



# ***EMERGENCY SOLUTIONS GRANT***

## Policy Manual

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## INTRODUCTION

The Emergency Solutions Grant (ESG) Program is authorized by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of the McKinney Reauthorization (42 U.S. Code, Sections 11371 – 11378 in particular). This policy manual reflects both the federal regulations of Title 24 Code of Federal Regulations Part 576 that govern the ESG, and the procedures used by Idaho Housing and Finance Association (IHFA) in administration of this grant as directed by the U.S. Department of Housing and Urban Development (HUD). In addition, standards for financial management and internal controls reflect federal regulations at 24 CFR Sections 84 and 85 and OMB Circulars A-110, A-122 and A-133. IHFA is also responsible for the environmental regulations of 24 CFR Part 58. These federal laws and regulations are hereby included by reference as part of these policies and procedures.

The ESG is available to units of general local government or private non-profit organizations. The purpose of the program is to accommodate the beginning steps in Idaho's Continuum of Care (CoC) process by preventing homelessness, making funding available for rapid re-housing for people who are already homeless and providing emergency shelter for households that have multiple barriers to housing. These services meet immediate needs and enable the homeless population to move toward independent living. The fundamental components of a CoC system are:

- ◆ Outreach and assessment to identify a homeless household's needs;
- ◆ Homelessness prevention for those precariously housed;
- ◆ Rapid re-housing for persons with few to moderate barriers to housing;
- ◆ Immediate (emergency) shelter as a safe, decent alternative to the streets;
- ◆ Transitional housing with appropriate supportive services to help people with moderate to severe barriers to housing reach independent living; and
- ◆ Permanent housing or
- ◆ Permanent Supportive housing for disabled homeless households.

ESG is the only source of HUD funding for the maintenance and operation of emergency shelters. Projects with shelters may take priority over projects providing only services for the homeless. IHFA will fund projects which:

- ◆ Fulfill the needs identified in the Consolidated Plan; and
- ◆ Coordinate with mainstream services already in the project area; and
- ◆ Use ESG funding to complement the use of other public and/or private funding designated for the project.

Changes may occur as statutory interpretations and clarifications become available from HUD or as IHFA rules, procedures, or guidelines are revised. No part of this policy guide shall override the rules set forth by the federal oversight of HUD. These policies supersede any previous ESG policies and may only be updated by changes made after the date of this edition, effective September 2012.

Questions and comments regarding this material may be referred to IHFA, Grant Programs, ESG Administration, P. O. Box 7899, Boise, ID 83707-1899 or by telephone, 1-877-4GRANTS.

## **SECTION 1 APPLICATION AND FUNDING**

### ***1.1 WHO MAY APPLY?***

IHFA receives ESG funding from HUD as a formula allocation through Idaho's CoC grant process. These grant funds become available each year for disbursement across the state of Idaho. IHFA is responsible for determining how the funds will best be apportioned to recipients. A competitive application process is used to ensure a balanced and fair distribution. Units of general local government or private non-profit organizations may apply for these funds.

### ***1.2 APPLICATION***

Funds allocated to the State of Idaho from the HUD are made available to interested applicants each year through a Notice of Funding Availability (NOFA) published in prominent newspapers statewide. Instructions on how to apply for these funds are provided in the notice. The contact person from the grant programs department of IHFA is listed in the notice for the benefit of interested parties who may have questions about the program. The updated NOFA, which includes application materials, may be downloaded from IHFA's website, [www.idahohousing.com](http://www.idahohousing.com) or requested from IHFA. Technical assistance is available from the Grant Programs Department. Instructions and timelines for the receipt of application materials are clearly identified. Applicants are responsible for submitting materials on time in order to be considered.

The application consists of four parts. The application narrative presents the basic elements of the threshold score, the project budget is scored as part of the application, and the cover sheet and HMIS/Comparable database are required to complete the application.

Using defined rating criteria, the applications are reviewed and rated by an Independent Review Panel (IRP) composed of professionals and community members with knowledge and experience in homelessness issues. Scores from each application are averaged and the score reflects the IRP's determination of the merit of the project.

