

ESG-CV Notice CPD-22-06 Applicability

- Applies to all ESG-CV funds no matter when HUD reviewed the substantial amendment/action plan.
- [ESG-CV Notice CPD-22-06](#) makes changes to the certain sections of ESG-CV Notice CPD-21-08, which superseded ESG-CV Notice CPD-20-08, the original guidelines for ESG-CV funds.
 - Notice CPD-22-06 modifies the waivers and alternative requirements that had previously set a deadline of expending 80 percent of each ESG-CV grant by March 31, 2022 and expending 100 percent of each ESG-CV grant by September 30, 2022.
 - Notice CPD-22-06 also includes new waivers and alternative requirements pertaining to:
 - housing stability case management limits while a recipient is living in permanent housing
 - how recaptured ESG-CV funds may be reallocated
 - Unless expressly stated, Notice CPD-22-06 does not change any other currently applicable ESG-CV requirements or waivers.

ESG Program	Funding Description	Additional Information
ESG-CV (Rounds 1 and 2 of ESG-CV and Reallocated Funds)	All funds must be used for the purpose of preventing, preparing for, or responding to coronavirus.	Applicable Notices include: <ul style="list-style-type: none"> • CPD-22-06 • CPD-21-08 • CPD-21-05
Annual ESG: COVID Response	FY2020 and prior annual ESG funds that are used for the purpose of preventing, preparing for, or responding to coronavirus.	<ul style="list-style-type: none"> • Recipient meets the requirements in Section IV of the ESG-CV Notice CPD-21-08. • Notice CPD-22-06: <ul style="list-style-type: none"> ○ provides the housing stability case management waiver, also applicable to annual ESG funds used to PPR; ○ confirms all ESG-CV flexibilities expire on 9/30/2022 for ESG funds used to PPR.
Annual ESG: Non-COVID Response	Annual ESG funds that are not specifically designated to prevent, prepare for, or respond to coronavirus.	Recipient does not meet the requirements in Section IV of Notice CPD-21-08.

Reminder: The original ESG-CV Notice was Notice CPD-20-08, which was superseded by Notice CPD-21-08. Notice CPD-21-08 is still in effect.

Eligible Activities



Sponsor-Based Rental Assistance

In addition to tenant-based and project-based rental assistance, funds may now be used for sponsor-based rental assistance (see p. 22-23 of the Notice for more information)



Renter's Insurance

Funding for renter's insurance for rapid re-housing and homelessness prevention program participants. Must be necessary to obtain/maintain housing (e.g., landlord requirement). Payment must be made directly to insurance company on behalf of program participant.

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Laundry Services

Outreach funds may be used to provide laundry services (e.g laundry trucks to outdoor locations where people reside).



Furniture & Household Furnishings

Rapid re-housing and homelessness prevention funds may be used buy furniture and household furnishings for participant use while they are receiving assistance.



Essential Services

Services available to those receiving rapid re-housing or homelessness prevention assistance are expanded to include all listed at 24 CFR 576.102(a)(1).



Personal Protective Equipment (PPE)

Purchase of PPE (e.g., masks, hand sanitizer, etc.) for program participants as an essential service under emergency shelter and street outreach and for program participants receiving homelessness prevention and rapid re-housing.



Vaccine Incentives

Cash payments of up to \$50/dose to people experiencing homelessness as an incentive to receive coronavirus vaccine.



Centralized/Coordinated Assessment

Additional costs to update, enhance and operate Coordinated Entry system under 24 CFR 576.400(d). Documentation must show use of funds is limited to increase in system costs due to coronavirus. Recipient use of funds must be coordinated with Continuum of Care.



Expanded Use of Cell phones & Internet

Costs to provide temporary cell phones for individuals and families experiencing homelessness, receiving rapid re-housing (CoC, YHDP, ESG) receiving ESG homelessness prevention or residing in permanent supportive housing (CoC or YHDP). Cell phones must be owned by recipient/subrecipient and loaned to participants. Wireless service plans must be the recipient/subrecipient's.



