

Homeless System Response: Re-Evaluating Your ESG-CV Approach

More than a year has passed since the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) appropriated \$4 billion under the Emergency Solutions Grants (ESG) program. Communities have received other federal, state, and local funding sources to respond to the needs of individuals and families in housing crises. The U.S. Department of Housing and Urban Development (HUD) has also reissued the ESG-CV Notice (see [Notice CPD-21-08: Waivers and Alternative Requirements for the Emergency Solutions Grants \(ESG\) Program Under the CARES Act](#)) in response to the lessons learned through recipients' implementation of ESG-CV. Review the ESG-CV Notice CPD-21-08 [summary](#) and [webinar](#) to become familiar with the newly available waivers and additional eligible activities.

In light of this changing landscape, many ESG recipients are re-evaluating and adjusting their COVID-19 response strategies. One key consideration is determining how ESG-CV can most effectively reduce homelessness and minimize the risk of infection among people experiencing homelessness given other sources of federal funding. For example:

- Recipients with ongoing non-congregate shelter (NCS) projects are reprogramming homelessness prevention funds to rapid rehousing to ensure shelter residents do not return to congregate shelter or unsheltered situations once NCS projects wind down.
- In jurisdictions experiencing shelter outbreaks and higher COVID-19 case counts, recipients are reprogramming ESG-CV funds to emergency shelter and street outreach to ensure that adequate infection control measures, protocols, vaccine incentives, and staffing are in place to curb the spread of coronavirus.

This document explains how recipients can make changes to their annual ESG and ESG-CV activities and provides guidance about submitting Annual Action Plan amendments.

Deciding to Reallocate or Reprogram Funding

Recipients should weigh the impact of COVID-19 on their homeless crisis response system and re-evaluate their immediate needs when deciding whether to reallocate funding from one recipient to another or reprogram funds from one activity to another. For example:

Rapid Rehousing Needs

- Community has insufficient rehousing resources to prevent residents in NCS from returning to congregate shelter or unsheltered situations.
- Shelters are too crowded to adequately social distance and rehousing resources are needed to decrease the shelter population.

Emergency Shelter Needs

- Shelters are too crowded to adequately social distance and emergency shelter resources are needed to provide alternative sites for shelter decompression.
- Shelters are not equipped with adequate infection control measures and emergency shelter funding is needed (e.g., for enhanced sanitization, improved ventilation, enacting symptom-screening protocols, developing procedures to refer shelter residents to isolation or quarantine, obtaining sufficient Personal Protective Equipment (PPE), increasing staff to coordinate with local healthcare providers, etc.).

Street Outreach Needs

- Community needs to strengthen its street outreach presence to provide individuals and families in unsheltered situations with consistent opportunities for vaccination and connections to housing opportunities and ongoing supportive services.

First Steps

First, recipients can use existing financial records to identify the funds that are uncommitted (i.e., not yet budgeted to a particular activity or subrecipient) and not drawn (i.e., not yet drawn from the [Integrated Disbursement and](#)

[Information System \[IDIS\]](#)). Recipients can review the PR91 ESG Financial Summary report in IDIS to identify the balance of undrawn funds by subrecipient.

Recipients need to review specific language in their written subrecipient grant agreements with their providers to determine if/when it is possible to reallocate funds from one subrecipient to another.

Changes that Trigger a Substantial Amendment

General Process

Amendments to the Consolidated Plan or Annual Action Plan should be made in accordance with [24 CFR 91.505](#). Decisions to update an approved plan may include, but are not limited to:

- Changing allocation priorities or changing the method of distribution of funds (for State recipients only).
- Carrying out a new activity or using funds from any program covered by the consolidated plan (including program income, reimbursements, repayment, recaptures, or reallocations from HUD) not previously described in the action plan or subsequent Substantial Amendments.
- Changing the purpose, scope, location, or beneficiaries of an activity.

