

**State of Illinois
Department of Human Services**



**Emergency Solutions Grant
Policies and Procedures Manual**

Bruce Rauner, Governor

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SECTION 1: GENERAL INFORMATION

1.1 What is the Emergency Solutions Grant (ESG)?

The Emergency Solutions Grant (ESG) renames the Emergency Shelter Grant and broadens existing emergency shelter and homelessness prevention activities and adds short and medium-term rental assistance and services to rapidly re-house homeless people. This program places a greater focus on homelessness prevention for persons at risk of homelessness and rapid re-housing assistance for homeless persons.

The intent of ESG is continue the grant funding for the Emergency Shelter Grant and to implement the expanded program that was temporarily funded as the Homeless Prevention Rapid Re-Housing program whose mission was to provide homelessness prevention assistance to households who would otherwise become homeless— many due to the economic crisis—and to provide assistance to rapidly re-house persons who are homeless.

Program components include (§ 576.100):

- Street Outreach
- Emergency Shelter (including supportive services)
- Homeless Prevention
- Rapid Re-Housing
- HMIS Component
- Administrative costs

1.2 Purpose of this Document

The Emergency Solutions Grants Program Policies and Procedures Manual serves as a guide to units of local government and private non-profit organizations interested in participating in the State-administered Emergency Solutions Grants Program (ESG). This Manual describes the ESG program; the requirements of agencies to manage programs using these funds; and outlines the State of Illinois policies and procedures for administering the program. USE OF THIS MANUAL WILL ASSIST ESG SUBRECIPIENTS TO IMPLEMENT EFFICIENT AND COMPLIANT ESG PROGRAMS. This document does not explain how to use various technical DHS systems for contracting, reporting, invoicing, etc. For more information on these processes, reach out to the DHS ESG staff.

This Manual does not replace the regulations contained in 24 CFR Part 576, and subsequent amendments, or any other applicable Federal, State and local laws, ordinances and regulations pertaining to the Emergency Solutions Grants Program. It simply highlights and emphasizes grant requirements. Sub-recipients must always refer to the regulations and the grant agreement in determining what is allowable under the ESG program. The HEARTH Act refocuses homelessness-related strategies on the ultimate goal of reducing and ending homelessness and aligns them with the Continuum of Care planning strategies and performance measures, such as shortening the period of time that persons experience homelessness, and helping persons who were recently homeless avoid becoming homeless again. Communities receiving ESG funds should develop formal strategies that will ensure the success of the HEARTH Act.

Local Continuums of Care and ESG subrecipients need to work together and need to establish and meet performance standards such as:

- Reducing the average length of time a person is homeless;
- Reducing return to homelessness;
- Increasing access to permanent housing;
- Reducing the number of homeless individuals and families;
- Improving employment rate and income amounts of program participants;
- Reducing first time homelessness;
- Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs.

1.3 How to Use this Document

While users can read this document cover to cover, DHS envisions that ESG subrecipients will use this resource as a desk reference and will keep referring back to specific sections as needed. DHS understands that regulations can sometimes be complicated, so be sure to reach out if there are follow-up questions or concerns.

1.4 Guiding Principles

In administering this program, DHS offers the following guiding principles with which to approach shelter and service delivery:

- Housing is a basic human need; providers should work to ensure it is accessible, safe, and affordable for clients;
- A client's basic needs should be met first (food, housing, clothing, etc.), with other needs focused on only after those are met (recovery, parenting, education, etc.) and even then, offered voluntarily;
- Clients have the right to set their own goals and make their own decisions, even if their goals are different than those of the service provider. Service providers should work to reduce as many barriers to services as possible;
- Clients are the expert in what they need and how they can achieve their goals. Persons who are homeless are incredibly resilient and possess many strengths and assets, which should always be leveraged and considered in service delivery;
- Every person has inherent dignity and worth; service providers should treat clients in caring and respectful fashion, mindful of individual differences and cultural and ethnic diversity;
- Clients have a right to confidentiality and to be informed of their rights (especially as it relates to their records, program termination, grievances, etc.);
- Services delivered to clients should promote client well-being and work to integrate the client with mainstream resources and the larger community (as much as possible);
- Families, individuals, and children are better off in "home-like" settings rather than institutions. .

1.5 Use of Rapid Rehousing and Homelessness Prevention Resources

Although DHS understands many subrecipients have chosen to provide 1-time emergency rent or utility assistance to prevent homelessness in the past, **subrecipients receiving ESG funds should implement activities that will ensure the ongoing housing stability of program participants.**

DHS strongly encourages each jurisdiction to focus ESG funding on rapidly rehousing individuals and families living on the streets or in emergency shelters into permanent housing. While both rapid rehousing and homelessness prevention are eligible activities, only rapid rehousing assistance targets those individuals and families living on the streets or in emergency shelters. Effective rapid rehousing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Rapid rehousing also ensures that emergency shelter resources are used to serve individuals and families with the most urgent housing crisis. In contrast, the success of homelessness prevention activities are much more difficult to measure and the prevention assistance is harder to strategically target. These difficulties increase the risk that the use of ESG funds for homelessness prevention assistance will be inefficient at demonstrably preventing people from going to the streets or shelters. As public and nonprofit resources become increasingly strained, rapid rehousing should be given the highest priority under ESG to help ensure that existing resources-both within and outside the homeless assistance system-are used as efficiently as possible to help those most in need

To help DHS achieve the goals and priorities reflected above, subrecipients should use ESG funds to design and implement programs that will:

- Broaden existing homelessness prevention activities;
- Emphasize Rapid Rehousing programs;
- Help program participants to quickly regain or obtain stability in permanent housing after experiencing homelessness.

NOTE: Program participants are not to be exited from ESG-funded programs and activities unless the subrecipient can demonstrate improved and/or steady household income necessary to ensure that the household stability, or are terminated in accordance with the formal process established by the

1.6 State of Illinois ESG Contact Information

If you have specific questions, FIRST send an email to DHS.ESG@illinois.gov and someone will return your email as soon as possible. If you need to follow-up on existing questions, the contact information for the current staff is listed below:

Contact Information*	
Trina L. Vinson (217)782-1359	Josalyn Smith (217)524-8612

**Staffing information and CoC assignments will be updated shortly, as open positions in the office are filled.*

DHS shall issue an email when there are changes to policies and procedures manual.

SECTION 2: FUNDING PROCESS AND REQUIREMENTS

2.1 Summary

The Emergency Solutions Grants (ESG) Program was created when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act was signed into law on May 20, 2009. The Hearth Act amended and reauthorized the McKinney-Vento Homeless Assistance Act, and included major revisions to the existing Emergency Shelter Grant Program.

The new Emergency Solutions Grant Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

2.2 Grant Awards and Spending Requirements

The amount of ESG allocation received from the U.S. Department of Housing and Urban Development (HUD) varies each year and is awarded to the State via an annual Award Notice. Annually DHS notifies each Continuum of Care of the award amount for their region based on formula utilizing local population and other poverty statistics. Next, each Continuum of Care submits to DHS a list of recommended subrecipient projects that total the award for the CoC jurisdiction. Next, those individual potential subrecipients submit applications to DHS and the state reviews them and makes final awards. Contracts for projects are between the subrecipients and DHS (the CoC does not contract with the State, unless they are delivering services directly).

The State of Illinois - Department of Human Services (IDHS) grant period for the Emergency Solutions Grants Program is 12 months [30 ILCS 708/25 (2),(3)]; any funds not expended by the end of contract period may be rolled over into the next fiscal year at the discretion of DHS. DHS reserves the right to recapture and/or reallocate ESG funds when subrecipients do not meet the requirements under the:

- Contractual Agreement;
- Policies and Procedures Manual (this document);
- Subsequent instruction, guidance, and Memos from DHS and HUD, and;
- ESG regulations outlined in 24 CFR Part 576 *Also, 30 ILCS 708/80 (Supersession) or 30 ILCS 708/997 (Sec. 1.31) (Severability).

2.3 Eligible Subrecipients

The following entities are eligible to submit application for funding under ESG:

- Units of Local Government;
- Private Non-Profit Organizations;
- Faith-Based Non-Profit Organizations (cannot be funded for inherently religious activities, cannot proselytize, or discriminate based on client's faith)

The definition of an "Emergency Shelter" is not restricted to those facilities that provide overnight sleeping accommodations. As a result, day centers and drop- in centers are also eligible to receive ESG funds for eligible activities.

2.4 Match Requirements

An award of ESG funding requires a match with an equal amount of cash or in-kind funds to supplement the ESG program. Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local and private sources. However, the following requirements apply to matching contributions from a Federal source of funds:

1. The State and the subrecipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds;
2. If ESG funds are used to satisfy the matching requirements of another Federal program then funding from that program may not be used to satisfy the matching requirements under this section.

In order to meet the matching requirement, the matching contributions **MUST** meet all requirements that apply to the ESG program, and matching funds must be provided after the date that HUD signs the grant agreement. To count toward the required match for the State's fiscal year grant, cash contributions must be expended within the grant deadline, and noncash contributions must be made within the same period. Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant; and contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of the ESG allocation.

Eligible types of matching contributions may be met by one or both of the following:

1. *Cash contributions*: Cash expended for allowable costs under the ESG program, may be considered;
2. *Non-cash contributions*: The value of any real property, equipment, goods, or services contributed to the subrecipient's ESG program, provided that if the subrecipient had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building;
3. *Calculating the amount of noncash contributions*: (See below for specific instructions for units of local governments and non-profit agencies)
 - a. To determine the value of any donated material or building, or of any lease, the subrecipient must use a method reasonably calculated to establish the fair market value;
 - b. Services provided by individuals must be valued at \$10 dollars per hour, except when volunteers perform duties that are professional in nature. In that case, the rate is the hourly rate that the person charges as a professional. For example: if an attorney volunteers his/her time to provide pro bono legal services to the agency and his/her billable rate is \$150/hour then the agency may claim \$150/hour for that volunteer;

- c. Some noncash contributions are real property, equipment, goods, or services that, if the subrecipient had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the sub-recipient has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.
4. *Costs paid by program income:* Costs paid by program income shall count toward meeting the State and/or subrecipient's matching requirements, provided the costs are eligible ESG costs that supplement the subrecipient's current ESG program.

2.4a Instructions for Units of General Local Government:

In calculating the amount of matching funds, the time contributed by volunteers shall be determined at the rate consistent with those ordinarily paid for similar work in the grantee's or subrecipient's organization. If the grantee or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. The grantee must maintain evidence of how the rate determination was calculated and be available for review upon request by DHS. The grantee will determine the value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value. DHS also has provided Attachment 2 in the ESG Program Guidelines for examples of fair market values of donated items. (Refer to 24 CFR 85.24 for further guidance)

2.4b Instructions for Non-Profit Agencies:

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances, in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

2.5 Maintenance of Effort Requirement

If a subrecipient is a unit of general local government, ESG funds cannot be used to replace funds the local government provided for street outreach and emergency shelter service during the immediately preceding 12-month period unless HUD determines that the unit of general local government is in a severe financial deficit. Subrecipients should contact DHS if they are interested in more information.

SECTION 3: COC & SERVICE COORDINATION REQUIREMENTS

3.1 Area-Wide Systems of Coordination Requirements

DHS and all subrecipients must consult with each Continuum of Care to develop:

- a. Performance standards and outcomes for projects assisted by ESG funds.
- b. Policies and procedures for administration, funding, and operation of HMIS

Agencies requesting ESG funding must demonstrate such collaboration and document that proposed activities will assist the CoC in meeting identified outcomes. All subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the CoC or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness in that area. Applicants must document how these and other programs will be used in collaboration with proposed ESG-funded activities.

3.2 Coordinated Entry Systems

Once the CoC has developed a centralized entry system in accordance with requirements to be established by HUD, each ESG-funded program or project within the CoC's area must participate in that assessment system. Acceptance of an ESG award means the subrecipient agrees to participate in the coordinated entry system implemented by the local CoC.

All subrecipients must work with the CoC to ensure that screening, assessment, and referral of program participants are consistent with the written standards required in the next section. *A victim service provider may choose not to use the CoC's centralized or coordinated assessment system.*

3.3 Written Standards Requirements

Subrecipients must establish and consistently apply written standards for providing ESG assistance. Standards must be established for each area covered by the subrecipient, including the area over which the services are coordinated and provided to program participants. Subrecipients are required to submit copies of these standards in their annual funding application.

