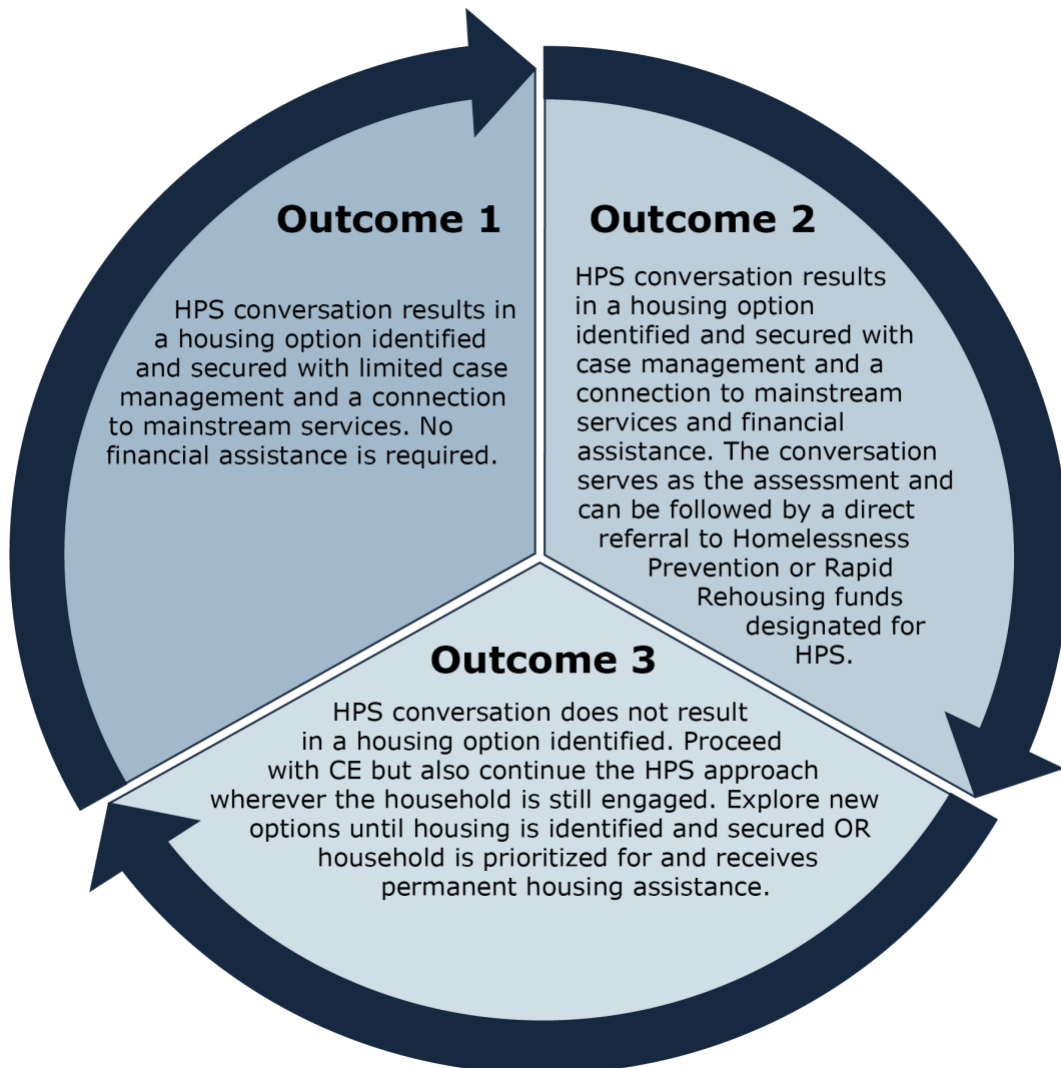


Background

Housing problem-solving (HPS) is an approach and set of techniques that support the effective implementation of [diversion and rapid exit](#) strategies that should be a part of every Coordinated Entry (CE) process and offered as potential alternative housing pathways for all populations. HPS can increase equity, reduce trauma, and support community efforts to end homelessness while ensuring housing assistance is prioritized for the most vulnerable and the spread of COVID-19 can be mitigated by reducing entry into the homelessness system. To maximize the flexibility of HPS, alternative flexible funding should be available. This document provides guidance to recipients for how Continuum of Care (CoC), Emergency Solutions Grants (ESG), and ESG Coronavirus Aid, Relief, and Economic Security (CARES) Act (ESG-CV) program funds can be utilized to support HPS approaches for diversion and rapid exit.

