
ESG/HPP 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) and
Homelessness Prevention
Program (HPP)

Last Revised July 2021

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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 a 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 distributed to lead fiscal agents in each HUD COC or local homeless coalition. Program requirements for HAP can be found in the HAP Program Manual.

| 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 |
| | | 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

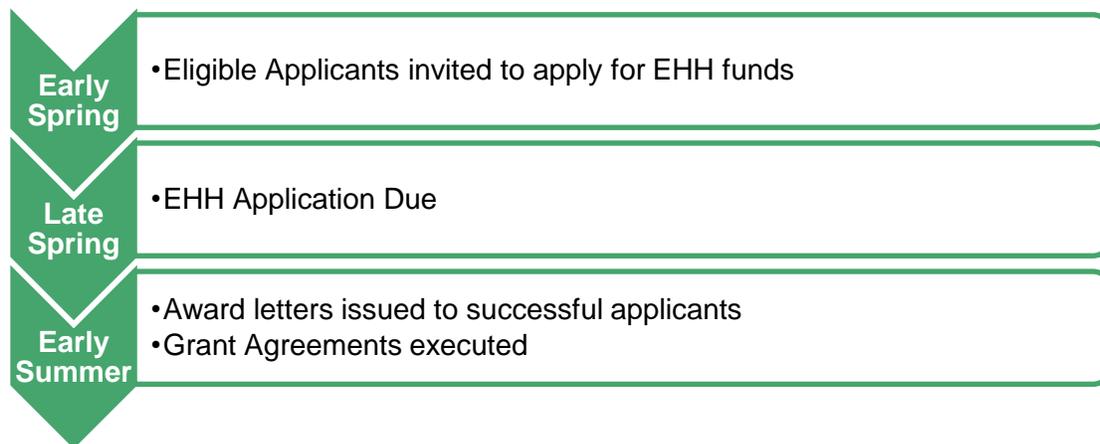
Eligible Applicants

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 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 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 that receives HUD funding and coordinates efforts to address housing and homeless issues. There are four HUD-recognized 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 homeless coalitions. Homeless service agencies within each HUD COC or local homeless coalition 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 the implementation of the grant and the proper use of grant funds. The lead applicant must be selected by a HUD-recognized COC or local homeless coalition. 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
- Homelessness Management Information Systems (HMIS)
- Administration

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.

Environmental Review

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 receiving Administration and/or HMIS funding.

- **Environmental Review Determination of Exemption Form:** Typically, grantees 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, grantees receiving 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 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.

Local Unit of Government Certification

All lead agencies and sub-recipients receiving 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.

Minimum Standards for Emergency Shelters

All lead agencies and sub-recipients receiving emergency shelter funds (not including motel voucher programs) must submit a completed Minimum Standards for Emergency Shelters form.

Match

Applies to ESG funds only.

ESG requires a one hundred percent match commitment. HPP and HAP may be used as ESG match. 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 recipients 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
 - The value of volunteer time may be determined by each agency; the value must be reasonable and appropriate for the services provided
 - For services provided by a professional, the value can be the hourly rate charged by that professional
- Program income in the form of returned utility or security deposits
- 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 state or federal program, they must also be used in accordance with that program's requirements.
- If an agency uses HPP or HAP funds as match to its ESG allocation, all ESG rules and requirements apply to clients served with the matching funds.
- 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.

Match Documentation

All proposed 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

If an agency believes an EHH Lead Agency, a HUD-recognized COC, or a local homeless coalition made an unfair funding or enforcement decision, they may submit a letter explaining the grievance to DEHCR. The letter should thoroughly explain the situation and the reason the grievance is being made. DEHCR will respond within 30 days.

Chapter 3: Program Requirements

Written Standards

Applies to ESG funds only.

Recipients and subrecipients of ESG funding must adhere to their area's HUD COC established written standards for each program type (rapid re-housing, homelessness prevention, emergency shelter, and street outreach). If no such standards are established by the HUD COC, the recipient must develop and consistently apply their own written standards. All written standards must provide a clear policy or instruction for the items listed below (per 24 CFR § 576.400 (e)(3)) and must be approved by DEHCR.