The requirements for minimum written program standards for CoCs and ESG service providers are detailed in the chart below.

Program	Requirements
<p>CoC-Wide</p> <p><i>All ESG providers MUST abide by them.</i></p>	<ul style="list-style-type: none"> • How are services and referrals coordinated between: <ul style="list-style-type: none"> ○ Emergency shelter providers; ○ Essential services providers; ○ Homelessness prevention providers; ○ Rapid rehousing providers; ○ Homeless service providers; ○ Other service providers (including mainstream resources), & ○ Housing providers? • What policies exist to ensure that the needs of special populations are met (i.e. youth, victims of domestic violence, chronically homeless, high barrier clients, etc.)? • What procedures exist for determining and evaluating eligibility for ESG assistance? • What formal termination and grievance policies exist? They must reflect HUD’s requirement that only the most severe cases be terminated, and allowing clients to return to the program once issues that caused the termination are resolved. • What policies exist that ensure that ALL ESG providers are screening ALL clients for potential eligibility in not only ESG-funded assistance, but also other housing programs and services offered within the agency or the community (including mainstream resources like TANF and SNAP benefits).
<p>Emergency Shelter Programs</p>	<ul style="list-style-type: none"> • In emergency shelters, what policies exist for: <ul style="list-style-type: none"> ○ Admission of clients (requirements for entry, if any), ○ Diversion, ○ Referral to services/mainstream resources, ○ Length of stay, ○ Operation of the shelter (hours, staffing, administration, etc.), ○ Safety/Disasters, and ○ Discharge policies for emergency shelters assisted under the ESG program, • What safeguards exist to meet the safety and shelter needs of victims of domestic violence, stalking, and other related crimes?
<p>Essential Service Programs & Street Outreach</p>	<ul style="list-style-type: none"> • What standards exist for assessing, prioritizing, and reassessing individuals’ and families’ needs for services? • What targeting and outreach strategies exist for unsheltered persons?
<p>Rapid Rehousing and/or Homelessness Prevention Programs</p>	<ul style="list-style-type: none"> • What standards exist for determining and prioritizing which eligible families /individuals will receive assistance? • What standards exist for determining the type, amount, and duration of housing stabilization and/or relocation services? • Are there any limits on the assistance that each program participant may receive, such as a maximum amount, months, and/or number times of assistance? • What percentage or amount of rent and utilities costs must each program participant pay when receiving assistance? • How long can a program participant be provided with rental assistance? • Is the amount of assistance adjusted over time? How so?

SECTION 4: SERVICE DELIVERY REQUIREMENTS

4.1 Equal Access to Housing Regardless of Sexual Orientation or Gender Identity

On February 3, 2012, HUD published a final rule in the Federal Register entitled Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. This rule became effective March 5, 2012 and was amended in September 2016 with 24 CFR 5.106. The rule provides a regulatory provision that prohibits considering a person's marital status, sexual orientation, or gender identity in making homeless housing assistance available. More information about the Equal Access Rule can be found [here](#).

Gender identity is defined as the gender with which a person identifies, regardless of the sex assigned to that person at birth and regardless of the person's perceived gender identity. Perceived gender identity means the gender with which a person is perceived to identify based on that person's appearance, behavior, expression, other gender related characteristics, or sex assigned to the individual at birth or identified in documents.

Subrecipients are required establish equal access on gender identity policies (in line with the federal rules and the requirements in this document) for:

- Program admissions,
- Occupancy, and
- Operating policies and procedures (including privacy and security policies).

Specifically, ESG funded activities are required to:

- Make housing available without regard to actual or perceived sexual orientation, gender identity, or marital status;
- Grant equal access to facilities, buildings, benefits, accommodations, and services to individuals in accordance with the individual's gender identity, and in a manner that affords equal access to the individual's family;
- Prohibit any requirements for individuals to prove gender identity (including documentation, ID, etc.). This prohibition also applies to intrusive questioning, including questions on person's anatomy or medical history;
- Prohibit consideration of a client or potential client's entry into a program because his or her appearance or behavior does not conform to gender stereotypes;
- Prohibit any segregation of transgender clients (e.g. transgender- only shelter or space). However, if the transgender client requests an accommodation (like a more private space) and the facility can accommodate the request, this is acceptable;
- Base discharges, service restrictions, and warnings following any incidents involving transgender clients ONLY on the individual's behavior, not gender identity;
- Have a zero tolerance for harassment of transgender residents. Staff shall recognize that harassment based on gender identity is discriminatory behavior and will be treated as such. All unacceptable behavior* against transgender residents will be dealt with based on the program's behavior policies. Due to the high incidence of harassment of transgender people, concerns about the safety of a transgender resident will be taken

with utmost seriousness. Unacceptable behavior can include harassment, abuse, assault, discrimination, intimidation, threats, violence and many other forms.

- Permit any clients expressing concern to use bathrooms and dressing areas at a separate time from others in the facility;
- Work (to the extent feasible) with the layout of any shelter facilities to provide for privacy in bathrooms and dressing areas;
- Ensure that policies do not isolate or segregate clients based upon gender identity;
- Take reasonable steps to address any safety or privacy concerns expressed by clients. This may include:
 - responding to the requests of the client expressing concern through the addition or a privacy partition or curtain;
 - provision to use a nearby private restroom or office; or
 - a separate changing schedule.
- Provide staff (including full-time, part-time and volunteer) and contractors with ongoing training on the rules in this document and the needs, concerns, and realities of transgender people seeking services.

Best practices suggest that where the provider is uncertain of the client's sex or gender identity, the provider simply informs the client or potential client that the agency provides shelter based on the gender with which the individual identifies.

There are some resources available to service providers on implementing the Equal Access Rule, including:

- Equal Access for Transgender People: Supporting Inclusive Housing and Shelters
- Equal Access Self-Assessment for Shelters and Projects
- Equal Access Expectation: Training Scenarios for Use with Project Staff

Note: ESG funds may be used to renovate an emergency shelter to maximize privacy and safety. Reach out to the DHS ESG staff if you have questions about available funds.

4.2 Involuntary Family Separation

If a HUD-assisted shelter serves any families with children, it must serve all types of families with children. The definition of family under the Equal Access Rule at 24 CFR part 5.403 applies to ESG, which does not limit a "family" to women with children. Additional guidance on the definition of 'family' and how it applies to recipients and subrecipients of ESG and CoC Program funds may be reviewed in the CoC FAQ 1529.

In addition, the "involuntary family separation" requirement found in Section 576.102(b) of the ESG Program interim rule applies to all shelters that receive ESG Program funding. This section of the interim rule requires that "the age of a child under 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses ESG funding or services and provides shelter to families with children under the age of 18." The intent of the involuntary family separation provision in the ESG interim rule is to allow families with children to remain in shelter together if they choose.

Together, these policies prohibit HUD-assisted emergency shelters that serve any children from denying assistance to or separating members of a family with children, based on gender or age. Just as a shelter cannot separate teenage boys from their families, it cannot separate out or deny assistance to adult men that present as a part of the family (e.g. fathers, uncles, the mother's boyfriend, etc.) since that has the end result of separating children from members of the family. Although we recognize that this may bring challenges, this is the law.

Accommodating Families: If a HUD-assisted shelter has private rooms in which a family can stay together, then the family must be able to stay in a room together if they choose.

In all cases (whether or not it's a congregate-style shelter), all families must be treated the same. For example:

- If the standard practice is to put down mats in a conference room for everyone who is considered "overflow" (beyond the capacity of the shelter beds), then it can shelter a family together in that space.
- If the standard practice is to place a family in its own room, it would be acceptable to leave a bed empty to accommodate the family, (e.g. a family of four could stay in a unit with 5 beds, and the fifth bed could be open). In this example, HUD would not expect a provider to fill the 5th bed with an individual that is not a member of the family, so long as the provider documented the reasons for having open beds.

4.3 Single Sex Shelters

HUD-assisted single-sex shelter is acceptable only under limited conditions in which the facilities meet both of the following requirements:

- The shelter must be for individuals only. A shelter that accepts families with children cannot be single sex. An example of this might be a shelter that serves single women only (women not in families, without children under 18); AND
- The shelter must not be considered a "dwelling unit" and it must consist of a single structure with shared bedrooms or bathing facilities. This policy, which applies to ESG, is stated most clearly in the CoC interim rule, at section 578.93: "The housing may be limited to one sex where such housing consists of a single structure with shared bedrooms or bathing facilities such that the considerations of personal privacy and the physical limitations of the configuration of the housing make it appropriate for the housing to be limited to one sex."

If the facility is not permitted under the HUD standards to operate as single-sex, then the project must serve people of any gender who are eligible. That means that a facility serving any families with children must serve all families with children and may not discriminate against specific families because of the gender of the head of household or child(ren).

4.4 Shelter Habitability and Lead Requirements

Whenever ESG funds (or matching funds for ESG) are used under the Emergency Shelter component for shelter operations or shelter renovations, the building must meet the minimum standards for safety, sanitation, and privacy provided in 576.403(b). If cash or non-cash contributions (e.g. funds or staff time) used for renovation or shelter operations are to be contributed to the subrecipients ESG program as match, the emergency shelter must meet the minimum standards, because all matching contributions must meet all requirements that apply to the ESG funds provided by HUD.

Documentation of compliance with the minimum standards for emergency shelter activities must be maintained. Note: The same standards apply regardless of the amount of ESG funds involved.

Shelter Operation Inspection Requirements

Any emergency shelter that receives ESG funds for shelter operations (including minor repairs) must meet the minimum safety, sanitation, and privacy standards as indicated in 24CFR §576.403(b).

In addition:

- If DHS establishes any other standards that add to or exceed HUD's minimum standards, the subrecipient must ensure that the shelter meets these standards.
- The shelter must be inspected on-site to ensure that it meets the minimum standards before ESG funds are provided for shelter operations.
- The shelter must meet all standards for the entire period during which ESG funds are provided for operating the emergency shelter.
- If the shelter fails to meet the minimum standards, ESG funds may be used to bring it up to the minimum standards, if available.
- If the shelter continues to receive ESG shelter operating funds over a period of time, then onsite inspections must be conducted each time the shelter receives an award (annually).
- If the shelter is moved to a new site or structure, that new site or structure must meet all emergency shelter standards for the remaining period that ESG funds are used for operating expenses.

Minimum standards do not apply to Essential Services and HMIS activities

Lead-based paint remediation and disclosure for Shelters

The Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1995, and implementing regulations in 24 CFR part 35, subparts A, B, H, J, K, M and R apply to all shelters assisted under the ESG program and to all housing occupied by program participants. Program Participants must be provided a copy of the Lead-Based paint notification pamphlet if the household has a child under the age of 6, or a pregnant woman is/will be residing in the unit; and it was construction prior to 1978.

4.5 Termination of Assistance

Each subrecipient is required to establish a formal process for the termination of assistance to a client. This process must recognize the individual's right to a hearing. Subrecipients are required to submit their termination policies in their annual funding application. As a reminder, records must be kept (in accordance with the policies set forth in [Section 2.12](#)) for all clients, including those have been denied assistance or whose assistance has been terminated.

4.6 Client Confidentiality and Privacy Policies

Each subrecipient must incorporate into their policies and procedures a process that will ensure the confidentiality of program participant's identifying information; records pertaining to any individual or family provided family violence prevention; and treatment services offered under any project assisted with ESG funds. Furthermore, the address or location of any shelter for victims of domestic violence assisted under ESG will be anonymous except upon written authorization from the person or persons responsible for the operation of the shelter for this information to be made public.

4.7 Homeless Management Information System Requirements

DHS must ensure that the information on all persons served and all activities assisted under the ESG program is entered into the local Continuum of Care's community-wide HMIS (or comparable database if a domestic violence service provider) available in the area in which those persons and activities are located. Participation will be in accordance with HUD's standards on participation, data collection, and reporting. Additional information on the specific data to be collected can be found in [Section 4.4](#).

If the subrecipient is a victim services provider, it is required to use a comparable database to ensure client level data is collected over time and generates unduplicated aggregate reports based on the data.

SECTION 5: ELIGIBLE ACTIVITIES

The following pages detail information regarding the types of activities that may be provided using ESG funds. There are six major eligible activities under ESG:

- Street Outreach
- Emergency Shelter (includes supportive services)
- Rapid Rehousing
- Homelessness Prevention
- HMIS
- Administration

5.1 Street Outreach (24 CFR §576.101)

Eligible Program Participants:

- Unsheltered individuals and families, meaning those who qualify under paragraph (1)(i) of the definition of “homelessness”.