HPS is a person-centered approach that can be integrated into virtually any program type and involves [exploratory and creative conversations](#) that seek to identify flexible and cost-effective alternative housing solutions that can be implemented quickly. HPS is typically initiated through an exploratory conversation that occurs during a Street Outreach, an Emergency Shelter intake, or at a CE access point. There are three primary outcomes:



Housing Problem-Solving and Equity

COVID-19 has amplified the historic and current racial biases and discrimination embedded in our systems, processes, and practices. As communities work toward creating more equitable homelessness systems, it is critical to identify and dismantle discriminatory policies and programs that create unnecessary barriers for Black, Indigenous, and People of Color (BIPOC). Disparities in homelessness are rooted in centuries of government-led systemic racism that has permeated our institutions, policies, programs, and practices. The current homelessness system in every community has been dependent upon standardized assessments, screening, eligibility, and resource scarcity requiring prioritizations that are biased, are prone to discrimination, and perpetuate disparate outcomes.

HPS, as a philosophy and approach, is not rooted in any of these historically marginalizing practices. Instead, HPS is a fundamental approach for everyone that is not contingent upon the same standardized assessment used for other housing resources, screening, eligibility, or prioritization and does not require significant financial resources. If every interaction is approached with a belief that each individual has a potential pathway to stable housing yet to be discovered or resourced without the limitation of normal restrictions and lengthy policies, efforts to prevent and end homelessness using HPS strategies can be accelerated for many.

Funding Housing Problem-Solving

Recipients of CoC and ESG program funding can immediately begin integrating HPS into their existing homelessness response system by modifying the approach to case management and service delivery to support diversion and rapid exit (the distinction between the two being only where persons were residing the night before presenting for assistance).

- When embedded at CE and applied to [targeted Homelessness Prevention and Diversion](#), HPS seeks to find alternative solutions to avoid stays in Emergency Shelter or the need to reside in unsheltered locations.
- When embedded into service delivery methods in Emergency Shelter and Street Outreach, HPS supports rapid exit from homelessness into safe and stable alternative housing options in order to shorten shelter stays and/or the need for deeper levels of assistance.

A strong HPS strategy integrates HPS throughout the CE process as well as in components of ESG and CoC program funding. ESG recipients choosing to use ESG or ESG-CV funding for this purpose should develop a shared strategy across all ESG entitlement jurisdictions with applicable CoCs. [Homelessness Prevention](#) and Rapid Rehousing funds can be dedicated specifically for this purpose to allow for the provision of financial assistance and additional supportive services. [Designate](#) a single organization to administer financial assistance so that the resource can be allocated quickly and consistently. Ensure that the organization providing services is [culturally responsive and employs a trauma-informed approach](#) to provide services and to administer financial assistance. Lastly, update CoC and ESG written standards to reflect this usage and CE policies and procedures to incorporate HPS.

CoC Program Funding and Housing Problem-Solving				ESG and ESG-CV Program Funding and Housing Problem-Solving			
Eligible Activity	SSO-CES	SSO-Other	RRH	Street Outreach	Emergency Shelter	Homelessness Prevention	Rapid Rehousing
Diversion	X	X	X	X	X	X	
Rapid Exit	X	X	X	X	X		X
Case Management	X	X	X	X	X	X	X
Transportation ¹		X	X	X	X	X	X
Vocational Certifications & Licenses		X	X		X	X ²	X ³
Food		X	X		X		
Legal Services		X	X		X	X	X
Rent & Utility Arrears			X			X	X
Security Deposit			X			X	X
Short-Term Rental Assistance			X			X	X
Application Fees			X			X	X
Background/Credit Check			X		X	X	X
Moving Expenses			X			X	X
Storage			X			X	X
First/Last Month's Rent			X			X	X
Utilities			X			X	X
Obtaining ID's and Birth Certificate			X	X	X	X	X
Mediation						X	

¹ While transportation costs are not specified under the Homelessness Prevention or Rapid Rehousing components, ESG funds may be used for transportation costs under these components, including mileage/travel costs of paid and volunteer staff, if the travel costs are related to services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing as specified in 24 CFR 576.105(b). For example, transit tickets, bus passes, mileage reimbursement, and leasing a vehicle that case management staff use to travel to meetings with program participants would be eligible costs under section 576.105(b).