Grantees must identify in the Citizen Participation Plan (per [24 CFR Part 91.105](#) and [§91.115](#)) the criteria it will use for determining what constitutes a Substantial Amendment.

Only Substantial Amendments are subject to a citizen participation process (§91.105(c)(2) and §91.115(c)(2)) in accordance with the grantee's Citizen Participation Plan, which requires a 30-day public comment period. Per [CPD Notice 21-08](#), ESG-CV and annual ESG funds used to prevent, prepare for, or respond to coronavirus are **not** subject to the citizen participation requirements of §91.115. Each recipient is required by the CARES Act to publish how it has used and will use its allocation, at a minimum, on their government website or through other electronic media.

When a Substantial Amendment Is (and Is Not) Required to Reallocate Funds

Repurposing funds from one ESG or ESG-CV activity to another activity may not necessarily require the need for a Substantial Amendment. The table below describes potential scenarios and next steps if an amendment is or is not required.

Example	Substantial Amendment?	Next Steps
The Annual Action Plan includes both Homelessness Prevention and Rapid Rehousing as Goal Outcome Indicators for the ESG-related Goal (AP-20) and the ESG or ESG-CV Project (AP-35).	Substantial Amendment is not triggered.	Because the Goal Outcome Indicators were already identified, a Substantial Amendment is not required . Reopen and update the plan, via minor amendment, to make changes to the number of beneficiaries listed in the AP-20 and AP-35 screens.
The Annual Action Plan does not identify Goal Outcome Indicators for either Homeless Prevention or Rapid Rehousing for the ESG-related Goal (AP-20) and the ESG or ESG-CV Project (AP-35).	Substantial Amendment is triggered.	A Substantial Amendment is required to select Homelessness Prevention or Rapid Rehousing as a Goal Outcome Indicator on the AP-20 and AP-35 screens.
Reallocating annual ESG funds to EXISTING activities that "prevent, prepare for, or respond to coronavirus."	Substantial Amendment is not triggered.	A Substantial Amendment is not required for reallocating ESG funds to an activity previously identified in the Action Plan. Reopen the Action Plan as a minor amendment and update the ESG Goal on AP-20 and ESG Project on AP-35 as needed.
Reallocating annual ESG funds to NEW activities that "prevent, prepare for, or respond to coronavirus," and adding the new activities to the Annual Action Plan.	Substantial Amendment is triggered.	A Substantial Amendment is required if reallocating annual ESG funds for a new activity not previously identified in the Action Plan. Reopen the Action Plan as a substantial amendment and update the ESG Goal on AP-20 and the ESG Project on AP-35.

For annual ESG and ESG-CV, per [CPD Notice 21-08](#), the 30-day minimum required public comment period was waived for Substantial Amendments.

The following best practices may be considered to encourage meaningful participation and engagement during the public comment period.

- **Post a summary or “one-pager” of the Substantial Amendment** rather than the entire updated Annual Action Plan. This summary page should clearly outline what is being changed and/or added to the plan.
- **Take an active measure of engagement** by sharing the proposed amendment summary with impacted organizations. This may consist of hosting a workshop to walk through the changes and/or the expected outcomes of the change.
- **Consult with your local Continuum of Care (CoC)** about the proposed changes. For more on meaningful collaboration with CoCs, see the [Guide to Coordination and Consultation for CoCs and Consolidated Plan Jurisdictions](#). Per CPD Notice 21-08, ESG-CV and annual ESG funds used to prevent, prepare for, or respond to coronavirus are not subject to the CoC consultation requirements at 24 CFR 576.400(a).

Creating a Substantial Amendment

General Process

Substantial Amendments are created in the eCon Planning Suite section of the [IDIS](#). Instructions for amending a plan are provided in the [Amending a Consolidated & Annual Action Plan for State and Entitlement Grantees](#) or [Amending a Consolidated & Annual Action Plan for Consortia Grantees](#) quick guides.