### ***1.3 FUNDING MECHANISM***

A funding formula established by IHFA is used to determine the amounts awarded to qualified applicants. Applications meeting or exceeding the threshold score will be awarded a predetermined minimum amount of funds. A conditional award letter is sent to qualifying applicants with the Technical Submission information.

Applicants are required to complete and return all technical submission forms to IHFA according to the timeline defined in the instructions. The technical submission forms include vital information needed for administration of the grant as well as elements necessary for compliance with federal guidelines. IHFA will review all technical submission documents and approve or make necessary adjustments to the project budget submitted by subrecipients.

### ***1.4 AWARDS AND AGREEMENTS***

After careful review and approval of all technical submission documents to ensure completeness and compliance with regulations, grant agreements will be sent to subrecipients along with the approved budget attached. New subrecipients will receive technical assistance and training as needed to implement the program.

## **SECTION 2 GENERAL REQUIREMENTS**

### **2.1 COORDNATED ASSESSMENT**

Once the Continuum of Care has developed a centralized or coordinated assessment system, ESG-funded projects must use it.

### **2.2 WRITTEN STANDARDS**

Guidelines regarding these standards may be found at 24 CFR 576.400. Standards must be consistently applied within the subrecipients' service area.

Subrecipients will be required to establish and consistently apply written standards regarding provision of ESG assistance. Standard policies and procedures for evaluating potential program participants' eligibility for assistance, standards for targeting and providing services, and standards for admission/diversion/referral/discharge must be addressed. Length of stay and assessing/reassessing households for assistance must be included.

Subrecipients must also allow for and address coordination among emergency shelter, homelessness prevention, and rapid re-housing providers and mainstream service providers. This includes determining and prioritizing which eligible households will receive each type of assistance.

Subrecipients may establish length of stay, within the program maximums outlined in this Policy Manual, as well as percentages or amounts of contributions by program participants towards their rent and utilities costs, if participants are receiving homelessness prevention or rapid re-housing assistance. Additionally, subrecipients may develop standards regarding type, amount, and duration of assistance provided to participants, within the program limits outlined by this Policy Manual.

Subrecipients must submit a copy of the Policies and Procedures document outlined in this section for review by IHFA staff. Written standards must be provided to IHFA by each agency awarded 2013 ESG funding as part of the required Technical Submission. IHFA staff will review each subrecipient's Policies and Procedures for consistency with the limits set forth by IHFA, and with regulatory requirements.

### **2.3 DATA COLLECTION AND EVALUATION**

Subrecipients must enter data on all persons served and all activities assisted under ESG into the applicable community-wide Continuum of Care HMIS or comparable database. A comparable database is defined as a data collection/information system used by a victim service provider or legal service provider that collects client-level data over time and generates unduplicated aggregate reports based on the data in accordance with the requirements of 24 CFR 580. The comparable database must comply with all HMIS data information, security, and processing standards, as established by HUD in the notice.

Activities funded by ESG must comply with HUD's standards on participation, data collection and reporting under a local HMIS. See 576.107 for eligible activities.

### **2.4 RECORDKEEPING AND REPORTING**

Sufficient records must be established and maintained to demonstrate that ESG requirements are being met. There is an additional requirement to develop and implement written policies for recordkeeping that comply with the provisions established under CFR 24 Part 576.500.

Documentation of Participant eligibility and assistance provided must be retained for 5 years after the expenditure of all funds from the grant under which the program participant was served. Subrecipients must submit annual performance reports to IHFA. There is no quarterly reporting requirement. The program must maintain documentation on all households seeking assistance. If determined ineligible, documentation must reflect the reasons.

### **2.5 FINANCIAL MANAGEMENT**

Subrecipients must submit draws at least monthly. Subrecipients must provide matching funds equal to the amount of funds provided by ESG.

### **2.6 HOMELESS PARTICIPATION REQUIREMENT**

IHFA requires agencies receiving Emergency Solutions Grants to have a current or past consumer sit on their Board of Directors. If they do not currently have a homeless or formerly homeless person on their board, subrecipients must submit a plan, detailing the process for consumer input into the design of the program, to IHFA.

### **2.7 CONFLICTS OF INTEREST**

Assistance may not be conditioned on use of services or shelters owned by the subrecipient including a parent or subsidiary. A subrecipient cannot conduct the initial evaluation for individuals/families occupying housing owned by the subrecipient, including a parent or subsidiary.