^{2/3} Essential services for individuals and families receiving Rapid Rehousing and Homelessness Prevention assistance. The limitation on eligible activities provided in section 415(a) of the McKinney-Vento Act and 24 CFR 576.102(a)(1), 24 CFR 576.103, and 24 CFR 576.104 are waived to the extent necessary to allow ESG-CV funds to be used for the costs of providing essential services established at 24 CFR 576.102(a)(1) to program participants receiving Rapid Rehousing and Homelessness Prevention assistance as necessary to assist them in obtaining and maintaining housing. (Notice, III.E.3.j). This is not an eligible cost when annual ESG funds are being used (for non-COVID-19 purposes).

Special Considerations: Using CoC Program and ESG or ESG-CV Program Funding for Housing Program-Solving

When utilizing CoC funds or ESG-CV and annual ESG funds (used for COVID-19 purposes) for HPS, the requirements of the CoC program and ESG program interim rules, respectively, apply except for the waivers and additional eligible activities established in the CARES Act, [Notice CPD-21-08](#), and [Notice CPD 21-05](#).

Case Management refers to the broad category of costs and includes all interpersonal elements of HPS: staff-to-client conversation, family or landlord mediation, conflict resolution, and housing navigation. Staff time associated with the HPS conversation, as well as work associated with documenting for assistance, is an eligible case management cost in all CoC and ESG components even when an applicant is determined to be ineligible for assistance.⁴

- **Rental Assistance Considerations.** Where ESG and CoC program funds are being utilized to provide short-term rental assistance under Rapid Rehousing and Homelessness Prevention, the following requirements remain:
 - Lease Term: One-year lease between the tenant and the landlord is required (exception for ESG tenant-based and sponsor-based rental assistance and rent arrears only under ESG).
 - CoC rent payment standard: Rental assistance may cover up to reasonable rent for the unit (CoC).
 - ESG funds (used for non-COVID-19 purposes) rent payment standard: The housing must meet FMR AND rent reasonableness standards.
 - [ESG-CV and Annual ESG funds](#) (used to prevent, prepare for, and respond to COVID-19 purposes) rent payment standard: the housing must meet rent reasonableness standards.
 - Annual ESG funds (used for non-COVID-19 purposes) housing inspection requirement: Unit must pass U.S. Department of Housing and Urban Development (HUD) Habitability Standards.
 - [ESG-CV and Annual ESG funds](#) housing inspection requirement: Unit must pass HUD Habitability Standards or unit must meet HUD Housing Quality Standards (HQS).
 - CoC housing inspection requirement: Unit must meet HQS.
- **Coordinated Entry Requirement.** When a CoC or recipient of ESG funding utilizes Homelessness Prevention or Rapid Rehousing funds for this purpose, the HPS conversation serves as a type of assessment in and of itself (as part of a phased assessment process) and may prevent the need for deeper, more comprehensive assessments, though it should not be used to determine eligibility or prioritize for services beyond the HPS intervention. Where one-time financial assistance is offered as part of a diversion or rapid exit intervention, a referral to the entity administering Homelessness Prevention or Rapid Rehousing funds for this purpose can be made directly so that assistance can be immediately provided. CES policies and procedures must be updated to reflect how HPS will be incorporated into CE. In the event that the household needs additional assistance beyond the initial one-time assistance, the CoC should follow its CE policies and procedure.
- **Eligibility and Targeting.** Eligibility for HPS assistance provided under any of the program components listed above is based on HUD requirements at 24 CFR Part 578 for CoC program funding and 24 CFR Part 576 for ESG and ESG-CV program funding. Recipients have the authority to establish additional eligibility, targeting, or prioritization standards for purposes of administering the funding locally; [such local standards should always be informed by data](#).
- **Alternative Flexible Funding.** When possible, having an additional flexible funding source to strengthen the implementation of HPS can be useful in allowing for more creative and immediate solutions that would not be permissible with CoC and ESG program funding. A strong HPS orientation will require communities to creatively blend a variety of private and public funding resources to be able to flexibly meet the needs of households presenting for assistance. For example, a problem-solving conversation with an individual at a CE access point would be considered an eligible activity under the CoC program; however, if the safe solution identified through that conversation requires transportation costs to reunify the person with extended family in another state, private funding could support the financial cost of a bus or train.

⁴ With regard to providing ongoing case management services, please note that under the CARES Act and Sections III.F.12 and IV.A.4.b of [Notice CPD-21-08](#), people experiencing homelessness cannot be required to receive treatment or perform any other prerequisite activities as a condition for receiving shelter, housing, or other services funded with ESG grants provided under the CARES Act or prior ESG allocations used to respond to coronavirus. This would include a prohibition on requiring participation in case management services as a prerequisite for receiving services. However, staff should still work with clients to try to engage them in supportive services.