At a minimum, written standards must include the following:

- i. Standard policies and procedures for evaluating eligibility for assistance;
- ii. Standards for targeting and providing essential services related to street outreach;
- iii. Policies and procedures for admission, diversion, referral, and discharge by emergency shelters, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- iv. Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- v. 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;
- vi. Policies and procedures for determining and prioritizing which eligible households will receive homelessness prevention assistance and which eligible households will receive rapid re-housing assistance (*must include an emergency transfer priority*);
- vii. 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;
- viii. 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
- ix. 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 program participant receive assistance; or the maximum number of times the program participant may receive assistance.

Participation of People with Lived Experience

Applies to ESG funds only.

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:

- The Board of Directors; or
- 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.

- (1) Any emergency shelter that 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 a prohibited admission policy would be denying a family admission because there is a 16-year-old in the family.

Conflict of Interest

EHH 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 (for ESG) or from DEHCR (for HPP).

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 an 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 an exception is requested is when a family member of an employee needs 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 an 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 an exception, DEHCR will notify the grantee of the decision. At any point, DEHCR reserves the right to refuse a request for an 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 EHH 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.
4. 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 EHH 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 EHH rental assistance.

Lead agencies and sub-recipients that determine eligibility for or administers EHH rental assistance are responsible for ensuring that a notice of VAWA protections (HUD forms 5380 and 5382) are provided to each applicant for EHH rental assistance and each program participant receiving EHH rental assistance at each of the following times:

- (1) When an individual or family is denied EHH rental assistance
- (2) When a program participant begins receiving EHH rental assistance
- (3) When a program participant is notified of termination of EHH rental assistance
- (4) When a program participant receives notification of eviction

The VAWA Lease Addendum (HUD form 91067) must also be included with every lease.

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

Applies to ESG funds only.

Each HUD COC is required to develop and operate a coordinated entry system. ESG lead agencies and sub-recipients must participate in coordinated entry for their COC. Program participation in coordinated entry will be reviewed during annual monitoring. Victim service providers may choose not to use the COC's coordinated assessment system.

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 2-1-1 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

Agencies may establish a Coordinated Entry MOU with another provider in their service area to provide Coordinated Entry access for their clients if they don't have the capacity to fully comply with requirements.

Coordinated Entry MOUs must meet the following criteria:

1. They must be signed by authorized signatories for both the primary and secondary providers
2. They must state the primary provider's specific responsibilities, which must include:
 - a. Referring all applicants to the secondary provider
 - b. Maintaining a record of each referral
 - c. Securing a Release of Information from each referred applicant to allow the providers to communicate with each other about them
 - d. Maintaining communication about each referred applicant with the secondary provider
3. They must state the secondary provider's specific responsibilities
4. They must be dated and require annual reauthorization

Faith-Based Activities

All EHH-funded activities must be administered in a manner that 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 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 the post-conversion value.

Participation in HMIS, HIC, PIT

Homeless Management Information System (HMIS)

All lead agencies and sub-recipients must participate in HMIS and comply with participation requirements.

Victim service providers cannot participate in HMIS and Legal Services Organizations may choose to not participate in HMIS. Providers which do not participate in HMIS must use a comparable database that 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 fourth 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 or a comparable system.

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 during the last ten days of January.