For employees, agents, consultants, officers, or elected or appointed officials of the subrecipients there is a prohibition on obtaining a financial interest or benefit from an activity (including an interest in any contract/subcontract/agreement) either directly for him/herself or for familial/business ties during tenure or for one year after.

### **2.8 CONFIDENTIALITY**

IHFA will not disclose non-public, personal information to any non-affiliated third party except as required by law, or with the participant's written permission. Participant information should not be accessible to any persons other than authorized subrecipient personnel or authorized personnel from IHFA and HUD for compliance monitoring and/or audit purposes. Data systems, such as ServicePoint, for required homeless tracking statistics include ample safety measures for confidentiality as well. Subrecipients must have a policy outlining confidentiality of Personal Protected Information for all participants in the program, not just victims of domestic violence. 42 U.S.C. 11375(c)(5) requires subrecipients assisting participants in domestic violence situations to ensure that their records are kept confidential. Locations of domestic violence shelter facilities receiving ESG funds will not be publicly disclosed except with the written authorization of the person responsible for shelter operations.

### **2.9 TERMINATION OF ASSISTANCE**

Subrecipients may terminate ESG assistance to participants who violate program requirements. The agency must have a process in place that governs the termination and grievance procedures and must make this policy available to participants either by written handouts or posting of the policy used by the project. The subrecipient's formal process must consist of:

- ◆ Written notice to program participant
- ◆ Review of decision, including opportunity to present objection
- ◆ Prompt written notice of final decision.

The subrecipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination, so that a program participant's assistance is terminated only in the most severe cases.

### **2.10 PROJECT PLANNING**

The activities necessary for carrying out the project will be outlined in the original ESG application and should be maintained throughout the grant period. Any additional, unplanned or unexpected activities may not be added to the project budget without prior approval by IHFA. Major changes from the original scope of the application might trigger a monitoring visit.

### **2.11 APPROVED BUDGET**

Federal programs are governed by regulations that delineate types of spending allowed under each grant. The eligible activities for ESG are listed below in Section 3.1 and at 24 CFR 576.21. During the technical submission phase of the application process, a budget worksheet is required to show how the subrecipient plans to spend the requested funds. These budgets are reviewed and must be approved by IHFA before the project is set up to draw funds. The final approved budget is used by IHFA throughout the grant period to monitor spending and the funded agency must adhere to the planned budget line items explicitly. To request a budget amendment, contact the IHFA regional coordinator.

### **2.12 HMIS**

All subrecipients of funding under the ESG program are required to use an HMIS, or comparable database, to record client-level data on all persons served and all activities assisted under ESG in accordance with HUD's standards for an HMIS.

### **2.13 HOUSING QUALITY STANDARDS (HQS)**

HQS is required for all ESG funded programs to ensure shelter and housing facilities are safe, sanitary, and adequately maintained. HQS inspections must be performed annually on housing used as emergency shelter under this program. Subrecipients will be responsible for performing inspections, documenting and communicating failed items to landlords, and re-inspecting units. Annual HQS inspections and re-inspections must be submitted to IHFA for review.

### **2.14 LEAD-BASED PAINT (LBP)**

- ◆ Emergency Shelters: ESG is governed by Subpart K of 24 CFR Part 35. Most emergency shelters are exempt from the regulations, such as studio apartments, dormitories, SRO units, barracks and group homes. Any emergency shelters built prior to 1978 need only comply with the following simplified lead requirements:
  - provide the Lead Hazard Information Pamphlet available through HUD
  - do a visual assessment of painted surfaces to identify deterioration
  - complete paint stabilization by repainting deteriorating surfaces
  - incorporate ongoing LBP maintenance

Housing that is not exempted by the definitions above, or housing where children under the age of 6 reside frequently, is subject to all LBP regulations.

- ◆ Homelessness Prevention and Rapid Re-housing: These activities are subject to LBP regulations because the units assisted with these funds are not temporary residences and do not fall under the shelter exemption. Assistance with homelessness prevention funding for rental arrears or rapid

re-housing for first month's rent cannot be provided for housing units that are pre-1978 with children under the age of 6 that are not known to be free of lead-based paint contamination.