Overview of Eligible Activities:

- The eligible costs for street outreach activities differ from the eligible costs for essential services related to emergency shelter, *as they are limited to those necessary to provide emergency care on the street.*
- Services charged to this activity must only include costs of helping eligible participants residing on the street or in parks, abandoned buildings, bus stations, campgrounds, and other such settings where unsheltered persons are staying.
- Staff salaries related to carrying out street outreach activities is also available.

Eligible Costs:

- ESG funds may be used for costs of providing essential services necessary **ON THE STREET** to:
 - Reach out to unsheltered homeless people;
 - Connect them with emergency shelter, housing or critical services; and
 - Provide urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing or an appropriate health facility.
- For this section, “unsheltered homeless” means individuals and families who qualify as homeless under the new definitions.

Specific eligible costs consist of the following:

- Engagement** - The costs to locate, identify, and build relationships with unsheltered homeless people and engage them for the purposes of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.
- Case Management** - Includes the cost of assessing housing and service needs; arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participants. Includes using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by HUD; conducting initial evaluation including verifying and documenting eligibility, counseling, developing; securing and coordinating services, etc.

5.1 Street Outreach (24 CFR §576.101)

Eligible Costs:

- c. **Emergency Health Services** - Includes costs for direct outpatient treatment of medical conditions provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible treatment consists of accessing a program participant's health problems and developing a treatment plan; assisting participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.
- d. **Emergency Mental Health Services** - Includes costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. Funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community. Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems to bring out positive resolution of the problem or improved individual or family functioning or circumstances. Eligible treatment consists of crisis intervention, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.
- e. **Transportation** - Includes transportation costs by outreach workers, social workers, medical professionals, or other service providers, provided that this travel takes place during the provisions of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include:
 - a. The cost of a program participant's travel on public transportation;
 - b. Of service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - c. The cost of purchasing or leasing a vehicle for the subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and
 - d. Travel costs of subrecipient staff to accompany or assist the program participants to use public transportation.

5.1 Street Outreach (24 CFR §576.101)

Eligible Costs:

- f. **Services for Special Population** - Funds may be used to provide services for homeless youth, victim services, and services for people living the HIV/AIDs, so long as the costs of providing these services are eligible under program regulations. The term “victim services” means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers, DV shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault or stalking.

5.2 Emergency Shelter Essential Services (24 CFR §576.102)

<p>Eligible Program Participants:</p>	<ul style="list-style-type: none"> • Individuals and families who are in an emergency shelter.
<p>Eligible Costs:</p>	<p>a. Case Management - The cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant. Component services and activities consist of:</p> <ul style="list-style-type: none"> i. Using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by program regulations ii. Conducting the initial evaluation iii. Counseling iv. Developing, securing, and coordinating services and obtaining Federal, state and local benefits v. Monitoring and evaluating program participant progress vi. Providing information and referrals to other programs vii. Providing ongoing risk assessment and safety planning with domestic violence, dating violence, sexual assault and stalking victims viii. Developing an individualized housing and service plan, including planning a path to permanent housing stability. <p>b. Child Care - The cost of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities are eligible. Children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates.</p> <p>c. Education Services - When necessary for program participants to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language (ESL) and GED. Component services of activities are screening, assessment and testing, individual or group instruction, tutoring, provision of books, supplies, and instructional material, counseling and referral to community resources.</p> <p>d. Employment Assistance and Job Training - The costs of employment assistance and job training programs are eligible. Services will assist the individuals in securing employment, acquiring learning skills, and/or increasing earning potential. Cost of providing reasonable stipends to program participants in employment assistance and job training programs. Learning skills including those skills that that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates.</p> <p>Eligible types include:</p> <ul style="list-style-type: none"> i. Classroom instruction

5.2 Emergency Shelter Essential Services (24 CFR §576.102)

<p>Eligible Costs:</p>	<ul style="list-style-type: none"> ii. Online instruction iii. Computer instruction iv. On the job instruction <p>Specific services that assist individuals in securing employment including:</p> <ul style="list-style-type: none"> i. Employment screening, assessment or testing ii. Structured job skills and job-seeking skills iii. Special training and tutoring, including literacy training and prevocational training iv. Books and instructional material v. Counseling or job coaching vi. Referral to community resources
	<p>e. Outpatient Health Service - Costs for direct outpatient treatment of medical conditions provided by licensed medical professionals. Funds may be used only for these services to the extent that other appropriate health services are unavailable within a community. Eligible treatment consists of:</p> <ul style="list-style-type: none"> i. Assessing a program participant’s health problems ii. Developing a treatment plan iii. Assisting participants to understand health needs iv. Providing directly or assisting participants to obtain appropriate medical treatment v. Preventive medical care vi. Health maintenance service, including emergency medical services vii. Providing medications and follow-up services; and viii. Providing preventive and non-cosmetic dental care
<p>Eligible Costs:</p>	<p>f. Legal Services - Legal services MUST be necessary to resolve a legal problem that prevents a participant from obtaining or maintaining permanent housing.</p> <p>Eligible subject matters include:</p> <ul style="list-style-type: none"> i. Child support, guardianship, paternity, emancipation, and legal separation, ii. Orders of protection and iii. Other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, iv. Appeal of veterans and public benefit claim denials, and v. Resolution of outstanding criminal warrants. <p>Eligible costs include hourly fees for legal advice and representation by attorneys. Fees based on the actual service performed (i.e. fee for service) can only be supported with ESG funds if the cost is less than the</p>

5.2 Emergency Shelter Essential Services (24 CFR §576.102)

<p><i>Eligible Costs:</i></p>	<p>hourly fee. Other eligible costs may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, counseling, filing fees, and other necessary court costs. Subrecipient's employees' salaries and other costs necessary to perform the services are eligible, if the subrecipient is a legal services provider and performs the services itself.</p>
	<p>g. Life Skills Training - Costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, DV, substance abuse, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation and parenting.</p>
	<p>h. Mental Health Services - Costs include direct outpatient treatment by licensed professionals of mental health conditions. Funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community. Mental health services are the application of therapeutic process to personal, family, situational or occupational problems to bring about positive resolution of the problem or improved functioning or circumstances.</p> <p>Problem areas may include:</p> <ul style="list-style-type: none"> i. Family and martial relationships ii. Parent-child problems iii. Symptom management <p>Eligible treatment consists of crisis intervention, therapy sessions, prescription of psychotropic medications, or explanations about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.</p>
	<p>i. Substance Abuse Treatment Service - Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. Funds may only be used for these services to the extent that other appropriate substance abuse treatments services are unavailable or inaccessible within a community. Eligible treatment consists of:</p> <ul style="list-style-type: none"> i. Client intake and assessment ii. Outpatient treatment for up to 30 days iii. Group and individual counseling and drug testing

5.2 Emergency Shelter Essential Services (24 CFR §576.102)

Note: Inpatient detoxification and other inpatient drug or alcohol treatments are INELIGIBLE

- j. **Transportation** - Costs consist of the transportation costs of a program participant's travel to and from medical care, employment, childcare, or other eligible essential services facilities. These costs include the following:
- i. The cost of a program participant's travel on public transportation
 - ii. If service workers use their own vehicles, mileage allowance for service workers to visit program participants
 - iii. The cost of purchasing or leasing a vehicle for the subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance of the vehicle, and
 - iv. The travel costs of subrecipient staff to accompany or assist program participants to use public transportation.

NOTE: Funds may no longer be used to provide fuel vouchers, bus tickets, or other transportation activities unless it directly involves participation in other ESG-funded activities.

- k. **Services for Special Populations** - Funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDSs, so long as the cost of providing these services are eligible. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning these issues.

5.3 Emergency Shelter Operations

<p>Eligible Program Participants:</p>	<ul style="list-style-type: none"> • Individuals and families who reside in emergency shelter (as defined by HUD).
<p>Definition of an Emergency Shelter:</p>	<ul style="list-style-type: none"> • Emergency shelter means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements. • Where no appropriate emergency shelter is available for a homeless individual or family, eligible costs may also include a hotel or motel voucher. • Any project funded as an emergency shelter under a Fiscal Year 2010 Emergency Solutions grant may continue to be funded under ESG. • Day shelters may be considered Emergency Shelters, if: <ul style="list-style-type: none"> ○ Clients are homeless (with documentation of their status maintained), ○ Clients and activities are entered into a HMIS/Comparable database, and ○ Program follows the written standards related to emergency shelters and essential services under 24 CFR § 576.400(e). • If a shelter serves both eligible and ineligible clients under ESG, then the shelter’s eligible costs must be allocated in proportion to “the relative benefits received.” • The following DO NOT qualify as eligible emergency shelters for ESG: <ul style="list-style-type: none"> ○ Group home or other institutional setting; ○ A doctor’s office or other facility where a person can only stay for the time of his/her appointment; ○ Multi-purpose service centers serving all people in need; or ○ Stand-alone food pantries/soup kitchens/cafeterias. • Communities should fund activities in day shelters that are targeted to people who are sleeping on the streets or in emergency shelter.
<p>Eligible Costs:</p>	<ul style="list-style-type: none"> ○ Operation of a Homeless Shelter - Costs of maintenance including: <ol style="list-style-type: none"> i. Minor or routine repairs ii. Rent iii. Food iv. Security v. Fuel vi. Equipment vii. Telephone/cell phone service viii. Internet expense ix. Furnishings x. Office supplies xi. Insurance- Utilities, and xii. Other supplies necessary for the operation of the shelter(s).

5.4 Homelessness Prevention (24 CFR §576.103)

Eligible Program Participants:	<p>Individuals and families who are at IMMEDIATE RISK or at RISK OF HOMELESSNESS, meaning they qualify under paragraph (2) and (3) of the homeless definition OR qualify as at risk of homelessness.</p> <p>You can refer to this flowchart [insert link] to determine whether a client is eligible for Rapid Rehousing or Homelessness Prevention assistance.</p>
Overview of Eligible Activities:	<p>Generally, the intent of Homelessness Prevention assistance is to quickly transition program participants to stability, either through their own means or through public benefits, as appropriate. Clients may maintain their current housing or move into new housing.</p> <p>Assistance should be focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability.</p> <p><u>Financial Assistance:</u></p> <ul style="list-style-type: none">• Short-term rental assistance (3 months)• Medium-term rental assistance (4 to 24 months)• Rent arrearages (up to 6 months)• Security deposits and Utility deposits (but only in a new apartment)• Utility payments (up to 18 months including up to 6 months' arrearages)• Moving cost assistance• Staffing and operating costs associated with implementing eligible financial assistance activities <p><u>Housing Relocation and Stabilization Services:</u></p> <ul style="list-style-type: none">• Case management• Outreach and engagement• Landlord/Tenant Education• Housing search and placement (includes inspections)• Legal services• Credit repair/Financial Counseling <p>NOTE: Motel/hotel vouchers are not an eligible expense under Rapid Rehousing or Homelessness Prevention assistance.</p>

5.4 Homelessness Prevention (24 CFR §576.103)

Eligible Costs:

Specific eligible costs consist of the following:

1. Housing Relocation and Stabilization Services

a. Financial Assistance Costs -

ESG funds may ONLY be used to pay housing owners, utility companies, and other third parties for the following costs (cannot pay funds directly to client):

- i. **Rental application fees** - ESG can support Fee, only if Fee is charged by the owner to ALL applicants, not just client(s) receiving assistance.
- ii. **Security deposits** - Equal to no more than 2 months' rent.
- iii. **Last month's rent** - If necessary to obtain housing, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the first month's rent.

This assistance must not exceed one month's rent and MUST be included in calculating the program participant's total rental assistance, which cannot exceed 24 months during any 3-year period.
- iv. **Utility deposits** - Only can support a utility deposit that is required by the utility company for all customers (only for gas, electric, water, and sewage).
- v. **Utility payments** - ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service.

A partial payment of a utility bill counts as one month.

This assistance may only be provided if the program participant or a member of the same household has an account in their name with a utility company or proof of responsibility to make utility payments.

Eligible utility services are gas, electric, water, and sewage.

