



Implementing the HEARTH Act: The Emergency Solutions Grants (ESG) program

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Presenters / Virtual Help Desk

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Webinar Format

- Webinar will last approximately one hour
- Call will be recorded, so audience members are “muted” due to the high number of participants
- Recording of webinar will be posted to the HUD HRE, at www.HUDHRE.info



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- Reference this presentation *Implementing the HEARTH Act: The Emergency Solutions Grants (ESG) Program* in your question



Webinar Materials & Evaluation

- Materials referenced during this webinar can be found on HUD's Homelessness Resource Exchange at <http://hudhre.info>
- Feedback survey will be emailed following this webinar; please complete it and help us improve our approach to providing ESG technical assistance



Topics

- Overview of ESG Priorities
- ESG Requirements
- FAQs



Learning Objectives

- Understand budget context in which HUD's homeless programs and ESG are operating
- Increase understanding of key requirements for Emergency Solutions Grants Program (ESG)
- Improve ability to implement ESG



Overview of ESG Priorities





FY2012 Budget – Targeted Homeless Programs

	President's Request	Appropriated	Expected Expenditures
Total Amount	\$2,372	\$1,901	\$1,901
Emergency Solutions Grants	\$286	\$250	\$286
Continuum of Care & Rural Housing Stability Assistance	\$2,030	\$1,593	\$1,608
HMIS	\$6	\$7	\$7
Incentive and Service Coordination Initiatives	\$50	\$0	\$0
HUD-VASH	\$75	\$75	\$75

•FY2012 Budget Highlights:

- Full HEARTH implementation would cost over \$4 billion; therefore, HUD requested a reasonable amount to implement most aspects.
- Congress scaled back the request further and HUD is making tough decisions about what to implement with limited resources.



President's FY2013 Budget – Targeted Homeless Programs

- **The President's Budget proposed \$2.23 billion for HUD's Homeless Assistance Grants**
 - \$1.94 billion for the CoC program
 - \$286 million for the ESG program
 - The President's Budget proposed \$5 million for the Rural Housing Stability Assistance Program
- AND
- \$75 million for the HUD-VASH program



President's FY2013 Budget – Targeted Homeless Programs

- **The President's Budget is committed to meeting the goals of *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*. In FY 2013, HUD will:**
 - Tailor specific, existing, programs
 - Implement innovative strategies
 - Expect that homeless individuals and families will utilize mainstream resources and benefits more often



FY2013 Budget Before Deficit Reduction– Targeted Homeless Programs

	President's Request	House Budget	Senate Budget
Total Amount for ESG, CoC, and RHS	\$2,231	\$1,901	\$2,150
Emergency Solutions Grants (minimum amount)	\$286	\$280	\$286



Deficit Reduction Mandated by Budget Control Act of 2011

- Requires a \$1.2 trillion reduction from FY 2013 to FY 2021 (\$109 billion reduction each year)
- Failure by Congress to make necessary reductions will result in automatic funding cuts as detailed in the Act



Sequestration Transparency Act of 2012

- OMB submitted a report to Congress outlining the impact of sequestration cuts on 1,500 budget accounts
- The Homeless Assistance Grants account would be reduced by 8.2% or \$156 million
- The Homeless Assistance Grants account would be reduced to \$1.745 billion in FY 2013



Bottom line?

- **Increasing pressure on local homeless service systems combined with constricting resources requires us to retool programs to achieve greater efficiency and effectiveness.**



Congressional Emphases In HEARTH Act/Appropriations

- More funding for new Emergency Solutions concepts
- Limits on spending new funds on Street and Shelter
- New emphasis on Rapid Re-housing program, diversion from shelters/street, and homelessness prevention
- Enhanced coordination between CoC and ESG programs
- Enhanced planning and collaboration between 432 CoCs and 50 State, Puerto Rico, 1,137 Metropolitan Cities and Urban Counties, and 4 Territories' Consolidated Plan jurisdictions



McKinney-Vento Act Regulations: Guiding Values

- Best Serving People Who are Homeless
 - The ESG regulations provide communities flexibility to determine how to address critical homelessness in their own communities
 - ESG recipients and CoCs have the responsibility to assess their own programs' effectiveness and system's effectiveness at addressing homeless needs
 - ConPlan jurisdictions with and without ESG funding need to need to evaluate their own and their subrecipient performance