### **2.15 ENVIRONMENTAL REVIEW**

Federally funded projects are subject to an environmental review process in 24 CFR Part 58. IHFA acts on behalf of HUD as the responsible entity to determine if the ESG activity complies with the requirements in 24 CFR Part 58. Any subrecipient requesting funds for activities under ESG may be subject to full or partial environmental review as applicable. IHFA will define the level of review required and complete and document all environmental requirements. The environmental review process must be complete before the project can be approved and funded.

### **2.16 INSURANCE REQUIREMENTS**

- ◆ Liability - Subrecipients are responsible for providing insurance coverage to protect against legal liability that may arise from activities under this program. Insurance minimums and coverage requirements are discussed in the Program Solicitation published annually on the IHFA website.
- ◆ Bonding - Anyone authorized to act on behalf of the subrecipient for receiving/depositing funds or for other financial responsibilities must be bonded for \$10,000 or the amount of the grant agreement, whichever is higher.
- ◆ Worker's Compensation - Subrecipients are required to obtain and maintain worker's compensation insurance coverage. An insurance verification form is required with the technical submission before projects are funded.

### **2.17 SPENDING DEADLINES AND RECAPTURE**

A normal spending cycle for the ESG program is twelve (12) months. Funds are awarded each year to qualified applicants who submit an application that scores at or exceeds the threshold. Subrecipients are expected to plan their budgets in a way that project how goals are met by the end of the spending period with little or no budget adjustment. In the event that IHFA determines a subrecipient to be unable to spend all grant funds by the grant agreement deadline, funds may be recaptured and redistributed to another subrecipient.

### **2.18 MATCHING REQUIREMENTS**

ESG requires each subrecipient to match the funding provided by HUD dollar-for-dollar with other sources. These sources cannot come from another federal award unless that award is designated by federal statute as one that may be used for matching (OMB A-110.23 (a)(5)). Subrecipients must have access to the matching resources before using ESG funding, however, the matching funds must be provided during the period of the grant. Funds used to match a previous ESG grant may not be used to match a subsequent award. The subrecipient may comply with the matching requirement using:

- ◆ Supplemental funds;
- ◆ Documented time and services of volunteers (24 CFR 576.51(b));
- ◆ Donated materials received may be valued at the fair market price;
- ◆ Value of lease on shelter facility not paid with ESG funds;
- ◆ Any non-ESG salary including administrative salaries paid to carry out the program.

**2.19 REIMBURSEMENT OF COSTS**

ESG is reimbursement grant and only eligible costs that have already been paid will qualify. Documentation of allowable costs is required to process draws. IHFA reserves the right to refuse receipts that are older than 60 days. Documentation of eligible participants/services may be verified using HMIS or a comparable database.

**2.20 FINANCIAL STANDARDS**

Internal controls reflect the overall financial management of an organization. Standards for financial management systems of non-profit organizations may be found in 24 CFR 84. The following areas should be included:

- ◆ Budget Controls - Budget controls ensure the subrecipient will have a regular, on-going basis of comparison between actual expenditures and ESG-budgeted amounts for the activities. The ESG budget will cover intended project expenses with very little necessity for adjustments during the grant period. Budget controls allow for timely adjustments should they be necessary and should show amounts paid in each budget category.
- ◆ Accounting Controls – If IHFA does not require full documentation to accompany draw requests, expenditures must be supported by invoices, contracts, purchase orders, etc. If minimal documentation is allowed with a draw, subrecipients must have detailed records onsite to provide a complete audit trail at any time.
- ◆ Wages - When supported by more than one funding source, wages must be documented by records that clearly show the time distribution and wage breakdowns between programs.
- ◆ Financial records – Subrecipients are required to maintain financial records relative to the ESG program for five (5) years after the end of the grant period.
- ◆ Procurement Rules - 24 CFR Part 84 provides regulations that govern the procurement of supplies, equipment, and services to ensure that they are obtained economically and competitively. Subrecipients may use their own procurement procedures as long as they conform to the regulations. Important elements for subrecipients to consider are a system to handle contract disputes; a code of conduct preventing conflicts of interest, some form of cost analysis to ensure economic purchases; positive efforts to use small and minority-owned businesses to the maximum extent possible.
- ◆ Property Controls -Federal regulations regarding property controls in 24 CFR 84.34(f) are for the purpose of tracking the assets purchased with grant funds to ensure that they are properly maintained, secure, and being used for authorized purposes. IHFA is required to do a periodic physical inventory on these items to verify their existence, current utilization and continued need. For this reason, agencies using ESG funds to purchase furnishings, vehicles, or equipment for a project should keep accurate records including the following: a complete description of the item purchased, a serial or other identification number, the source of funds and grant agreement number, the acquisition date, and the cost.