No program participant shall receive more than 24 months of utility assistance within any 3-year period.
- vi. **Moving costs** - ESG funds may pay for moving costs, such as truck rental or hiring a moving company.

This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance and before the program participant moves into permanent housing.

Payment of temporary storage fees in arrears is not eligible.

5.4 Homelessness Prevention (24 CFR §576.103)

Eligible Costs:

- a. **Services Costs.** ESG funds may be used to pay the costs of providing the following services:
 - i. **Housing search and placement** - Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - a) Assessment of housing barriers, needs, and preferences;
 - b) Development of an action plan for locating housing;
 - c) Housing search;
 - d) Outreach to and negotiation with owners;
 - e) Assistance with submitting rental applications and understanding leases;
 - f) Assessment of housing for compliance with Emergency Solutions Grant (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
 - g) Assistance with obtaining utilities and making moving arrangements; and
 - h) Tenant counseling.
 - ii. **Housing stability case management** - ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.

This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.

Component services and activities consist of:

 - a) Using the Coordinated Entry system to evaluate clients applying for or receiving assistance;
 - b) Conducting the initial evaluation, including verifying and documenting eligibility;
 - c) Counseling;
 - d) Developing, securing, & coordinating services/benefits;
 - e) Monitoring and evaluating program participant progress;
 - f) Providing information and referrals to other providers;
 - g) Developing an individualized housing and service plan, including a path to permanent housing stability; and
 - h) Conducting re-evaluations required under §576.401(b).

5.4 Homelessness Prevention (24 CFR §576.103)

Eligible Costs **(24 CFR §576.105):**

iii. **Mediation** - ESG funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.

iv. **Legal services** - Legal services **MUST** be necessary to resolve a legal problem that prevents a participant from obtaining or maintaining permanent housing.

Eligible subject matters include:

- a) Landlord/tenant matters
- b) Child support, guardianship, paternity, emancipation, and legal separation,
- c) Orders of protection and
- d) Other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking,
- e) Appeal of veterans and public benefit claim denials, and
- f) Resolution of outstanding criminal warrants.

Eligible costs include hourly fees for legal advice and representation by attorneys.

Fees based on the actual service performed (i.e. fee for service) can only be supported with ESG funds if the cost is less than the hourly fee.

Other eligible costs may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, counseling, filing fees, and other necessary court costs.

Subrecipient's employees' salaries and other costs necessary to perform the services are eligible, if the subrecipient is a legal services provider and performs the services itself.

Note: Legal services for immigration and citizenship matters and issues relating to mortgages are INELIGIBLE. Retainer fee arrangements and contingency fee arrangements are also ineligible.

v. **Credit repair** - ESG funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

5.4 Homelessness Prevention (24 CFR §576.103)

Eligible Costs:	2. Short-Term and Medium-Term Rental Assistance
	<p>a. Program participants may receive up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.</p> <p>Rental assistance may be tenant-based or project-based, as set forth in paragraphs (h) and (i) of this section.</p> <ul style="list-style-type: none">i. Short-term rental assistance is assistance for up to 3 months of rent.ii. Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.iii. Payment of rental arrears consists of a one-time payment for up to 6 months of arrears, including any late fees. <p>NOTE: Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources (such as Housing Choice Voucher/Section 8 or other public housing).</p>

5.5 Rapid Rehousing (24 CFR §576.104)

Eligible Program Participants:

Individuals and families who are LITERALLY homeless as defined by HUD (ONLY Category 1 & 4)

1. Literally Homeless (staying in Emergency Shelter, Safe Haven, Motel/Hotel supported with Government/Charity, Street/Place not meant for human habitation)
4. Fleeing/attempting to flee Domestic Violence (Only living in Safe Home, Shelter, or Place not meant for Human Habitation)

You can refer to this flowchart [\[insert link\]](#) to determine whether a client is eligible for Rapid Rehousing or Homelessness Prevention assistance.

Overview of Eligible Activities:

Generally, the intent of Rapid Rehousing assistance is to quickly transition program participants to stability, either through their own means or through public benefits, as appropriate.

Assistance should be focused on housing stabilization, linking clients to community resources and mainstream benefits, and helping them develop a plan to prevent housing instability.

Financial Assistance:

- Short-term rental assistance (3 months)
- Medium-term rental assistance (4 to 24 months)
- Rent arrearages (up to 6 months)
- Security deposits and Utility deposits
- Utility payments (up to 18 months including up to 6 months' arrearages)
- Moving cost assistance
- Staffing and operating costs associated with implementing eligible financial assistance activities

Housing Relocation and Stabilization Services:

- Case management
- Outreach and engagement
- Landlord/Tenant Education
- Housing search and placement (includes inspections)
- Legal services
- Credit repair/Financial Counseling

NOTE: Motel/hotel vouchers are not an eligible expense under Rapid Rehousing or Homelessness Prevention assistance.

5.5 Rapid Rehousing (24 CFR §576.104)

Eligible Costs:

Specific eligible costs consist of the following:

1. Housing Relocation and Stabilization Services

a. Financial Assistance Costs -

ESG funds may ONLY be used to pay housing owners, utility companies, and other third parties for the following costs (cannot pay funds directly to client):

- i. **Rental application fees** - ESG can support Fee, only if Fee is charged by the owner to ALL applicants, not just client(s) receiving assistance.
- ii. **Security deposits** - Equal to no more than 2 months' rent.
- iii. **Last month's rent** - If necessary to obtain housing, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the first month's rent.

This assistance must not exceed one month's rent and MUST be included in calculating the program participant's total rental assistance, which cannot exceed 24 months during any 3-year period.
- iv. **Utility deposits** - Only can support a utility deposit that is required by the utility company for all customers (only for gas, electric, water, and sewage).
- v. **Utility payments** - ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service.

A partial payment of a utility bill counts as one month.

This assistance may only be provided if the program participant or a member of the same household has an account in their name with a utility company or proof of responsibility to make utility payments.

Eligible utility services are gas, electric, water, and sewage.

No program participant shall receive more than 24 months of utility assistance within any 3-year period.
- vi. **Moving costs** - ESG funds may pay for moving costs, such as truck rental or hiring a moving company.

This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance and before the program participant moves into permanent housing.

Payment of temporary storage fees in arrears is not eligible.

5.5 Rapid Rehousing (24 CFR §576.104)

Eligible Costs:

- b. **Services Costs.** ESG funds may be used to pay the costs of providing the following services:
- iii. **Housing search and placement** - Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
- i) Assessment of housing barriers, needs, and preferences;
 - j) Development of an action plan for locating housing;
 - k) Housing search;
 - l) Outreach to and negotiation with owners;
 - m) Assistance with submitting rental applications and understanding leases;
 - n) Assessment of housing for compliance with Emergency Solutions Grant (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
 - o) Assistance with obtaining utilities and making moving arrangements; and
 - p) Tenant counseling.
- iv. **Housing stability case management** - ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.
- This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.
- Component services and activities consist of:
- i) Using the Coordinated Entry system to evaluate clients applying for or receiving assistance;
 - j) Conducting the initial evaluation, including verifying and documenting eligibility;
 - k) Counseling;
 - l) Developing, securing, & coordinating services/benefits;
 - m) Monitoring and evaluating program participant progress;
 - n) Providing information and referrals to other providers;
 - o) Developing an individualized housing and service plan, including a path to permanent housing stability; and
 - p) Conducting re-evaluations required under §576.401(b).

5.5 Rapid Rehousing (24 CFR §576.104)

Eligible Costs:

vi. **Mediation** - ESG funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.

vii. **Legal services** - Legal services **MUST** be necessary to resolve a legal problem that prevents a participant from obtaining or maintaining permanent housing.

Eligible subject matters include:

- g) Landlord/tenant matters
- h) Child support, guardianship, paternity, emancipation, and legal separation,
- i) Orders of protection and
- j) Other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking,
- k) Appeal of veterans and public benefit claim denials, and
- l) Resolution of outstanding criminal warrants.

Eligible costs include hourly fees for legal advice and representation by attorneys.

Fees based on the actual service performed (i.e. fee for service) can only be supported with ESG funds if the cost is less than the hourly fee.

Other eligible costs may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, counseling, filing fees, and other necessary court costs.

Subrecipient's employees' salaries and other costs necessary to perform the services are eligible, if the subrecipient is a legal services provider and performs the services itself.

viii. **Credit repair** - ESG funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

2. Short-Term and Medium-Term Rental Assistance

5.5 Rapid Rehousing (24 CFR §576.104)

Eligible Costs:

- c. Program participants may receive up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.

Rental assistance may be tenant-based or project-based

- iv. Short-term rental assistance is assistance for up to 3 months of rent.
- v. Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.
- vi. Payment of rental arrears consists of a one-time payment for up to 6 months of arrears, including any late fees.

NOTE: Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources (such as Housing Choice Voucher/Section 8 or other public housing).

5.6 Homeless Management Information System (HMIS) (24 CFR §576.107)

<p>Eligible Program Participants:</p>	<p>N/A - Not a service, but rather funds to support the operation and use of the Homeless Management Information System (HMIS)</p>
<p>Overview of Eligible Activities:</p>	<p>Homeless Management Information System (HMIS) is a locally administered, electronic data collection system that stores longitudinal person-level information about persons who access the homeless service system. Every Continuum of Care (CoC) is required to implement a HMIS to comply with HUD’s data collection, management and reporting standards.</p> <p>ALL ESG funded activities should have their client level data entered into a HMIS or a comparable database (if a Domestic Violence or Legal Services provider). Any comparable databases must comply with all current HMIS rules and notices. Eligible costs under this category include usage and operation of an HMIS system and/or comparable database. For more information on HMIS requirements, please visit the HUD Exchange.</p>
<p>Eligible Costs:</p>	<p>Specific eligible costs consist of the following:</p> <p>1. HMIS Costs for Non-HMIS and HMIS Leads</p> <ol style="list-style-type: none"> a. Costs of contributing data to the HMIS designated by the Continuum of Care for the area, including the costs of: <ol style="list-style-type: none"> i. Purchasing or leasing computer hardware; ii. Purchasing software or software licenses; iii. Purchasing or leasing equipment, including telephones, fax machines, and furniture; iv. Obtaining technical support; v. Leasing office space; vi. Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS; vii. Paying salaries for operating HMIS, including: <ol style="list-style-type: none"> a) Completing data entry; b) Monitoring and reviewing data quality; c) Completing data analysis; d) Reporting to the HMIS Lead; e) Training staff on using the HMIS or comparable database; and f) Implementing and complying with HMIS requirements; viii. Paying costs of staff to travel to and attend HUD-sponsored and HUD approved training on HMIS and programs; ix. Paying staff travel costs to conduct intake; and x. Paying participation fees charged by the HMIS Lead, if the recipient or subrecipient is not the HMIS Lead. The HMIS Lead is the entity designated by the Continuum of Care to operate the area’s HMIS.

5.6 Homeless Management Information System (HMIS) (24 CFR §576.107)

Eligible Costs:

2. HMIS Costs for HMIS Leads ONLY

- a. If the recipient is the HMIS lead agency, in addition to the costs noted in the previous section, it may also use ESG funds to pay the costs of:
 - i. Hosting and maintaining HMIS software or data;
 - ii. Backing up, recovering, or repairing HMIS software or data;
 - iii. Upgrading, customizing, and enhancing the HMIS;
 - iv. Integrating and warehousing data, including development of a data warehouse for use in aggregating data from subrecipients using multiple software systems;
 - v. Administering the system;
 - vi. Reporting to providers, the Continuum of Care, and HUD; and
 - vii. Conducting training on using the system or a comparable database, including traveling to the training.

3. Comparable Database Costs (DV/Legal Service ONLY)

- a. If the subrecipient is a victim services provider or a legal services provider, it may use ESG funds to establish and operate a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.

NOTE: Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under a local HMIS.