McKinney-Vento Act Regulations: Guiding Values

- Comprehensive Local Collaboration, Coordination, and Decision Making
- ESG recipients must work collaboratively with CoCs to:
 - Make decisions about ESG and CoC funding within the CoC's geographic area
 - Develop written standards for evaluating and serving homeless persons
 - Implement a centralized or coordinated assessment system
 - Create performance standards and evaluate projects against these standards



McKinney-Vento Act Regulations: Guiding Values

- Data Collection and Performance
 - Use of HMIS is required for all recipients of CoC and ESG funds, except for victim service providers
 - ESG recipients and CoCs should use HMIS data locally to report to HUD, monitor recipient and subrecipient performance, and monitor system-wide performance in preventing and ending homelessness
 - HUD will use HMIS data to understand the nature and extent of homelessness throughout the country, report to Congress, and make funding decisions



HEARTH Focus on Outcomes

- ESG performance on the following measures will impact CoC performance:
 - Length of time homeless
 - Recidivism (subsequent return to homelessness)
 - Access/coverage (thoroughness in reaching persons who are homeless)
 - Overall reduction in number of persons who experience homelessness
 - Job and income growth for persons who are homeless
 - Reduction in first time homeless



HUD Priorities in Developing the ESG Regulation

- Broaden existing emergency shelter and homelessness prevention activities
- Emphasize Rapid Re-Housing
- Help people quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness
- Enhance alignment of ESG regulations with other HUD programs – including CDBG, HOME, and Housing Choice Voucher (HCV) program
- Support more coordinated and effective data collection, performance measurement, and program evaluation
- Lessons learned from HPRP



Implementing ESG priorities at community level

- **Important considerations for ESG recipients in designing local programs and setting priorities:**
 - Target funds carefully
 - Think strategically about limited resources
 - Invest more funds in Rapid Re-Housing
 - Focus on results
 - Collect quality data in HMIS
 - Collaborate with CoCs
 - Consider local lessons learned from HPRP, and implement changes as needed at a community-wide level



Focus on Rapid Re-Housing

- HUD strongly encourages jurisdictions to target new funds toward assisting individuals and families living on the streets or in emergency shelter
 - Effective Rapid Re-housing can transition people out of homelessness quickly and decrease the overall number of people that are homeless in the community
 - Homelessness prevention is difficult to strategically target and potentially inefficient in reducing homelessness
- Rapid Re-housing should be given highest priority under ESG to ensure that existing resources – within and outside the homeless assistance system – are used as efficiently as possible



- Homelessness Prevention
 - Difficult to strategically target (many people assisted would not have become homeless)
 - More difficult to measure effect on reducing literal homelessness
 - Homelessness prevention focused on shelter diversion targets resources effectively by addressing those who are about to become homeless



ConPlan Regulation Changes

- Reflect statutory and regulatory standards in ESG Interim Rule
- Align requirements with major goals established in HUD Strategic Plan and *Opening Doors: Federal Strategic Plan to End Homelessness*
- Align Consolidated Plan standards with Continuum of Care Performance Standards



Con Plan – By the Numbers

FY 2011	Consolidated Plan Jurisdictions	Consolidated Plan Jurisdictions that are ESG Recipients
States	51*	51*
Entitlements	1137	305
Metropolitan City	952	201
Urban County	185	104
Territories	4	4
TOTAL	1,192	360

* Includes Puerto Rico

Within the 1,192 jurisdictions there are **432** separate Continuums of Care



Implications of the Numbers

- All 1,192 Consolidated Plan jurisdictions are required to strengthen the homelessness needs assessment and strategy in their Consolidated Plans
- 432 Continuums of Care must participate in Consolidated Plans within their geographies
- The 360 jurisdictions that are ESG recipients (and their subrecipients) must participate in the Continuum's HMIS covering their locations
- 432 Continuums of Care must provide performance data for ESG-funded projects in their geography



Important Legislative Changes for ESG

Enacted as part of the Transportation Bill (MAP-21), passed July 6:

1. Environmental reviews returned to state and local government ESG recipients (Part 58)
2. A metropolitan city and urban county that each receive an ESG allocation and are covered by a single CoC may jointly administer ESG under a single grant, with HUD permission.