Handwashing Stations & Portable Bathrooms

Funds may be used to install and maintain handwashing stations and bathrooms in outdoor locations for people experiencing unsheltered homelessness.



Volunteer Incentives

Funds may be used to pay to provide reasonable incentives to volunteers who have been and are currently helping to provide necessary street outreach, emergency shelter, essential services, and housing relocation and stabilization services during the coronavirus outbreak.



Training

Funds may be used for training on infectious disease prevention and mitigation for staff working directly to prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness. This training is not considered an administrative cost and is, therefore, not subject to the administrative cap on funding.



Temporary Emergency Shelters

Funds may be used to pay for the following costs related to temporary emergency shelters: leasing of real property, acquisition or real property (up to \$2.5 million per real property), renovation, shelter operations, services. Additional requirements for temporary emergency shelters are established in Section III.E.3.a of the Notice.



Landlord Incentives

Funds may be used to pay for landlord incentives for up to 3 times the rent charged for the unit, including signing bonuses, security deposits, repairing damages incurred by the program participant not covered by the security deposit or that are incurred while the program participant is still residing in the unit, and cost of extra cleaning or maintenance.

Means of Carrying Out Grant Activities

	Administer funds directly or through an instrumentality	Subaward to:				
		Non profits	Public Housing Agencies and Local Redevelopment Authorities	Urban Counties	Metro Cities	Tribes & Tribally Designated Housing Entities
States	✓	✓	✓	✓	✓	✓
Urban Counties	✓	✓	✓		Member governments	✓
Metro Cities	✓	✓	✓			✓
Territories	✓	✓				✓

Recapture Provisions

- HUD may recapture **up to 20 percent** of a recipient's total award, including first and second allocation amounts, if the recipient has not expended at least 20 percent of that award by **September 30, 2021**. HUD has already notified and recaptured funds from recipients that did not meet this requirement.
- HUD may recapture up to the **difference between 50 percent of the total amount the recipient received in HUD's first and second allocations of ESG-CV funds, adjusted by any recaptured amounts, if applicable, and the amount of ESG-CV funds a recipient has drawn from IDIS by June 16, 2022** if HUD determines that by June 16, 2022 the recipient has not drawn down from IDIS at least 50 percent of the total amount the recipient received in HUD's first and second allocations of ESG-CV funds, adjusted by any recaptured amounts, if applicable.

Reallocation Formula

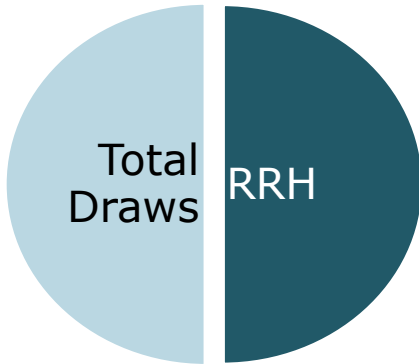
The minimum amount HUD will reallocate to an eligible recipient is \$100,000; the maximum is 50 percent of a recipient's ESG-CV 1 and ESG-CV 2 grant amount. A recipient must have met both the 20 percent expenditure deadline (September 30, 2021) and the 50 percent draw deadline (June 16, 2022) to be eligible for reallocation.

Step 1: Roll Up or Roll Down within the geographic area

Funds recaptured from:	Funds reallocated to:
States	Metropolitan cities* and urban counties* within that State
Urban Counties	<ul style="list-style-type: none"> • First, to metro cities* within the urban county; • Otherwise to the State in which the urban county is located
Metro Cities	<ul style="list-style-type: none"> • First, to the urban county in which the city is located; • Otherwise to the State in which the city is located

*If multiple entities within the same county or State, as applicable, are eligible to receive reallocated funds, the amount will be allocated in direct proportion to their relative share of ESG-CV funds (Round 1 + Round 2). If

none of the entities within the same county or the same State, as applicable, are eligible to receive reallocated funds, the amount will be reallocated in Step 2.