5.7 Administration (24 CFR §576.108)

<p>Eligible Program Participants:</p>	<p>N/A - Not a service, but rather funds to support the administration of the ESG program.</p>
<p>Overview of Eligible Activities:</p>	<p>Up to 7.5% of your agency's annual ESG allocation may be used for administrative costs related to planning and execution of ESG activities. This does not include overhead costs directly related to carrying out eligible activities (i.e. space costs associated for Rapid Rehousing case manager, etc.).</p> <p>Administrative funds must be itemized on your ESG budget, separate from your programmatic costs.</p>
<p>Eligible Costs:</p>	<p>Specific eligible costs consist of the following:</p> <ul style="list-style-type: none"> a. Costs of overall program management, coordination, monitoring and evaluation, including: <ul style="list-style-type: none"> i. Salaries, wages, and related costs of staff engaged in program administration. ii. In charging costs to this category, the agency may either: <ul style="list-style-type: none"> a. Include the entire salary, wages and related costs allocable to the program of each persons whose primary responsibility regarding the program involve program administration assignments, or b. Include the prorata share of the salary, wages and related costs of each person whose job includes any program administration assignments. <p>NOTE: Agencies may use only one of these methods for each fiscal year grant.</p> b. Preparing program budgets and schedules, and amendments to those budgets and schedules; <ul style="list-style-type: none"> i. Developing systems for assuring compliance with program requirements; ii. Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities; iii. Monitoring program activities for progress and compliance with program requirements; iv. Preparing reports and other documents directly related to the program for submission to DHS or HUD; v. Coordinating the resolution of audit and monitoring findings; vi. Evaluating program results against stated objectives; and c. Managing or supervising persons whose primary responsibilities regarding the program includes such assignments such as those described in this section.

5.7 Administration (24 CFR §576.108)

<i>Eligible Costs:</i>	<ul style="list-style-type: none">d. Travel costs incurred for monitoring of subrecipients;e. Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services;f. Other costs for goods and services required for administration of the program, including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space; andg. Costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings (Most conferences are not HUD sponsored, including National Alliance to End Homelessness Conferences is not a HUD-sponsored).
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5.8 Ineligible Activities (24 CFR §576.108)

Ineligible Costs:	Specific ineligible costs consist of the following:
	1. All ESG Activities
	<ul style="list-style-type: none">• Depreciation, bad debts and late fees (except under arrears for RR/HP rental assistance)• Recruitment, non-HUD staff training, entertainment, non-HUD conferences, and retreats• Public relations or fundraising• Any activities not explicitly detailed in the regulations• Payment of client credit card or other consumer debt;• Payment of client mortgage costs and mortgage arrears;• Acquisition of real property• New construction• Property clearance or demolition• Costs associated with the organization rather than the project (advertisements, pamphlets about organization, surveys, etc.)• Salary of case management supervisor when not working directly on participant issues (unless charged to administration)• Advocacy, planning, and organizational capacity building• Transportation costs not directly associated with service delivery (see eligible activities for specific details on eligible transportation costs)• Legal Services for immigration and citizenship matters• Substance abuse treatment services for inpatient detoxification and other inpatient drug or alcohol treatment• Cash assistance to participants• No financial assistance to a household for a purpose and time period supported by another public source (unless it is 6 months or less of arrears under RR/HP)• Payment or modification of a client credit card and other debts (excluding arrears, when supported under RR/HP)

5.8 Ineligible Activities (24 CFR §576.108)

2. Street Outreach Specific

- Services performed in a building or not on the street.
- Motel/Hotel Vouchers
- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

3. Emergency Shelter Specific

- Services performed on the street (those should be offered under Street Outreach).
- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

4. Rapid Rehousing Specific

- Services to program participants who are not LITERALLY HOMELESS under HUDs definition.
- Motel/Hotel Vouchers
- Travel costs, Car repair or transportation costs for Clients
- Medical or dental care and medicines
- Clothing, grooming, or Pet care
- Home furnishings
- Work or education related materials
- Payment of temporary storage fees in arrears
- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

5.8 Ineligible Activities (24 CFR §576.108)

5. Homelessness Prevention Specific

- Services to program participants who are not at imminent risk or at risk of HOMELESS under HUDs definition.
- Motel/Hotel Vouchers
- Travel costs, Car repair or transportation costs for Clients
- Medical or dental care and medicines
- Clothing, grooming, or Pet care
- Home furnishings
- Work or education related materials
- Payment of temporary storage fees in arrears
- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

6. Homeless Management Information System (HMIS) Specific

- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

7. Administration Specific

- Any activities not explicitly detailed in the regulations
- Any other ineligible expenses listed above or in ESG regulations/manuals/program notices.

SECTION 6: ELIGIBLE PARTICIPANTS & RECORDKEEPING (24 CFR 576.500)

6.1 Introduction to Determining Eligibility for ESG Programs

Generally, there are five eligible populations identified for Emergency Solution Grant programs:

Homeless as defined by HUD (Categories 1 - 4)

- Literally Homeless (Living on the Street or in Emergency Shelter)
- Imminently homeless (within 14 days)
- Unaccompanied youth/families who meet other Federal homeless definition (must also meet additional criteria for HUD) *NOTE: To use this definition your CoC must seek HUD approval, as of April 2017 no CoC Illinois uses this definition.*
- Fleeing/attempting to flee Domestic Violence

At risk of Homelessness as defined by HUD (Categories 1-3)

However, eligible populations vary by program type. Refer to the chart below for a description of which Prior Living Situations that are eligible for the different program types.

Eligibility for ESG Components by Prior Residence at a Glance*										
Component	Residence on Night Prior to Program Entry (or in case of services only, client's current residence)									
	Street / Car / Park	ES	TH	Institution (≤ 90 days) Shelter/Street Prior	Motel (Paid for by charity / Govt)	Motel (Paid by client)	Dbled Up / Coach Surfing	At Risk	DV Safe Home / Shelter	Fleeing DV (Not shelter / street)
Emergency Shelter Operations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Essential Services (SERVICES ONLY)	No (Unless using day shelter)	Yes (Includes day shelters)	No	No	Yes	No	No	No	Yes	No
Street Outreach	Yes	No	No	No	No	No	No	No	No	No
Transitional Housing Operations**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rapid Rehousing	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No
Homelessness Prevention	No	No	No	No	No	Yes	Yes	Yes	No	Yes
Key/Additional Information: ES - Emergency Shelter TH - Transitional Housing Institution Stayed ≤ 90 days - Must have been in shelter / street immediately before At Risk - Must be at risk of entering shelter or living on street DV - Domestic Violence * Refer to the Flowchart on page [#] and the eligibility requirements for the individual components for more information ** Transitional Housing can ONLY be supported with ESG if they are grandfathered in (funded with ESG in 2010)										

Keep in mind that this chart is not an exhaustive list of prior living situations and that clients must still meet the eligibility criteria set forth in this manual and the regulations.

6.2 Introduction to Recordkeeping

Records for each individual or household receiving services under a ESG funded program must be completed and followed in accordance with ESG and DHS requirements.

Each program must maintain two types of documentation:

- **Demographic Records** - Documentation illustrating data elements required by HUD (clients may refuse to answer questions)
- **Service Records** - Documentation illustrating provision of services, may include case notes, case plans, “sign-up” sheets, bed lists, leases, etc.

ESG funded providers are responsible for verifying and documenting the eligibility of all ESG clients prior to providing ESG shelter and/or assistance. They are also responsible for maintaining this documentation in the participant case file. ESG Providers with insufficient case file documentation may be found out of compliance with ESG program regulations during a State or HUD monitoring.

Below is a summary of the records required based on the ESG program component (keep in mind this chart is just a summary, please refer to Section

6.4 Detailed Documentation Options and Types and the regulations for more information).

Required Documentation based on Component Type at a Glance							
Component	Record Type						
	Intake / Discharge Form	Case / Service Notes	HMIS / Comparable Database Release	Doc of Housing Status	Doc of Income (At Intake)	Doc of Lack of Resources (At Intake)	Recertification of Income and Lack of Resources
Emergency Shelter Operations	Yes	Yes	Yes	Yes, HMIS Record / Comparable Database Suffices	No	No	No
Essential Services ONLY	Yes	Yes	Yes	Yes	No	No	No
Street Outreach	Yes	Yes	Yes	Yes	No	No	No
Transitional Housing Operations *	Yes	Yes	Yes	Yes	No	No	No
Rapid Rehousing**	Yes	Yes	Yes	Yes	No	Yes	Yes (Annually)
Homelessness Prevention**	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Every 3 months)
* Transitional Housing can ONLY be supported if they are grandfathered in (funded with ESG in 2010)							
** Recipients of Rapid Rehousing or Homelessness Prevention must provide detailed records of all the assistance provided, see [section] for more information.							

Documentation of eligibility is required for ALL program participants, including those who are literally homeless. However, DHS recognizes that third-party documentation at the emergency shelter level is infeasible in most cases. Therefore, under no circumstances must the lack of third-party documentation 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.

In instances of individuals or families being admitted to emergency shelter, DHS would expect to see certification by the individual or head of household as the primary method of establishing homeless eligibility. In these instances, DHS would consider a sign-in sheet, with a certification that the individual or head of household seeking assistance is homeless typed at the top, as meeting this standard.

Once an individual or household has entered an emergency shelter DHS encourages subrecipients to assess each program participant and assign an appropriate level of service intervention. In determining what additional supports to provide, the intake worker should consider all resources and support networks available to the household.

6.3 Written Standards Requirements for Subrecipient

ESG Funded Providers must develop policies and procedures to ensure appropriate documentation is obtained and included in clients' files. In accordance with 24 CFR 576.401(a) ESG Providers must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing.

These evaluations must be conducted in accordance with the local CoC's written standards, including the processes for coordinated entry and assessment.

6.4 Detailed Documentation Options and Types

As stated in the previous sections, client files are required to have detailed information on the services provided and clients served (including their eligibility, as appropriate). The following subsections will explore each documentation type spelled out in the chart in Section

6.2 Introduction to Recordkeeping.

6.4a Intake/Discharge Forms

ESG subrecipients are required to collect basic demographic data on the persons served with ESG funds. This data includes but is not limited to the information outlined in the HUD Homeless Management Information System (HMIS) Data Standards, more information about these standards can be found online at: <https://www.hudexchange.info/resource/3826/hmis-data-standards-manual/> .

- Clients should be referred to ESG providers/services through the CoC's coordinated entry system.
- DHS not require specific Intake/Discharge forms for use by subrecipients, but rather requires that subrecipients use the forms required by their local CoC.
- CoC and ESG subrecipients are responsible for ensuring that required Intake/Discharge forms collect the information needed and are in compliance with HUD regulations/policies.
- If there is not a standardized form in the local COC, individual providers may create and use their own forms (which must also meet the standards outlined in this document and the ESG regulations).

- When considering what additional questions to ask in an Intake/Discharge form, providers should avoid asking for extraneous information and be mindful of clients' privacy and potential past traumas (i.e. only ask information that is necessary for services/housing to be rendered)
- Clients have the right to refuse answer questions on an intake/discharge form or refuse to have their data entered into HMIS and/or comparable database.
- If you are interested in sample Intake/Discharge Forms please visit [Link] or contact your DHS ESG representative (see
- 1.6).

When considering what questions to ask in an Intake/Discharge form, subrecipients/CoCs should look to the in the HMIS Data Standards, more information about these standards can be found online at:

- HMIS Data Standards - <https://www.hudexchange.info/resource/3826/hmis-data-standards-manual/>
- HMIS HUD Exchange Landing Page - <https://www.hudexchange.info/programs/hmis/hmis-data-and-technical-standards/>
- HMIS Data Scrolls - <https://www.hudexchange.info/programs/hmis/guides/data-element/>
- HMIS ESG Program Manual - <https://www.hudexchange.info/resource/4447/esg-program-hmis-manual/>

Below (and on the following page) are two charts that highlight the information needed to be collected and entered into HMIS.