How Do I Create or Update the CARES Act Substantial Amendment?

To access the CARES Act grant funds in IDIS, recipients created a Substantial Amendment to their FY 2019 Annual Action Plan or FY 2020 Annual Action Plan to include CARES Act funding (see [Setting Up a Substantial Amendment for CARES Act Funding](#)).

Additional resources to assist in updating the CARES Act Substantial Amendment include:

- [Sample Language for the ESG-CV Project Description in IDIS](#)
- [Troubleshooting the HESG Project Setup in IDIS](#)

Reprogramming Money From One ESG/ESG-CV Activity to Another

To move funds from one activity to another in IDIS, the recipient must first reduce the activity funding where funds are being reduced. This is done on the Edit Activity Funding Screen on the Funding/Drawdown module. The recipient will edit the funding amount for the specific subrecipient at the activity level and reduce the funded amount. The funded amount for any activity in IDIS cannot be less than the drawn amount. After this reduction is saved in IDIS, the recipient will then be able to increase the activity funding on the activity where funds are being increased. The recipient will either increase the funded amount for a specific subrecipient or add a new subrecipient to the activity's funding.

For additional information on IDIS Activity funding, please refer to the guidance [Using IDIS Online for the ESG Program](#) located on the HUD Exchange.

Reallocating Money From One ESG/ESG-CV Subrecipient to Another

To reallocate funds from one subrecipient to another in IDIS, the recipient must first reduce the activity funding where funds are currently allocated to the subrecipient. If the subrecipient is having multiple funding activity components reduced, it is best to reduce the funded amounts for all of the affected activities first. After the reductions have been made, the recipient will increase the activity funding amount for the subrecipient that is receiving an increase in funds. These changes are made on the Edit Activity Funding Screen in the Funding/Drawdown module.

For additional information on IDIS Activity funding, please refer to the guidance [Using IDIS Online for the ESG Program](#) located on the HUD Exchange.

Updating IDIS Activity Descriptions

According to [Notice CPD-21-08: Waivers and Alternative Requirements for the Emergency Solutions Grants \(ESG\) Program Under the CARES Act](#), recipients must identify the specific activities and funding allocated to prevent, prepare for, or respond to coronavirus in the IDIS activity description before drawing funds. Therefore, if the recipient modified the original funding allocations listed in the IDIS descriptions, the recipient will need to edit those descriptions to align with the correct amounts. For more information, please review the guidance [ESG-CV "Prevent, Prepare, and Respond" Tieback Flexibilities Quick Guide](#).

Updating Materials on the ESG Recipient's Website

General Process

While ESG-CV funds are not subject to the consultation and citizen participation requirements under [24 CFR 91.100](#), [91.105](#), [91.110](#), and [91.115](#), recipients are still required to publish how they have used and will use the allocation. This posting should be made to the recipient's government website or through other electronic media.

Reprogramming ESG-CV Funds From One Activity to Another

On their website, recipients must describe the activities they will fund with ESG-CV funds and indicate whether the activity has already occurred and if the recipient is reimbursing itself or if the activity has yet to occur. This level of activity detail is greater than the project level details included in the Annual Action Plan Substantial Amendment. If a recipient is reallocating ESG-CV money from one activity to another, it may not trigger the need for a Substantial Amendment, BUT it still needs to be updated on the recipient's website.

Reprogramming Annual ESG Funds to Activities That "Prevent, Prepare For, and Respond To Coronavirus"

If the Substantial Amendment is not triggered, recipients need to update their website to make any changes in the description of activities they are funding.

If the Substantial Amendment is triggered, since annual ESG funds are being reprogrammed the recipient is required by the CARES Act to publish how it has used and will use its allocation, at a minimum, on their government website or through other electronic media. Per [CPD Notice 21-08](#), ESG-CV and annual ESG funds used to prevent, prepare for, or respond to coronavirus are not subject to the citizen participation requirements of §91.115.