Step 2: National Formula. The remainder of funds from Step 1 are allocated in direct proportion to each eligible recipient’s share (among all eligible recipients) of aggregate ESG-CV funds drawn for all activities and for rapid re-housing, as of June 16, 2022, adjusting for recipients that hit their maximum reallocation amount as well as those estimated reallocations that are under \$100,000:

- If a recipient’s reallocated amount exceeds the maximum, the excess funding will be redistributed by repeating Step 2 among eligible recipients that have not yet reached their maximum amount.
- Any estimated reallocation amount under \$100,000 will be redistributed by re-executing the formula in this Step 2 among recipients that have not yet reached their maximum amount.

Important Dates & Deadlines

Date of Cost Eligibility	ESG-CV pre-award costs	Date must be on or after January 21, 2020 . May use ESG-CV funds to reimburse costs incurred as of the date the State or unit of local government began preparing for coronavirus. Recipients must document when they began preparing for coronavirus (e.g., notes from formal planning meetings or calls).
Obligation (States)	ESG-CV Rounds 1 & 2	180 days from date HUD signs the ESG-CV grant agreement to obligate funds for activities it will carry out directly. 240 days from the date HUD signs the ESG-CV grant agreement to obligate funds to subrecipients.
	Reallocated	180 days from date HUD signs the ESG-CV grant agreement to obligate funds for activities it will carry out directly. 180 days from the date HUD signs the ESG-CV grant agreement to obligate funds to subrecipients.
Obligation (Non States)	ESG-CV Rounds 1 & 2	240 days from the date HUD signs the ESG-CV grant agreement to obligate funds to subrecipients.
	Reallocated	As stated in ESG regulations at 24 CFR 576.203(a)(2)
Expenditure Deadlines	ESG-CV Rounds 1 & 2, except for HMIS and Admin funds needed for closeout	September 30, 2023
	ESG-CV Rounds 1 & 2 HMIS and Admin funds needed for closeout	December 31, 2023
	Reallocated	June 30, 2024

Waiver Flexibility Expiration

Annual ESG (FY20 and older) funds designated for COVID response

On **September 30, 2022**, all ESG-CV waiver flexibilities will expire for annual ESG funds (FY20 and older) that recipients designated for COVID response (i.e., recipient met conditions of Notice CPD-21-08)

Waivers & Alternative Requirements (Flexibilities)

Consultation & Citizen Participation Requirements

– Waived. Each recipient must publish how it has used and will use its ESG-CV allocation on the Internet at the appropriate government website or electronic media.

Tribes & Tribally Designated Housing Entities -

Waived limitation on subawarding funds to Indian tribes and tribally-designated housing entities.

Expanded use of an instrumentality to

Territories and Puerto Rico – Waived definition of “state” to include an instrumentality of the Commonwealth of Puerto Rico. Definition of “Territory” is waived to include an instrumentality of a Territory.

Converting Temporary Emergency Shelter into Emergency Shelter

– May convert temporary emergency shelter acquired or improved with ESG-CV funds into emergency shelter (defined at 24 CFR 576.2) without triggering disposition requirements.

At Risk of Homelessness Definition – Income limit raised from 30 percent to the Very Low-Income limit of the area.

Income Limits – Income limit of 30 percent raised to the Very Low-Income limit of the area for eligibility of homelessness prevention and to continue to receive Homelessness Prevention or Rapid Re-housing.

Emergency Shelter & Street Outreach Cap - Waived

Administrative Cap – Waived. Recipient may use up to 10 percent of total ESG-CV grant for administrative costs specified in 24 CFR 576.108.

Match Requirement – Waived

Fair Market Rent Limit – Waived. Units must still meet Rent Reasonableness standards.

HMIS Lead Activities – Recipients may pay for HMIS Lead Activities specified in 576.107(a)(2) even when not the HMIS Lead.