HUD Universal Data Elements (as of August 2016) <i>Required of ALL ESG Programs</i>	
3.1 Name	3.917 Living Situation
3.2 Social Security Number	3.10 Project Entry Date
3.3 Date of Birth	3.11 Project Exit Date
3.4 Race	3.12 Destination
3.5 Ethnicity	3.13 Personal ID
3.6 Gender	3.14 Household ID
3.7 Veteran Status	3.15 Relationship to Head of Household
3.8 Disabling Condition	3.16 Client Location

Program Specific Data Elements (as of August 2016)
Required as Indicated

#	Element	Street Outreach	Emergency Shelters and Services (Entry/Exits)	Emergency Shelters (Night by Night Shelters Only)	Homelessness Prevention	Rapid Rehousing
4.2	Income and Sources	Yes	Yes	Optional	Yes	Yes
4.3	Non-Cash Benefits	Yes	Yes	Optional	Yes	Yes
4.4	Health Insurance	Yes	Yes	Optional	Yes	Yes
4.5	Physical Disability	Yes	Yes	Yes	Yes	Yes
4.6	Developmental Disability	Yes	Yes	Yes	Yes	Yes
4.7	Chronic Health Condition	Yes	Yes	Yes	Yes	Yes
4.8	HIV/AIDS	Yes	Yes	Yes	Yes	Yes
4.9	Mental Health Problem	Yes	Yes	Yes	Yes	Yes
4.10	Substance Abuse	Yes	Yes	Yes	Yes	Yes
4.11	Domestic Violence	Yes	Yes	Yes	Yes	Yes
4.12	Contact	Yes		Yes		
4.13	Date of Engagement	Yes		Yes		
4.14E	Bed-Night Date			Yes		
4.17	Residential Move-in Date					Yes
4.19	Housing Assessment at Exit				Yes	

6.4b Case / Service Notes

ESG Subrecipients must document through case notes the services provided to program participants. DHS not require a specific format for the notes, but does require that they:

- Are legible and securely stored in the client file (either electronically in HMIS or in a paper file),
- Sufficiently detail the services provided, including the date, time, type of service, and staff member(s) assisting,
- Spell out the client’s housing plan (to leave or avoid shelter) and any goals they might have set for themselves, and
- Include any other relevant information.

Below is a chart that details specific documentation options by service type:

Service Documentation by Component Type	
Service Provided	Documentation Options
Shelter Bed Stay	Bed List showing Client Name, Date, & Bed Number (if applicable) - May be in HMIS
Transitional Housing Bed Stay	Bed List showing Client Name, Date, & Bed/Unit Number (if applicable) - May be in HMIS
Essential Services (provided as part of ESG funded shelter)	Service and/or Case Notes showing staff name, client name, date(s) of services, and description of services provided.
Essential Services (provided as a service ONLY grant, not associated with a shelter)	Service and/or Case Notes showing staff name, client name, date(s) of services, and description of services provided.
Street Outreach	Service and/or Case Notes showing staff name, client name, date(s) of services, and description of services provided.
Homelessness Prevention Assistance	See Section 4.4 and Section 5 for more information (be sure to review ALL sections that indicate they apply to Rapid Rehousing and/or Homelessness Prevention. There are significantly more documentation requirements for these components.
Rapid Rehousing Assistance	

6.4c HMIS/Comparable Database Release

In compliance with 24 CFR 576.400 (f) all data on all persons served under ESG must be entered into [HMIS](#) or a comparable database (if Domestic Violence agency). If this data is entered into an HMIS or comparable database where data is shared between providers (also known as an open system), there must be a signed consent to release information into the database.

It is anticipated that ESG subrecipients will use the HMIS release form provided by their local CoC/HMIS lead. Sample releases of information can be found on the HUD exchange (<https://www.hudexchange.info>).

6.4d Documentation of Housing Status (Prior Residence)

Housing Status Documentation Options by Program		
Program Component	Documentation of Prior Residence Required at Intake	Documentation Options (Must select one)
Emergency Shelter Operations	Self-Certification or HMIS Record Do not need to provide documentation of Prior Residence, once they spend a night in the shelter, HMIS Record/Comparable Database Record Suffices	Self-Certification or HMIS Record
Transitional Housing Operations (Only eligible if grandfathered in)	Self-Certification or HMIS Record Do not need to provide documentation of Prior Residence, once they spend a night in the program, HMIS Record/Comparable Database Record Suffices	Self-Certification or HMIS Record
Supportive Services	Yes (must demonstrate clients are in shelter)	1. 3 rd Party Documentation (HMIS record, letter from shelter/Street Outreach Worker) 2. Self-Certification Signed by Client
Street Outreach	N/A Do not need to provide documentation of Prior Residence, once they encounter an outreach worker, HMIS Record/Comparable Database Record Suffices	N/A
Rapid Rehousing	Yes	See chart on following page for more detailed information based on housing status.
Homelessness Prevention	Yes	

Detailed documentation options for each of the Housing Status is listed below:

Documentation Options by Homeless/At-Risk Status	
Homeless Category 1 Literally Homeless	<ul style="list-style-type: none"> • 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 of evidence above and: <ul style="list-style-type: none"> ▪ discharge paperwork or written/oral referral, or ▪ written record of intake worker’s due diligence to obtain above evidence and certification by individual that they exited institution
Homeless Category 2 Imminent Risk of Homelessness	<ul style="list-style-type: none"> • 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; or • A documented and verified oral statement; and <ul style="list-style-type: none"> • 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
Homeless Category 3 Homeless under other Federal statutes	<ul style="list-style-type: none"> • 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 PH 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
Homeless Category 4 Fleeing/ Attempting to Flee DV	<p>For victim service providers:</p> <ul style="list-style-type: none"> • 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. <p>For non-victim service providers:</p> <ul style="list-style-type: none"> • Oral statement 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.

Documentation Options by Homeless/At-Risk Status

<p>At Risk of Homelessness Category 1 Individuals and Families</p>	<p>An individual or family who:</p> <ul style="list-style-type: none"> (i) Has an annual income below <u>30%</u> of median family income for the area; <u>AND</u> (ii) 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; <u>AND</u> (iii) Meets one of the following conditions: <ul style="list-style-type: none"> (A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; <u>OR</u> (B) Is living in the home of another because of economic hardship; <u>OR</u> (C) 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; <u>OR</u> (D) 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; <u>OR</u> (E) 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; <u>OR</u> (F) Is exiting a publicly funded institution or system of care; <u>OR</u> 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
<p>At Risk of Homelessness Category 2 Unaccompanied Children and Youth</p>	<p>A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute</p>
<p>At Risk of Homelessness Category 3 Families with Children and Youth</p>	<p>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.</p>

6.4e Documentation of Income (Homelessness Prevention & Rapid Rehousing)

Documentation of income is only required:

- Homelessness Prevention - Intake and recertification (every 3 months)
- Rapid Rehousing - Annual recertification (annually)

For clients utilizing Shelter, Services, Rapid Rehousing, and Street Outreach **documentation of income AT INTAKE is not required**. There are no recertification requirements for Shelter, Services, and Street Outreach.

For **FY2016** income limits for ESG (30% Income Limit) can be found on the [HUD Exchange](#) website (do not use HUD's Extremely Low Income Limit, this is different than 30% Income Limit). These are updated annually with a notification going out through the [HUD Exchange ESG Listserv](#); it is very important you sign up for this list, so you can be notified of new limits, which take effect as soon as they are announced by HUD (typically in the spring of each year).

Clients will be asked their income for HMIS but is based on self-report and does not need to be documented. Clients may collect documentation of income but shall not condition income as a requirement for service eligibility.

For clients utilizing Homelessness Prevention, subrecipients must calculate the annual income of an individual or family (as described in 24CFR 5.609). These regulations are summarized in the following pages and charts.

When calculating income, it's important to keep the following in mind:

- ALL Adults (persons 18 and over) MUST have documentation of income (even if there is no income).
- One or more of the below documents MUST be kept in the client/household file.
- If there are more than one ADULT in a household, documentation must be provided for each ADULT household member.
- If an adult has more than one income source or job, each source of income should have its own documentation (i.e. paystubs for employment & TANF benefit letter for Jane Smith).

Documentation Options by Income Types				
Income Source	Include in Income Calculation?	3rd Party	Oral Verification	Self-Declaration
No Income Reported	Yes	Copy of Social Security Statement obtained through http://www.socialsecurity.gov/mystatement/ AND Signed Declaration of No Income	N/A	Client Completes Self Declaration of No Income
Wages and Salary	Yes GROSS Pay (Not Net Pay)	Copy of Recent Paystubs OR Signed Letter from Employer (including gross pay amount, frequency, average hours, & contact information)	Staff Contacts Employer and Completes Oral Verification of Income	Client Completes Self Declaration of No Income
Self-Employment / Business Income	Yes NET income (Not Gross Pay)	Copy of most recent federal or state tax return showing net business income	N/A	Client Completes Self Declaration of No Income
Interest and Dividend Income	Yes GROSS Pay (Not Net Pay)	Copy of most recent interest or dividend income statement OR Copy of most recent federal or state tax return showing interest, dividend, or other net income	N/A	Client Completes Self Declaration of No Income
Pension / Retirement Income	Yes GROSS Pay (Not Net Pay)	Copy of most recent payment statement or benefit notice from Social Security Administration (SSA), pension provider, or another source	Staff Contacts Provider and completes Oral Verification of Income	Client Completes Self Declaration of No Income
Unemployment Income	Yes GROSS Pay (Not Net Pay)	Copy of most recent unemployment or severance payment statement notice	Staff Contacts Provider and completes Oral Verification of Income	Client Completes Self Declaration of No Income
Disability Income	Yes GROSS Pay (Not Net Pay)	Copy of most recent worker's compensation, SSI, or SSDI payment	Staff Contacts Provider and completes Oral Verification of Income	Client Completes Self Declaration of No Income
Temporary Assistance for Needy Families (TANF) or other Cash Public Assistance	Yes GROSS Pay (Not Net Pay)	Copy of most recent payment statement or benefit notice	Staff Contacts Provider and completes Oral Verification of Income	Client Completes Self Declaration of No Income

Documentation Options by Income Types				
Income Source	Include in Income Calculation?	3rd Party	Oral Verification	Self-Declaration
Alimony, Child Support, Foster Payment	Yes GROSS Pay (Not Net Pay)	Copy of most recent alimony, foster care, child support or other contributions or gift payment statements, notices, or orders	Staff Contacts Provider, Family Member, or Court, and completes Oral Verification of Income	Client Completes Self Declaration of No Income
Armed Forces Income	Yes GROSS Pay (Not Net Pay)	Copy of pay stubs, payment statement, other government issued statement indicating income amount	Staff Contacts Provider and completes Oral Verification of Income	Client Completes Self Declaration of No Income

The following table presents income exclusions, describing the types of income that are not counted when calculating gross income for purposes of determining ESG eligibility and documentation.

Income Exclusions by Income Types	
General Category	Description
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in Pension/Retirement Income).
3. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
4. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
5. Disabled Persons (ONLY in HOME Properties)	Certain increases in income of a disabled member of qualified families residing in HOME- assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
6. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
7. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Income Exclusions by Income Types	
General Category	Description
8. Self-Sufficiency Program Income	a. Amounts received under training programs funded by HUD.
	b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
	c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
	d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.
	e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
9. Other Nonrecurring Income	Temporary, nonrecurring, or sporadic income (including gifts). Sporadic wages or employment income should be included in the income calculation.
10. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students	Annual earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance	Adoption assistance payments in excess of \$480 annually per adopted child.
13. Deferred/Lump Sum Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
14. Income Tax and Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
15. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.

Income Exclusions by Income Types

General Category	Description
16. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> • The value of the allotment made under the Food Stamp Act of 1977; • Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments received under the Alaskan Native Claims Settlement Act; • Income derived from the disposition of funds to the Grand River Band of Ottawa Indians; • Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes; • Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; • Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721); • The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands; • Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs; • Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); • Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.); • Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments; • The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; • Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, state job training programs and career intern programs, AmeriCorps); • Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation; • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act.

6.4f Documentation of Lack of Resources (At Intake)

When providing Homelessness Prevention assistance, ESG providers must demonstrate that the program participant does not have sufficient resources or support networks; e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or an unsheltered destination.

Acceptable documentation generally includes:

- Notice of termination from employment,
- Unemployment compensation statement,
- Bank statement,
- Health-care bill showing arrears,
- Utility bill showing arrears),
- Other 3rd party documentation illustrating lack of resources,
- Written statement by the relevant third party (e.g., former employer, public administrator, relative), and/or
- Written statement of program staff of phone call or other verbal communication with relevant third party source (if written documentation is unavailable).

Rapid Rehousing clients do not need meet any income requirements at intake.

6.4g Recertification of Income and Lack of Resources

The recipient or subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than:

- Every 12 months for clients receiving rapid re-housing assistance
- Every 3 months for clients receiving homelessness prevention assistance

At a minimum, each re-evaluation of eligibility must establish that:

- The program participant does not have an annual income that exceeds 30 percent of median family income for the area, as determined by HUD;
and
- The program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance.

SECTION 7: PROGRAM REQUIREMENTS FOR RR/HP

7.1 Program Administration

Any subrecipient receiving RR/HP funds shall be subject to all of the requirements that apply to the grantee under the HUD ESG Interim Regulations.