These items are federal property and cannot be disposed of without requesting permission and guidelines from HUD. If the subrecipient no longer needs the item for the grant project it may be used for other activities if the conditions of 24 CFR 84.34(g) are met.

- ◆ Dates of Service - Only expenses incurred during the grant period are allowable. This includes utility receipts that may have service dates beginning before this date, but ending within the grant period except in the case of homelessness prevention assistance. In this case, the date of service becomes the date the subrecipient issues a check for payment of delinquent bills. In most cases, however, when services begin before the date of award, receipts must be pro-rated to reimburse costs only for the eligible days within the service period.
- ◆ Insufficient Documentation - Insufficient documentation will delay the reimbursement process. Subrecipients will be contacted to provide clarification. If information is not received within two weeks, the questioned portion of the payment request will be denied.

### ***2.21 AUDITS***

OMB Circular A-133 requires organizations to comply with federal audit standards if they receive more than \$500,000 in federal funds during one year. If the subrecipient's organization does not fall under this requirement, an independent financial audit by a certified public accountant is required in lieu of the Single Audit as required in OMB Circular A-133. These audits must be kept current and submitted to IHFA.

### ***2.22 RECORDS MAINTENANCE***

Subrecipients must also follow the guidelines for equipment/inventory record keeping and for program outcomes. ESG funding should be directly related to service delivery through emergency shelters, or direct participant services to the homeless through day shelters, soup kitchens, or community action agencies. Accurate results regarding these services to the homeless population should be systematically gathered and maintained in agency files for regular reporting purposes. HUD requires IHFA to report consistently on not only the proper and timely expenditure of grant funds, but also on the types of program activities being funded and their evidence of measurable outcomes. Reliable agency data, demographic data, service data, and outcomes data will be gathered and verified through HMIS or a comparable database used for reporting.

### ***2.23 FAIR HOUSING AND EQUAL OPPORTUNITY***

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

### ***2.24 RELOCATION AND DISPLACEMENT***

Any ESG project that displaces residents is subject to the requirements of the Uniform Relocation Act. The costs of relocation assistance may be paid by ESG or from other funding sources. See the requirements at 24 CFR 576.59 for more detailed information.

### ***2.25 FAITH-BASED ORGANIZATIONS***

Religious or faith-based organizations are eligible, on the same basis as any other organization, to participate in the ESG program. Grant funds may not be used for inherently religious activities such as

worship or proselytizing; participants or prospective participants may not be discriminated against on the basis of religion or religious beliefs; services may not be limited on the basis of religious participation. Religious activities must be offered separately, in time or location, from grant funded activities but program participants may voluntarily take part in religious activities offered by the organization.

### **2.26 DOCUMENTATION**

Subrecipients must establish written policies specific to recordkeeping (documenting eligibility, assessments at intake and re-evaluation). Subrecipients must maintain documentation on all households seeking assistance. If determined ineligible, documentation must reflect the reasons.

Sufficient records must be established and maintained to demonstrate that ESG requirements are being met. Documentation of participant eligibility and assistance provided must be retained for five (5) years after the expenditure of all funds from the grant under which the program participant was served.

### **2.27 PARTICIPANT FILES**

Participant files should not only document homeless eligibility but should include a detailed record of the services provided to each participant and the program funds that supported each service. Any information requested on the APR should be a regular part of recordkeeping procedures for subrecipients. Participant files should reflect dates, types, program costs, etc. of all services in order to document both efficient grant management and the success of the project. Records should be retained for at least five years after the end of the grant period.

