaluations

Documentation Requirements

Lead agencies and sub-recipients will be responsible for demonstrating how each requirement for documentation is met, maintained, and monitored. Regardless of how the documentation is maintained, it must be consistent for each client within the project.

1. **Demonstration of intake** and basic assessment of needs and program eligibility.
2. **Homeless status or at-risk-of-homelessness status** which documents which part of the definition of homelessness a participant meets, and which has all the corresponding pieces of documentation.
3. **Annual income for homelessness prevention or rapid re-housing assistance** wherein there must be an income evaluation form and source documentation. In the absence of source documentation, there may be third-party verification and in the absence of third-party verification there must be at least certification from the client.

- a. Income Calculation
 - i. Part 5 Income Definition
 - 1. Participants' income must be calculated according to HUD's Part 5 income definition
 - ii. Income Limits and Verification Requirements
 - 1. Income limits are established by household size and revised annually by HUD. Sub-recipients may charge households up to but not more than the maximum allowable rent.
 - 2. Income Limit at Admission: Household Gross Annual Income must be at or below 30% of the median family income for the area, as determined by HUD.
 - 3. Income Limit After Admission: Assistance must be terminated if a household's gross annual income exceeds 30% of the median family income for the area at income recertification. The beneficiary and property owner must receive thirty (30) days' written notice of termination. See 24 CFR § 576.401 (b).
- 4. **Re-evaluation** of income, other resources and support networks for homelessness prevention or rapid re-housing assistance which is documentation which occurs not less than once every three months for prevention and once annually for rapid re-housing. This is a re-evaluation showing whether annual income is still at or below 30% of CMI for the area, and whether the participant still lacks other resources or support networks to sustain housing without assistance.
- 5. **Determinations of ineligibility** when applicable: documentation as to why an individual or family was determined to be ineligible for a service.
- 6. **Type of service** refers to the amount and type of assistance provided to that program participant, including, as applicable, the security deposit, rental assistance, and utility payments made on behalf of the program participant.
- 7. **Termination procedure** rules which demonstrate clients have been informed of their rights and of the procedure and any correspondence related to a termination proceeding, if applicable.
- 8. Demonstration of **referral and connection** to homeless and mainstream services.
- 9. **Case-management** for prevention and re-housing participants which includes both demonstration of a monthly meeting and a housing stability plan.
- 10. **Rental assistance agreements and payments** which 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 and/or lease.
- 11. **Utility allowance** which documents the monthly allowance for utilities used to determine compliance with the rent restriction.
- 12. **Housing standards** for homelessness prevention or rapid re-housing assistance must include documentation of compliance with housing standards in §576.403, including inspection reports. This requirement is met by the completed and signed Habitability Standards Checklist.

Chapter 6: Method of Payment

EHH Payment Request Forms

Grantees may draw on Department funds as reimbursement of actual reported expenditures. To initiate each payment, grantees must complete and submit the EHH Payment Request Excel Form. Before submitting a payment request, lead agencies should look over the payment request to ensure no rows are overdrawn. All columns should add up as expected. If any columns are not totaling up the reported expenses properly, contact the EHH Program Manager.

If corrections need to be made to the expenses reported in past months, do not edit the expenses which have already been submitted and reimbursed. Past omissions in reimbursable expenses or match can be added to the current month's column on the payment request. If previously reported expenses or match funds were reported incorrectly and need to be removed from the request, this correction can be made in the current month's column on the payment request. Those funds should be subtracted from any requested funds in the current month so all totals update accordingly. If a budget category would turn negative if the correction were to be entered in a single month's column, spread the negative funds across multiple payment requests.

Reporting Match

When entering match expenses on the payment request form, ensure all expenses fall into the proper category. The remaining match requirement is displayed and will update as match is entered into the payment request form. Lead agencies should track this number to ensure they will meet their match requirement by the end of the grant year. The remaining match requirement shown on the payment request makes its calculation based on the assumption that all HPP and ESG funds will be drawn. If this will not be the case, be sure to recalculate the match requirement with this in mind. Note: **HPP and HAP funds should not be entered into the match section.** They are already recorded in the first section of the payment request form and are already calculated towards your match requirement.

Budget Adjustments

If an agency's needs are different than anticipated and more funds need to be allocated to a different budget category, the lead agency will need to complete a budget adjustment. Changes to the approved cost categories must be requested in writing using the Budget Adjustment form from the EHH website. Sub-recipients requesting an adjustment should submit their request to the lead agency, which will submit the adjustment request on their behalf. When completing the form, the lead agency name, date, and requested adjustment(s) must all be entered. The total being transferred should equal the total being received in other categories. Adjustments cannot put an agency over its cap for administrative, HMIS, outreach, or emergency shelter spending or below its minimums for prevention services and rapid re-housing services spending. Budget

adjustments must be approved by the EHH Program Manager and must be approved prior to reimbursement of expenditures. Once an adjustment is approved, DEHCR will send a revised payment request form to the lead agency.

Program Income

Program income includes any amount of a security or utility deposit returned to a lead agency or sub-recipient. No other program income is allowed to be derived from ESG, HAP, or HPP. Lead agencies and sub-recipients are prohibited from requiring or suggesting repayment of any service or financial assistance except for security and utility deposits.

Program income must be used as ESG match and must be documented on the EHH Payment Request form. This means that the program income must be used for ESG-eligible expenses (e.g. expenses the agency may request reimbursement for on the EHH Payment Request Form). To report program income match expenditures, report the amount expended in the “Program Income” row of the Match table at the bottom of the EHH Payment Request form (see example below).

Example: Program Income Reporting on the EHH Payment Request Form

MATCH			Spent Match	16-Jul
Other Non-ESG HUD Funds			\$0	
Other Federal Funds			\$0	
State Government (not including HPP)			\$0	
Local Government			\$0	
Private Funds			\$0	
Other			\$0	
Fees			\$0	
Program Income			\$0	
Match Grand Total		Total Required Match From Non-HPP sources	\$36,051	Remaining Match Requirement (assumes all HPP and ESG will be spent)
			\$36,051	\$0

There must be an auditable trail which details how the program income was spent. Documentation of program income expenditures may be requested during monitoring visits.

Homelessness Prevention Program (HPP)

If any portion of an agency's HPP allocation is used to match its ESG allocation, all ESG rules and requirements apply to clients served by HPP.

If HPP is not used as match for ESG, the following rules and requirements apply.

1. Clients must be of low or moderate income.
2. Housing units provided with rental assistance must comply with habitability standards.

Housing Assistance Program (HAP)

If any portion of an agency's HAP allocation is used to match its ESG allocation, all ESG rules and requirements apply to clients served by HAP.

If HAP is not used as match for ESG, the following rules and requirements apply.

1. HAP grant funds may be used to support a housing program that does all of the following:
 - a. Utilizes only existing buildings at scattered sites
 - b. Facilitates the utilization, by residents, of appropriate social services available in the community
 - c. Provides, or facilitates the provision of, training in self-sufficiency to residents
 - d. Requires that at least 25 percent of the income of residents be spend for rent
2. Reporting Requirements
 - a. Total number of persons served
 - b. Length of stay in housing of each person served
 - c. Housing and employment status of each person served, at exit from housing program