As a reminder, eligible components under Rapid Rehousing and Homeless Prevention include (more information can be found in the eligible activities section of this document, under [Rapid Rehousing](#) and [Homelessness Prevention](#) topic areas):

Financial Assistance:

- Short-term rental assistance (3 months)
- Medium-term rental assistance (4 to 24 months)
- Rent arrearages (up to 6 months)
- Security deposits and Utility deposits (but only in a new apartment)
- Utility payments (up to 24 months including up to 6 months' arrearages)
- Moving cost assistance
- Staffing and operating costs associated with implementing eligible financial assistance activities

Housing Relocation and Stabilization Services:

- Case management
- Outreach and engagement
- Landlord/Tenant Education
- Housing search and placement (includes inspections)
- Legal services
- Credit repair/Financial Counseling

RR/HP Agencies **MUST**:

- Assess every program applicant for risk of entering shelter or verification of their current stay in shelter/on the street, and to determine income and program eligibility.
- Use a clear documented process to determine the type, level, and duration of assistance for each program participant, in compliance with the CoC's written standards.
- Review and verify documents and payments to ensure compliance with HUD regulations and to avoid and prevent fraud.
- Re-evaluate eligibility at least once every 3 months for all program participants receiving rental assistance for Homelessness Prevention assistance and every 12 months for Rapid Rehousing assistance.
- Provide case management or support services, as needed, to all program participants receiving assistance in order to transition them to independence.
- Adhere to all data collection and reporting requirements.
- Complete case notes for all transactions with clients. Staff should especially focus on tracking progress and explaining or justifying program eligibility or service decisions. Case notes will be reviewed during state and federal monitoring, so case managers should take the opportunity to include pertinent additional information or explain incongruities in the client's file.

To help illustrate when specific requirements apply, the following matrix shows what ESG standards apply based on the services provided.

Standard	Rental Assistance	Housing Relocation and Stabilization Services	
		Financial Assistance	Services
Fair Market Rent <i>24 CFR 576.106(d)</i>	X		
Rent Reasonableness <i>24 CFR 576.106(d)</i>	X		
Housing Standards <i>24 CFR 576.403(c)</i>	X	X	X
Lead-based paint requirements <i>24 CFR 576.403(a)</i>	X	X	X ¹
Lease between the program participant and landlord <i>24 CFR 576.106(g)</i>	X		
Rental assistance agreement between the landlord and recipient or subrecipient <i>24 CFR 576.106(e)</i>	X		
Maximum Amounts and Periods of Assistance (24- month cap in 3-year period) <i>24 CFR 576.105(c) & 576.106(a)</i>	X	X	X ²
Participation in HMIS³ <i>24 CFR 576.400(f)</i>	X	X	X
Prohibition of use with other subsidies <i>24 CFR 576.105(d) & 576.106(c)</i>	X ⁴	X	
Recordkeeping and Reporting Requirements <i>24 CFR 576.500</i>	X	X	X

¹ When providing homelessness prevention services only assistance - housing search and placement, housing stability case management, mediation, legal services, and credit repair - to keep a program participant in the same unit, a lead-based paint assessment is not required.

² Housing stability case management services cannot exceed 30 days during the period the program participant is seeking permanent housing. In addition, these services cannot exceed 24 months, not including the previous 30 days, during the period the program participant is living in permanent housing (24 CFR 576.105(b)(2)).

³ Excludes victim service providers and legal service providers, which may maintain a comparable database.

⁴ A one-time payment of rental arrears of the tenant's portion of the rental payment is permitted while the program participant is receiving another subsidy for rent.

7.2 File Contents

General Program Documentation:

- Completed Assessment (including data on secondary adults and children)
- Signed HMIS Release(s) (For all adult members of the household)
- Income Verification
 - Backup Documentation (Paystubs, 3rd Party Verifications, etc.)
- Housing Status Verification
 - Backup Documentation (Doubled-Up Home Visit Form, Signed Note from Shelter, etc.)
- Lack of Resources Documentation
 - Current Budget
 - Case Notes
 - Bank Statements/Credit Report
 - Other documents to illustrate lack of resources.
- Staff Certification of Eligibility
- Case Notes and Housing Stabilization Plan
- Re-Evaluation of Eligibility (Completed every 3-months for RR and 12-months for HP)
- All OTHER documents and information collected during RR/HP services.

Financial Assistance Forms

- Lead Compliance Documentation
- Current Unit Inspection Report (Habitability)
- Signed Lease Containing Client's Name(s)
- Rent Reasonableness Documentation
- Utility Bills (if paid with RR/HP funds)
- Copies of financial assistance payments (checks, POs, etc.)

7.3 Inspection Requirements

A subrecipient cannot use ESG funds to help a program participant **remain in** or **move into** housing that does not meet the minimum habitability standards under 576.403(c). This restriction applies to all activities under the Homeless Prevention and Rapid Rehousing components, including rental assistance and housing relocation and stabilization services. In addition:

- If an eligible household needs homeless prevention assistance to remain in its existing unit, the assistance can only be provided if that unit meets the minimum standards.
- If an eligible household needs homelessness prevention or rapid rehousing assistance to move to a new unit, the assistance can only be provided if the new unit meets the minimum standards.
- The unit the household is leaving does not need to be inspected.
- Minimum standards are required even if **one-time** assistance is provided (e.g. rental arrears, security deposit, etc.)
- The housing must also comply with other standards established by DHS that exceed or add to these minimum standards.
- The same standards apply regardless of the amount of rental assistance and/or housing relocation and stabilizations services funds involved.
- The subrecipient must be sure to document compliance with the
- ESG habitability standards in the program participant's file.

7.4 Lead-based Requirements

The lead-based paint requirements exist to protect vulnerable families from potential health hazards. To prevent lead-poisoning in young children, ESG subrecipients must comply with the Lead-Based Paint Poisoning Prevention Act of 1973 and its applicable regulations found at 24 CFR 35, Parts A, B, H, J, K, M, and R.

Under ESG, the rule is that a lead-based paint visual assessment must be completed for all units that meet the three following conditions:

- The household living in the unit is being assisted with ESG financial assistance (rent assistance, utilities assistance, utility/security deposits, or arrears),
- The unit was constructed prior to 1978, AND
- A child under the age of six is or will be living in the unit.

Under ESG, the lead requirements apply regardless of whether a household is remaining in an existing unit or moving to a new unit.

The visual assessment must be completed prior to ESG assistance being provided, and annually thereafter.

Subrecipients are responsible for ensuring that property owners and managers meet the lead-based paint requirements. It may be helpful for subrecipients to think about the requirements in two categories, detailed on the following page.

1. Disclosure requirements.

Disclosure requirements are triggered for ALL properties constructed prior to 1978. These requirements require that lessors (property owners or managers) provide tenants with:

- HUD's disclosure form for rental properties disclosing the presence of known and unknown lead-based paint;
AND
- A copy of the "Protect Your Family from Lead in the Home" pamphlet. Both the disclosure form and pamphlet are available at:
<http://www.hud.gov/offices/lead/enforcement/disclosure.cfm>

As explained, this requirement actually relates to property owners/managers, but sharing this information with your clients (or ensuring they have received it) is an easy thing to do and will make your job easier.

2. The Visual Assessment.

As explained in the ESG Notice, visual assessments for ESG funded units are only triggered under certain circumstances:

- The leased property was constructed before 1978; AND
- A child under the age of six will be living in the unit occupied by the household receiving ESG assistance.

Staff may become a HUD-Certified Visual Assessor by successfully completing a 20-minute online training on HUD's website at:

<http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>.

Depending on the results of the visual assessment, additional steps may be required before assistance can be provided for that unit, as the unit needs to be brought into compliance. There are certain exceptions to the rule. Visual assessments by are not triggered under the following circumstances:

- It is a zero-bedroom or SRO-sized unit;
- X-ray or laboratory testing of all painted surfaces by certified personnel has been conducted in accordance with HUD regulations and the unit is officially certified to not contain lead-based paint;
- The property has had all lead-based paint identified and removed in accordance with HUD regulations;
- The client is receiving Federal assistance from another program, where the unit has already undergone a visual assessment within the past 12 months - e.g., if the client has a Section 8 voucher and is receiving ESG assistance for a security deposit or arrears (note, in such cases, ESG staff are required to obtain documentation that a visual assessment has been conducted from the agency administering the other form of assistance for the ESG case file); or
- It meets any of the other exemptions described in 24 CFR Part 35.115(a).

If any of the conditions outlined above are met, staff simply needs to document the condition and place a copy in the case file.

7.5 Fair Market Rent and Rent Reasonableness Requirements

Rental assistance cannot be provided for a housing unit unless the total rent for the unit does not exceed the fair market rent established by HUD, as provided under 24 CFR 982.503, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.

Rent reasonableness and FMR requirements do not apply when a program participant receives only financial assistance or services under Housing Stabilization and Relocation Services. This includes rental application fees, security deposits, an initial payment of "last month's rent," utility payments/deposits, and/or moving costs, housing search and placement, housing stability case management, landlord-tenant mediation, legal services, and credit repair.

ONLY when rental assistance is provided under ESG, does the rent charged for a unit need to meet Fair Market Rent AND Rent Reasonableness standards.

For more information on calculating rent reasonableness and fair market rent, please visit this [HUD Exchange Resource](#).

Fair Market Rent: Rent for units assisted under the ESG Program (with rental assistance) cannot exceed current HUD-published FMRs for their particular geographic region. FMRs for each fiscal year can be found by visiting HUD's website and clicking on the current "Individual Area Final FY20__ FMR Documentation" link. This site allows recipients/subrecipients to search for FMRs by selecting their state and county from the provided list. The site also provides detailed information on how the FMR was calculated for each area.

Rent Reasonableness: Rent for units assisted under the ESG Program (with rental assistance) must be reasonable in relation to rents currently being charged for comparable units in the private unassisted market and must not be in excess of rents currently being charged by the owner for comparable unassisted units. Documentation shall may include market surveys, classified ads, or information from real estate agents, along with a signed lease. When comparing rent reasonableness, the proposed unit must be compared to three (3) other units.

7.6 Rental Assistance Agreements

When rental assistance is supported with ESG funds, a program participant and the landlord must have a written lease. In addition, a rental assistance agreement is required between the subrecipient (agency) and the landlord.

The subrecipient may make rental assistance payments only to an owner with whom the subrecipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the landlord must give the subrecipient a copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant.

The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease.

The rental assistance agreement with the landlord must terminate and no further rental assistance payments under that agreement may be made if:

1. The program participant moves out of the housing unit for which the program participant has a lease;
2. The lease terminates and is not renewed; or
3. The program participant becomes ineligible to receive ESG rental assistance.

The subrecipient must make timely payments to each owner in accordance with the rental assistance agreement. The DHS Grantee is solely responsible for paying late payment penalties that it incurs with non-ESG funds.

7.7 Lease Requirements

Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks.

SECTION 8: GRANT ADMINISTRATION & OTHER REQUIREMENTS

8.1 Agency Recordkeeping and Reporting Requirements

ESG Subrecipients must maintain records on the following for both ESG AND Match activities, with the expectation that they may be reviewed by DHS:

Type	Requirement
Program	Written Policies/Standards on Service Delivery (see Section 2.8 for more details on what to include)
	Staff/Personnel Manual (Explains Roles, Agency Policies, instructions, conflict of interest policies, Client Confidentiality, etc.)
	Contractual Agreement(s) with DHS and ESG any vendors/subs
	Grant Applications, Reports, and records submitted to DHS
	Resumes and other Personnel Information for ESG funded Staff (including applicable licenses, etc.)
	Habitability Inspection of Facility (Shelter Only)
	Documentation of Non-Profit Status and Relevant Board Minutes/Charters (If not a unit of Local Government)
	Documents showing compliance with the faith-based activities requirements under 576.406 (if applicable)
	Documents showing compliance with the other Federal Requirements in 576.407
Client / Service Records	Client and Service Documentation (detailing who was served, eligibility backup, and what services they were provided)
	Client Income Documentation ONLY for Homelessness Prevention (at intake and re-certification) and Rapid Rehousing (at re-certification)
	Documentation on the Units assisted with Financial Assistance (RR and HP ONLY, includes inspections, leases, etc.)
	HMIS or Comparable Database Documentation (leases, etc.)
	Records showing Clients were made aware of their rights and grievance policies
	Client Grievances and Complaints (including resolutions)
Fiscal	Financial Policies and Procedures, Including Internal Controls, Procurement Standards, and Conflict of Interest Policies.
	Backup for all Expenditures (invoices, cancelled checks, timesheets, payrolls, etc.)
	Documentation of Procurement for ESG Purchases (showing purchase made in line with ESG rules, cost estimates/bids when necessary, etc.)
	Bank Statements and Reconciliations
	General Ledgers and other accounting records (with ESG expenses with its on cost center or code)
	Match Funds (including sources and receipts, etc.)
	Cost Allocation Plans (Either Direct or Indirect, as applicable)
	Audits
	Documentation of all Applicable Insurance Policies

8.2 Period of Record Retention 24 CFR §576.500(y)(1)

All records pertaining to each fiscal year of ESG funds must be retained for the greater of 5* years after DHS's closeout with HUD (not the provider's closeout with DHS) or the period specified below:

- Where ESG funds are used for the renovation of an emergency shelter involves costs charged to the ESG grant that exceed 75% of the value of the building before renovation, records must be retained until 10 years after the date that ESG funds are first obligated for the renovation; and
- Where ESG funds are used to convert a building into an emergency shelter and the costs charged to the ESG grant for the conversion exceed 75% of the value of the building after conversion, records must be retained until 10 years after the date that ESG funds are first obligated for the conversion.