## **SECTION 3 PROGRAM ACTIVITIES**

### **3.1 ELIGIBLE ACTIVITIES**

The only spending categories available for the ESG program are Shelter Services, Shelter Operations, Homelessness Prevention (HP), Rapid Re-housing (RR), HMIS/Comparable database and Administration. Although general guidelines for activities of the program are listed at 24 CFR 576.21, other possible costs may be eligible under the program provided they:

- ◆ Fit the statutory requirement of benefiting homeless persons (or persons at imminent risk of homelessness, in the case of homelessness prevention funds) and assisting their movement toward independent living;
- ◆ Fit into one of the six eligible "spending categories" below;
- ◆ Are reasonable and customary to the area.

### **3.2 SHELTER SERVICES**

Shelter Services are defined as services provided in any facility whose primary purpose is to provide temporary shelter for persons experiencing homelessness in general or for specific populations of homeless persons. Any cost not directly related to an eligible participant is not eligible under ESG. Shelter Services are limited to 30% of the grant amount.

Shelter Services are limited under the ESG program to costs directly related to an eligible participant because subrecipients are encouraged to refer shelter participants to mainstream services already in

place in the community. ESG may not fund services that have been offered by the local government any time within the previous 12 months, unless the ESG services complement what is already in place. ESG may also fund new services to the area or provide a measurable increase in the level of services already available.

Projects should fund services that assist participants in finding employment and in obtaining other mainstream Federal, State and local assistance such as mental health benefits, medical assistance, veteran's benefits, income support, SSI benefits, food stamps needed for self-sufficiency. This prevents duplication of supportive services already available in the area through other agencies. The CoC housing programs will better serve projects with more supportive services because it is a longer-term program, while the main purpose of ESG is to provide short-term shelter and assistance for immediate needs.

### **3.3 SHELTER OPERATIONS**

The operations category refers to emergency shelter costs. 42 U.S. Code 11374 ties these expenses directly to ESG facilities. Subrecipients that use other buildings to carry out additional services are responsible for finding other funds to operate and maintain those facilities.

Operations for buildings, other than housing units that are related to a shelter project offering an array of services to shelter participants, do not qualify under this spending category. ESG will fund operations costs for shelter facilities alone. Staff salaries for persons not working in shelter facilities are ineligible unless they relate to security or maintenance of the shelter. Other ineligible costs include recruitment or staff training, entertainment costs, advertisement, surveys, pamphlets, or any costs associated with the organization apart from the housing component; public relations or fund-raising costs, including postage for these purposes; late fees or bad debts; depreciation, or mortgage payments on a building.

### **3.4 HOMELESSNESS PREVENTION**

Homelessness Prevention is to keep individuals and families from becoming homeless through the provision of rent assistance and limited services. Homelessness Prevention funds should assist participants in regaining stability in their current housing or other permanent housing.

Homelessness Prevention is comprised of two components, Financial Assistance and Housing Relocation and Stabilization (HR&S). Financial Assistance is used to pay for rent and rental arrears, while all other eligible activities fall under HR&S. Participants are limited to 9 months of services and 6 months (including arrears) of financial assistance during any 1-year period.

### **3.5 RAPID RE-HOUSING**

Rapid Re-housing is to assist homeless individuals and families living on the streets or in an emergency shelter transition as quickly as possible into permanent housing and achieve stability in that housing.

Like Homelessness Prevention, Rapid Re-housing is comprised of two components, Financial Assistance and Housing Relocation and Stabilization (HR&S). Financial Assistance is used to pay for rent and rental arrears, while all other eligible activities fall under HR&S. Participants are limited to 15 months of services and 9 months (including arrears) of financial assistance during any 2 year period.

### **3.6 HMIS OR COMPARABLE DATABASE**

Purchase or lease of computer hardware and software or lease of equipment needed to participate in HMIS or a comparable database is an eligible expense. Salaries for the operation of HMIS or

comparable database including; data entry, data quality review and monitoring, data analysis, reporting, implementing and complying with HMIS regulations, and staff training on HMIS or a comparable database is also eligible.