Important Legislative Changes for ESG

3. Local governments may use instrumentalities (other than PHAs) designated by “chief executive” (e.g. mayor, etc.) to “act on behalf of the local government” (ESG recipient) with regard to ESG activities. This includes a combination of general purpose local governments, such as an association of governments.
4. States may use instrumentalities designated by the Governor to act on behalf of the state (does not include DC)



ESG Program Requirements: Related to Rental Assistance, Financial Assistance, and Housing Relocation & Stabilization Services



Who can carry out ESG Activities?

Components/Activity	State Recipient			Metro City/Urban County/ Territory Recipient	
	State agency or Instrumentality	Eligible Subrecipient:			
		General Purpose Local Government	Private Non- profit	Unit of General Purpose Local Government or Instrumentality	Private Non- profit (eligible subrecipient)
1. Street Outreach	No	Yes	Yes	Yes	Yes
2. Emergency Shelter	No	Yes	Yes	Yes	Yes
3. Homelessness Prevention	No	Yes	Yes	Yes	Yes
4. Rapid Re-Housing	No	Yes	Yes	Yes	Yes
5. Homeless Management Information System (HMIS)	Yes, if State is HMIS lead	Yes	Yes	Yes	Yes
Administration	Yes	Yes, and State <u>must</u> share	Yes, and State <u>may</u> share	Yes	Yes, and recipient <u>may</u> share



General Program Requirements – Award and Use of Funds

- Entire grant must be expended within 24 months of HUD signature date
 - Recipients must draw down funds at least once a quarter
 - Recipients must reimburse subrecipients within 30 days of receipt of complete payment request



ESG Eligible Activities: Short/Medium-Term Rental Assistance

Allowable activities for both Homelessness Prevention and Rapid Re-housing components:

Rental Assistance

- **Definition:**
 - Short-Term = up to 3 months
 - Medium-Term = 4 to 24 months
- **Duration:** Up to 24 months of rental assistance during any 3-year period, including one-time payment for up to 6 months of rent arrears on the tenant's portion of the rent
- **Type:** Tenant-based or project-based



Homelessness Prevention and Rapid Re-Housing

- **Tenant-Based Rental Assistance**
 - Program participants select a housing unit in which to live (may be within a specified service area) and receive rental assistance
- **Project-Based Rental Assistance**
 - Recipients or subrecipients identify permanent housing units that meet ESG requirements and enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent so that eligible program participants have access to the units
 - Watch out for conflicts of interest, especially with PBRA!



ESG Eligible Activities: Housing Relocation and Stabilization Services

Allowable activities for both Homelessness Prevention and Rapid Re-housing components:

Financial Assistance*

- Moving costs
- Rent application fees
- Security deposit
- Last month's rent
- Utility deposit
- Utility payments

Services

- Housing search / placement
- Housing stability case management
- Mediation and legal services
- Credit repair/ budgeting/ money management



Homelessness Prevention and Rapid Re-Housing

- **Maximum Period of Use:** The total period for which any program participant may receive the services must not exceed 24 months during any 3-year period
- **Discretion to Set Caps:** The recipient 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. The recipient may also require program participants to share in the costs of rent.



Homelessness Prevention and Rapid Re-Housing

- A legally binding, **written** lease between tenant and landlord is required to receive ongoing rental assistance
 - “Master-leasing” not allowed under TBRA (recipient/subrecipient may not sign the lease and sub-lease it to the program participant)
- A rental assistance agreement between recipient/subrecipient and landlord
 - Can be between property manager or owner and recipient or subrecipient, or sub-subrecipient



Homelessness Prevention and Rapid Re-Housing

- ESG requires housing units to meet **BOTH** Rent Reasonableness standards **and** criteria established under HUD's published FMRs
 - ***Remember:*** FMR \neq Rent Reasonableness
- ESG financial assistance cannot be provided to a program participant receiving the same type of assistance for the same period of time from another public program (except one-time payment of up to 6 months of arrears)



Homelessness Prevention and Rapid Re-Housing

- Habitability Standards apply
 - Required for **all assistance**, including rental arrears only, or legal assistance only
- Lead-Based Paint standards apply
 - Visual assessments are required for **ALL** units receiving assistance if constructed before 1978 and a child under 6 or pregnant woman will live there