Participation in Continuum of Care

Lead agencies and sup-recipients are encouraged to participate in their HUD-recognized COC and/or local homeless coalition. Participation can take many forms including:

- Attend COC membership meetings
- Participate in a COC committee
- Participate in advocacy efforts organized by the COC
- Use COC data when talking about homelessness in your community
- Attend COC sponsored training
- Participate in coordinated entry

Monitoring and Enforcement

Monitoring of Lead Agencies by DEHCR

Notification of Monitoring

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

Components of a Monitoring

During DEHCR's annual monitoring of lead agencies, several different components may be reviewed, including:

- Personnel policies and procedures, such as conflict of interest and confidentiality policies
- Fiscal policies and procedures, including those related to the value of volunteer time
- Funding-specific requirements, such as homeless participation
- Client files
- Backup documentation supporting reimbursement requests
- Performance as a lead agency
- Participation in HMIS or HMIS-comparable database
- Compliance with coordinated entry and COC written standards (ESG funds only)
- Participation in the January Point-in-Time (PIT) count
- Completion of monthly Housing Inventory Chart (HIC) report
- Compliance with the ESG CAPER

Monitoring of Sub-Recipients by Lead Agencies

Lead agencies are required to perform a desk or on-site monitoring at least once during each grant cycle for each sub-recipient. The monitoring must ensure each sub-recipient meets obligations specified in the grant agreement (examples provided above) as well as minimum

fiscal standards. The lead agency must also review documentation supporting reimbursement requests, such as invoices and timesheets, to ensure proper payment requests are being made.

A summary of each sub-recipient monitoring should be made available to DEHCR for review during its monitoring of the lead applicant as well as upon request.

Expectations of Lead Agencies

Lead applicants for EHH funds have the following expectations:

- Comply with all funding requirements
- Collect and ensure timely submission of all reports required by DEHCR in the grant agreement
- Ensure all funds are spent in an appropriate manner within the agreed-upon budget
- Submit budget adjustments to DEHCR and reallocate funds as needed to fully spend out all funds
- Meet all HMIS compliance standards, if applicable

Expectations of Lead Agencies with Sub-Recipients

Lead applicants for EHH funds with sub-recipients have the following expectations in addition to those listed above:

- Issue agreements or contracts with each sub-recipient laying out expectations regarding matters such as the use of grant funds, monitoring expectations, payment requests, and eligible activities
- Collect and review invoices from sub-recipients to ensure proper payment requests
 - Backup documentation should be collected at least once per grant cycle to ensure proper usage of funds
- Ensure timely payment disbursement to sub-recipients
 - Sub-recipients must be reimbursed within 21 days of the lead agency receiving reimbursement from DEHCR
- Collect and ensure timely submission of all sub-recipient reports required by DEHCR in the grant agreement
- At least once during the grant agreement period, perform a desk or on-site monitoring to ensure program compliance
- Ensure that each sub-recipient meets HMIS compliance standards, if applicable
- Notify DEHCR immediately if contractual issues arise with a sub-recipient's performance
- Ensure that information such as new rules or income/rent limits is promptly passed along to sub-recipients
- Facilitate communication for sub-recipients
- Ensure that the process for allocating EHH funds locally is fair and transparent

Expectations of Sub-Recipients

Sub-recipients of EHH Lead Agencies have the following expectations:

- Comply with all funding requirements

- Submit invoices and reports on a timely basis
- Undergo and complete a monitoring review at least once every grant cycle
- Notify DEHCR of any concerns related to the performance of the lead agency
- Ensure all funds are spent in an appropriate manner within the agreed-upon budget
- Request budget adjustments to the lead agency as needed to fully spend out all funds

Chapter 4: Project Types

Rapid Re-housing

Rapid re-housing assistance aims to help homeless households 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 for ESG funds*: 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 in a three-year period. 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:

- The maximum amount or percentage of rental assistance that a program participant may receive.
- The maximum number of months that a program participant may receive rental assistance (not to exceed 24 months in a three-year period).
- The maximum number of times that a program participant may receive rental assistance.
- 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 rental assistance as necessary to prevent households 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 in a three-year period. No ESG financial assistance may be provided to a household for a purpose and time period supported by another public source.

Street Outreach

Applies to ESG funds only.

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

Applies to ESG funds only.

Emergency shelter is defined as 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 childcare 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 treatment 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, childcare, 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)

Applies to ESG funds only.

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 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.

Eligible Costs:

- a) Equipment & software
- b) Training & overhead
- c) HMIS participation fees
- d) 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 3% cap on ESG administrative expenses and a 10% cap on HPP administrative expenses.