Victim service providers must not enter data into an HMIS but must use a comparable database. Legal services providers may use a comparable database. Information in a comparable database must not be entered directly into or provided to an HMIS. Costs to establish and operate a comparable database that complies with 24 CFR 580.25 if the subrecipient is a victim services provider or a legal services provider are also eligible.

### **3.7 ADMINISTRATION**

Subrecipients may use a portion of ESG funding for the payment of administrative costs related to the planning and execution of ESG activities. Administrative limits are set forth in the NOFA released annually. This does not include staff and overhead costs directly related to carrying out street outreach, emergency shelter, homelessness prevention, and rapid re-housing activities, as those costs are eligible as part of those activities.

## SECTION 4 MONITORING

### 4.1 DEFINITION OF HOMELESSNESS

Under the ESG grant there are four categories of homelessness and different documentation required for each type, as follows:

#### Category 1 Literally Homeless

- ◆ An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
  - An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
  - An individual or family living in a supervised 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); or
  - An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

#### Category 2 Imminent Risk of Homelessness

- ◆ An individual or family who will imminently lose their primary nighttime residence, provided that:
  - Residence will be lost within 14 days of the date of application for homeless assistance;
  - No subsequent residence has been identified; and
  - The individual or family lacks the resources or support networks 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:
  - Are defined as homeless under the other listed federal statutes;
  - Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;
  - Have experienced persistent instability as measured by two moves or more during in the preceding 60 days; and
  - 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:
  - Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
  - Has no other residence; and
  - Lacks the resources or support networks, e.g., family, friends, and faith based or other social networks, to obtain other permanent housing.

Every participant served by ESG funds must qualify for assistance according to HUD standards. Subrecipients are responsible for determining this eligibility status for both homeless participants and those at risk of homelessness. This documentation may come from either the participant or a third party information source (the preferred source) and is typically obtained at intake, entry, or referral by another ESG service provider. A copy of the documentation must be kept in the participant file and made available to IHFA or HUD for monitoring or risk analysis purposes. Third party verification of homelessness status should be the primary method of documentation.

#### **4.2 DOCUMENTATION OF HOMELESSNESS**

##### **Category 1 Literally Homeless**

- ◆ Written observation by the outreach worker; or
- ◆ Written referral by another housing or service provider; or
- ◆ Certification by the individual or head of household seeking assistance stating that (s)he was living on the streets or in shelter;
- ◆ For individuals exiting an institution – one of the forms above or
- ◆ Written record of intake worker’s due diligence to individual that they exited institution

##### **Category 2 Imminent Risk of Homelessness**

- ◆ A court order resulting from an eviction action notifying the individual or family that they must leave; or
- ◆ For individual and families leaving a hotel or motel – evidence that they lack the financial resources to stay; or
- ◆ A documented and verified oral statement; and
- ◆ Certification that no subsequent residence has been identified; and
- ◆ Self-certification or other written documentation that the individual lack the financial resources and support necessary to obtain permanent housing.

##### **Category 3 Homeless under other Federal statutes**

- ◆ Certification by the nonprofit or state or local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute; and
- ◆ Certification of no permanent housing in last 60 days; and
- ◆ 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; and
- ◆ Documentation of special needs or 2 or more barriers

##### **Category 4 Fleeing/Attempting to Flee Domestic Violence**

- ◆ For victim service providers:
  - An oral statement by the individual or head of household seeking assistance which states: they are fleeing; they have no subsequent residence; and they lack resources. Statement must be documented by a self-certification or a certification by the intake worker.
- ◆ For non-victim service providers
  - Oral statements by the individual or head of household seeking assistance that they are fleeing. This statement is documented by a self-certification or by the caseworker. Where the safety of the individual or family is not jeopardized, the oral statement must be verified; and
  - Certification by the individual or head of household that no subsequent residence has been identified; and
  - Self-certification, or other written documentation, that the individual or family lacks the financial resources and support networks to obtain other permanent housing.

### **4.3 DEFINITION OF AT-RISK HOMELESSNESS STATUS**

#### Category 1 Individuals and Families

- ◆ An individual or family who:
  - ◆ Has an annual income below 30% of median family income for the area; AND
  - ◆ Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the “homeless” definition; AND
  - ◆ Meets one of the following conditions:
    - Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR
    - Is living in the home of another because of economic hardship; OR
    - Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; OR
    - Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; OR
    - Lives in an SRO or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; OR
    - Is exiting a publicly funded institution or system of care; OR
    - Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient’s approved Con Plan

#### Category 2 Unaccompanied Children and Youth

- ◆ A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute

#### Category 3 Families with Children and Youth

- ◆ An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) or that child or youth if living with him or her.