Copies made by microfilming, photocopying, or similar method may be substituted for the original records. Many things may delay DHS's closeout with HUD including open audits, OIG investigations, and slow spending subrecipients. **Subrecipients shall contact DHS before destroying any ESG records to ensure they are no longer within the record retention period.** NOTE: **It's not uncommon for DHS's closeout with HUD to take 3-5 years, so subrecipients should minimally plan to maintain records for at least 10 years.**

8.3 Access to Records

The confidentiality procedures established under this section, HUD, the HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, and DHS, must have the right of access to all books, documents, papers, or other records of examination, excerpts and transcripts. **These rights of access are not limited to the required retention period but last as long as the records are retained.**

- Subrecipients must make available program participant records, along with any financial and program records, for review by DHS during periodic monitoring visits.
- Monitoring of subrecipients may be conducted by DHS, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, a contractor hired on behalf of the DHS for the purposes of auditing programs funded through the State, or other authorized state or federal agency, to determine compliance with the requirements of each program.
- In lieu of a site visit DHS may request either copies of supporting documentation in order to conduct a Desk Audit review of a subrecipient or access to HMIS for review of documentation uploaded to the system.

DHS must provide citizens, public agencies, and other interested parties with reasonable access (consistent with state and local laws regarding privacy and obligations of confidentiality, and the confidentiality requirements in this part) to records regarding any uses of ESG funds DHS received during the preceding 5 years. DHS must collect and report data on its use of ESG funds in HUD's Integrated Disbursement and Information System (IDIS) and other reporting systems, as specified by HUD. DHS must also comply with the reporting requirements in 24 CFR parts 85 and 91 and the reporting requirements under the Federal Funding Accountability and Transparency Act of 2006, which are set forth in Appendix A to 24 CFR part 170.

8.4 Conflict of Interest

A Conflict of Interest is a real or seeming incompatibility between a person's private interests and his or her public or fiduciary duties. For the purposes of ESG, the rule is that no persons who are a (n):

- Employee,
- Agent,
- Consultant,
- Officer,
- Elected official, and/or
- Appointed official

Of the:

- State of Illinois
- Subrecipient of ESG funds (applies to your agency and other ESG agencies) and/or
- Federal Government

Who:

- Exercise or have exercised any functions or responsibilities with respect to ESG activities, and/or
- Are in a position to participate in a decision-making process or gain inside information with regard to such activities,

Shall not:

- Obtain a financial interest or benefit from a ESG-assisted activity,
- Have a financial interest in any contract, subcontract, or agreement with respect to a ESG-assisted activity, or with respect to the proceeds of the ESG-assisted activity,

Either for themselves or those with **whom they have business or immediate family ties**, during their tenure or for one year thereafter.

Exceptions

Upon the written request of the recipient, HUD may grant an exception to the provisions of this section on a case-by-case basis when it has satisfactorily met the threshold requirements below:

HUD will consider an exception only after the recipient has provided the following documentation:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made. Typically, notification is provided through a Website Posting and Legal Notices in local newspaper. AND
2. An opinion of the Subrecipients & DHS attorneys that the interest for which the exception is sought would not violate State or local law.

IMPORTANT: Mere submission of a request for an exception does not authorize a recipient to engage in any activity or enter into any contract that constitutes a conflict. An exception is not granted until the subrecipient receives such determination in writing from the local HUD office.

In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements, HUD shall conclude that such an exception will serve to further the purposes of the McKinney-Vento Act and the effective and efficient administration of the recipient's program or project, considering the cumulative effect of the following factors, as applicable:

- Significant cost benefit or essential expertise to project.
- Opportunity for open competitive bidding or negotiation.
- Person affected has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the assisted activity.
- Interest or benefit was present *before* affected person was in the “conflicting” position.
- Undue hardship to subrecipient or person affected when weighed against public interest served by avoiding the prohibited conflict.
- Any other relevant considerations.

8.4 Affirmative Outreach

The DHS or subrecipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. If it is unlikely that the procedures that the DHS or subrecipient intends to use to make known the availability of facilities, assistance, and services will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the DHS or subrecipient must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. The DHS and its subrecipients must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI (The Civil Rights Act of 1964) and Executive Order 13166 (Improving Access to Services for Persons with Limited English Proficiency (LEP)), the DHS and subrecipients are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

8.5 Uniform Administrative Requirements

The requirements of 24 CFR part 85 and 2 CFR 200 apply to the DHS and subrecipients that are units of general purpose local government, except that 24 CFR 85.24 and 85.42 do not apply, and program income is to be used as match under 24 CFR 85.25(g). The requirement of 24 CFR part 84 apply to subrecipients that are private nonprofits organizations, except that 24 CFR 84.23 and 84.53 do not apply, and program income is to be used as the federal share under 24 CFR 84.24(b). These regulations include allowable costs and non-Federal audit requirements.

8.6 Environmental Review responsibilities

Activities under this part are subject to environmental reviews by HUD under 24 CFR part 50. Each subrecipient shall supply all available, relevant information necessary for the DHS to perform for each property any environmental review required by 24 CFR part 50. The Division, its subrecipient if applicable, also shall carry out mitigating measures required or select

alternate eligible property. HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS).

The DHS or subrecipient, or any contractor of the DHS or subrecipient, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project under this part, or commit or expend HUD or local funds for eligible activities under this part, until the DHS has performed an environmental review under 24 CFR part 50 and the DHS has received HUD approval of the property.

8.7 Davis Bacon Act

The provisions of the Davis Bacon Act do not apply.

8.9 Procurement of Recovered Materials

The DHS and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the items exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes emergency and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

8.10 Displacement, Relocation, and Acquisition

Minimizing displacement: Consistent with other goals and objectives of ESG, the DHS and its subrecipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted under ESG.

Temporary relocation not permitted: No tenant-occupant of housing (a dwelling unit) that is converted into an emergency shelter may be required to relocate temporarily for a project assisted with ESG funds, or be required to move to another unit in the same building/complex. When a tenant moves for a project assisted with ESG funds under conditions that trigger the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), the tenant should be treated as permanently displaced and offered relocation assistance and payments consistent with URA.

Relocation assistance for displaced persons: In general, a displaced person must be provided relocation assistance at the levels described in, and in accordance with, the URA and 49 CFR part 24. A displaced person must be advised of his or her rights under the Fair Housing Act. Whenever possible, minority persons shall be given reasonable opportunities to relocate to comparable and suitable decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require providing a person a larger payment than is necessary to enable a person to relocate to a comparable replacement dwelling. As required by Section 504 of the Rehabilitation Act and 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced person with disabilities.

Displaced person: The term “displaced person” means any person, family, individual, business, nonprofit organization, or farm, including any corporation, partnership, or association, that moves from real property, or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted under the ESG program.

This includes any permanent, involuntary move for an assisted project, including any permanent move from the real property that is made;

- After the owner (or person in control of the site) issues a notice to move permanently from the property or refuses to renew an expiring lease, if the move occurs on or after:
- The date of the submission by the DHS or subrecipient, as applicable, of an application for assistance to HUD (or the Division, as applicable) that is later approved and funded if the DHS or sub-recipient has site control as evidenced by a deed, sales contract or option contract to acquire the property; or
- The date on which the DHS or sub-recipient selects the applicable site. If the DHS or subrecipient does not have site control at the time of application, provided that the DHS or subrecipient eventually obtains control over the site.
 - Before the date described in this section, if the DHS or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or
- By a tenant-occupant of a dwelling unit and the tenant moves after execution of the agreement covering the acquisition, rehabilitation, or demolition of the property for the project.

A person does not qualify as displaced person if:

- The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement; violation of applicable Federal, state and local law, or other good cause; and the DHS determines that the eviction was not undertaken for the purpose of evading the obligation to provide assistance.
- The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the person, and the fact that the person would not qualify as a “displaced person” as a result of the project;
- The person is ineligible under 49 CFR 24.2(a)(ii); or
- HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition of the project.

The DHS or subrecipient may, at any time, request that HUD determine whether a displacement is or would be covered by this rule. Refer to other requirements of 24 CFR 576.408 as applicable.

8.11 Section 504 of the Rehabilitation Act of 1973

Subrecipients must comply with Section 504 of the Rehabilitation Act of 1973 (The Act). Pursuant to the requirement of The Act, subrecipients must ensure that no otherwise qualified disabled person shall, solely by reason of their disability be excluded from the participation in, be denied the benefits of, or be subject to discrimination, including discrimination in employment, in any program or activity that receives or benefits from Federal financial

assistance. The subrecipient must also ensure that requirements of The Act shall be included in the agreements with and be binding on all of its subrecipients, contractors, subcontractors, assignees or successors.

8.12 Non-Discrimination and Equal Opportunity

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

8.13 Faith-Based Organizations

Federal agencies are required to treat all organizations fairly and without regard to religion in federal programs. It is HUD policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for federal funding. Accordingly, organizations that are faith-based are eligible, on the same basis as any other organization, to participate in HUD's programs and activities. Neither the federal government nor a state or local government receiving funds under a HUD program or activity shall discriminate against an organization on the basis of the organization's religious character or affiliation. HUD supports the participation of faith-based organizations in its programs.

Faith-based activities are eligible to receive ESG funds per 24 CFR 576.406 under the following conditions:

1. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Neither the Federal Government nor a State or local government receiving funds under ESG shall discriminate against an organization on the basis of the organization's religious character or affiliation.
2. Organizations that are directly funded under the ESG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If an organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation must be voluntary for program participants.
3. Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide ESG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an ESG-funded religious organization retains its authority over its internal governance, and the organization may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

4. An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious beliefs. ESG funds may not be used for the rehabilitation of structures to the extent that those structures are used for inherently religious activities. ESG funds may be used for the rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under the ESG program. Where a structure is used for both eligible and inherently religious activities, ESG funds may not exceed the cost of those portions of the rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to ESG funds. Sanctuaries, chapels, or other rooms that an ESG-funded religious congregation uses as its principal place of worship, however, are ineligible for funded improvements under the program. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
5. If the sub-recipient that is a local government voluntarily contributes its own funds to supplement federally funded activities, the sub-recipient has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

8.14 Lobbying Requirements

Subrecipients must include Lobbying Policies in program policies and procedures that summarize the community or sub-recipient's policy on employee contacting or communicating with a federal agency, member of congress, or congressional staff member as an advocate for funding of any program.

8.15 Financial Management and Procurement Requirements

Subrecipients must comply with applicable requirements outlined in 2 CFR 200 and 24 CFR Part 84/85.

8.16 Other Federal Requirements

Subrecipients must comply with applicable Federal requirements as reflected in 24 CFR 576.404, 576.406, 576.407 and 576.408.

8.17 Other State Requirements

Subrecipients must comply with applicable State requirements as reflected in the Grant Accountability and Transparency Act - 30 ILCS 708/1 et seq.

APPENDIX

Habitability Inspection Doc for Shelter and RR/HP

Monitoring Tool

Link to FAQ Doc