Eligible Costs:

- a) General management, oversight, and coordination
- b) Reporting on the program as required by HUD and/or DEHCR
- c) Program administration costs
- d) Travel costs incurred for monitoring of sub-recipients
- e) Costs of providing training on ESG requirements and attending HUD-sponsored ESG training

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. For Rapid Re-Housing and Homelessness Prevention programs, verifications of homelessness and income verifications should be accompanied by third-party documentation. Self-certification of homelessness is sufficient for Street Outreach and Emergency Shelter services.

| Component | Eligible Categories |
|-------------------------|---|
| Street Outreach | <ul style="list-style-type: none"> • Category 1 homeless – Literally Homeless • Must be living on the streets (or other places not meant for human habitation) and be unwilling or unable to access services in emergency shelter |
| 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 • Must have an annual income below 30% (ESG) or 60% (HPP) of county median income for the area at program entry |
| Rapid Re-Housing | <ul style="list-style-type: none"> • Category 1 homeless – Literally Homeless |

Additional Requirements

- Funds cannot be targeted to clients from a specific agency.
- Assistance is limited to clients who meet the appropriate part of the homeless definition at program entry and where there is documentation of their homelessness.
- In the absence of source documentation or third-party documentation for rapid re-housing and homelessness prevention programs, the agency must certify that efforts were made to obtain the documentation.

| Homeless Definitions | |
|---|---|
| Category 1: Literally Homeless | Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: <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. |
| Category 2: Imminent Risk of Homelessness | Individual or family who will imminently lose their primary nighttime residence, provided that: <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. |
| Category 3: Homeless under other Federal Statutes | 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: <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 |
| Category 4: Fleeing/Attempting to Flee Domestic Violence | Any individual or family who: <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">i) Has moved due to economic reasons 2 or more times during the 60 days immediately preceding the application for assistanceii) Is living in the home of another because of economic hardship;iii) Has been notified in writing that their current living situation will be terminated within 21 days;iv) Lives in a hotel/motel and is self-paying;v) Lives in a housing unit in which more than 1.5 persons reside per room;vi) Is exiting a publicly funded institution or system of care (such as a health-care facility, foster care, or correction institution); ORvii) 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 | |
|---|---|
| Category 1: Literally Homeless | <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. |
| Category 2: Imminent Risk of Homelessness | <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 |
| Category 3: Homeless under other Federal Statutes | <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 |
| Category 4: Fleeing/Attempting to Flee Domestic Violence | <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. |
| At-Risk of Homelessness | <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 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 the 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 (ESG)
 - Have an annual income at or below 60% of CMI (HPP)
 - Lack sufficient resources and support networks to retain housing without EHH assistance

Case Management

- ESG-funded case management must comply with the applicable written standards and coordinated entry system.
- Program participants receiving ESG-funded case management must have contact with a case manager at least once a month.
- For program participants receiving EHH-funded case management, there must be a plan to assist the program participant in retaining permanent housing after the assistance ends.

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 EHH 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.

To calculate 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 (*ESG Only*)

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. A unit's rent and utility allowance must together be at or below the fair market rent value for the area.

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

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

Rent Reasonableness

Agencies must determine whether a unit's rent is reasonable in comparison to rent for other comparable unassisted units. To make this determination, the agency must consider:

- (1) The location, quality, size, unit type, and age of the contract unit; and
- (2) Any amenities, housing services, maintenance, and utilities to be provided by the owner per the lease.

To establish whether a unit meets rent reasonableness standards, it must be compared to at least two comparable units. Documentation of comparable units for a city or region must be updated at least annually. A sample "Rent Reasonableness Checklist and Certification" form is available at: <https://www.hudexchange.info/resource/2098/home-rent-reasonableness-checklist-and-certification/>.

WIHousingSearch.org is a potential 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.