### **4.4 DOCUMENTATION OF AT-RISK STATUS**

#### Category 1 Individuals and Families

- ◆ Written observation by the outreach worker; or
- ◆ Written referral by another housing or service provider; or
- ◆ Certification by the individual or head of household seeking assistance stating that (s)he is at imminent risk of homelessness; or
- ◆ A documented and verified oral statement; and
- ◆ Certification that no subsequent residence has been identified; and
- ◆ Self-certification or other written documentation that the individual lack the financial resources and support necessary to obtain permanent housing.

#### Category 2 Unaccompanied Children and Youth

- ◆ Certification by the nonprofit or state or local government that the individual or household seeking assistance met the criteria of homelessness under another federal statute; and
- ◆ Certification of no permanent housing in last 60 days; and

- ◆ 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; and
- ◆ Documentation of special needs or 2 or more barriers

Category 3 Families with Children and Youth

- ◆ Certification by the nonprofit or state or local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute; and
- ◆ Certification of no permanent housing in last 60 days; and
- ◆ 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; and
- ◆ Documentation of special needs or 2 or more barriers.

**4.5 QUALIFICATION FOR ASSISTANCE**

Documentation of homelessness is necessary for participants to receive ESG services; but homelessness prevention assistance requires more information. Qualification for assistance for shelter services requires more information on the person's prior living situation.

**4.6 PROOF OF PAYMENT**

Proof of payment will be verified at the time of monitoring. This may come in the form of copied checks or from check numbers written on each receipt. In the event that check numbers are written on receipts as proof of payment, agency draw files should be set up so that IHFA or HUD may easily verify these numbers at an onsite-monitoring visit.

**4.7 PERFORMANCE REPORTING**

IHFA requires subrecipients to submit necessary reports. IHFA will notify subrecipients when reports are due and provide parameters. The information reported must match the data entered by the subrecipients in HMIS or a comparable database.

**4.8 RISK ANALYSIS AND MONITORING**

Using techniques, guidelines, and federal regulations at 24 CFR Part 576, IHFA has developed a process to ensure compliance with federal regulations, using the following:

- ◆ Grant Agreement - IHFA incorporates regulatory standards that are areas of concern to HUD. These agreements are authorized by subrecipients and represent their willingness to comply.
- ◆ Draw Process - IHFA's draw process for reimbursement of funds includes various areas of compliance required by HUD regarding budget and accounting procedures.
- ◆ Reporting – Necessary reports as required by IHFA, and directly related to compliance requirements.
- ◆ Risk Analysis - The desk audit is the first step in monitoring project sponsors each year. Compliance issues considered on this assessment will be combined with any non-compliance noted during the above grant processes to determine whether an onsite visit will be necessary.
- ◆ Onsite Monitor - These visits are for certain aspects of compliance, such as facility inspections, equipment inventory, review of participant files and accounting records that cannot be monitored by other components of the grant process. The onsite compliance monitor also serves as an opportunity for IHFA to follow up on any non-compliance issues previously revealed during the grant implementation process and/or reported on the risk analysis report.

**4.9 NON-COMPLIANCE**

IHFA is responsible for ensuring compliance by subrecipients found to be out of compliance with program requirements. Actions may include but are not limited to:

- ◆ A written warning
- ◆ A hold on processing IHFA Special Needs programs requests for funds
- ◆ Conditioning a future grant
- ◆ Directives to stop incurring ineligible costs
- ◆ Retraction of remaining grant funds
- ◆ Requirement to repay grant amounts spent on ineligible activities
- ◆ Reducing the level of funds a subrecipient may receive
- ◆ Electing not to provide future funds until appropriate actions are taken to ensure compliance
- ◆ A written warning
- ◆ A hold on processing IHFA Special Needs programs requests for funds
- ◆ Conditioning a future grant
- ◆ Directives to stop incurring ineligible costs
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