Consultation with the Continuum of Care – Waived

Coordination with Other Targeted Homeless Services – Waived

System and Program Coordination with Mainstream Resources – Waived

Hotel/Motel Costs – Funds may be used to pay for the following hotel/motel costs for individuals and families: 1) experiencing homelessness; 2) receiving rapid re-housing assistance under the CoC or ESG Programs; 3) receiving homelessness prevention assistance under the ESG Program; or 4) residing in PSH:

- hotel or motel rooms, directly or through a voucher,
- cleaning of hotel and motel rooms used by program participants,
- repair damages caused by program participants above normal wear and tear of the room.

Extension of RRH and HP Assistance – Waived the maximum amount of rental assistance and services costs (24 months within 3 years) while receiving ESG-CV assistance.

Housing Stability Case Management – Waived. The requirement to provide monthly case management to program participants receiving RRH or HP is waived. Additionally, extends 30-day limit to 60 days to provide housing stability case management while the program participant is seeking housing. Notice CPD-22-06 waives the 24-month limit to housing stability case management during any 3-year period.

Project-Based Rental Assistance Allowances – PBRA requirements are waived to the extent necessary to permit the following:

- May pay rent for a maximum of 30 days from the end of the month in which the unit was vacated while attempting to house another program participant in the unit
- When a program participant moves into a unit in the middle of the month, the initial payment of a half month’s rent does not count towards the total rental assistance cap.

Habitability Requirements for Permanent Housing –

- Waives the habitability requirements for permanent housing to the extent that Housing Quality Standards (HQS) may also be used to meet this requirement
- Waives the requirement that a recipient must conduct habitability or HQS prior to providing housing relocation or stabilization services under Homelessness Prevention.

Shelter Standards – Waived for temporary emergency shelter activities used to prevent, prepare for, and respond to coronavirus.

Environmental Review Requirements – Waived for temporary emergency shelter activities used to prevent, prepare for, and respond to coronavirus.

Procurement – Recipient may deviate from applicable procurement standards when procuring goods to prevent, prepare for, or respond to coronavirus. Must establish and maintain documentation on alternative procurement standards.

Program Income – Defined at 2 CFR 200.80, except PI includes: 1) any amount of a security or utility deposit returned to recipient/subrecipient; and 2) costs incidental to generating PI and not charged to the ESG-CV grant/subgrant may be deducted from gross income to determine PI. PI may be treated as an addition to the recipient's/subrecipient's grant/subgrant, provided PI is used in accordance with the purposes and conditions of that grant/subgrant. PI otherwise must be deducted from allowable costs as provided by 2 CFR 200.307(e)(1).

Coordinated Entry, Written Standards, and HMIS Requirements – Requirements to participate in coordinated entry, administer assistance in accordance with ESG written standards and participate in HMIS are waived for costs incurred between the beginning of a

community's coronavirus response (1/21/2020 or later) and 6/30/2020 that are new activities under the ESG-CV Notice. Coordinated entry, ESG written standards and HMIS must be used going forward.

Waiver of Obligation Deadline Requirement for State ESG Recipients -

State recipients must obligate reallocated funds within 180 days from the date HUD signs the grant agreement amendment for reallocated funds.

Waiver of ESG Program Requirements for Reallocation – Waived to permit HUD to use an alternative reallocation formula and reallocate recaptured funds as soon as administratively feasible.

Additional ESG-CV Reporting

ESG-CV Notice CPD-21-08 provides HUD the discretion to issue further guidance if additional reporting is necessary. HUD has begun releasing ESG-CV quarterly reporting guidance, which is posted and continually updated on the HUD Exchange.

Duplication of Benefits

"Duplication of benefits" (DOB) occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a federally-declared emergency or disaster, and the person or entity receives or would receive financial assistance for the same costs from any other source, and the total amount received exceeds the total need for those costs. Recipients must establish and maintain adequate procedures to prevent any duplication of benefits with ESG-CV funds. See [COVID-19 Homeless System Response: ESG-CV Duplication of Benefits](#) to access the quick guide and other resources related to DOB.