Key Program Requirements

- Required to use centralized/coordinated intake, implement ESG in coordination with CoC
- Coordinate with Continuums of Care on allocation of funds and performance measurements
- Written standards are required to ensure consistent program administration
- Connecting participants with mainstream resources
- Regularly re-evaluating participant eligibility



Key Program Requirements

- Required under ESG:
 - ✓ a housing stability plan
 - ✓ monthly meetings with the case manager
 - ✓ referrals to mainstream and other resources
- NOTE: Service providers who also receive VAWA and/or FVPSA funds cannot require victims of domestic violence to participate in services as a condition of continued participation in the ESG program



Key Requirements: eCon Plan & Reporting

- All ConPlans submitted after Nov. 15 to be completed in IDIS (eConPlanning Suite), then Action Plans, and eventually, all CAPERs will be completed in IDIS

BUT

- **ESG recipients** must use ESG CAPER screens in IDIS for performance reporting starting October 1, 2012 (plus regular paper process)
- **ESG recipients** may submit stand-alone Action Plan using template in IDIS if they choose, but this is optional until ConPlan is submitted in eConPlanning Suite



Key Requirements: eCon Plan & Reporting

- **Requirement is in CPD Notice 12-009:**
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/cpd
- **Guidance on CAPER screens in IDIS is available here:**
http://www.hud.gov/offices/cpd/about/conplan/pdf/conplan_manual.pdf (ESG starts on page 213)
- **HUD is preparing another Notice to provide more details**



Frequently Asked Questions (FAQs)





Frequently Asked Question #1

Q: What sources of funds can be used as cash match for ESG?

- Requirements for matching ESG funds: § 576.201;
- Requirements for documenting matching contributions: § 576.500(o).

A: In general, federal, state, local, or private funds may be used to satisfy the requirement that the recipient provide matching contributions to ESG, so long as the following conditions are met:

- 1) The matching funds are contributed to the ESG program and expended for the recipient or subrecipient's allowable ESG costs.
- 2) The matching funds must be used in accordance with all requirements that apply to ESG grant funds, except for the expenditure limits in 24 CFR 576.100, AND if the matching funds are from another federal program, they must ALSO be used in accordance with that program's requirements;



Frequently Asked Question #1 (continued)

- 3) The matching funds are contributed after the date HUD signs the grant agreement for the ESG funds being matched;
- 4) The matching funds are expended by the expenditure deadline that applies to the ESG funds being matched;
- 5) The matching funds have not been and will not be used to match any other Federal program's funds nor any other ESG grant;
- 6) The recipient does not use ESG funds to meet the other program's matching requirements; and
- 7) The recipient keeps records of the source and use of the matching funds, including the particular fiscal year ESG grant for which the matching contribution is counted.



Frequently Asked Question #2

Q) Can a transitional facility receive ESG funds?

A) ESG funds may be used for emergency shelters only. A transitional facility will only be eligible to receive ESG funds if EITHER:

- It meets BOTH of the following criteria under the new *emergency shelter* definition:
 - (a) its primary purpose is to provide a temporary shelter for the homeless in general or for specific populations of the homeless; and
 - (b) it does not require occupants to sign leases or occupancy agreements;

OR

- It received funds under a FY 2010 ESG grant and met the criteria under the former emergency shelter definition (“any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless”).



Frequently Asked Question #3

- Q) When are ESG subrecipients required to start entering data in HMIS?**
- A)** HUD requires that providers start entering data into HMIS as soon as they begin serving people using funds from the second allocation. If a provider does not receive any funding from the second allocation, they are required to start entering data on people served using FY2012 funds. However, recipients can require providers to enter sooner if they choose.

Note: DV providers must use a comparable database that meets Data Standards, and must collect all of the Universal Data Elements.



Frequently Asked Question #4

Q) Can I use ESG funds to pay for expenses like office rent, photocopier, office supplies, etc?

A) Yes. These types of expenses may be charged either directly or indirectly to a program component – you would charge the costs to the activity for which the funds are being used. For example, office rent for an organization that only does rapid re-housing activities would be charged to the RRH line item.

If an activity is not a direct cost of delivering services or financial assistance, and it IS a cost required for administering the program (for example, an executive director), then it could be charged to the Administrative activity line item.