Agencies must establish their own written policies and procedures for documenting comparable rents and ensure that they are followed when documenting rent reasonableness in case files. Policies must include a process for exceptional circumstances in the event the rent reasonableness standard cannot be met (accessibility, unit size, etc.).

See <https://www.hudexchange.info/resource/3070/esg-rent-reasonableness-and-fmr/> for additional guidance.

Lead Safety

Renovation: Any renovation carried out with ESG assistance shall be sufficient to ensure the building involved is lead-safe and sanitary. The requirements of 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, a visual inspection is necessary before assisting the unit in question.

Rent Assistance and Lease Standards

Standard Operating Procedure

1. Compliance with **Rent Reasonableness** and HUD **Fair Market Rent** as described above.
2. **Habitability Standards** apply for all units assisted with EHH monies.
3. **Lead-Based Paint** standards apply to all EHH funds 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 EHH rental assistance.
 - a. Note that “master-leasing” is not allowed in ESG-funded programs, 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 grantee agencies and landlords. This can be between a property manager or owner and a lead agency or sub-recipient. In ESG-funded programs, the agreement must contain VAWA protection requirements as provided under 24 CFR part 5, subpart L.
6. No ESG financial assistance can be provided to households receiving the same type of financial assistance from another *public* source for the 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 per 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 ESG 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.

Lease Requirements

Applies to ESG funds only.

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 the 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 are encouraged to 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 that has not yet been awarded.

Terminating Assistance

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.
 - a. 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:

- a. Written notice to the program participant with a clear statement of the reasons for termination.
- b. Review of the decision to terminate with an opportunity for the program participant to present written or oral objections to a third-party.
- c. Prompt written notice to the program participant of the 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 for ESG funds.
6. DEHCR may grant exceptions for HPP funds.

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 only*)

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

ESG/HPP 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. Participants' income must be calculated according to HUD's Part 5 income definition
 - b. Income Limits and Verification Requirements
 - i. 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.
 - ii. Income Limit at Admission (for Homelessness Prevention programs): Household Gross Annual Income must be at or below 30% (ESG) or 60% (HPP) of the median family income for the area, as determined by HUD.
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 an eligible level and whether the participant still lacks other resources or support networks to sustain housing without assistance.
 - a. Income Limit at Recertification (for Rapid Re-housing and Homelessness Prevention programs): Assistance must be terminated if a household's gross annual income exceeds 30% (ESG) or 60% (HPP) 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.
5. **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.
6. **Termination procedure** documentation that demonstrates clients have been informed of their rights and of the procedure, and any correspondence related to a termination proceeding, if applicable.
7. Demonstration of **referral and connection** to homeless and mainstream services.
8. **Case-management** for prevention and re-housing participants which includes both demonstration of a monthly meeting and a housing stability plan.
9. **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.
10. Documentation of compliance with **Fair Market Rent** (ESG only) and **Rent Reasonableness**.
11. **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 ESG funds will be drawn. If this will not be the case, be sure to recalculate the match requirement with this in mind.

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 included in the EHH Payment Request Form. 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, outreach, or emergency shelter spending or below its minimum for rapid re-housing 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.

ESG 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. 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 | Previous | Current | Total to Date | Total Match Required | Remaining Match Required |
|--|---------------|---------------|---------------|----------------------|--------------------------|
| Other Non-ESG HUD Funds | \$0.00 | \$0.00 | \$0.00 | | |
| Other Federal Funds | \$0.00 | \$0.00 | \$0.00 | | |
| State Government (including HPP/HAP, if match) | \$0.00 | \$0.00 | \$0.00 | | |
| Local Government | \$0.00 | \$0.00 | \$0.00 | | |
| Private Funds | \$0.00 | \$0.00 | \$0.00 | | |
| Other | \$0.00 | \$0.00 | \$0.00 | | |
| Fees | \$0.00 | \$0.00 | \$0.00 | | |
| Program Income | \$0.00 | \$0.00 | \$0.00 | | |
| Match Grand Total | \$0.00 | \$0.00 | \$0.00 | | |



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