Frequently Asked Question #5

Q: Can a recipient subgrant to a PHA?

A: No. And, HUD may not issue waivers as it did with HPRP.

- The ESG Interim Rule explicitly permits recipients (which are not states) to carry out all eligible activities through their employees, procurement contracts, or subgrants to private non-profit organizations (24 CFR 576.202(b)).
- A metropolitan city or urban county grantee or an eligible ESG subgrantee that adheres to the requirements of 24 CFR § 85.36 may procure the services of any entity to carry out the eligible activities under ESG. However, the procurement rules are based on free and open competition for the grantee/subgrantee to get the best deal for its grant dollars in obtaining goods and services from a qualified organization. The noncompetitive proposal method is only permitted by 24 CFR § 85.36(d)(4) if other methods of procurement are infeasible and one of the specified circumstances applies.



Frequently Asked Question #6

Q: For ESG, are we required to keep a record of all clients that we screened who were ineligible?

A: Yes. The ESG recordkeeping and reporting requirements state that for each individual and family determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination.

Also, the ESG regulation does not require that data about individuals or families determined to be ineligible be entered into an HMIS. Recipients/subrecipients MAY use an HMIS to retain this information if they wish to do so.



Frequently Asked Question #7

Q: What portion of a recipient's fiscal year ESG award can be used for street outreach and emergency shelter activities?

A: According to the ESG regulation at § 576.100, the total amount of a recipient's fiscal year grant that may be used for street outreach and emergency shelter activities combined cannot exceed the greater of:

- (1) 60 percent of the recipient's fiscal year grant; or
- (2) The amount of the Fiscal Year 2010 grant funds committed for homeless assistance activities. This amount includes all homeless assistance activities from FY 2010, not just shelter activities and street outreach.



Frequently Asked Question #8

Q: Does the 30% area median income (AMI) limit apply to all applicants for ESG assistance?

A: No. The 30% AMI limit does not apply to program participants who are being served under the Emergency Shelter or Street Outreach components.

- For **Rapid Re-Housing**, an income assessment is not required at initial evaluation. However, *at annual re-evaluation*, income must be LESS THAN OR EQUAL TO 30% AMI.
- For **Homelessness Prevention** assistance, households must have an income BELOW 30% AMI at initial evaluation, and have no other housing options, financial resources, or support networks. At re-evaluation - *not less than once every three months* - the participant must have an annual income LESS THAN OR EQUAL TO 30% AMI.



Frequently Asked Question #9

Q: What are the documents that need to be kept for a file of an ESG program participant?

A: ESG regulation at § 576.500 provides minimum acceptable evidence required to document each category of the homeless definition. Sections 576.500(b) through (f) provide a detailed checklist.

- For determining and documenting homelessness, use this order of priority: 1) third-party documentation, 2) intake worker observations, and 3) certification from the person seeking assistance.
- Minimum acceptable types of documentation vary depending on the particular circumstance. Third party documentation should be obtained whenever possible, but lack of third-party documentation must not prevent an individual or family from being immediately admitted to emergency shelter, receiving street outreach services, or being immediately admitted to shelter or receiving services provided by a victim service provider (§ 576.500(b)).



Frequently Asked Question #10

Q: If an ESG case manager learns that a program participant's annual income has increased and now exceeds 30% of AMI, must the recipient or subrecipient immediately stop providing assistance to the program participant?

A: The recipient or subrecipient MAY require each program participant receiving Rapid Re-Housing assistance to notify the recipient or subrecipient regarding changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance under ESG. In situations where the recipient or subrecipient has required such a notification, when notified of a relevant change, the recipient or subrecipient MUST re-evaluate the program participant's eligibility and the amount and types of assistance the program participant needs. (24 CFR 576.401(b)(2)). If the recipient or subrecipient has not required such a notification, information about a change in a program participant's situation does not trigger a requirement for re-evaluation.




Additional Resources

- HUD's Homelessness Resource Exchange:
www.hudhre.info
 - The published ESG Interim Rule with Consolidated Plan changes
 - Consolidated Plan Regulation (highlighting changes from the ESG Interim Rule)
 - ESG Helpdesk
 - Webinar recordings and slides



HUD Virtual Help Desk



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